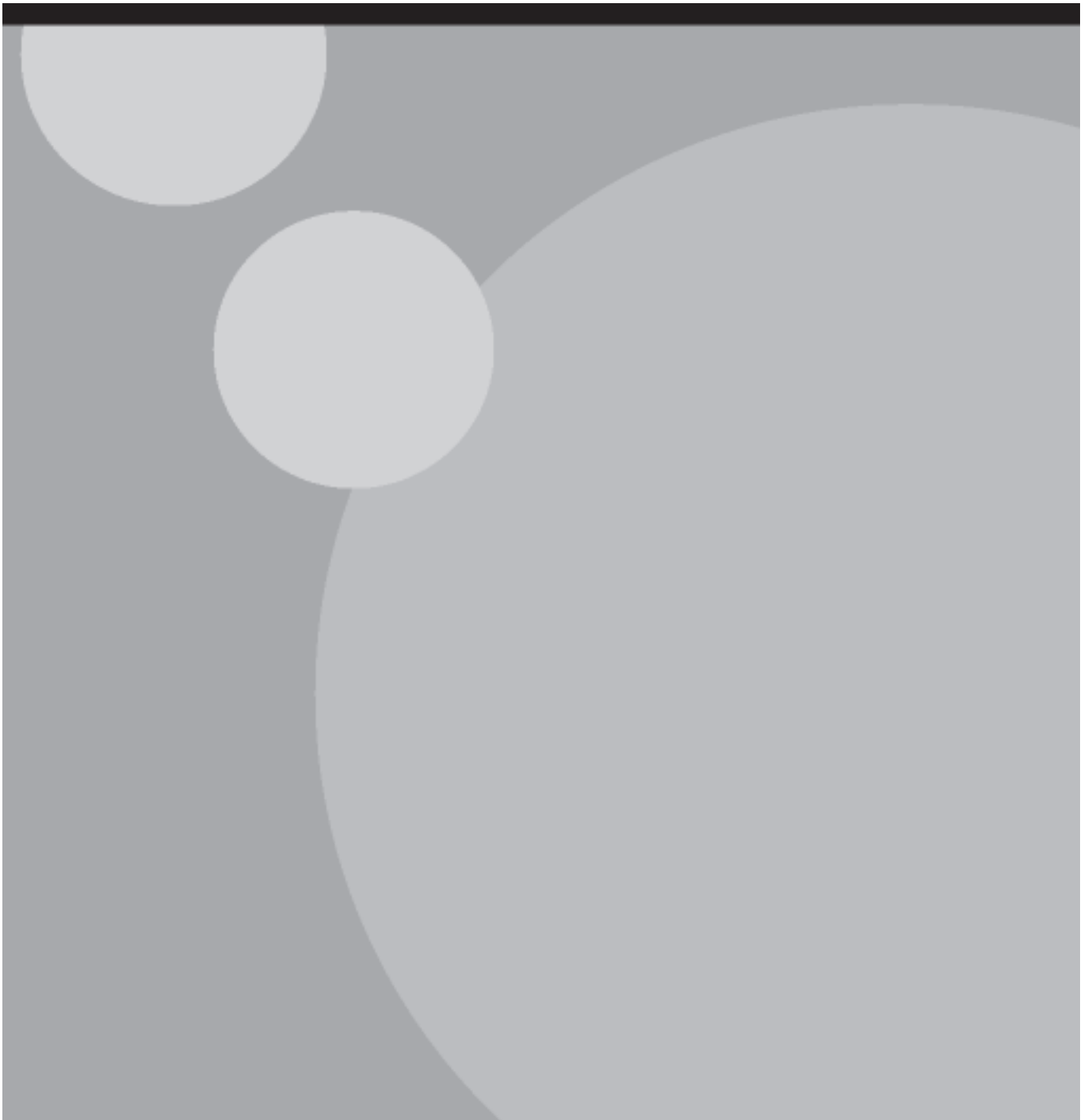




# Evaluation of the Mixed Communities Initiative Demonstration Projects

**Final report**





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**Final report**

November 2010  
Department for Communities and Local Government

This research was commissioned by the previous government.

The findings and recommendations in this report are those of the authors and do not necessarily represent the views of the Department for Communities and Local Government.

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# Glossary

Building Schools for Future	Funding programme to provide new school buildings using private sector finance.
Commission for Architecture and the Built Environment	Part of the expert panel supporting the demonstration projects.
Demonstration projects	Mixed Communities Initiative Demonstration Projects.
GCSE	General Certificate of Secondary Education. Qualification at the end of compulsory schooling.
Key Stage	Stage in compulsory schooling at which particular standards of achievement are expected.
Homes and Communities Agency	The single, national housing and regeneration agency for England. It was created on 1 December 2008 by bringing together the regeneration body English Partnerships, the investment arm of the Housing Corporation, the Academy for Sustainable Communities and a number of housing and regeneration programmes from the Department for Communities and Local Government.
HOPE VI	US urban revitalisation programme of the 1990s and 2000s which was an early inspiration for the mixed communities approach.
Local Area Agreements	Three year agreements between local areas (negotiated by the local authority on behalf of the Local Strategic Partnership: partnerships which allow multiple agencies and local, public, private, community and voluntary organisations to work together on local issues) and central government which set out how local priorities will be addressed through the development and delivery of local solutions.
New Deal for Communities	Area-based regeneration programme introduced by the previous government and operating in some of the areas at the time of the evaluation.

Primary Care Trust	Trusts have control of local health care and cover all areas of England, receiving funding directly from the Department of Health.
Private Finance Initiative	A form of public-private partnership which encourages the involvement of the private sector in the provision of public services, where the public sector also maintains a role.
PricewaterhouseCoopers	Management consultants and part of the expert panel supporting the demonstration projects.
Regional Development Agency	Agency responsible for economic development in each of the nine Government regions.
Registered Social Landlord	Non-local authority social housing provider.
Single Regeneration Budget	Area-based regeneration programme introduced in 1994, previously running in some of the areas.



# Summary

## The Mixed Communities Initiative and demonstration projects

1. This is the report of the evaluation of the Mixed Communities Initiative demonstration projects. It covers the period August 2006 to July 2009.
2. The Mixed Communities Initiative was announced in January 2005 as a new approach to tackling area deprivation in England. Its distinctive characteristics are: it aims at fundamental long term transformation rather than more modest improvements; it emphasises changes in population mix; and it is dependent on local private/public partnership rather than on a 'cash pot' from central government.
3. The approach is demonstrated by 12 local 'demonstration projects', listed in the table below. The evaluation draws on the experiences of these DPs to learn about the mixed communities approach and its potential contribution to housing and regeneration policies.

Local Authority	Demonstration Project Area
First Wave Projects (announced January 2005)	
Leeds	Gipton
Manchester	Harpurhey
Newham	Canning Town
Second Wave Projects (subsequently added during 2006 and 2007)	
Bradford	<i>(Under local review)</i>
Bristol	Knowle West
Coventry*	North-East Coventry
Hackney	Woodberry Down
Knowsley*	North Huyton
Leicester*	Braunstone
Sheffield*	Burngreave
Redcar and Cleveland	South Bank and Grangetown
Thanet	Central Margate and Cliftonville West

Note: \* denotes demonstration project which is also a New Deal for Communities area

## The evaluation

4. Existing research suggests that there are five key issues to examine in relation to the Mixed Communities Initiative. These are: its objectives and how they vary in different areas; whether the approach is deliverable; whether it is an effective way of delivering new affordable housing and Decent Homes;

what Mixed Communities Initiative adds as a new model of regeneration; and how benefits to existing residents can be secured at least cost. These issues have been the focus for the evaluation, and for this report.

5. The methodology for the evaluation included stakeholder interviews to establish Mixed Communities Initiative objectives, case studies of six demonstration projects including three waves of interviews and documentary review, lighter touch monitoring of progress in the other demonstration projects, and analysis of quantitative data on area change. In addition, a mixed communities module was added to the existing New Deal for Communities residents' survey<sup>1</sup> in the four demonstration project areas which are also New Deal for Communities.
6. It is important to recognise that the demonstration projects are intended to take 10-20 years to implement in full, so it is impossible to say anything about final outcomes at this stage. The evaluation – and this report - covers the implementation of the approach to date, in order that lessons can be learned from it. As well as this report there are a number of additional outputs from the evaluation (see Appendix A for details).

## The context for the projects

7. The areas in which demonstration projects are located were all among the most disadvantaged in the country and had some common problems including high unemployment, low educational attainment, poor reputations and poor amenities. However, they also had important differences in location and housing characteristics, which would affect the implementation and likely effectiveness of the mixed communities approach.
8. The majority of the areas were social housing areas. These were a mixture of well connected inner urban areas and peripheral estates. However, three of the areas already had mixed tenure.
9. In the social housing areas, tenure and stock homogeneity were seen as barriers to regeneration. In some areas there were also stock quality problems which had not been dealt with under funding for Decent Homes, and which provided a strong motivation for privately financed housing renewal. The mixed tenure areas tended to have a different range of problems, including those associated with low value private renting.
10. These differences in local housing conditions and dynamics demanded different approaches. Additionally, demonstration projects faced different opportunities for change. Demonstration projects in social housing areas had greater influence over delivery, because land was in public ownership and control. Demonstration projects in strong regional economies, or those which were well connected to employment opportunities had more chance of achieving a wide social mix than those in weaker markets.

---

<sup>1</sup> See the New Deal for Communities evaluation website  
[http://extra.shu.ac.uk/ndc/ndc\\_evaluation.htm](http://extra.shu.ac.uk/ndc/ndc_evaluation.htm)

11. Local politics and policy imperatives influenced the nature of mixed community plans. Some authorities were committed to principles of social mix for regeneration, and to transformational change. Others saw mixed housing as a means to finance more incremental area improvements and to stabilise areas.
12. The initiative began at a very promising time for housing development. However, between 2006 and 2009, private house building starts fell by about half in England and sales by two-thirds. Unemployment also rose rapidly from early 2008. London was less affected than other regions. Thus the context in which the projects were operating in 2009 was entirely different from that at the start of the evaluation. Much of what follows in this report reflects that.

## Housing plans and progress

13. The demonstration projects' housing plans were of two main types. In the first kind, most homes in the area were occupied. The goal of the plans was to diversify type and tenure, as well as to improve the quality of the social housing by replacing or upgrading it. To do this, large numbers of existing occupied homes needed to be demolished in order to clear land for new private housing, on a scale which would cross subsidise social housing improvement and replacement. Plans of this nature involved large scale demolition of up to 100 per cent of existing homes and overall increases in the number of homes between 55 per cent and 145 per cent of the original stock. Typically, planned tenure changes were from 60-80 per cent social housing to 30-40 per cent.
14. In the second kind of approach, type and tenure was being diversified by building on greenfield sites or those that were being cleared as part of programmes to demolish low demand and poor quality stock, or that could be made available by disposal of non-housing land currently in public ownership. Such plans were less costly and risky because they did not involve large-scale demolition of occupied housing.
15. By spring 2009, no scheme of either kind was proceeding as planned. Just under half of the demonstration projects which had expected to begin construction by 2009 had done so, but with a reduction in numbers and/or priority given to social and affordable housing. Slightly more than half had not begun construction.

### **Demonstration project progress on construction by 2009**

Situation	Number	Cases
No firm development plans by 2009	4	Bristol, Bradford, Braunstone, Thanet
Plans proceeding as intended	0	
Construction started but reduction in numbers/changes to tenure mix	3	Hackney, Leeds, Knowsley
Construction not started	5	Coventry, Redcar and Cleveland, Sheffield, Manchester, Newham

16. There had been delays typical of large-scale regeneration, such as delays in planning permission. However, the main reason for delay was the housing market downturn and recession.
17. Short term measures were being taken to keep plans afloat. Principally these involved seeking additional public sector funding (from the Homes and Communities Agency and other sources), thus increasing the proportion of public subsidy for the projects overall and reducing the likely extent of tenure change and population mix.
18. The long term future was uncertain. In almost all cases, a gap had opened up between the income expected from private sector development and the total anticipated cost. It was not clear whether or when the favourable housing market conditions upon which plans had been based would return, nor what would be the impact of job losses on housing demand for different tenures. At this stage, most demonstration projects had not made long-term revisions to their plans.

## Non-housing plans and progress

19. All the demonstration projects regarded the mixed communities approach as being about holistic regeneration, not just housing. In most cases the emphasis of the plans was on capital expenditure for improved facilities and infrastructure, such as health centres and schools. There was less emphasis on service delivery, such as neighbourhood management, or on planning how services would need to change in the event of a mixed community. However, there were some good examples of the latter.
20. Many of the proposed developments were not contingent on housing cross-subsidy – a notable exception being employment initiatives based on construction.
21. As a result, many projects were on schedule by spring 2009. This indicates the success of demonstration projects in drawing down funding from other public sector streams, including additional New Deal for Communities resources, in order to deliver comprehensive regeneration. However, it does not provide any evidence that the ‘mix’ element of mixed communities had added any value in this respect, although several of the New Deal for Communities demonstration projects saw it having value in their succession plans through contributing to their holistic approach beyond their grant funded lifetime.
22. In a minority of cases, projects were dependent on developer contributions and had been delayed because of housing market downturn and it was unclear when or how they might be funded without further public subsidy. In some cases, additional public investments had been made to enable projects to proceed.
23. Issues of funding transition to mixed communities were also raised. For example, in one case, a new school had been built in anticipation of a larger population, and was now facing budgetary difficulties as pupil numbers had not materialised.

## Changes in the demonstration project areas

24. Given that the projects are intended to impact over 10-20 years, and that they had suffered substantial delays, we would not expect to see changes in aggregate outcomes in the period to 2009 and indeed that is the case. Most demonstration projects showed similar trends in education and labour market indicators to other comparable areas (in the top 5% of the Index of Multiple Deprivation) in their districts. Some other indicators had not yet been updated, given the short time elapsed.
25. Housing market indicators also follow expected trends. Sales volumes fell 2007-2009 in line with patterns in comparator areas and are now at about a quarter of the volume recorded at the start of the Mixed Communities Initiative in early 2005. House prices rose more quickly than in comparator areas 2005-2008 but these gains have not been sustained, and prices are now in the same position relative to surrounding local authorities as at the start of the initiative.
26. In some areas, there is clear evidence of interim policy effects on population numbers, with declining numbers of households due to lettings ceasing prior to demolition, and subsequently to demolition itself. Negative impacts on local communities and services due of these temporary population losses were reported by some demonstration projects, indicating the need for management of transition as part of mixed communities programmes.
27. In other areas, population changes reflect underlying patterns, falling in less well-connected areas and weaker economies (where they demonstrate the challenge for renewal in these areas) and rising in well-connected areas in stronger economies (where they demonstrate the need to secure affordable housing) as demand rises. These data are best read as a baseline for possible future evaluation.

## Residents' views of mixed communities

28. Part of the evaluation drew on a short module of questions exploring residents' views on various issues connected with mixed communities in the 2008 New Deal for Communities residents' survey, which was asked of about 400 residents in the four demonstration projects that are also in New Deal for Communities areas: Coventry, Sheffield, Leicester and Knowsley (DCLG, 2009b).
29. Residents did not necessarily understand the terms 'mix' and 'mixed' communities in terms of income or tenure mix. Primarily, they interpreted 'mix' as referring to ethnic mix. They also referred to a mix of household types, generations, and places of origin around the UK.
30. A majority of people in three of the four areas already felt that their areas were mixed (in their terms). However, between 20 per cent and 60 per cent of people in each area found it hard to identify characteristics of other residents. In other words they did not have very detailed perceptions of existing mix. This was particularly the case in relation to income mix.

31. Views about the mixed communities approach to regeneration were very varied. When asked directly whether bringing people with more money into the area would “improve it overall”, between a third and two-fifths of residents agreed and a similar number disagreed. More disadvantaged households tended to be more sceptical. There was similar disagreement about the effect of new homes for sale or rent. These results do not represent a strong endorsement of the mixed community approach to regeneration in principle.
32. However, most respondents said that they mixed socially with people from different backgrounds (probably defined in terms of ethnicity) and this was more common the more mixed the area, suggesting that increased mix does lead to increased mixing to a certain extent. The places they were most likely to mix socially with people from different backgrounds were shops and workplaces, although crèches, nurseries, schools and colleges were also mentioned, as were pubs, cafes and restaurants.
33. They also recognised the improvements that had been made in their areas. Substantially more residents thought their areas had improved in the last two years than got worse. These results seemed to reflect improvements to facilities and services by the New Deal for Communities programmes, and Decent Homes improvements, since the ‘mix’ elements of the Mixed Communities Initiative had not really taken place by this stage.

## Costs, strategy and governance

34. The Mixed Communities Initiative has distinctive features as a model for regeneration – large scale housing development and holistic regeneration designed and managed through local strategy, and funded primarily through private investment, although drawing on a wide range of public funding streams.
35. These features raise questions about the costs of the schemes to the public sector and the distribution of financial risk, as well as about the strategic approaches and governance arrangements that are needed to implement the model successfully.
36. The costs of the schemes include direct financial costs, imputed economic costs (e.g. opportunity costs) and social costs. Some demonstration projects had carried out detailed financial costings of particular elements, such as housing renewal projects, within their whole programme. Economic and social costs and benefits are harder to assess. Demonstration projects had not developed approaches to appraisal of their programmes which included this complex range of costs, and offset these against benefits.
37. The main financial costs related to land, including decanting tenants and acquiring properties, demolition and remediation of the sites. The scale of these costs was substantial. The demonstration projects where the physical regeneration was progressing (Hackney, Knowsley, Leeds) were all those which had access to major sources of public funding to meet the up-front costs, including New Deal for Communities funds in some cases, Urban Development Corporation or Regional Development Agency.



38. Because public sector costs are met up front, whereas returns to the public purse come later, the public sector takes much of the early risk in the Mixed Communities Initiative model.
39. Additional strategies and funds were deployed to minimise the risk of developer withdrawal from the projects due to current economic conditions. These included reducing the developers' immediate costs, increasing their revenues, or reducing the risks of the development to them. All of these increased public sector contributions.
40. The vulnerability of the projects to the downturn suggests that initial appraisals of land value were over optimistic and under priced the risk that prices would change, despite the projects having such long time scales.
41. The Mixed Communities Initiative approach requires strategic skills and understanding as a core part of regeneration competences. There were good examples of strategic risk assessment and project-level risk management from demonstration projects. The need for positive leadership and building confidence among residents and developers can though lead to over-optimistic risk appraisal.
42. Mixed Communities Initiative tends to lead to the use of a rational advanced planning approach (or 'classic strategy') because of its emphasis on physical redevelopment. However, the experience of the demonstration projects suggests a need for more flexible approaches to strategy to adapt to changing circumstances.
43. Governance arrangements had changed little since the start of the demonstration projects. There are ongoing challenges of securing partner buy-in to holistic regeneration and also securing meaningful resident involvement.
44. In some cases, the Mixed Communities Initiative was seen as the successor strategy for the New Deal for Communities. The nature of the financial relationship between New Deal for Communities successor organisations and the delivery vehicles for the Mixed Communities Initiative programmes remained to be resolved.

## Conclusions and learning points

45. The 12 demonstration projects in the Mixed Communities Initiative are all implementing mixed community approaches to area regeneration. Cross-subsidy from private sector development was initially the principal mechanism for funding affordable housing, and funds have also been drawn down from public sources, to a greater extent than originally planned. The schemes are all taking place over 10-20 years and at this stage it is only possible to draw conclusions about the approach and its implementation, not the outcomes.
46. The evaluation suggests that this approach is more likely to be deliverable in stronger economies and housing markets, and also where there is large-scale public land ownership. The level of mix that can be attained will also differ. Thus there is no single formula for a mixed communities approach. It should

not be seen as the only possible model of regeneration, appropriate and deliverable in all areas.

47. Local situations, politics and opportunities have influenced how the objectives of 'mixed communities' are seen. Mix per se is not a particularly strong driver in many cases and, as a result, planning for mix is not always well developed. This suggests that if government intends benefits through social mix and mixing, it may need to give more support and guidance on this, building on the approaches of some demonstration projects.
48. Residents also doubt that better off people moving in will improve the area or that they will benefit directly from the new housing – and would generally prefer new social housing. However, residents did notice improvements to the areas that had been made under the auspices of the New Deal for Communities. This suggests residents will accept a mixed communities approach in order to deliver neighbourhood improvements although they do not necessarily see it as best or necessary approach to neighbourhood regeneration or housing improvements. This might have implications for keeping residents 'on board' during transition and for a 'common purpose among stakeholders.
49. The designation as a demonstration project has been useful for some projects in establishing areas as priorities for wider regeneration activity, and there is also some evidence that Mixed Communities Initiative acted as a catalyst for long-term planning and strategy. This has helped secure buy-in from other agencies and residents, and has also helped provide a critical mass for other developments (e.g. new schools and leisure centres). These changes cannot, however, be attributed to 'mix' per se, so it is hard to identify any added value of the 'mix' element of the mixed communities approach.
50. In terms of deliverability, the approach has large up-front costs to the public sector, so it will only be possible in other areas where there is access to public funding to meet these.
51. Demonstration projects' plans were made in a housing boom and were relatively optimistic. The downturn has brought a halt to almost all the private development in the schemes, with delays expected of two to five years, and additional public monies being sought to keep the projects afloat and improve their viability and attractiveness to developers. The schemes still appear deliverable but they are going to be more costly to the public sector and may achieve lower levels of mix than was originally intended. Depending on longer term economic and lending conditions, it may be that there will be both a short and longer term need for low cost housing options, with greater subsidy, than is currently available. The schemes have so far been relatively successful in delivering non-housing improvements, where these have not depended on housing cross-subsidy, so area facilities and amenities have improved.
52. In long term projects such as these, both up- and down-turns in the economy could be expected. The demonstration projects' experience suggests that the risk of a downturn needs to be more realistically priced in negotiations. It also suggests that more systemic strategic approaches are needed, enabling flexibility, with investment in leadership capacity and negotiating skills. Risks



need to be realistically assessed and actively managed throughout the system, and local authorities need to negotiate with funding agencies and developers on this basis.

53. There are transitional costs in long term developments like this, including temporary population loss, and transitional costs to services while populations build up. These need to be actively managed, at the same time as working towards longer term goals.
54. Finally, this evaluation has taken place at a time when the demonstration projects have been operating in the most difficult conditions for this already challenging initiative. Although this has meant that less progress has been made than might have been hoped, the commitment and energy of staff, residents and partners in the demonstration projects has been evident and their experiences have generated a wealth of learning about the process of implementing a mixed communities approach to regeneration.

# 1 Introduction

## CHAPTER SUMMARY

- This is the report of the evaluation of the Mixed Communities Initiative demonstration projects. It covers the period August 2006 to July 2009.
- The Mixed Communities Initiative was announced in January 2005 as a new approach to tackling area deprivation in England. Its distinctive characteristics are: it aims at fundamental long term transformation rather than more modest improvements; it emphasises changes in population mix; and it is dependent on local private/public partnership rather than on a 'cash pot' from central government.
- The approach is demonstrated by 12 local 'demonstration projects'. The evaluation draws on the experiences of these demonstration projects to learn about the mixed communities approach and its potential contribution to housing and regeneration policies.
- The evaluation focuses on five key issues in relation to the Mixed Communities Initiative. These are: its objectives and how they vary in different areas; whether the approach is deliverable; whether it is an effective way of delivering new affordable housing and Decent Homes; what Mixed Communities Initiative adds as a new model of regeneration; and how benefits to existing residents can be secured at least cost.
- The methodology for the evaluation has included stakeholder interviews to establish Mixed Communities Initiative objectives, case studies of six demonstration projects including three waves of interviews and documentary review, lighter touch monitoring of progress in the other demonstration projects, and analysis of quantitative data on area change. In addition, a mixed communities module was added to the existing New Deal for Communities residents' survey in the four demonstration project areas which are also New Deal for Communities.
- It is important to recognise that the demonstration projects are intended to take 10-20 years to implement in full, so it is impossible to say anything about final outcomes at this stage. The evaluation – and this report – covers the implementation of the approach to date, in order that lessons can be learned from it.

## 1.1 Introduction

- 1.1.1 This is the final report of the evaluation of the Mixed Communities Initiative demonstration projects. It covers the period August 2006 to July 2009.
- 1.1.2 The evaluation has focused on 'mixed communities' as a policy approach developed by the Department for Communities and Local Government (DCLG) and being implemented through 12 demonstration projects. It therefore uses the experiences and outcomes of the demonstration projects to learn about this approach and its potential contribution to housing and regeneration policies. The research was not designed to evaluate the performance of individual demonstration projects.
- 1.1.3 The report is structured as follows. Chapter 1 introduces the Mixed Communities Initiative and describes the evaluation methodology while Chapter 2 describes the context in which the demonstration projects were operating. Chapters 3 to 5 set out their plans, progress and outcomes to date, identifying reasons for success and challenges faced. Chapters 6 and 7 cover cross-cutting process issues: residents' views, finance, governance, strategy and risk. Chapter 8 summarises, concludes and draws out lessons for policy and practice.
- 1.1.4 The evaluation team has also produced a suite of other reports (see Appendix A). Key findings from these are integrated here. More detail can be found in the fuller reports.

## 1.2 The Mixed Communities Initiative

- 1.2.1 The Mixed Communities Initiative was announced in January 2005 as a new approach to tackling area disadvantage in England. The key elements of the approach are set out in the action plan for sustainable communities (ODPM, 2005a).<sup>2</sup>
- 1.2.2 Prior to 2005, neighbourhood renewal policy had two main strands: the National Strategy for Neighbourhood Renewal (Social Exclusion Unit, 2001) and the New Deal for Communities. Mixed Communities Initiative did not replace these programmes but signalled a shift in policy towards more fundamental and long term transformation of areas, avoiding the need for repeated regeneration programmes. A Cabinet Office review of neighbourhood renewal argued for breaking up concentrations of deprivation, rather than simply aiming to remedy their problems. Particular attention was drawn to the relationship between concentrations of social housing and concentrations of deprivation. Redeveloping disadvantaged areas with mixed tenure and mixed income was proposed as a more sustainable approach. Examples were drawn from the HOPE VI programme in the US (Cabinet, Office 2005).

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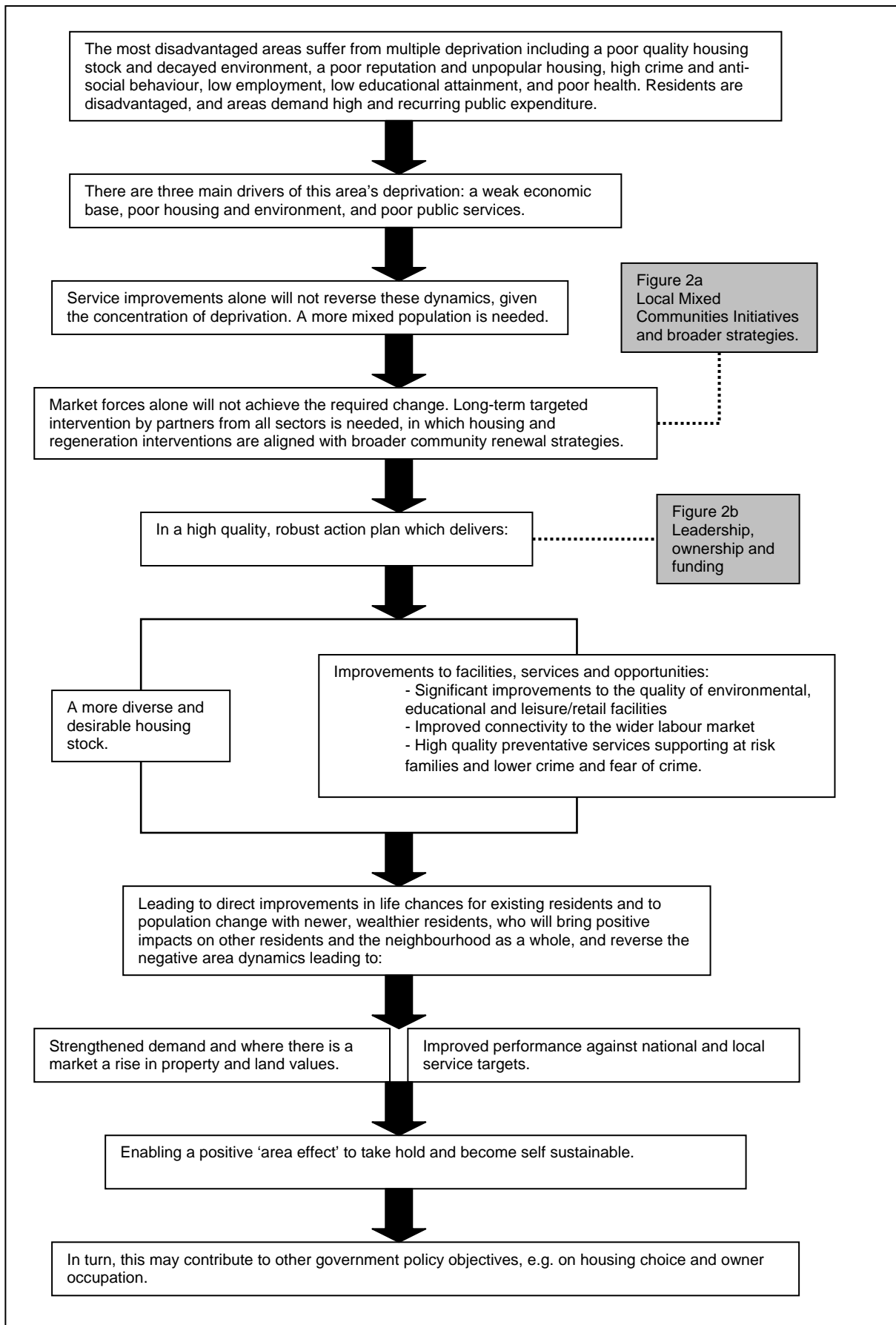
<sup>2</sup> A separate mixed communities policy document does not exist.

- 1.2.3 This idea was also consistent with other policy developments including the emphasis on ‘mixed and balanced communities’ in the Sustainable Communities Plan (ODPM, 2005a); the Decent Homes programme for the renewal of poor quality social housing (DETR, 2000a); the Housing Market Renewal programme which adopted transformative approaches to failing housing markets; the urban white paper (DETR, 2000b) with its emphasis on the importance of regenerated inner urban neighbourhoods for city revitalisation; and reforms to local government which emphasised more strategic and partnership working rather than reliance on area-based programmes.
- 1.2.4 At the same time, economic growth, rising land values and the construction boom of the early 2000s presented a new opportunity to attract private sector developers and investment into areas which had previously been unattractive to them.
- 1.2.5 Out of this convergence of policies and contexts came the idea of a mixed communities approach to area regeneration that would be distinctively different from recent approaches in that:
- It aims at fundamental long term transformation rather than more modest improvements.
  - It emphasises population and household mix: the objective being to reduce the proportion of households living in poverty not just by improving the circumstances of existing households but by attracting more advantaged households into the area.
  - It is financed without a ‘cash pot’ from central government and is dependent on local authorities leveraging private investment with which to cross-subsidise public housing and infrastructure and working with other public sector partners, using land and mainstream public funds from a variety of funding streams. Given this, central government has not pre-determined project characteristics or goals.
- 1.2.6 In other regards, such as in its aim to make an impact on existing residents’ lives, particularly in key outcomes of employment, health, skills and attainment, crime and housing, the mixed communities initiative reinforced the objectives of other approaches to area regeneration.
- 1.2.7 In the early stages of the evaluation, we carried out interviews and a workshop with DCLG’s officials and representatives of government offices, in order to establish the implicit ‘theory of change’ underpinning the Mixed Communities Initiative approach. We show this diagrammatically as Figure 1. In summary, the theory is that significantly more diverse and desirable housing stocks, in conjunction with improvements to facilities, services and opportunities, will both attract wealthier residents and improve outcomes for existing residents. These changes should lead to strengthened demand and rising land values as well as reduced average deprivation. Thus there should

be positive rather than negative 'area effects' for residents, and long term sustainability without the need for repeated 'regeneration' (DCLG, 2009a).

- 1.2.8 It is important to note that while this approach as a whole is distinctive in regeneration policy, many of its elements are familiar, as are some of the mechanisms used. Many past regeneration schemes have involved some tenure or income diversification, even if this was not seen as the main driver of neighbourhood change (DCLG, 2010). All have involved improvements to services, facilities or amenities. Public/private partnerships to finance affordable housing (through planning gain agreements or the Private Finance Initiative) are now routine. This makes evaluation complex since it can be difficult to identify what the mixed communities approach has added over and above the existing elements, and because the distinctiveness of the approach depends very much on how it is adopted locally. We attempt to keep these issues to the fore throughout the report.

**Figure 1: Overarching theory of change for the Mixed Communities Initiative**



## 1.3 Previous evidence and key issues for evaluation

- 1.3.1 There is already considerable evidence on the extent and nature of mixed communities and the practicality of increasing mix through policy.<sup>3</sup>
- 1.3.2 The available evidence suggests that radical transformation can positively affect area reputations and stigma in ways not possible with less radical change. Also areas with more mixed social composition tend to be more satisfying to live in and have better services. There is also evidence that the non-mix elements of the mixed communities approach (such as better services) do make a difference. In the absence of central government funding, these may only be deliverable with private sector cross-subsidy. In other words, changing housing mix may be a means to achieve high quality neighbourhoods that are better and less stigmatising to live in.
- 1.3.3 On the other hand there is little evidence that neighbourhoods have a large effect on individual outcomes, over and above individual and household factors, and it is not demonstrated that neighbourhood mix per se, or changes to mix, is influential. There is also limited evidence that the new resources or social interactions that could come with higher income residents actually materialise or are of benefit to poorer people. Thus the evidence in favour of mix as an end in itself is somewhat weaker than the evidence in favour of transformational neighbourhood change achieved via mixed housing schemes/private development finance.
- 1.3.4 Evidence from US schemes (Popkin et al., 2004) points to area-wide benefits: improvements to facilities and amenities as well as housing; reductions in crime; and improvements in educational outcomes, employment and income levels. However, it is not known the extent to which outcomes improved for existing residents. US evidence also points to social costs of mixed community schemes in terms of temporary and permanent displacement of existing residents (Burton et al., 2002) as well as long term disruption and uncertainty (Popkin, 2007).
- 1.3.5 The evidence on the economic costs and value for money of mixed communities approaches is very limited, partly because some costs are less transparent than in regeneration programmes at least partly funded by central government. For example, costs may include the value of land given or discounted to attract private investment, or the costs of re-housing people displaced from the area. Turner et al. (2007) argue that in the US, mixed community schemes result in substantial long term savings to the public purse, justifying short term economic and social costs.
- 1.3.6 It could be expected that scheme costs would vary in different neighbourhood and regional contexts. The same amount of public expenditure can attract more private investment in stronger housing market areas and periods than in weaker ones, in which larger public sector contributions may be needed.

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<sup>3</sup> We reviewed this evidence for DCLG as part of the evaluation. This is published as the Mixed Communities Evidence Review (DCLG, 2010).

- 1.3.7 Since the mixed communities approach was announced there has been a housing market downturn nationwide. The overall economic context for the programme is now very different to that which existed when it was first envisaged.
- 1.3.8 Taken together, the background and rationales for the mixed communities approach and the review of existing evidence point to five key issues to examine:
- 1.3.9 What are the **objectives** of a mixed communities approach and how do these vary in different kinds of areas?
- Is the approach **deliverable**, particularly in the light of the housing market downturn and recession?
  - Is the approach an effective way of delivering new **affordable housing** and Decent Homes?
  - What are the implications of mixed communities as **a new model for regeneration**, with new private/public and central/local relations, and what added value, if any does the approach bring?
  - How can **benefits to existing residents** be secured, at least cost?
- 1.3.10 We consider these issues throughout the report, and particularly in Chapter 9, where we synthesise evidence from across the other chapters to focus on these issues.

## 1.4 The Mixed Communities Initiative demonstration projects

- 1.4.1 To learn about the implementation of the mixed communities approach, the government designated 12 existing or planned local schemes as demonstration projects. The demonstration projects were intended, in a sense, to be ‘pathfinders’ for the mixed community approach.
- 1.4.2 The evaluation focuses on the demonstration projects, examining the key issues highlighted above as they manifest in these particular projects, and drawing out transferable lessons for other areas.
- 1.4.3 The 12 demonstration projects are listed in Table 1. Each has between 7,000 and 14,000 residents. They were chosen following recommendations from Government Offices for the Regions, based on the criteria that demonstration projects should have clusters of super output areas (SOAs) in the 2 per cent most deprived neighbourhoods in England, and that if possible there should be one from each region.<sup>4</sup>

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<sup>4</sup> The final selection does not include any projects from the East of England. All other regions are represented.



**Table 1: Mixed Communities Initiative demonstration projects**

Local Authority	Demonstration Project Area
First Wave Projects (announced January 2005)	
Leeds	Gipton
Manchester	Harpurhey
Newham	Canning Town
Second Wave Projects (subsequently added during 2006 and 2007)	
Bradford	<i>(Under local review)</i>
Bristol	Knowle West
Coventry*	North-East Coventry
Hackney	Woodberry Down
Knowsley*	North Huyton
Leicester*	Braunstone
Sheffield*	Burngreave
Redcar and Cleveland	South Bank and Grangetown
Thanet	Central Margate and Cliftonville West

Note: \* denotes demonstration project which is also a New Deal for Communities area

- 1.4.4 The areas covered by the projects are diverse in nature (see Chapter 2), and indeed this was the intention, in order to understand how the mixed communities approach could work in different contexts. They were also at very different stages of development when selected. The first wave projects announced in January 2005 were already committed to a mixed communities approach. All had undertaken some demolition already and had at least outline plans for redevelopment. The second wave projects were typically not so advanced when designated as demonstration projects. For some, designation as Mixed Communities Initiative demonstration projects encouraged the progression of emerging plans, while in others it was the step that initiated the process of developing a holistic approach to regeneration in the area.
- 1.4.5 Four of the demonstration projects, in Coventry, Knowsley, Leicester and Sheffield, are in areas already covered by the New Deal for Communities, and in these cases, Mixed Communities Initiative demonstration project status encouraged New Deal for Communities, local authorities and other partners to take forward housing elements of regeneration and to think about how these could be combined with existing regeneration strategies after the work of the New Deal for Communities had ended. In some of the other areas, there was no existing regeneration programme to build on.
- 1.4.6 This variety of starting points and existing structures is another complicating factor in evaluating the projects. The report attempts to draw out common themes while also highlighting the distinctiveness of the different approaches.

- 1.4.7 The demonstration projects are not directly funded by government and they are not accountable to central government for the delivery of specific, centrally- determined targets. Instead, they agreed a 'prospectus' with DCLG, reflecting their own particular local circumstances, plans and aims. Direct support and guidance was provided initially from DCLG and in addition demonstration projects were invited to apply to government for additional freedoms and flexibilities where these were necessary to facilitate a mixed community approach. Demonstration projects also had access to an expert panel of appointed consultants, and a Mixed Communities Learning Network.
- 1.4.8 From December 2008, responsibility for delivery of the demonstration projects was transferred to the Homes and Communities Agency. Homes and Communities Agency staff have been in contact with the demonstration projects and provided guidance. The expert panel and learning network have not been provided since the transfer of responsibilities.
- 1.4.9 It is evident that the Mixed Communities Initiative is characterised by much lighter direction and involvement from central government than previous, centrally funded, programmes. One issue which we examine is whether being designated as a Mixed Communities Initiative demonstration project in itself added any value to the work that the projects were already doing. However, the key focus of the evaluation is the operation of the mixed communities approach itself.

## 1.5 Evaluation methodology

- 1.5.1 The brief for the evaluation of the demonstration projects set out four main objectives for the period 2006-2009:<sup>5</sup>
- to clarify the overall **objectives** of the Mixed Communities Initiative, both for the short and longer term
  - to identify a set of common **measures** against which demonstration projects can measure and assess their progress (alongside those tailored to each demonstration project)
  - to establish whether demonstration projects have been successful in meeting their aims, in the period 2006-2009, and the reasons for **success** and barriers to success
  - to identify transferable **lessons** that could be taken beyond the demonstration projects and applied to the development of mixed community projects more widely.

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<sup>5</sup> This was initially intended as a 'first phase' evaluation designed to identify emerging issues and establish a baseline for future evaluation.

- 1.5.2 Work on the **objectives** of the Mixed Communities Initiative and development of **measures** was carried out in 2006-07 and has been reported in earlier reports from this evaluation (See DCLG, 2009a).
- 1.5.3 To determine **success** and to identify **transferable lessons**, we undertook three waves of fieldwork in the demonstration projects:
- a first wave in winter 2006-07 to establish a baseline position and early process issues
  - a second, more limited exercise in spring 2008 to monitor progress.
- 1.5.4 A third full wave in spring 2009 to review progress and explore reasons why plans had stalled or been exceeded.
- 1.5.5 Two of the first wave demonstration projects (in Leeds and Newham) and four of the later projects (Coventry, Hackney, Sheffield and Redcar and Cleveland) were the subject of in-depth case studies. In these cases, the full fieldwork (in 2007 and 2009) incorporated approximately 15 stakeholder interviews. They included nominated representatives of local housing authorities (Arms Length Management Organisations or local authorities), Registered Social Landlords with homes in the area, private developers, Registered Social Landlords with land or plans to develop in the area, local authority planning departments, and New Deal for Communities where present. In addition we interviewed representatives of local residents' associations, and other organisations currently providing services or planning to provide services in the mixed community development. These included local children's services departments, Primary Care Trusts, police, employment and training providers and locally-based voluntary organisations. Where other organisations were involved (for example if the area was part of a Housing Market Renewal programme) these were also consulted. Inevitably the institutional landscape was somewhat variable from case to case.
- 1.5.6 The remaining six demonstration projects (in Manchester, Bradford, Bristol, Knowsley, Leicester and Thanet) were designated 'light touch' case studies. In these cases, fieldwork involved interviews with demonstration project project directors. After the initial phase of fieldwork, Bradford City Council decided to review its selection of demonstration project area and effectively suspended its involvement in the Mixed Communities Initiative programme. No further evaluation work was carried out on Bradford.
- 1.5.7 Quantitative data from national sources were collected in order to monitor area change for all demonstration projects, and relevant local quantitative data (e.g. numbers of relocated households) were collected in the full case study areas.
- 1.5.8 The findings from this work with demonstration projects form the bulk of this report. In addition, case study reports for the six full case studies are available on the evaluation team website.<sup>6</sup>

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<sup>6</sup> [www.cchpr.landecon.cam.ac.uk/projects/detail.asp?ProjectID=85](http://www.cchpr.landecon.cam.ac.uk/projects/detail.asp?ProjectID=85)

- 1.5.9 In the four demonstration project areas which were also New Deal for Communities areas, we were also able to draw on the results of a short module of questions exploring residents' views on various issues connected with mixed communities added to the survey of residents in New Deal for Communities areas. These four areas were Coventry, Knowsley, Leicester and Sheffield. Just over 400 residents in each of these four areas were interviewed in summer 2008. Residents were asked about the current mix of their area and the extent to which they mixed with people different to themselves. They were also asked their opinions about the benefits or otherwise of elements of the mixed communities approach, as well as about their experience of the regeneration of the area to date.
- 1.5.10 It is important to note that in 2009 the Mixed Communities Initiative projects were in their early stages. This first phase of the evaluation has concentrated on establishing a baseline and identifying key issues which will need to be addressed and monitored as the projects progress. We can say little about actual outcomes at this stage, since changes in outcomes would not be expected to have been achieved by this stage of the developments.

## 2 The demonstration projects and their contexts

### CHAPTER SUMMARY

- This chapter summarises problems and opportunities of the demonstration project areas at the inception of the Mixed Communities Initiative, to provide a basis for understanding their plans and progress. It also describes the changed economic and housing market context over the course of the evaluation.
- The areas had some common problems associated with high levels of disadvantage, including high unemployment, low educational attainment, poor reputations and poor amenities. However, they also had important differences in location and housing characteristics.
- The majority of the areas were social housing areas. These were a mixture of well connected inner urban areas and peripheral estates. However, three of the areas already had mixed tenure.
- In the social housing areas, tenure and stock homogeneity were seen as barriers to regeneration. In some areas there were also stock quality problems. The mixed tenure areas tended to have a different range of problems, including those associated with low value private renting.
- These differences in local housing conditions and dynamics demanded different approaches. Additionally, demonstration projects faced different opportunities for change. Demonstration projects in social housing areas had greater influence over delivery, because land was in public ownership and control. Demonstration projects in strong regional economies, or those which were well connected to employment opportunities had more chance of achieving a wide social mix than those in weaker markets.
- Local politics and policy imperatives influenced the nature of mixed community plans. Some authorities were committed to principles of social mix for regeneration, and to transformational change. Others saw mixed housing as a means to finance more incremental area improvements and to stabilise areas.
- The initiative began at a very promising time for housing development. However, between 2006 and 2009, both house building and sales fell. Unemployment also rose from early 2008, although London was less affected than other regions.

## 2.1 Introduction

- 2.1.1 This chapter summarises the problems and opportunities of the demonstration project areas at the inception of the Mixed Communities Initiative, to provide a basis for understanding their different objectives and plans, and the progress they were able to make. It also describes the changed economic and housing market context over the period of the evaluation.

## 2.2 The nature of the demonstration project areas

- 2.2.1 Rich descriptions of, and data about, the demonstration projects are provided in individual case study reports,<sup>7</sup> and 'pen portraits' (2009a). Here we provide a summary.
- 2.2.2 The demonstration projects had a range of common problems consistent with being areas of concentrated deprivation<sup>8</sup> (Table 2).

**Table 2: Common problems in demonstration project areas**

- Higher than average unemployment, low educational attainment, poor health and poor mental health.
- Poor reputations, and in some cases a sense of powerlessness and inability to affect change among residents.
- High population turnover (most areas)
- Vulnerable households, anti-social behaviour and households who were hard-to-live-next-door to.
- Low house prices: typically between one-third and three quarters of the district average (DCLG, 2009a).
- Relatively poor amenities such as shops, health centres, youth and community centres and open space.

- 2.2.3 However, they had different locations and origins, broadly representative of the diversity of types of disadvantaged area in England (Table 3).

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<sup>7</sup> [www.cchpr.landecon.cam.ac.uk/projects/detail.asp?ProjectID=85](http://www.cchpr.landecon.cam.ac.uk/projects/detail.asp?ProjectID=85)

<sup>8</sup> We reported in detail on these problems in our initial reports and statistical profiles ([www.cchpr.landecon.cam.ac.uk/projects/detail.asp?ProjectID=85](http://www.cchpr.landecon.cam.ac.uk/projects/detail.asp?ProjectID=85)) as a basis for long term tracking of outcomes for individual projects. Different problems manifested in different areas. We do not repeat the detail here.

**Table 3: Types of area among the demonstration projects**

Areas of Primary Deprivation (i.e. poor since first developed)	Areas of Secondary Deprivation (i.e. had been prosperous at times in the past)
<p><b>Inner urban areas built in the 1900s and partially or wholly redeveloped as social housing:</b>                      Manchester (Harpurhey)                      Hackney (Woodberry Down)                      Newham (Canning Town)                      Redcar and Cleveland (South Bank and Grangetown)</p> <p><b>Outer urban areas built as Council housing between the 1930s and 1960s to accommodate slum clearance and/or industrial expansion</b>                      Leeds (Gipton)                      Bristol (Knowle West)                      Coventry (North-East Coventry)                      Knowsley (North Huyton)                      Leicester (Braunstone)</p>	<p><b>Built in 1800s/early 1990s and retaining a lot of older and larger stock as well as some newer development</b>                      Sheffield (Burngreave)                      Thanet (Central Margate and Cliftonville West)</p>

2.2.4 Virtually all of the areas described as primary deprivation areas in Table 3 had a high proportion of homes (between 45% and 85%) in social housing tenure.<sup>9</sup> We refer to these as ‘social housing areas’. The two areas of secondary deprivation (as well as Redcar and Cleveland of the primary deprivation areas), are referred to as ‘mixed tenure’ areas.

2.2.5 The diversity of the areas is important. Unlike some other previous schemes (such as Estate Action in the UK or the HOPE VI programme in the US) the Mixed Communities Initiative is not targeted only on social housing areas or on areas of a particular type. It aims to implement a particular approach to regeneration in different kinds of areas with different local housing conditions and dynamics, and varying opportunities and political imperatives to tackle area problems.

## 2.3 Housing conditions and dynamics

2.3.1 The social housing areas manifested (although to differing degrees) the housing conditions that have been associated with mixed communities approaches in the US: tenure homogeneity, stock homogeneity and poor stock quality.

2.3.2 Clearly, construction of a large proportion of social housing in these areas had initially been a response to, not a cause of, area poverty. However, concentrated social housing now leads to the perpetuation of concentrated

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<sup>9</sup> More details on the tenure breakdowns in each area included in the initial report of the evaluation and the accompanying case study reports. They are also included in Chapter 3 where we described planned tenure changes.

poverty because new allocations are to people on lower incomes, while existing residents who can afford to (and want to) buy their own home have to do so elsewhere. Tenure homogeneity was thus identified as a problem preventing area renewal in the social housing areas.

- 2.3.3 In most of these areas, homogeneity of housing type was also seen as leading to concentrations of deprivation. In most cases much of the housing had been built at the same time and offered limited variety of design and type. Tenure mix to date brought about by the right-to-buy,<sup>10</sup> and/or pockets of new development had not fundamentally changed the housing offer. House prices in the private sector were low relative to city/borough averages and in a narrow range. Demonstration project staff and other stakeholders (including residents) identified lack of housing variety and choice as a problem. Land Registry data shows that the volume of home sales in these areas tended to be very low indeed, because of the high proportion of homes in public ownership and the relatively low marketability of others.<sup>11</sup>
- 2.3.4 In five of the eight social housing areas there were also problems of poor quality affecting some or a lot of the stock. In others, such as Coventry, the problem was to do with poor design and estate layout rather than the stock itself, most of which meets decent homes standards. Both these aspects of quality also contributed to unpopularity and turnover.

**Table 4: Stock quality in the social housing areas**

<b>High Proportion of Poor Quality Stock</b>	Hackney (Woodberry Down) Newham (Canning Town) Manchester (Harpurhey)
<b>Some Poor Quality Stock</b>	Leeds (Gipton) Bristol (Knowle West)
<b>Little Poor Quality Stock</b>	Coventry (North-East Coventry) Knowsley (North Huyton) Leicester (Braunstone)

Source: Interviews with stakeholders/review of demonstration project documentation

<sup>10</sup> Tenure change over the last 20 years has been quite substantial. For example, in the Census wards including the demonstration projects in Leeds, the proportion of social housing fell from 59% to 46% in the period 1981-2001 and in Coventry from 52% to 33%. These wards cover much larger areas than the demonstration project, but they indicate the nature of the change occurring. The demonstration project area in Bristol had 46% social housing in 2001, but 58% in 1991, and the corresponding ward had 63% in 1981, indicating a large reduction in council housing through right-to-buy. Similarly in Leicester, the most closely corresponding census unit to the demonstration project area in 1981 had 76% council housing.

<sup>11</sup> For example, in the demonstration project areas in Coventry, Hackney and Knowsley, 17 or fewer homes were sold each quarter during 2005 and the first half of 2006 (the housing market boom).



- 2.3.5 Generous funding has been made available to Arms Length Management Organisations and local authorities to bring social housing to Decent Homes standards which meant that some authorities did not need to adopt a mixed communities approach to replace or refurbish their stock. However, in other areas, authorities had not been able to complete stock quality improvements through existing funding streams, because these were insufficient to cover all the costs required, including large scale demolition. For example, following a structural evaluation which revealed that the majority of blocks at Woodberry Down, Hackney, were ‘beyond economic repair’ and therefore in need of demolition, Hackney Council withdrew the estate from its Decent Homes programme and instead adopted a mixed communities approach, which proposed to finance re-provision of all the social housing on the estate through cross-subsidy from private sector development.
- 2.3.6 The mixed tenure areas presented a different and more varied set of housing conditions and dynamics, less obviously associated with a mixed communities approach. They already had diversity of tenure, although not necessarily of stock. Stock problems, in the context of low performing economies, created pockets of acute disadvantage. In Redcar and Cleveland, for example, very low residential values in an area of 19th century terraced housing had led to speculative private investment and areas of concentrated private renting with absentee landlords. In Thanet, former hotels converted into flats, bedsits and hostels provided cheap and often poor quality private rented accommodation and concentrations of young and vulnerable populations and recent migrants.
- 2.3.7 Stock quality did not present the same problems in mixed tenure areas. There were problems of poor stock that were being tackled through renewal programmes for private housing, particularly in key locations. However, stakeholders recognised that stock quality is not necessarily a barrier to demand if location is good. Indeed this is the way housing markets work: provided they are well located for work, schools and leisure opportunities, areas of run-down stock can become attractive to investors when the price is low enough to generate profit from rent, and attractive to would-be owner-occupiers when they cannot afford to buy in ‘better’ areas.

## 2.4 Opportunities for change

- 2.4.1 It is evident from this data that demonstration projects faced different combinations of problems. They were also in different economic contexts. By 2005 the demonstration projects in London and Bristol, Leeds, Manchester and Leicester were all operating in wider economies that were performing well relative to the national average. In these areas demonstration projects were dealing with neighbourhood-level problems in environments where economic prospects overall were good (2009a). This was not the case in the other areas, particularly in Knowsley and Redcar and Cleveland.
- 2.4.2 Furthermore, demonstration projects were more or less ‘well connected’ i.e. close in time or distance to city centres or accessible to a wide range of employment opportunities. For example, Woodberry Down in Hackney was

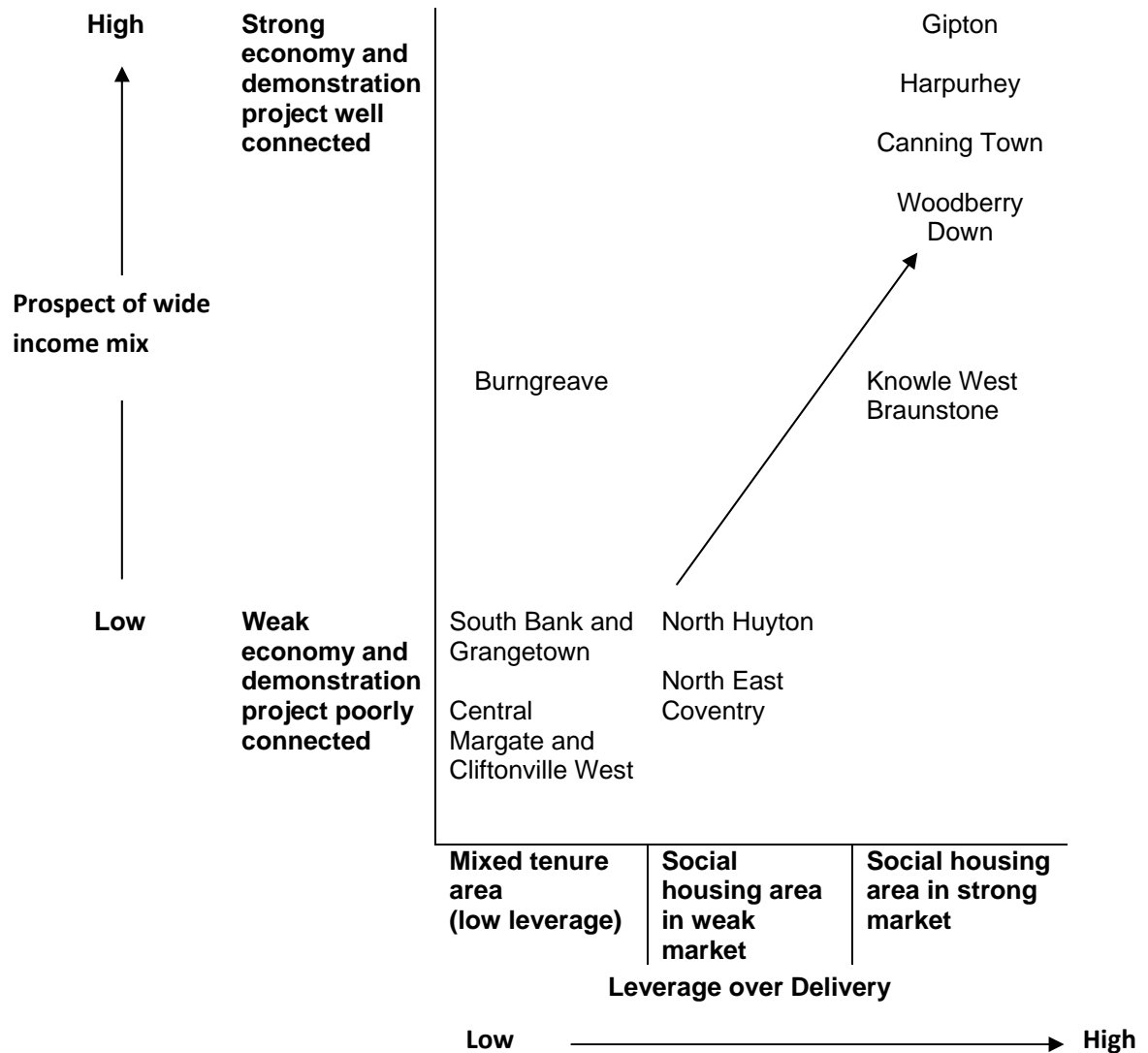
located very close to the City and West End (a well-connected area in a strong economy) while Braunstone in Leicester was an outer city area in a relatively strong economy, and North Huyton in Knowsley a peripheral area in a weaker economy.

- 2.4.3 These two dimensions of economic position combined to provide different contexts for the mixed communities approach. In strong economies with strong housing markets, provided areas were well-connected, demonstration projects could be expected to be able to generate private investment in anticipation of substantially rising land values. They could also be expected to achieve much more diverse population, with higher income residents moving into the area in anticipation of rising land values or as an alternative to higher-priced gentrified neighbourhoods.
- 2.4.4 In the peripheral areas, investment prospects could be expected to be weaker and the diversity of population that could be achieved could be expected to be smaller, even if levels of popularity and demand could be improved, since such areas are typically not attractive to more affluent people.
- 2.4.5 Opportunities to engineer change also varied. Prospects for transformation of the areas appeared to be strongest in areas in public ownership (i.e. social housing areas) which offer greater opportunity for offering public sector assets in return for private sector investment. The public sector has less power to act in areas of private or mixed ownership.
- 2.4.6 In theory then, mixed community projects in well-connected social housing areas in strong regional economies seemed to have the strongest chances of being deliverable and of achieving transformation in population mix. They were also potentially the riskiest projects in terms of costs to the public sector, impacts on public housing and displacement of existing residents. Projects in private/mixed areas might be more difficult to deliver but might possibly have lower overall costs and risks. We summarise this in Figure 2, showing where the demonstration projects were situated in relation to these variables.<sup>12</sup> Note that the first wave demonstration projects are all positioned in the top right hand corner of the diagram, in the most favourable conditions for demonstration of the approach.

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<sup>12</sup> It is important to note that in all cases, localised factors could be expected to affect deliverability or transformation prospects. For example the Redcar and Cleveland demonstration project is classified as a private/mixed area, partly because current housing problems are located primarily in a private/mixed sub-neighbourhood, and partly because some of the available land for building is in charitable ownership. However, other sites are in council ownership. The figure is intended as a resource for thinking about the issues, not as a detailed description of any particular area.

**Figure 2: Varying opportunities in the demonstration projects**



## 2.5 Local policy and politics

- 2.5.1 A final point is that motivations for mixed communities interventions differed from one demonstration project to another, even when problems appeared similar, because of the local political context and other pressures on local authorities.
- 2.5.2 Some of the local authorities, New Deal for Communities and other key stakeholders in the demonstration project areas were strongly committed to the theory of change underpinning mixed communities. They believed that breaking up concentrations of poverty was the right policy for area regeneration. Theories of mix were strongly to the fore in their planning documents and the comments of demonstration project staff. For example, in Canning Town in Newham, the local authority was publicly committed to reducing concentrated poverty and had set targets for mix as long ago as 2001. The authority had embraced the concept of public/private partnership,

as had Leeds. These were first wave demonstration projects which were closely aligned with the approach taken by central government when the Mixed Communities Initiative was announced.

- 2.5.3 In some other areas, such as Leicester and Sheffield demonstration projects, there was more resistance or ambivalence to the principle of poverty deconcentration and particularly to demolition of occupied social housing. In Leicester, the demonstration project planned to add private housing on vacant sites rather than undertake large-scale demolition. There was a lot of emphasis on improving the area's facilities and amenities, not so much to attract people on much higher incomes as to reduce population turnover and create a more stable and sustainable community. In such areas, mix was seen as a desirable end that could be achieved in an incremental way.
- 2.5.4 Creating a more stable and sustainable community was also central to plans in Coventry and Knowsley, where in both areas, radical solutions were seen as necessary to tackle the combination of low demand, high turnover and anti-social behaviour.
- 2.5.5 Meeting targets for new housing supply and, in particular, social housing supply, was another key motive. In Redcar and Cleveland, for example, the mixed communities development was a key element in the local authority's housing strategy. The site had long been identified in the local plan as a potential site for new housing development. Regeneration and new housing objectives could thus be combined in the mixed communities approach.
- 2.5.6 These examples illustrate that the mixed communities approach, emerging as it did from such a convergence of central government policy objectives, is inherently likely to have different rationales and objectives in different areas, and different definitions of and chances of success. This is important in reviewing the progress of the demonstration projects but also in understanding how mixed communities is likely to be taken up in other areas, and with what aims and results.

## 2.6 The changing context for the projects

- 2.6.1 The local variations we describe were in place at the start of the evaluation in 2006. A further feature of the programme as a whole is that it commenced in a period of economic growth but continues during a period of housing market downturn and economic recession. Given the overall objectives of the programme (to reduce area disadvantage) and its characteristics (a strong construction element and dependency on private investment), this changed context is particularly important. We summarise trends to date.

**Table 5: Selected housing indicators for England, change since initial fieldwork in demonstration projects**

Indicator	Initial	Latest	% Change
1) Median house price	170,000 (Q1 2007)	159,995 (Q1 2009)	-6
2) Total sales	269,911 (Q1 2007)	87,289 (Q1 2009)	-68
3) Mortgages advanced	1,138,000 (2006)	468,000 (2008)	-59
4) Private housebuilding starts	155,580 (2006/07)	90,430 (2008/09)	-48
5) Repossessions	20,900 (2006)	40,000 (2008)	+91

- 1) DCLG Live Table 582, from Land Registry data
- 2) DCLG Live Table 584, from Land Registry data
- 3) DCLG Live Table 544, from Bank of England Regulated Mortgage Survey
- 4) DCLG Live Table 231, from National House Building Council returns
- 5) DCLG Live Table 1300, from Council of Mortgage Lenders data

- 2.6.2 Nationally, housing market activity peaked in summer 2006 because affordability was being weakened by rising house prices and mortgage interest rates (Parkinson et al, 2009). Prices continued to rise until the autumn of 2007.
- 2.6.3 Between 2006-07 and 2008-09, the number of private house building starts in England fell by 48 per cent. The number of mortgage advances in the UK fell by 59 per cent between 2006 and 2008. Average prices fell 9 per cent from Q1 2007 to Q1 2009, while repossessions were up 91 per cent from 2006 to 2008 (Table 5).<sup>13</sup>
- 2.6.4 These changes are clearly likely to impact at local level in reduced likelihood of private sector investment in development, and in reduced demand for homeownership, with price falls. To date, it appears that London has been least affected. In Hackney prices actually showed an increase 2007-2009 (Table 6), and we can also see from this table that private sector housing starts have fallen less in London to date than in other areas. Most other areas in which the demonstration projects are situated have seen falls of 50-70 per cent.

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<sup>13</sup> The total number of repossessions is still very small: about a third of 1 percent of properties with mortgages.

**Table 6: Selected housing indicators for demonstration projects' local authority areas**

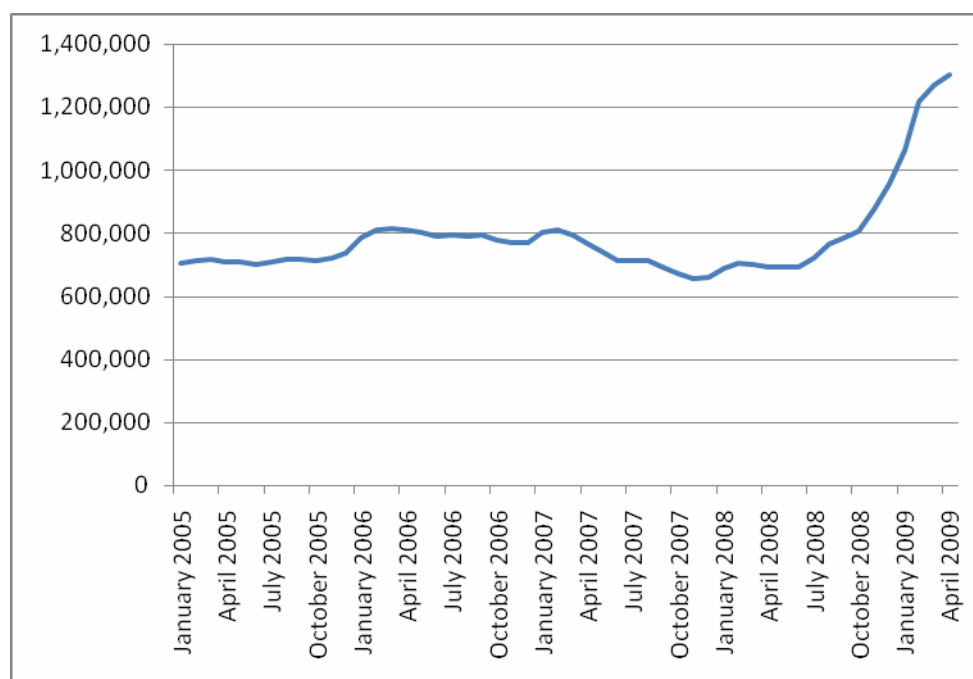
	1)Median house price (thousands)		2)Median house price % change	3)Private house building starts % change
	Q1 2007	Q1 2009	Q1 2007 – Q1 2009	2006 - 2008
Bristol	165	160	-3	-51
Coventry	128	112	-12	-63
Hackney	250	275	+10	-19
Knowsley	114	100	-12	-67
Leeds	141	125	-11	-64
Leicester	125	117	-6	-69
Manchester	135	115	-15	-67
Newham	220	205	-7	-19
Redcar & Cleveland	120	108	-10	-64
Sheffield	125	119	-5	-64
Thanet	162	140	-14	-45
<b>England</b>	<b>170</b>	<b>160</b>	<b>-6</b>	<b>-54</b>

Spatial Scales & Sources

- 1) For Local Authority, DCLG Live Table 582 from Land Registry Data
- 2) For Local Authority, DCLG Live Table 582 from Land Registry Data
- 3) For Region, DCLG Live Table 231 from National House Builders Council

2.6.5 In the labour market, the number counting Jobseeker's Allowance (unemployment benefit) started to rise in 2005 after a long period of decline, fell slightly again during 2007 and then started to rise steeply from early 2008. Not all those who satisfy official International Labour Organization definitions of being unemployed – not having, but available for and actively seeking work – claim Jobseeker's Allowance, so claimant counts underestimate total unemployment. Jobseeker's Allowance is however the only source which is updated regularly and available for small areas like the demonstration projects, and it is a reasonable base for comparison between areas and within areas over time.

**Figure 3: Jobseeker's Allowance claimant count in England 2005-2009 (numbers)**



Source: NOMIS

2.6.6 Again there have been regional variations. Although unemployment has been rising in all regions, to date London seems the least affected, along with the East and South East regions. Between April 2007 and April 2009, unemployment rose most steeply in the West Midlands (Office for National Statistics, 2009). Rising unemployment is typically associated with increased social problems and needs, as household incomes are reduced and young people find it difficult to enter the labour market and housing market. In many respects the demonstration projects were facing more challenging contexts in 2009 than at the start of the evaluation in 2006, and a very much more challenging context for delivery

2.6.7 Indeed the context could hardly have been more difficult for an already challenging initiative. With this in mind, we now turn to look at the plans of the demonstration projects, the extent to which they were able to make progress between 2006 and 2009, and the lessons that can be learned from their experience.

### 3 Housing regeneration: Plans and progress

#### CHAPTER SUMMARY

- This chapter outlines the housing plans of the demonstration projects as they were when the initial fieldwork was conducted for the evaluation in 2006-07. All the developments were planned to occur over very long periods. The chapter examines progress by spring 2009.
- The demonstration projects plans were of two main kinds. In the first kind, most homes in the area were occupied. The goal of the plans was to diversify type and tenure, as well as to improve the quality of the social housing by replacing or upgrading it. To do this, large numbers of existing occupied homes needed to be demolished in order to clear land for new private housing, on a scale which would cross subsidise social housing improvement and replacement. Plans of this nature involved large scale demolition of up to 100 per cent of existing homes and overall increases in the number of homes between 55 per cent and 160 per cent of the original stock. Typically, planned tenure changes were from 60-80 per cent social housing to 30-40 per cent.
- In the second kind of approach, type and tenure was being diversified by, for example, building on greenfield sites or those that had been or were being cleared as part of programmes to demolish low demand and poor quality stock. Such plans were less costly and risky because they did not involve large-scale demolition of occupied housing.
- By spring 2009, no scheme of either kind was proceeding as planned. Just under half of the demonstration projects which had expected to begin construction by 2009 had done so, but with a reduction in numbers and/or priority given to social and affordable housing. Slightly more than half had not begun construction.
- There had been delays typical of large-scale regeneration, such as delays in planning permission. However, the main reason for delay was the housing market downturn and recession.
- Short term measures were being taken to keep plans afloat. Principally these involved seeking additional public sector funding (from the Homes and Communities Agency and other sources), thus increasing the proportion of public subsidy for the projects overall and reducing the likely extent of tenure change and population mix.



- The long term future was uncertain. In almost all cases, a gap had opened up between the income expected from private sector development and the total anticipated cost. It was not clear whether or when the favourable housing market conditions upon which plans had been based would return, nor what would be the impact of job losses on housing demand for different tenures. At this stage, most demonstration projects had not made long-term revisions to their plans.

## 3.1 Introduction

- 3.1.1 This chapter outlines the housing plans of the demonstration projects as they were when the initial fieldwork was conducted for the evaluation in 2006-07. It then examines progress against these plans by spring 2009.
- 3.1.2 Some demonstration projects among the second wave projects had not progressed as far as making firm housing plans by late 2006/early 2007. These were the demonstration projects in Bristol, Thanet and Leicester. We therefore say relatively little about these. The chapter draws evidence from the other eight demonstration projects, with fuller details and data from the six that were full case studies: Coventry, Leeds, Hackney, Newham, Redcar and Cleveland and Sheffield.

## 3.2 Housing plans as at 2006-07

- 3.2.1 Among those demonstration projects which had made firm plans for housing, a distinction can be drawn between the plans of those in the social housing areas and those in the areas of mixed tenure.

### **Social housing areas**

- 3.2.2 In most of the social housing areas, there were plans for large scale housing regeneration and tenure mix, including substantial demolition (Table 7)

**Table 7: Summary of housing plans in the ‘social housing’ demonstration projects (full case studies) in 2006-07**

	Total Occupied Homes 2001	Demolitions between 2001 and start of demonstration project	Remaining Homes	Further Homes Planned for Demolition	Demolition as % of Remaining Homes	Number of Planned New Homes	Change in Number of Homes	Net change as % of original
<b>Coventry (North East Coventry)</b>	3399	713	2786	1806	65%	3328	1522	55
<b>Hackney (Woodberry Down)</b>	1980	0	1980	1980	100%	4842	2862	145
<b>Leeds (Gipton)</b>	5700	700	5000	c 1000	c 20%	-	-	-
<b>Newham (Canning Town)</b>	5176	0	5176	1700	33%	10000	8300	160

Note: The plans for Gipton were part of a bigger plan for East and South East Leeds, and specific numbers were not attached for Gipton in particular. Demolition figures are authors’ estimates.

- 3.2.3 The scale of these proposed redevelopments needs to be emphasised. Planned demolition affected up to 100 per cent of existing homes. All the areas were planned to be rebuilt at higher density, with overall increases in the number of homes between 55 per cent and 160 per cent of the original stock.
- 3.2.4 Of the other areas that were not full case studies, this broad pattern (large scale demolitions and rebuilding) also pertained in Knowsley and Harpurhey. In Braunstone, more modest plans were developing for about 500 new homes that would introduce more owner occupation and intermediate tenure options and reduce the overall proportion of social housing from about 80 per cent to about 60 per cent. It was thought that this could be achieved through the use of vacant or non-residential sites.
- 3.2.5 In fact, the scale of transformation in some of the areas is even larger than these figures suggest, since developments were also following past programmes of substantial or selected demolition to take out low demand stock or to clear sites in preparation for the mixed community development. Around 700 homes had been demolished since 2001 in Coventry and in Leeds. As we indicated in our initial report, the Mixed Communities Initiative demonstration projects often followed on from or were part of existing regeneration projects. Identifying their official ‘start’ is not always straightforward. Had the Department for Communities and Local Government (DCLG) not designated the projects as Mixed Communities Initiative demonstration projects and therefore identified a nominal starting point, we would probably consider these previous demolitions all to be part of the same programmes of ongoing housing regeneration.

- 3.2.6 The tenure mix intended for the newly built homes was typically predominantly owner-occupied housing (full ownership rather than intermediate products) – between 59 per cent and 85 per cent (Table 8). In Knowsley, one of the light touch cases, the balance was even more in favour of private housing - 90 per cent of the new housing was intended to be for private sale.
- 3.2.7 All the social housing areas were planning to diversify tenure by adding a number of homes described as ‘affordable’, through a range of shared ownership or shared equity arrangements. It was not always clearly specified to whom these homes would appeal – whether existing social tenants or people on low-moderate incomes moving in from outside the area. This is potentially important, since providing home ownership products for local people who wanted to stay in the area but buy their own home was typically cited as an important factor in area stability and in fostering communities that might have less future reliance on state intervention.

**Table 8: Proposed tenure mixes in new housing, social housing demonstration projects (full case studies) in 2006-07**

	Private: Open Market Sale	‘Intermediate’ e.g. shared ownership	Social
<b>Coventry (North East Coventry)</b>	67%	4%	29%
<b>Hackney (Woodberry Down)</b>	59%	7%	34%
<b>Leeds (Gipton)</b>	85%	15%	0%
<b>Newham (Canning Town)</b>	65%	17.5%	17.5%

- 3.2.8 Planned tenure mixes had to be agreed in a process of negotiation between developers and local authorities. Overall, the plans typically involved tenure shifts from between 60 per cent and 80 per cent social housing to between 30 per cent and 40 per cent social housing (Table 9).<sup>14</sup>

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<sup>14</sup> The ‘start dates’ for calculating stock changes varied between demonstration projects and were sometimes unclear within an area due to the often protracted negotiations with developers and revisions to masterplans.

**Table 9: Plans for tenure change in the social housing demonstration projects (full case studies) in 2006-07**

	Number of social rented homes in area 2001	% of all homes in area 2001	Number and % at start of Mixed Communities Initiative	Planned social housing in remodelled area	Change in numbers of social housing units	% of stock social housing in new area	Percentage point change
Coventry (North East Coventry)	2959	85	2246 (81)	1593	-653	37	-44
Hackney (Woodberry Down)	1326	67	1326 (67)	1458	131	30	-37
Leeds (Gipton)	2964	52	2264 (45)	-	-	-	-
Newham (Canning Town)	3882	75	3882 (75)	4442	560	33	-43

Notes: Specific numbers for Gipton not known, see note to Table 7. Canning Town numbers are an estimate based on estimated proportion of leaseholders in demolished properties, and boundaries (demonstration project boundaries do not align with Output areas). Planned social housing in remodelled area c4000-4500.

3.2.9 DCLG was keen to avoid net losses of social housing for two reasons:

- because of concerns that existing social tenants would be permanently displaced from their neighbourhoods
- in order to avoid creating pressures on social rented stock elsewhere in those local authority areas.

3.2.10 It is important to recognise that neither of these situations necessarily occurs just because the number of social rented homes is reduced. In the case of displacement, lettings can be suspended some years before demolition begins, so that numbers gradually dwindle and few people have to be displaced. Also not all tenants may want to return and those who do may be accommodated within the new build. The extent to which stock losses in one area create pressure elsewhere also depends on levels of supply and demand overall, and whether there are surpluses in other neighbourhoods of the particular types of homes being demolished in the neighbourhood in question.

3.2.11 Where demonstration projects have planned for net losses of social housing, they have supported this on two grounds. One is that surplus or obsolete stock is being removed (for example, in Coventry and Knowsley, where 800 of 1,200 properties to be demolished were long term voids). In these circumstances, people remaining in the blocks or streets marked for demolition are displaced. They are offered permanent re-housing elsewhere within the area or outside. In most cases this has been achieved without Compulsory Purchase Orders (in relation to any privately owned homes including 'right to buy') but these have been used in some cases. In Manchester, 283 people were relocated after Compulsory Purchase Orders.

- 3.2.12 The other justification for social housing losses is that there is an intended shift towards greater ownership, some of it affordable ownership, which will be more popular, more sustainable and better for the area. People who have to move because their homes are being demolished for this reason have been given options to return to new properties in the area. The specific arrangements and packages offered vary from place to place, and clearly people will take the option that seems best for them. Younger households might take the opportunity to move into shared ownership, while older people may opt for social tenancies.
- 3.2.13 All of these situations carry opportunities and risks: opportunities for individuals to relocate elsewhere and for authorities to create more attractive neighbourhoods, and risks that moves may be damaging for individuals or that there are knock-on costs in other areas. At present there is no evidence base upon which such opportunities and costs can be evaluated (see further discussion in Chapter 7). This leaves local projects in the position of undertaking very large scale transformative programmes without hard evidence of expected costs and benefits, and makes it difficult for government to provide general guidance such as 'no net loss of social housing', since the costs and benefits of such policies will vary locally in unknown ways.

#### Mixed tenure areas

- 3.2.14 The situation in the areas which were not predominantly social housing areas varied according to the local situation, but all involved less substantial remodelling (Table 10)

**Table 10: Summary of housing plans in the 'private/mixed areas' (full case studies) in 2006-07**

	Total Occupied Stock 2001	Demolitions since 2001	Remaining Homes	Further Homes Planned for Demolition	Demolition as % of Remaining Homes	Number of Planned New Homes	Net Change in Number of Homes	Net change as % of original
Sheffield (Burngreave)	5800	500	5300	33	1	400	367	7
Redcar and Cleveland (South Bank and Grangetown)	5400	0	5400	500	9	900	400	7

- 3.2.15 In Redcar and Cleveland, a proposal for new mixed tenure building to meet household growth projections and to diversify stock type and tenure went in tandem with an ongoing programme of demolition of low demand 19th century terraced homes which had very high rates of voids and very low market values. These had mixed tenure and many were private rented. In Sheffield,

substantial clearance of low demand social housing had already taken place in recent years. There were minimal further plans for demolition, and current plans for about 400 new homes on the cleared sites, as well as a redevelopment of the district centre to include some new housing. As can be seen from Table 10, these changes were small in relation to the overall size of the areas, changing the numbers of homes by about 7 per cent. In Sheffield the proposed tenure mix in the new development was 85 per cent private, in Redcar and Cleveland 70 per cent.

- 3.2.16 The scale of the planned changes in these areas was such that they would have minimal overall effect on tenure mix in the areas as a whole. However, it is important to see these specific developments as parts of broader plans for incremental tenure change as the areas became more attractive and well resourced. In Redcar and Cleveland, for example, the council was identifying and appraising a wide range of possible smaller development sites in the area with a view to marketing these to developers. The creation of a single 900-home new mixed-tenure community was seen as significant not only for the new homes provided but as repositioning the area as one of growth, choice and high standard facilities and amenities.
- 3.2.17 The other mixed tenure area (in Thanet), which was not a full case study, had rather different issues and a different approach. Here, plans were focused on reducing the size and improving the quality of the private rented sector, and encouraging development of homes for sale. They were also investing in the economic development of Margate's town centre, both to improve employment prospects and to enhance the attractiveness of the area as a place to live, close to historic buildings and a cultural quarter.

### **Different types of mixed community approach**

- 3.2.18 Summarising these cases, we can see that with the exception of Thanet, which was tackling rather different problems, the demonstration projects plans were of two different kinds.
- 3.2.19 In the first kind, most homes in the area were occupied. The goal of the plans was to diversify type and tenure, as well as to improve the quality of the social housing by replacing or upgrading it. To do this, large numbers of existing occupied homes needed to be demolished in order to clear land for new private housing, on a scale which would cross subsidise social housing improvement and replacement. These demolitions were in addition to any that might have previously been undertaken to remove low demand stock. These kinds of plans might be described as the archetypal mixed communities approach - on a large scale and involving significant effects on and risks for existing residents, as well as potential impacts for other areas because of temporary moves or permanent displacement arising from stock reductions.
- 3.2.20 In the second kind, type and tenure was being diversified by building on sites that were already vacant, had been or were being cleared as part of programmes to demolish low demand and poor quality stock, or could be

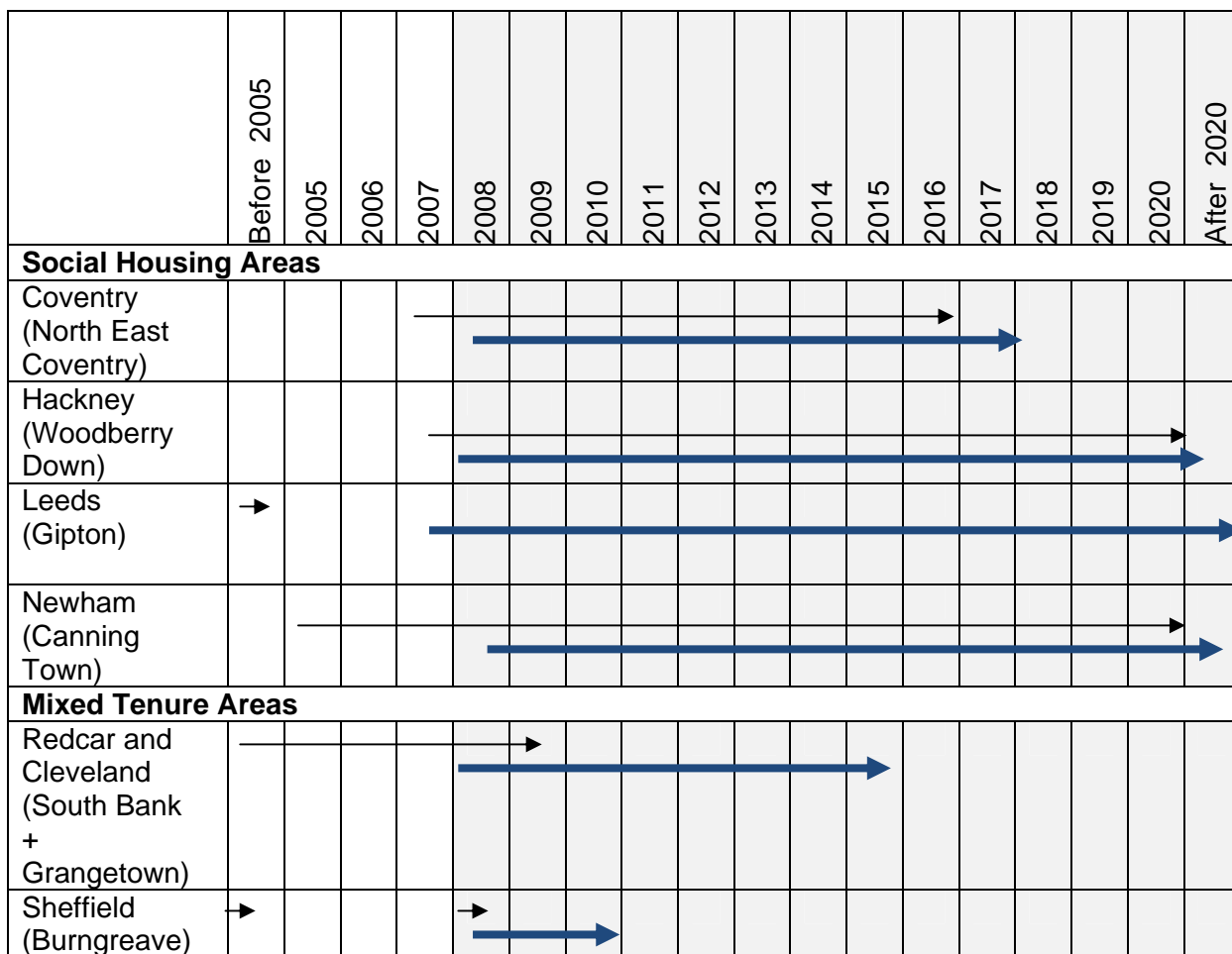
made available by disposal of non-housing land currently in public ownership. Such plans were less costly and risky because they did not involve large-scale demolition of occupied housing.

- 3.2.21 It is important to emphasise that all the developments were planned to occur over very long periods. Not all details were specified at this stage. Despite the emphasis on mix, at the time of the baseline interviews (early 2006/2007), some demonstration projects did not have detailed plans about the exact mixes that were aimed for. They tended to focus on tenure mix, not on other types of mix such as household type, age or ethnicity, which might also contribute to thriving or sustainable communities. Thus, some demonstration projects intended to move away from concentrated disadvantage or 'non-mix', but did not specify what degree of mix might be sufficient or why. Others (in particular Canning Town) had specific plans for age and household type mix and mix of type of dwellings, as well as tenure.
- 3.2.22 In all cases, it was acknowledged that, within overall targets for mix, exact mixes for particular sites would need to be determined in negotiation with developers (Burgess et al., 2009) leaving considerable room for the shape of the new developments to evolve over time.
- 3.2.23 As well as the demonstration project and the developer, negotiations around the proportion of new affordable housing tend to involve other parties such as social landlords, local authority officials, and regeneration bodies. Demonstration projects have used a variety of means to formalise the outcomes of negotiations, including Section 106 Agreements and Overarching Development Agreements.
- 3.2.24 In many demonstration projects, including the three used as case studies for the process study on mix and affordability, 'Negotiating Mix' (Burgess et al., 2009) – Newham, Coventry and Knowsley – achieving a mix of affordable and market housing was a central goal of the programme. However, this necessitated resolving the tensions between the financial viability of the scheme for developers, the projects' intention to create a mix seen as socially sustainable, and public authorities' desire to maximise affordable housing.
- 3.2.25 Such negotiations required the local authorities to have a sound understanding of assessing the finance of development proposals with the confidence to press for "open book" negotiations. The evaluation has shown how negotiation skills within local authorities and their partners are important to balance low-cost home-ownership dwellings with social rented housing within the new affordable housing provision.

### 3.3 Anticipated timetables

3.3.1 All of the six case study demonstration projects anticipated in 2006 that the first new build in the area would take place between 2007 and 2009. Timetables for demolition and building are indicated in Figure 4.

**Figure 4: Planned timetables (in 2006-07) for demolition and construction: full case study demonstration projects**



Note: The thin lines indicate demolition and the thick lines indicate building. Time after 2007 is lightly shaded to indicate that all plans were contingent on circumstances over these long periods.

3.3.2 The figure demonstrates the distinction between the mixed tenure areas, where demolition was taking place early in the schemes (as a consequence of supply/demand or stock obsolescence problems) with construction following later, and the larger developments in the social housing areas where demolition and construction would occur in tandem, in distinct phases of development.

3.3.3 The ways in which these developments were phased, and their expected impact beyond the areas, reflected the practicalities of the sites. In Woodberry Down, the plans were for ‘rolling decants’ so that after the first



phase, each phase of residents would only need to move once. In other words, a new building would be available to receive residents from each block before it was demolished. More typical was the situation, where residents whose homes were to be demolished and who wanted to return would be temporarily housed elsewhere in the local authority area, with potential knock on effects on others waiting for social housing.

## 3.4 Progress against plans

3.4.1 In all areas, housing plans were either well behind schedule in spring 2009 or had been substantially amended in nature. None of the schemes were proceeding as planned. Table 11 summarises the situation in the full case study areas, and more detail is provided in following paragraphs.

**Table 11: Summary of progress against housing plans, full case study areas, spring 2009**

	Demolition		Construction	
	Planned by spring 2009	Achieved by spring 2009	Planned by spring 2009	Achieved by spring 2009
Coventry (North East Coventry)	c.170	c.132	Phase 1a 620 homes	None
Hackney (Woodberry Down)	9 blocks	9 blocks	On site with a view to completion of 1261 units by 2013	On site, starting with social rented housing
Leeds (Gipton)	Very few units	Very few units	On site with phase 1 (500 homes) with first homes sold by autumn 2008.	Planning permission secured. On site on one site (198 homes)
Newham (Canning Town)	Sites to be developed in sequence. 325 demolitions to date and 376 cleared awaiting demolition.		On site with phase 1 (649 homes) with first homes to be on sale by autumn 2009	Planning permission secured. Site ready.
Redcar and Cleveland (South Bank and Grangetown)	340	340	Start on first phase of about 100 homes	None
Sheffield (Burngreave)	33	33	35 homes on one site and 200 (out of a total of 330) on another	None

3.4.2 Two of the full case study areas had started construction, but on a more limited scale than expected and with a revised tenure mix, advancing the development of social housing rather than private dwellings. These were Woodberry Down in Hackney, and Gipton in Leeds: both well connected areas in stronger economies with well developed plans when designated as Mixed Communities Initiative demonstration projects.

- 3.4.3 In Woodberry Down, construction of Phase 1 had begun, but only for social rented dwellings. Some Homes and Communities Agency grant had been received, enabling a start on 117 new dwellings. Discussions with the Homes and Communities Agency were also underway to discuss the possibility of bringing forward money for and development of 550 new social sector homes on six sites, which would enable the social sector element of the masterplan to be completed. However, no private homes had been started. It was hoped that the private developer might start building on a private 'test site' but there were no firm plans. In Gipton, work had started on one site but with revisions to the plans. The original intention was for 85 per cent market sales (168) and the remainder 'affordable' subsidised home ownership. By 2009, given the expectation of difficulty selling these homes, the council had announced its intention to buy 10 of the 'market' homes and make them available at subsidised rents. These will be the first homes to be developed and sold and, at the time of the fieldwork, there was no definite date yet for the completion of the site as a whole.
- 3.4.4 This situation (construction but on a more limited scale) also pertained in Knowsley, among the 'light touch case studies'. Here 83 units had been built out of an anticipated 144, although demolitions had proceeded as planned.
- 3.4.5 In the other five full case study areas, construction had not started. There was a variety of situations. In Canning Town, several small sites adjoining the area had been developed as mixed tenure developments by Registered Social Landlords to enable residents to be decanted. The first sites planned to be built by the private developer had been decanted and cleared but construction had not yet started. In Sheffield, there had been no response to the development briefs put out for the housing sites, while in Redcar and Cleveland the developer still intended to proceed but with a delay of perhaps three years. A planning application was yet to be submitted. In Coventry, revised plans had been developed for part of the first phase to begin in April 2010, two years behind schedule, subject to a 'commercial reality check' in December 2009. Plans for Phase 1 had also been substantially reduced (from 1,700 homes to a more limited 622 home phase, over 4-5 years, with the initial development comprising just 152 homes). Two-thirds of these first 152 homes would be for owner occupation and one-third for social housing. It was hoped that during this phase it would become clear whether the market would recover such that the overall scheme would once again be viable.
- 3.4.6 There was also no construction in Harpurhey, the remaining light touch case where construction had been anticipated by this date. The situation for the 12 demonstration projects can therefore be summarised as follows:

**Table 12: Overview of progress against housing plans, all demonstration projects areas**

Situation	Number	Cases
No firm development plans by 2009	4	Bristol, Bradford, Braunstone, Thanet
Development plans proceeding as intended	0	
Construction started but reduction in numbers/changes to tenure mix	3	Hackney, Leeds, Knowsley
Construction not started	5	Coventry, Redcar and Cleveland, Sheffield, Manchester, Newham

3.4.7 This meant that in the majority of areas, the current situation was one of very small net housing losses, rather than small anticipated housing gains, and very limited change to overall tenure mix. Table 13 shows the situation in the case study demonstration projects. Of the other areas, the demonstration projects in Knowsley and Manchester were also in a situation of current net losses.

**Table 13: Net housing gains spring 2009 compared with plans**

	Planned net gain/loss at this stage	As % of stock prior to Mixed Communities Initiative	Actual net gain/loss at this stage	As % of stock prior to Mixed Communities Initiative
Coventry (North East Coventry)	+450	+16%	-132	-4%
Hackney (Woodberry Down)	-100*	-5%	-320	-16%
Leeds (Gipton)	<100	+2%	0	0%
Newham (Canning Town)	0	0%	0	0%
Redcar and Cleveland (South Bank and Grangetown)	-340	-6%	-340	-6%
Sheffield (Burngreave)	+202	+4%	-33	0%

Note: Table does not take into account some developments that had taken place in some of the areas outside the masterplan. For example, in Sheffield there had been a 36-home Registered Social Landlord development and in Leeds and Redcar and Cleveland private/intermediate developments of c100 homes. \*Woodberry Down planned net gain/loss estimated on basis that under the 2007 masterplan phasing programme, the scheme would have been partway through Phase 1 with approximately half of the Kick Start Site 1 development complete by spring 2009, but in fact by this point no new units had been constructed. Both the masterplan and detailed planning application for Kick Start Site 1 have since been revised.

3.4.8 The demolitions had also had some impact on the number of non-decent homes and in areas where Decent Home improvements were being undertaken as part of the rolling programmes of Registered Social Landlords and were not dependent on housing cross-subsidy, they were progressing as planned. However, the lack of construction and cross subsidy meant that no progress had been made meeting Decent Homes standards where this was dependent on Mixed Communities Initiative.

## 3.5 Reasons for delays

- 3.5.1 Delays are hardly unknown in development and regeneration projects. Many large housing development projects involve complex negotiations over Section 106 and developer obligations to provide money, facilities or homes for the local authority. In Mixed Communities Initiative demonstration projects developer contributions are integral to the design. The schemes are also unusually large.
- 3.5.2 For these reasons development slippage might be expected. Some of the delays observed started before house prices began to fall in summer 2008. In at least two case (Leeds and Redcar and Cleveland), the process of getting planning approval had taken longer than originally envisaged, because of the complexity of the negotiations between local authorities and developers and/or between commercial and residential developers and non local authority landlords.
- 3.5.3 However, in every case, the main reason for lack of progress on construction was the unwillingness of developers to go ahead with the plans given the downturn in the housing market from summer 2008. These difficulties were evident to the same extent across all regions, a principal problem being that the section of the market that much of the development was aimed at was the one mostly affected by the lack of credit availability: people with lower incomes, few savings and potentially poor credit records. This was very much borne out in the cases where homes had been built. In Redcar and Cleveland, a private development of 77 homes built during 2007-08 stood almost completely empty (only five had been sold). In Knowsley of the 83 properties built only 60 had been sold and 30 of these had been bought by Knowsley Housing Trust to house decanted residents. It was reported that people were interested in buying the homes but were not financially able to do so at the current time.

## 3.6 Short-term implications of housing market downturn/recession

- 3.6.1 As at spring 2009, all the demonstration projects that had developed construction plans still envisaged that their overall plans would probably go ahead, but with delays, estimated at this stage between two and five years.
- 3.6.2 Some demonstration projects had sought additional Homes and Communities Agency and other funding, in order to try to keep the housing plans moving. This represents additional public sector funding required to meet costs of delays and/or to leverage the same or less private sector commitment.
- 3.6.3 Examples include:
- Woodberry Down: secured funding from the Homes and Communities Agency to build 117 social housing units, although no private development was now anticipated for at least two years.

- Coventry: developing a business plan for discussions with the Homes and Communities Agency on funding. If successful, this would involve social housing grant to enable that part of the development to proceed if not able to be subsidised by private sale, as well as funds for property and regeneration, and for buy back by the Registered Social Landlord of homes intended for private sale, should they not sell on the open market.
- Canning Town: negotiation with the Homes and Communities Agency over possible additional funding to enable a higher proportion of intermediate tenure homes, for which prices and demand are supported through subsidy, in order to make the scheme more viable and less risky for the developer.
- On a smaller scale, the demonstration project in Redcar and Cleveland intended to use Growth Point funding to pump prime a small eco-home development, in order engage developers and keep momentum going.
- The council in Leeds had approved the purchase of 10 homes in the one site where development had started, in order to make the scheme more viable for the developer. These would be made available either as homes for subsidised rent, possibly social rented.

3.6.4 The demonstration projects were also pursuing other tactics, such as reviewing development briefs where there had been no interest from developers (Sheffield) and continuing to bring forward other housing and mixed use sites (Canning Town), as well as continuing with non-housing developments (see next chapter). In Canning Town, the details of the financial model were under review, to explore whether up-front costs to the developer could be shifted instead into revised overage agreements on future land values. Thus the lack of housing progress was in all cases interpreted as a delay rather abandonment of the plans.

3.6.5 The most immediate problems resulting from delays were in areas where residents had been promised new homes in or outside the area but where these commitments were now put in jeopardy because either demolition or construction was delayed. To the best of our knowledge, this had occurred in only two areas and for small numbers of people because the models were typically either 'rolling decants' (i.e. that people move within the area as one phase is built and another demolished) or an initial phase of demolition of largely surplus stock in which people were being offered permanent moves. In Coventry the main programme had been delayed but a new development had been built outside the area to house decantees from the demonstration project area, and these commitments were honoured and residents were enabled to move even though their homes were not yet undergoing demolition. In Knowsley, the Mixed Communities Initiative partnership had taken a number of measures to address these problems of uncertainty

including buying additional units in the first phase of development to enable relocation of residents from Phase 2 as promised.

## 3.7 Longer-term implications

- 3.7.1 The longer term implications of the housing market downturn and recession were much more difficult to predict. The future context for development was uncertain. Plans for private housing had been developed in a market where aspirations for home ownership were being met by the willingness of banks to finance mortgages on favourable lending conditions and it was not clear to what extent these conditions would return.
- 3.7.2 The impact of job losses on housing markets and demand was also uncertain and locally variable. In spring 2009, Corus announced the probable closure of its Redcar plant with the loss of 2,000 direct employees and possible impacts on a further 8,000 jobs across Teesside, including contractors, suppliers and service industries. In all areas public sector job losses are widely anticipated for 2011 onwards.
- 3.7.3 In addition, the longer term financing of the whole schemes over the next 10-20 years was not yet secured. In most/every case, a gap had opened up between the income expected from private sector development and the total cost of the scheme. The demonstration projects were having discussions with the Homes and Communities Agency, attempting to establish the schemes as priorities within their regions although they will have to compete with proposals from projects elsewhere.
- 3.7.4 In 2009, none of the full case study areas had as yet made substantial changes to their long term plans. Some were developing or considering changes to plans. In Coventry the Registered Social Landlord was planning to buy 150 of the new homes originally intended for sale to sell on a shared equity basis to displaced home owners who could not afford to buy on open market. Demonstration project directors in a number of other areas pointed to the need for finance for a wider range of intermediate tenure options.
- 3.7.5 In those areas where plans had not been so advanced in 2006-07, and had not reached the stage of going on site, they continued to develop despite recessionary pressures. The demonstration project in Bristol had progressed to having a draft regeneration framework and was intending to go out to consultation. However, the economic basis for the strategy had been 'blown out of the water' by the housing market downturn. In Leicester a mixed communities spatial strategy had been submitted as part of the succession plan for the New Deal for Communities.
- 3.7.6 One of these demonstration projects had made significant changes to its strategy in the light of recessionary pressures. This was Thanet where the objective had been to create a more mixed community by reducing the size of the private rented sector and increase owner occupation. Since 2007, demand for rented property had increased as owner-occupation became

increasingly unaffordable. It was thought that new homes for sale were likely to be bought by buy-to-let investors, thus increasing the size of the private rented sector still further. The local authority therefore changed the focus of its approach and has been working to encourage Registered Social Landlords to buy derelict properties from private landlords, either for social rented housing, or intermediate tenures. Enlarging the intermediate sector was seen as a way of increasing owner-occupation in the future as people staircase up into full home-ownership. In practice, it might have the effect of a long-term increase in social renting at the expense of private renting.

- 3.7.7 Each of these accommodations to delays and the credit crunch in effect increases the amount of public subsidy in the projects and reduces the extent of tenure change and likely population mix change they will create.

## 4 Non-housing regeneration: Plans and progress

### CHAPTER SUMMARY

- All the demonstration projects regarded the mixed communities approach as being about holistic regeneration, not just housing. This chapter outlines their non-housing plans and their progress by spring 2009.
- In most cases the emphasis of the plans was on capital expenditure for improved facilities and infrastructure, such as health centres and schools. There was less emphasis on service delivery, such as neighbourhood management, or on planning how services would need to change in the event of a mixed community. However, there were some good examples of the latter.
- Most of the proposed community developments (as opposed to infrastructure) were not contingent on housing cross-subsidy – a notable exception being employment initiatives based on construction.
- As a result, many non-housing regeneration projects within the mixed communities demonstration projects were on schedule by spring 2009. This indicates the success of demonstration projects in drawing down funding from other public sector streams in order to deliver comprehensive regeneration. However, it does not provide any evidence that the ‘mix’ element of mixed communities had added any value in this respect although several of the New Deal for Communities demonstration projects saw it having value in their succession plans through contributing to their holistic approach beyond their grant funded lifetime.
- In a minority of cases, projects were dependent on developer contributions and had been delayed because of housing market downturn and it was unclear when or how they might be funded without further public subsidy. In some cases, additional public investments had been made to enable projects to proceed.
- Issues of funding transition to mixed communities were also raised. For example, in one case, a new school had been built in anticipation of a larger population, and was now facing budgetary difficulties as pupil numbers had not materialised.



## 4.1 Introduction

- 4.1.1 This chapter outlines the plans that the demonstration projects had for other (non-housing) aspects of regeneration, at the start of the evaluation in 2006. It then examines progress against these plans by spring 2009.
- 4.1.2 As in Chapter 3, the chapter draws on evidence from all the demonstration projects, but with fuller details and data from the six that were full case studies.

## 4.2 Non-housing plans

- 4.2.1 All of the demonstration projects, whether in social housing areas or not, considered the mixed communities approach to be about holistic neighbourhood regeneration, not just remodelling of housing. They planned to upgrade existing community facilities such as health centres and community centres, and add new ones, as well as to provide environmental improvements, improve transport links, and improve retail and employment opportunities.
- 4.2.2 Typically the emphasis was on development of new facilities and infrastructure (capital expenditure). In all cases it was thought that improved facilities would benefit both existing and new residents, and help improve area reputations and desirability. The funding and timing of the relationship between housing and non-housing plans varied. In some cases it was hoped that private housing development would provide at least some of the funds for non-housing work. In other cases it was hoped that improved facilities would make private housing more saleable.
- 4.2.3 There was less emphasis in some demonstration projects on changes to service delivery such as enhanced neighbourhood management, additional policing, and additional staff within schools. At this stage also, few demonstration projects were planning for the impact of more mixed populations and in some cases, larger populations, on service demands in the future, and on how services could best function to facilitate mixing. Similar evidence has emerged from evaluation of HOPE VI programmes in the US (Varady et al., 2005). However, there were good examples from some demonstration projects on both these issues. For example, Leeds had an innovative Building Family Wealth project. In Redcar and Cleveland, the Routes to Employment service was working with community groups to develop outreach services in community venues, in order to engage residents who were further from the labour market. In Canning Town, the regeneration team regards itself as working with strategic partners (e.g. Thames Gateway) and development partners (the private developer and Registered Social Landlords) but also with neighbourhood renewal partners such as the police and council's education service. A number of service developments such as a local crime reduction strategy are emerging from this model. In Canning

Town, partners had planned from the outset for the management of a mixed tenure development.

- 4.2.4 Specific plans in each area depended on existing facilities, local needs and other regeneration plans already in place so it does not make sense to attempt to aggregate them. They are shown individually in Appendix B (Table B1).
- 4.2.5 In cases where there was already an existing, established regeneration programme (New Deal for Communities or Single Regeneration Budget), it was difficult to make a distinction between New Deal for Communities inputs and Mixed Communities Initiative input, since the Mixed Communities Initiative was essentially being seen as a succession to the New Deal for Communities – an extension and development of the New Deal for Communities’ holistic strategy for the area. All the items listed in the Table B1 for Coventry and Sheffield could also be listed as New Deal for Communities outputs.
- 4.2.6 Other demonstration projects were developing holistic strategies for these areas for the first time, although linking with other existing programmes such as Building Schools for the Future. Here the explicit focus on re-building the areas with a new image, as desirable places to live provided the impetus for prioritising the areas in the delivery of mainstream programmes, and for building partnerships with other organisations such as Primary Care Trusts and large retailers to encourage investment. What was critical here was the long term strategic approach to area regeneration, not the mixed communities element per se.
- 4.2.7 The proposed non-housing developments were planned to be funded in three ways:
- cross-subsidy from new private housing developments (in the social housing areas where large scale re-development was planned)
  - new public/private partnerships (separate from the housing schemes)
  - existing public sector funding programmes.
- 4.2.8 Table 14 gives an illustration across all six full case studies of the kinds of developments funded in each way.<sup>15</sup> While most demonstration projects have been successful in co-ordinating a variety of mainstream public funding to support the regeneration,<sup>16</sup> the other aspect of the mixed communities approach is the value-added through cross subsidy which has not materialised as yet. Typically, environmental and transport improvements, as

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<sup>15</sup> Further details on funding can be found in the individual reports on the evaluation website.

<sup>16</sup> Some of these other sources (e.g. New Deal for Communities and local authority funding) were increased when construction was delayed, affecting potential cross subsidy – see next section.

well as local labour in construction mechanisms were intended to be funded through cross-subsidy mechanisms, and in some areas (such as Hackney of the full cases, and Knowsley) other community facilities were also partly reliant on developer contributions.

**Table 14: Planned funding sources for non-housing improvements (examples of major projects in the six full case study areas)**

	Capital Receipts/Planning Gain	Other public/private partnership	Public Sector
<b>Coventry (North East Coventry)</b>	Environmental enhancements Improved connectivity of employment sites		Neighbourhood and leisure centre Youth centre
<b>Hackney (Woodberry Down)</b>	Health Centre Children's Centre Public space improvements	City Academy	Community Library 'Ways into Work' project
<b>Leeds (Gipton)</b>	Improvements to transport connections Local labour in construction mechanism	School improvements	Access point for jobs Building Family Wealth Learning Partnerships Neighbourhood management Improvements to green space
<b>Newham (Canning Town)</b>	Rebuilding of primary school currently on development site Local labour in construction mechanism	Redevelopment of town centre, market and retail	Transport improvements New employment organisation
<b>Redcar and Cleveland (South Bank and Grangetown)</b>	Construction training Community forest and other open space improvements	Health Centre	New schools and sixth form centre
<b>Sheffield (Burngreave)</b>		New supermarket	Community learning centre Road improvements Employment and training initiatives

## 4.3 Progress against plans: Services, facilities and amenities

4.3.1 In broad terms and in contrast to the progress on housing, the picture by spring 2009 was that most of the planned improvements to services, facilities and amenities were on schedule. Some demonstration project representatives expressed the view that it was particularly important to focus on these non-housing projects in the light of the recession, principally in order to ensure that the areas were in the best possible position for recovery, and partly because it was important to maintain momentum and build residents' confidence while housing projects were delayed. Table 15 shows progress. This was also the situation in the 'light touch' case studies.

- 4.3.2 In very few cases, anticipated public sector funding sources had not materialised. In Sheffield, hoped-for Homes and Communities Agency support for the retail centre had not been granted, nor was there funding for this project from the Regional Development Agency or New Deal for Communities. However, Growth Point status had been awarded and it was hoped that this could be used to pump prime interest in this and other sites. In Manchester, capital investment to merge two primary schools had not been obtained and the Learning and Skills Council was holding back a funding allocation which would enable additional classroom space at the local college and a joint library.
- 4.3.3 There were also a few cases where housing-cross subsidy had been expected at this point, and where delays in construction were having knock-on effects. One example was improvements to the public realm in Knowsley, which were to be funded from profits on housing sales, and local labour in construction schemes in several areas where jobs had not materialised as anticipated for trainees.
- 4.3.4 In the vast majority of cases, the provision of new facilities is not dependent on the arrival of new populations. Thus a new health centre can be built ahead of demand in order to attract and service a larger and more mixed population. Schools are the exception. As has been noted in other work (Silverman et al., 2006), school revenue funding is largely determined by the number of pupils, making it difficult to provide new schools ahead of pupil demand, and creating financial difficulties when existing populations are decanted or if new housing developments are delayed (Clark and Dyson, 1999). In Knowsley, a new joint faith secondary school had been opened, but was facing financial problems because pupil numbers were lower than expected in the light of the lack of housing development.
- 4.3.5 Overall, however, non-housing plans were progressing as planned at this stage. Table 15 gives an indication of the kinds of projects that would be in doubt if housing plans were not able to progress as planned.

**Table 15: Progress against non-housing plans (case study demonstration projects)**

	<b>Projects completed or progressing as expected by spring 2009</b>	<b>Projects Delayed/ Amended</b>	<b>Projects phased for later development and dependent on housing development</b>
<b>Coventry (North East Coventry)</b>	Neighbourhood and leisure centre		Environmental enhancements Improved connectivity of employment sites Local labour into construction
<b>Hackney (Woodberry Down)</b>	Community facility City Academy Youth Centre Library Elder Person's Centre Ways into Work	Construction training	Health Centre Children's Centre Public Space improvements
<b>Leeds (Gipton)</b>	Access point for jobs Two new children's centres Neighbourhood management Additional employment services Improvements to green space		Improvements to transport connections Local labour in construction mechanism
<b>Newham (Canning Town)</b>	New market and mixed use development Intensive neighbourhood management Multi-use temporary building Roundabout design and road layout		Rebuilding of primary school currently on development site Local labour in construction mechanism
<b>Redcar and Cleveland (South Bank and Grangetown)</b>	Health Village New school buildings and 14-19 centre	District shopping centre	Transport links to serve new development
<b>Sheffield (Burngreave)</b>	Supermarket Community learning centre Employment and training initiatives	District centre Indoor market	

## 5 Measures of change in the demonstration project areas

### CHAPTER SUMMARY

- This chapter assesses how the demonstration project areas had changed over the period since the inception of the Mixed Communities Initiative in January 2005, drawing on a range of quantitative indicators.
- Given that the projects are intended to impact over 10-20 years, and that they had suffered substantial delays, we would not expect to see changes in aggregate outcomes in the period to 2009 and indeed that is the case. Most demonstration projects showed similar trends in education and labour market indicators to other comparable areas (in the top 5% of the Index of Multiple Deprivation) in their districts. Some other indicators had not even been updated, given the short time elapsed.
- Housing market indicators also follow expected trends. Sales volumes fell 2007-2009 in line with patterns in comparator areas and are now at about a quarter of the volume recorded at the start of the Mixed Communities Initiative in early 2005. House prices rose more quickly than in comparator areas 2005-2008 but these gains have not been sustained, and prices are now in the same position relative to surrounding local authorities as at the start of the initiative.
- In some areas, there is evidence of interim policy effects on population numbers, with declining numbers of households due to lettings ceasing prior to demolition, and subsequently to demolition itself. Negative impacts on community and services of these temporary population losses were reported, indicating the need for management of transition as part of mixed communities programmes.
- In other areas, population changes reflect underlying patterns, falling in less well-connected areas and weaker economies (where they demonstrate the challenge for renewal in these areas) and rising in well-connected areas in stronger economies (where they demonstrate the need to secure affordable housing) as demand rises. These data are best read as a baseline for future evaluation.

## 5.1 Introduction

- 5.1.1 This chapter assesses how the demonstration projects areas had changed over the period since the inception of the Mixed Communities Initiative in January 2005, drawing on a range of quantitative indicators. We first make some remarks about the choice of indicators and what inferences may or may not be made about the impact of the demonstration projects on the basis of these data.
- 5.1.2 In the early stage of the evaluation the evaluation team identified a range of indicators that could be monitored to establish the extent and direction of change in the demonstration projects areas. These were based on the objectives of the Mixed Communities Initiative and its theory of change.
- 5.1.3 In relation to housing, the objective of Mixed Communities Initiative is to improve and diversify the housing stock in order to extend housing choice and to make the areas places where people choose to live.
- 5.1.4 Relevant output measures (reported on in Chapter 3) include numbers of homes:
- in different tenures
  - in different price ranges
  - failing Decent Homes standards.

Outcome measures are those which would indicate changes in the desirability of the areas. These include:

- house sales volumes and prices
  - lettings periods for social housing.
- 5.1.5 Since these activities are intended to lead to population change, numbers and characteristics of in-movers and out-movers are also important indicators. Given concerns about displacement of poorer residents, it is particularly important to identify the numbers and household characteristics of tenants re-housed elsewhere, decanted and moving back, and re-housed within demonstration projects areas, as well as the number of households subject to compulsory purchase (as an indicator of involuntary moves).
- 5.1.6 In relation to the broader objectives of Mixed Communities Initiative to improve life chances for residents, we suggested a core basket of indicators, covering education, employment and health, including:
- educational attainment at Key Stage 2 and GCSE
  - Jobseeker's Allowance and Incapacity Benefit counts and flows
  - rates of Coronary Heart Disease, infant mortality and mental ill-health.

- 5.1.7 Clearly, these kinds of area-level indicators can improve simply because more advantaged individuals move into the area, even if existing disadvantaged residents are unaffected, adversely affected, or displaced. The brief and funding for this stage of the evaluation did not allow for tracking of individuals and breakdown of data by characteristics such as socio-economic status or length of time in area. In this chapter, we report only on change in area-level indicators.
- 5.1.8 A key issue is the extent to which any changes can be attributed to the activities of the Mixed Communities Initiative demonstration projects. Socio-economic indicators at the area level change over time for many reasons, including cyclical economic and housing market trends; local conditions (such as large employment losses or 'hot' housing markets which push gentrifiers into previously unattractive areas); policy or practice interventions unrelated to regeneration programmes, such as improvements to local schools; and regeneration programmes themselves. Many regeneration areas have successive or overlapping programmes, such that the effects of one intervention may be felt during the funding period of another.
- 5.1.9 In order to attribute any change to the Mixed Communities Initiative demonstration projects, the following minimum criteria would need to be satisfied:
- changes in the demonstration project areas would need to be different to those observed in the surrounding area and comparable areas (i.e. not all accounted for by regional or local economic effects)
  - the demonstration projects would have had to have taken action of a type and scale that could result in change of the scale observed.
- 5.1.10 Given the 10-20 year overall time-scale for the Mixed Communities Initiative projects, we would not expect, at this stage, to have seen activity on a scale likely to result in significant change in socio-economic indicators. The delays reported in Chapters 3 and 4 compound this problem. Essentially, the main changes to date have been demolitions, in some areas (but no construction), and a range of improvements to facilities and services, most of which were already planned and funded through existing programmes and incorporated within the mixed communities programmes. In addition, some demonstration projects have been engaged in housing market activity, acquiring properties for demolition or suspending lettings, which might in itself have effects.
- 5.1.11 In this chapter, therefore, we report on changes in housing markets and population and socio-economic indicators, principally in order to lay a baseline for potential future evaluation, and also to gain an understanding of the interim changes that can occur during housing regeneration programmes of this nature. The presentation of the indicators should not be taken as evidence of demonstration project effects, and we indicate throughout the chapter the extent to which we think any ascription is possible.



## 5.2 Changes in population numbers

- 5.2.1 Population changes in the demonstration projects can be estimated using new post census population estimates published by Office for National Statistics on an experimental basis for small areas,<sup>17</sup> based on GP registers and births and deaths. New yearly estimates, based on Council Tax records, have also been made available for the numbers of dwellings in an area.<sup>18</sup>
- 5.2.2 At the current time, these are experimental statistics (and, by definition they are still undergoing evaluation) so they should be used as indicative of area change, rather than providing exact numbers.<sup>19</sup> Nevertheless they highlight two important issues.
- 5.2.3 The first is that Mixed Communities Initiative is likely to cause population loss in the short term, which is likely to happen some time before dwellings are finally demolished. The starkest example of this is Hackney (Woodberry Down). In this area, population decreased by nearly 10 per cent since 2004, in contrast to trends in surrounding areas. According to stakeholders, this was due to the fact that the council had stopped letting homes in anticipation of upcoming demolition. This meant that there was no replacement of people leaving the area through natural turnover, implying that considerable numbers of dwellings lay empty awaiting clearance.<sup>20 21</sup>
- 5.2.4 We show this in Figure 5. The light grey bars show net population change in each year. The dark grey bars show net dwelling change.

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<sup>17</sup> These data were released since the start of the evaluation and are available for 2001-2007, i.e. they take in some of the period before the projects were designated as demonstration projects, and the first two years of the evaluation period. See: [www.statistics.gov.uk/about/methodology\\_by\\_theme/sape/](http://www.statistics.gov.uk/about/methodology_by_theme/sape/) and [www.statistics.gov.uk/StatBase/Product.asp?vlnk=14357](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14357)

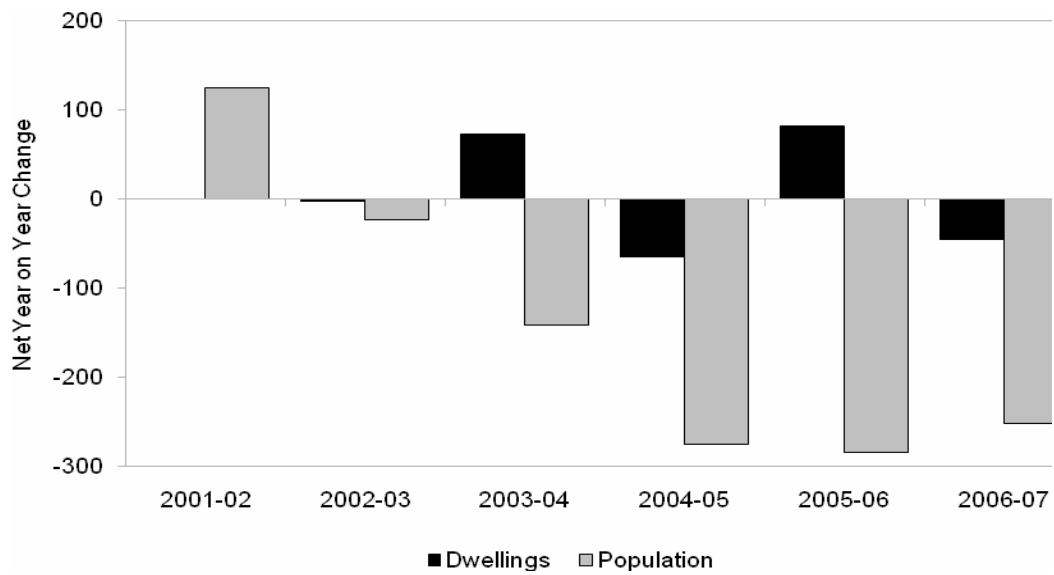
<sup>18</sup> See [http://data.gov.uk/dataset/dwelling\\_stock\\_by\\_council\\_tax\\_band\\_2001\\_to\\_2007](http://data.gov.uk/dataset/dwelling_stock_by_council_tax_band_2001_to_2007)

<sup>19</sup> The use of GP registers may be problematic in areas with populations least likely to register with GPs and where turnover is rapid.

<sup>20</sup> Demonstration project staff estimated population losses at about 1,600 over this period, more than observed in the GP data – an even bigger policy effect. There are a number of areas like this where the new data do not align perfectly with estimates produced by demonstration projects, possibly because of boundary or timing issues, illustrating how difficult it is to accurately assess impacts of programmes like this on area population change.

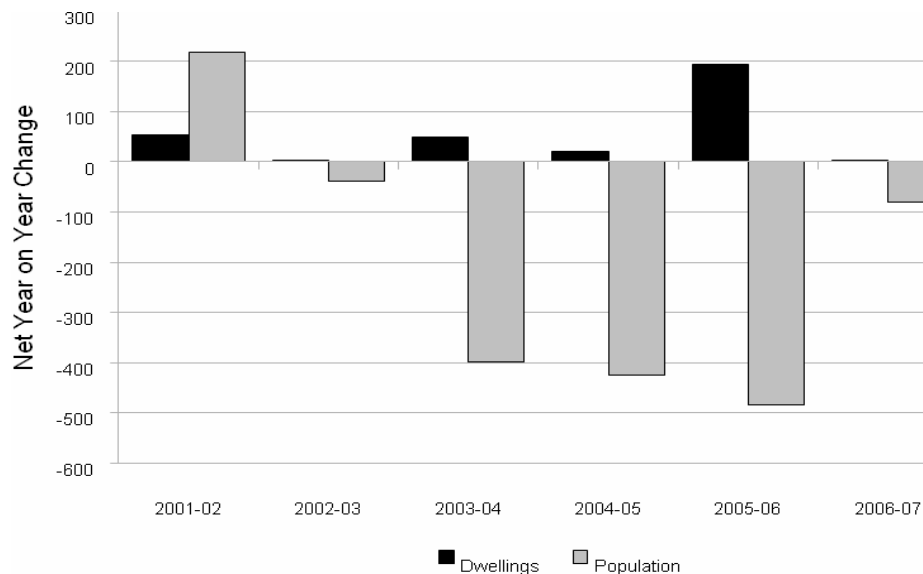
<sup>21</sup> It is usual for falls in population to predate demolitions due to the normally long ‘stop let’ and decant period.

**Figure 5: Dwelling and population changes (numbers) in Hackney demonstration project area**



5.2.5 A similar effect is evident in Newham (Figure 6). Here, suspension of lettings followed by stock demolition led to population losses at a time when Newham’s population as a whole was growing, and despite the fact that additional dwellings were built in the area (Figure 6). New dwellings built in this area have tended to be small dwellings occupied by fewer people than those being demolished.

**Figure 6: Dwelling and population changes (numbers) in Newham demonstration project area**

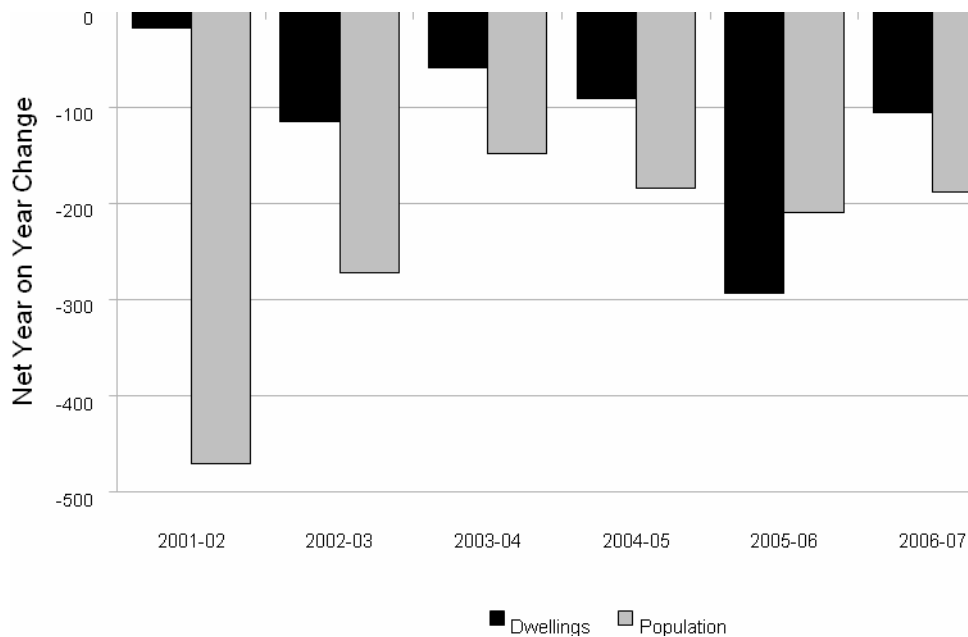


- 5.2.6 Population losses can have both positive and negative effects on neighbourhoods. They can be associated with reduced surveillance and an increase in environment problems and damage, or with 'quietening down' (fewer problems of disorder and conflict) – although it is difficult to disentangle the effects of population losses from those of other factors, such as economic growth or neighbourhood management (Lupton, 2003). On the other hand, net losses of population can deplete neighbourhoods and reduce community efficacy. This was reported by stakeholders in Woodberry Down in Hackney. Local shops complained of lack of custom. Residents' groups had lost members and organisers, and the reduced footfall in the area made some residents more fearful of crime.
- 5.2.7 This points to the need for strategies to manage the transitional periods when demolition precedes construction. These might include support for retailers and local groups, and closer neighbourhood management.
- 5.2.8 The second point that the data highlight is that in some areas where Mixed Communities Initiative is being considered as a 'solution', population is declining naturally. This is, of course, known locally. Part of the reason for Mixed Communities Initiative (regardless of any motives of creating social mix) is to create a more attractive area and housing stock in order to stem existing decline. However, the scale of the challenge is underlined by these data. Creating viable new mixed developments in areas of falling population is not easy. Redcar and Cleveland is the starkest example of this among the demonstration projects (Figure 7). Population fell every year from 2001-07 in the demonstration project area. In 2005-06 there was a big fall in dwellings (due to demolition) but not to the same extent in population,<sup>22</sup> demonstrating the demolition programme was largely concerned with taking out excess stock.

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<sup>22</sup> Note that one dwelling, if occupied, would contain on average 2.5 people, such that a loss of around 300 occupied dwellings would result in a loss of 750 people.

**Figure 7: Dwelling and population changes (numbers) in Redcar and Cleveland demonstration project area**



- 5.2.9 Appendix B shows population and dwelling changes in the remaining demonstration project areas.
- 5.2.10 Results from the survey of residents in the four demonstration projects that were also New Deal for Communities areas (see also Chapter 6) point to one further issue about population change and its impact. This is that the community impact of decants, demolition and building is likely to be very different from one area to another, depending on underlying levels of population turnover. Table 16 indicates population stability in the four survey areas. Note that only 31 per cent of residents surveyed in Knowsley had moved into the area within the last 18 years. 69 per cent had been there longer. In situations of very low turnover like this, changes in population are likely to have much more impact than in higher turnover areas, since social and family networks are likely to be more strongly established, and people have been in their homes for longer.

**Table 16: Proportion of residents who moved in to their current home at different times**

	Coventry	Knowsley	Leicester	Sheffield
Within past 2 years (since start of MCI)	12%	2%	8%	13%
Within past 10 years	45%	17%	34%	46%
Within past 18 years	55%	31%	48%	63%
More than 18 years ago	45%	69%	52%	37%

Source: Ipsos MORI 2008b

Note: Figures for each longer period include those for the shorter periods. Thus “moved within past 18 years” includes those who moved within past 10 years and 2 years.

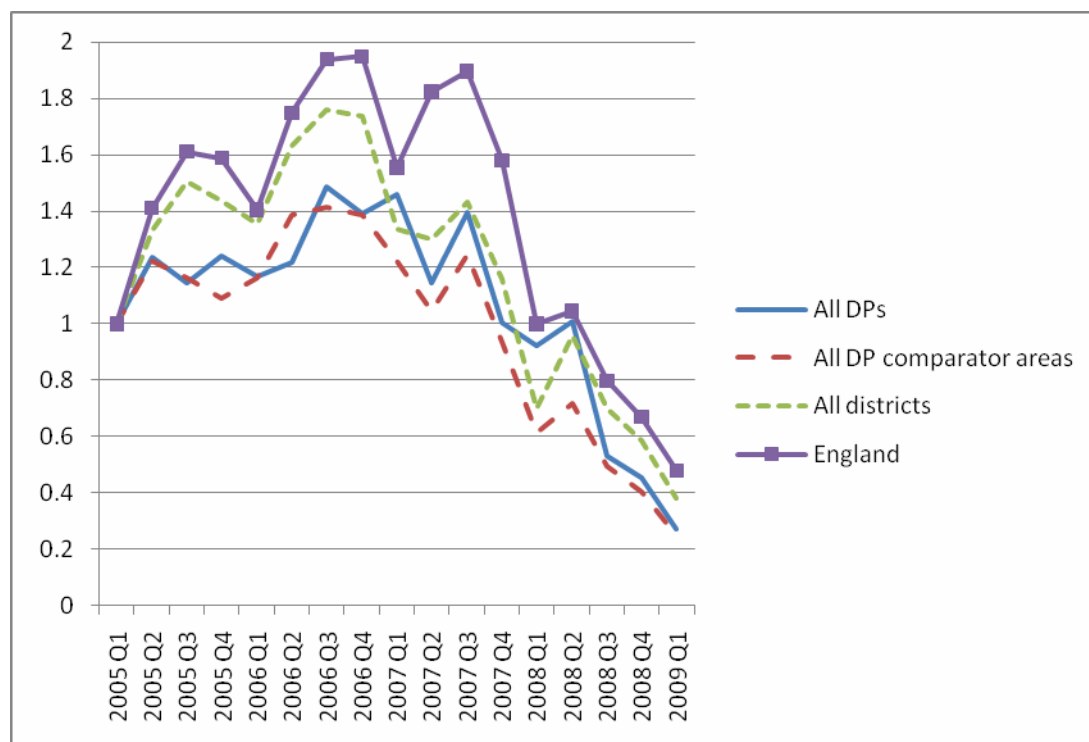
## 5.3 Housing market change

- 5.3.1 Given that the demonstration projects were all in their early stages and especially in the light of the lack of progress they had been able to make with their housing plans, we would not expect to see any impact on local housing markets. However, it is useful to review market trends as a baseline for future evaluation and to indicate trends in the performance of demonstration project housing markets relative to other areas prior to the construction they have planned.
- 5.3.2 As nationally there has been a dramatic slump in demonstration project housing market activity from a peak in summer 2006. In the demonstration projects taken together, the volume of sales in the first quarter of 2009 was about a quarter of its level at the same quarter in 2005, when the Mixed Communities Initiative was announced. This is similar to the position and trend in the local authority districts in which they are situated and for comparable areas.<sup>23</sup> In fact there has been a slight convergence in sales trends between demonstration projects and other areas, but only because of the collapse in activity everywhere, not because of increased activity in the demonstration projects.

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<sup>23</sup> All the similarly disadvantaged areas (in the top 5% of the national Index of Multiple Deprivation) within those local authority districts. These figures include the demonstration project areas.

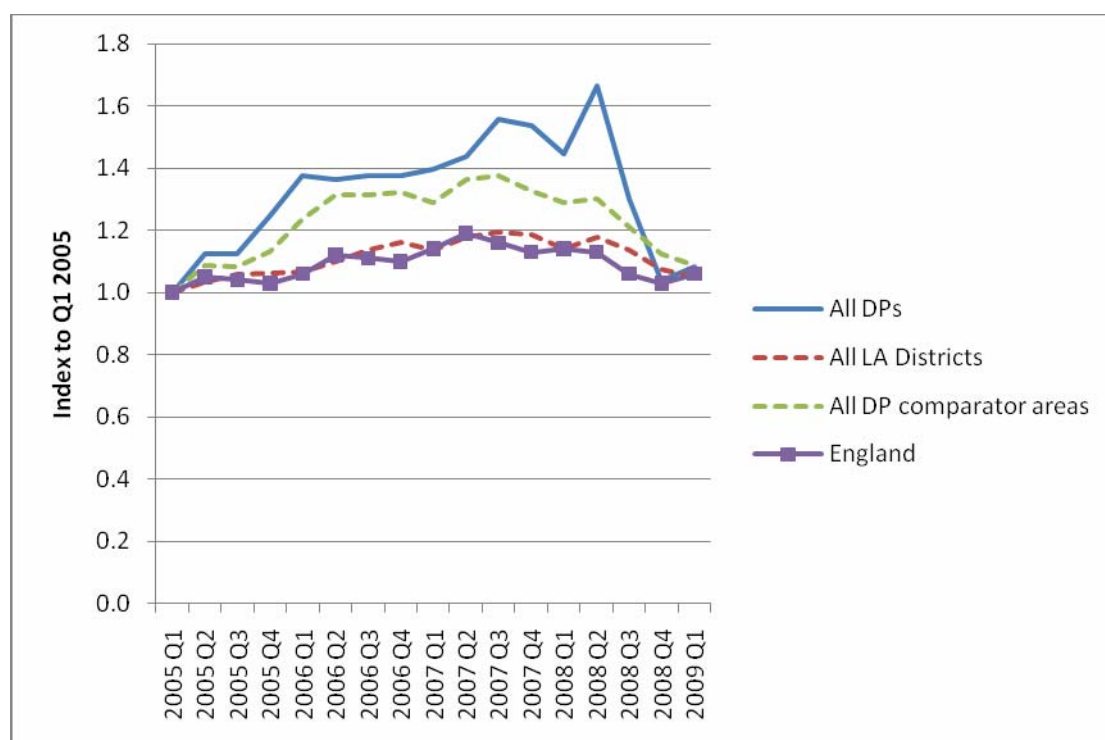
**Figure 8: Numbers of house sales indexed to January 2005, demonstration projects, comparator areas (see footnote 14), districts and England**



Source: Authors' analysis of Land Registry Price-Paid dataset

- 5.3.3 House prices in the demonstration projects as a whole rose more quickly than in their surrounding local authority districts during the house price rises between early 2005 and late 2007 – as did those of other deprived areas within the districts (Figure 9).
- 5.3.4 This pattern cannot be attributed to Mixed Communities Initiative activity. It is what might be expected in a boom, as would-be buyers are priced out of more desirable areas, and speculative investors are keen to buy in low-priced areas in anticipation of rising values. One indicator of sustainable change for such areas would be that they hold some of this relative gain in value as house prices fall again, suggesting a move up market. For the demonstration projects taken as group, that pattern is not observed. From the second quarter of 2008, demonstration project prices fell steeply, leaving them, by the first quarter of 2009 in the same position relative to local authority prices as at the start of the period. Median prices were 8 per cent higher in January 2009 than January 2005, in the demonstration projects as a whole.

**Figure 9: Median house prices, indexed to January 2005**



## 5.4 Changes in indicators of health, employment and education

5.4.1 According to the Mixed Communities Initiative theory of change, Mixed Communities Initiative programmes should achieve area level changes in indicators of health, employment and education through three mechanisms:

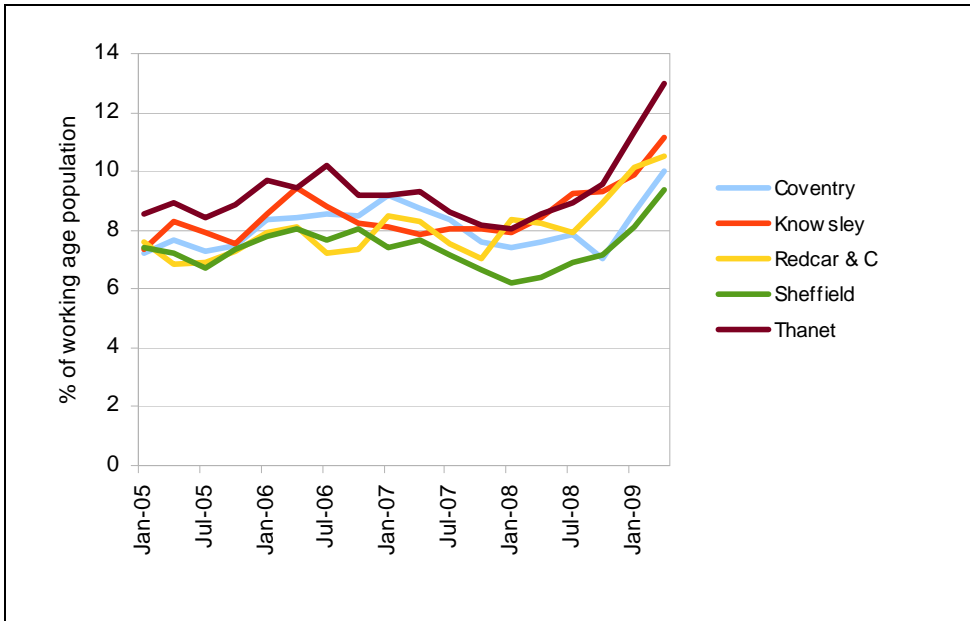
- compositional changes: more advantaged people coming into an area would improve area-level indicators
- area effects: the presence of more advantaged people, or the displacement or 'dilution' of some of those with complex and multiple disadvantages might lead to more ordered, better resourced or more manageable areas (for example ones that could sustain shops or which had fewer anti-social behaviour problems), as well as to beneficial social networks
- better facilities and services to help promote better outcomes for existing and new residents.

5.4.2 Given the stage of housing development reached by the demonstration projects, it is highly unlikely that the former two mechanisms could yet have operated. At this stage, changes in outcomes for demonstration project residents, if they could be attributed to demonstration project activity at all, could only be related to improvements in services and facilities.

- 5.4.3 Time lags in data production permit only a limited exploration of this issue. Rates of Coronary Heart Disease, infant mortality and mental health problems have not been updated since the baseline position in 2005. We review the remaining indicators identified, those relating to employment and education.
- 5.4.4 As noted previously, large scale economic development activities were beyond the scope of most of the demonstration project programmes. This is problematic in theory for policies – such as mixed communities – that aim to transform economic outcomes. Such outcomes are dependent on national, regional and sub-regional labour market trends and policy interventions to improve economic outcomes for existing residents, or on achieving improvements in area-level economic indicators by introducing new residents who are already working. Since none of the demonstration projects had yet completed any substantial construction, we would not expect to see major changes in labour market indicators.
- 5.4.5 As discussed in the evaluation's process study on employment and economic development (Fuller, 2009), demonstration projects which were already at the functioning stages, rather than simply the planning stages, typically included employment and training programmes as part of the demonstration projects activities. However, in no case could it clearly be claimed that these were activities to which the Mixed Communities Initiative had added initiated or added value. They were already operating as part of New Deal for Communities, Single Regeneration Budget or targeted mainstream programmes.
- 5.4.6 Labour market indicators provide no evidence that demonstration projects were, as a whole, performing differently to national trends (Figure 10 and Figure 11)
- 5.4.7 Claimant rates for Jobseeker's Allowance started to rise during 2005 and 2006, fell again during 2007 and rose rapidly in 2008 and into 2009 (as shown in Figure 3). In the demonstration projects in weaker labour markets (Figure 10). Claimant rates rose from between approximately 7 per cent and 9 per cent in early 2005 to between 9 per cent and 13 per cent four years later, (following a drop to between 6 per cent and 8 per cent in 2007). Depending on the size of the demonstration project, this equates to between 100 and 350 additional claimants. Of these areas, the demonstration project in Sheffield experienced the smallest rise overall, possibly a result of its better connectivity to local labour markets, although the same circumstances may have accounted for its larger fall in 2007 with a steep rise since then.



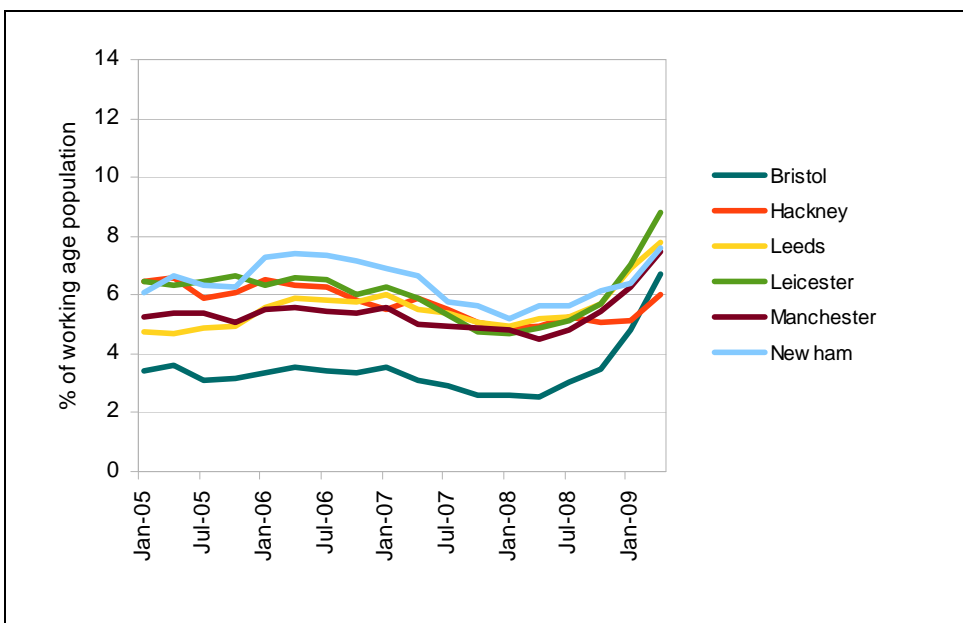
**Figure 10: Jobseeker's Allowance claimant rates in demonstration project areas 2005-2009 (weaker labour markets)**



Source: NOMIS

5.4.8 In the demonstration projects in the stronger labour markets, claimant rates were lower on average at the start of the period (between 3% and 7%) and rose to between 6 per cent and 9 per cent. Here the less well-connected areas, Knowle West in Bristol and Braunstone in Leicester experienced more rapid rises in 2008-09 than the other areas. Woodberry Down in Hackney is the one demonstration project area to show a different pattern to the others and to national trends, with a slight decrease in claimant unemployment over the whole period.

**Figure 11: Jobseeker's Allowance claimant rates in demonstration project areas 2005-2009 (stronger labour markets)**



Source: NOMIS

- 5.4.9 When trends in claimant counts are compared with other similar areas (areas in the same local authorities which are also in the top 5% of the Index of Multiple Deprivation), few of the demonstration projects show any significant variation from these comparators. Woodberry Down (Hackney) and North Huyton (Knowsley) showed more positive trends than similar local areas, as did North East Coventry between 2008 and 2009. Gipton in Leeds performed consistently worse than other disadvantaged neighbourhoods in Leeds throughout the period, and the rises in unemployment in the demonstration project areas in Bristol and Leicester at the end of the period were unusually high. Gipton had a number of employment programmes in place as part of the demonstration projects' activities. Without evaluation of the individual labour market interventions made by the demonstration project and agencies associated with them, it is impossible to tell whether they have impacted at all on these trends.
- 5.4.10 We also examined data on all working-age benefits administered by the Department for Work and Pensions such as Income Support and Incapacity Benefit as well as Jobseeker's Allowance. Several of the areas, especially those which had major population change, saw considerable reductions in claimant count between 2005 and 2009. However, when estimates of the working age population are taken into account, only three areas (Newham, Hackney and Knowsley) showed a real fall in working-age claim rates between 2005 and 2009. In Knowsley in particular this was against a very high starting point of over 50 per cent of adults being benefit claimants in 2005. In Thanet, there was a considerable increase in claimant rates, from 35 per cent to 42 per cent. All the other areas had 2009 rates within a percentage point of their 2005 levels.
- 5.4.11 The most recently released education data that can be linked to pupils resident in small areas is from summer 2007, which provides only a short time series from the baseline position at 2005. Over this time, all demonstration projects showed improvements both in the proportion of pupils achieving level 4 at Key Stage 2 and the average points score at GCSE. No real patterns emerge from this data, except that progress on closing the gap (i.e. between the demonstration project and wider local authority area) was more consistent across demonstration projects between 2003 and 2005 (before Mixed Communities Initiative) than between 2005-2007, when gaps widened slightly for some demonstration projects.
- 5.4.12 Again, without evaluation of the individual actions taken by schools and local education authorities as well as New Deal for Communities and Single Regeneration Budgets, it is impossible to know what drives the changes observed and how the demonstration projects have contributed. Most were following a national trend towards closing the gap between 2003 and 2005. Also, most investments claimed as part of the demonstration project activity were in capital spend. It is unlikely that school buildings, and in some cases, amalgamations could have, in themselves effected these changes. Changes within schools are likely to have been very much more important. Furthermore, the contribution of Mixed Communities Initiative to securing these investments was usually minor, perhaps only to help to prioritise the demonstration project area in the local authority's programme.

5.4.13 The data therefore effectively serve as a baseline for future changes. In the majority of demonstration projects, (excepting Hackney and Newham at both ages, Manchester at primary school level and Sheffield at GCSE), substantial gaps remain between the academic attainment of students living in the demonstration project areas and their peers in the wider local authority area.

## 6 Residents' views

### CHAPTER SUMMARY

- This chapter reports on residents' views and experiences of mixed communities, drawing on the specially commissioned mixed communities 'module' in the 2008 New Deal for Communities residents' survey, which was asked of about 400 residents in the four demonstration projects that are also in New Deal for Communities areas: Coventry, Sheffield, Leicester and Knowsley. Data from interviews with residents in the course of the fieldwork in the case study demonstration projects is also included.
- Residents did not necessarily understand the terms 'mix' and 'mixed' communities in terms of income or tenure mix. Primarily, they interpreted 'mix' as referring to ethnic mix. They also referred to a mix of household types, generations, and places of origin around the UK.
- A majority of people in three of the four areas already felt that their areas were mixed (in their terms). However, significant minorities of people found it hard to identify characteristics of other residents - in other words they did not have very detailed perceptions of existing mix. This was particularly the case in relation to income mix. These differences in terminology and perception are likely to be important in communicating with residents about mixed community policies.
- Views about the mixed communities approach to regeneration were very varied. When asked directly whether bringing people with more money into the area would "improve it overall", between a third and two-fifths of residents agreed and a similar number disagreed. More disadvantaged households tended to be more sceptical. There was similar disagreement about the effect of new homes for sale or rent. These results do not represent a strong endorsement of the mixed community approach to regeneration in principle.
- However, most respondents said that they mixed socially with people from different backgrounds (probably defined in terms of ethnicity) and this was more common the more mixed the area, suggesting that increased mix does lead to increased mixing to a certain extent. The places they were most likely to mix socially with people from different backgrounds were shops and workplaces, although crèches, nurseries, schools and colleges were also mentioned, as were pubs, cafes and restaurants.
- They also recognised the improvements that had been made in their areas. Substantially more residents thought their areas had improved in the last two years than got worse. These results seemed to reflect improvements to facilities and services by the New Deal for Communities programmes, and Decent Homes improvements, since the 'mix' elements of the Mixed Communities Initiative had not really taken place by this stage. The improvements had not influenced residents' plans to move, which suggests little implicit support for the theory of change behind the mixed communities approach.

## 6.1 Introduction

- 6.1.1 This chapter reports on residents' views of mixed communities. Given the policy objectives of mixed communities, we wanted to explore residents' understanding, attitudes and behaviours in relation to 'mix' and whether these seemed to support the underlying theory of change.
- 6.1.2 These residents' views are drawn from the small mixed communities module in the 2008 New Deal for Communities residents' survey, which was asked of about 400 residents in the four demonstration projects that are also in New Deal for Communities areas: Coventry, Sheffield, Leicester and Knowsley. The total sample across the areas was 1,629 people. It also draws on a limited number of residents' interviews and focus groups conducted by the evaluation team in the six full case study areas in 2007 and 2009.<sup>24</sup>
- 6.1.3 The analysis of these data explores whether residents of the demonstration project areas were aware of the current mix of their areas. It examines their views of mixed communities as a solution to area problems, as well as their experiences of the mixed communities interventions to date.

## 6.2 Residents' perceptions of local housing and population mix

- 6.2.1 The survey explored perceptions of existing tenure and population mix by asking residents to identify, in very broad terms, whether there was a mix of people from different backgrounds in the area, and then asked specifically about what proportions of people owned their own home, were in paid employment, with incomes higher or lower than the respondents, or from different ethnic backgrounds.

### **What people mean by mix**

- 6.2.2 A first finding that emerged was that responses to the question about different backgrounds in the area generally appeared to be strongly influenced by the ethnic mix of the areas suggesting that residents interpreted 'mix' as referring to ethnic mix. In Knowsley, which has only 3 per cent of its population from minority ethnic groups according to the survey, 63 per cent of respondents disagreed that there was a 'large mix of people from different backgrounds' in

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<sup>24</sup> The core evaluation focused on process and was not designed to include large scale consultation with residents. We undertook some consultation with residents in all case study areas. Depending on the institutional landscape and ease of contacting people, this varied from one individual interview with a residents' representative, to interviews with small groups (2-5) of active residents, contacted through the demonstration projects. This is not an extensive or random sample of residents, but adds a further perspective on the survey results. Publicly available results of residents' consultations were also reviewed where they existed.

the area.<sup>25</sup> By contrast in Sheffield, with 57 per cent of people in the demonstration project area from minority ethnic groups, 98 per cent agreed with this statement (Table 17). These differences are not explained by other differences in population composition, for example, in tenure, unemployment or income.

**Table 17: Is there a large mix of people from different backgrounds in the area?**

	Coventry	Knowsley	Leicester	Sheffield
Definitely/tend to agree	84%	22%	62%	98%
Definitely/tend to disagree	13%	62%	32%	1%
DK	3%	16%	8%	1%
<b>Net agree</b>	<b>71%</b>	<b>-41%</b>	<b>30%</b>	<b>97%</b>

Source: Ipsos MORI, 2008a; Ipsos MORI, 2008b

Note: Net agree is the proportion who strong/tend to agree minus the proportion that strongly/tend to disagree.

- 6.2.3 The above findings are based on residents' views about the population mix in the areas. To contextualise these views, Tables 18 to 20 show actual characteristics of the residents in the survey sample for the four areas.<sup>26</sup>

**Table 18: Ethnicity, tenure and employment status of survey sample**

	Coventry	Knowsley	Leicester	Sheffield	UK average
Non White British	24%	3%	14%	57%	7%
Home ownership	15%	33%	34%	40%	70%
In paid employment (of all aged 16+ including inactive)	37%	37%	47%	39%	not available on this definition

Source: Census 2001

<sup>25</sup> And when asked later if this was a place where people of 'different backgrounds' got on well together; in Knowsley 31% spontaneously responded 'everyone in the area was from the same background'.

<sup>26</sup> Because of the size of the sample, of about 400 residents in each area, the way that it was selected, and tests, Ipsos MORI is confident that it provides reliable data.

**Table 19: Occupational class of survey sample in employment**

	Coventry	Knowsley	Leicester	Sheffield
Managers and senior officials	4%	6%	4%	12%
Professionals	1%	2%	3%	11%
Associate professional and technical	10%	5%	10%	16%
Administrative and secretarial	7%	7%	8%	4%
Skilled trades	4%	11%	19%	11%
Sales and customer service	7%	8%	6%	9%
Process, plant and machine operatives	20%	17%	16%	10%
Elementary occupations	35%	26%	23%	17%

Source: Ipsos MORI, 2008a; Ipsos MORI, 2008b

**Table 20: Weekly household income of survey sample (includes those in and not in employment)**

	Coventry	Knowsley	Leicester	Sheffield
Households on under £200/wk	45%	39%	39%	41%
Households on £200-400/wk??	31%	23%	27%	24%
Household on £400-600/wk	7%	6%	11%	8%
Households on £600/wk+	4%	3%	7%	6%

Source: Ipsos MORI, 2008a; Ipsos MORI, 2008b

- 6.2.4 The tendency to see the terms ‘mix’ and ‘mixed communities’ and ‘people from different backgrounds in terms of ethnic mix also emerged from a number of focus groups with residents.
- 6.2.5 However, it is not only understood in this way. In Redcar and Cleveland, for example, interviews with residents revealed that they tended to think of their area as “quite mixed” already, referring to different generations, household types and people from different parts of the UK as well as to ethnic mix.

### What people know about mix

- 6.2.6 A second finding was that between 20 per cent and 60 per cent of people in each area found it difficult to identify characteristics of other residents, even when asked specifically about mix in their own street or block. Nearly all residents were prepared to make an estimate in relation to ethnicity, but fewer could estimate proportions of people in who owned their own home or were in paid employment or who had different levels of income (Table 21). Tenure seemed to be more easily identifiable than income or employment. Three-

quarters to four-fifths were prepared to estimate proportions in home ownership (perhaps because people’s own tenure is often similar to that of their neighbours at the street or block level), while slightly fewer would do so for employment. Around half would estimate income mix.

**Table 21: Percentage answering ‘don’t know’ to questions about mix in their street or block**

	Coventry	Knowsley	Leicester	Sheffield
Ethnicity	4%	3%	6%	5%
Home ownership	20%	20%	30%	24%
Employment	25%	27%	34%	28%
Household incomes	49%	46%	60%	53%

Source: Ipsos MORI, 2008a

6.2.7 These results suggest that , even at the level of the street or block, people construct knowledge on the basis of what is visible (such as skin colour or whether homes have standard doors and windows), rather on the basis of close social interactions. The more invisible differences between people, the less likely they are to be noticed.

6.2.8 There were considerable variations between areas in the answers to these questions, broadly corresponding to the actual mixes in the areas. The results also indicate that the existing mix was experienced differently by different people with variations in perceptions by tenure being more marked than by income.

**Table 22: What proportion of people in your street or block own their own home?** (by tenure of interviewee; all areas combined; average home ownership rate across the areas 30%)

	Owner occupiers	Social renters	Private renters
All	7%	*	1%
More than half	34%	6%	6%
About half	14%	6%	5%
Less than half	27%	64%	36%
Don’t know	19%	23%	52%
N	576	928	97

Source: Ipsos MORI, 2008b



**Table 23: What proportion of people in your street or block are in paid employment** (by tenure of interviewee, all areas combined; proportion of people 16+ in employment in the areas 37% - 47%)

	Owner occupiers	Social renters	Private renters
All	4%	1%	2%
More than half	27%	14%	19%
About half	22%	17%	7%
Less than half	24%	39%	26%
DK	24%	29%	45%
N	526	928	97

Source: Ipsos MORI, 2008b; Ipsos MORI, 2008a

6.2.9 While they were not always sure of the population mix around them, in terms of tenure, income or employment status, respondents in most areas had a strong sense that population mix was changing, and was doing so quite rapidly. Population change was also mostly seen as linked to ethnicity.

**Table 24: How much, if at all, and in what ways has the mix of people in this area changed in the last two years?** (of those who have lived in the area for two years or more)

	Coventry	Knowsley	Leicester	Sheffield
Mix of people has changed a great deal	26%	3%	20%	22%
Mix of people has changed a fair amount	33%	10%	32%	34%
<i>Total: At least some change</i>	<i>79%</i>	<i>31%</i>	<i>78%</i>	<i>70%</i>
N (weighted; those who have lived in the area for two years and think there has been some change)	282	124	289	249
Of those who think there has been change: Has been a change in number of immigrants/asylum seekers/ethnic minorities (mostly more)	84%	33%	74%	81%
Of those who think there has been change: Has been change in age/household type (mostly more young people, families)	42%	35%	13%	22%

Source: Ipsos MORI, 2008b

6.2.10 In combination, these results tend to suggest that:

- The terms 'mix' and 'background' are ones which people associate with ethnicity rather than income, employment or tenure, the factors which the policy has been most concerned with. This has to be

taken into account if policymakers want to communicate effectively with the public about mixed communities approaches to regeneration.

- A majority of people in three of the four demonstration project areas felt the area was 'mixed' in their terms before processes to encourage mix (in demonstration project terms) had yet had any impact.
- There was a substantial degree of 'mix' in, for example, tenure and employment status already in the areas<sup>27</sup> before processes to encourage mix (in demonstration project terms) had any impact. However, there is evidence of some clustering in particular streets or blocks by tenure, and some evidence that both social tenants and private renters are less likely to be located near to people who are employed or home owners, than are homeowners themselves. This could limit the potential of existing mix to create interaction between people in different circumstances.

## 6.3 Residents' views of the mixed communities approach to regeneration

- 6.3.1 Interviews with residents for the initial evaluation report demonstrated that they had very varied views about the value of the mixed communities approach. Some people, particularly those involved in New Deal for Communities activity, agreed with the principle of mix and also with the need for a transformational approach. Others were more sceptical. Some were worried about affordability in the case of gentrification, and about displacement, while some wondered whether expected benefits of social mixing would emerge, suggesting that people from different backgrounds would tend to inhabit different social worlds (DCLG, 2009a).
- 6.3.2 The results of the residents' survey tend to support this picture.<sup>28</sup> When asked directly whether bringing people with more money into the area would "improve it overall", between a third and two-fifths of residents agreed and a similar number disagreed. On balance, there was support for the idea, except in Coventry where there was net disagreement.

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<sup>27</sup> The areas are mixed in the sense that the residents are not all or mostly or one of the survey's income groups or one employment status – there are many employed people and some higher income people – although the mix is different to that of other areas e.g. the wider local authorities or the UK.

<sup>28</sup> Note that by this time, residents' views would likely have been affected by the changing economic context.

**Table 25: Will encouraging more people with money to move into the area improve it overall?**

	Coventry	Knowsley	Leicester	Sheffield
Strongly agree	9%	11%	10%	12%
Tend to agree	24%	29%	27%	29%
Neither	19%	13%	17%	20%
Strongly/tend to disagree	40%	35%	36%	25%
DK	9%	8%	10%	13%
<b>Net agree</b>	<b>-7%</b>	<b>5%</b>	<b>1%</b>	<b>16%</b>

Source: Ipsos MORI, 2008a

- 6.3.3 There were also some differences in the views of different groups of residents. Across the four areas, owner-occupiers, newer arrivals, people who were satisfied with the area and did not want to move, and people who were not on benefits agreed with this statement overall, as did people from minority ethnic groups, men and older age groups (above 35). There was net support from those in the lowest income bracket (under £100 per week) and those with over £200 per week. Longer term residents, women, white people, lone parent families, workless households, those with no qualifications, younger residents and those who were dissatisfied with their area tended on balance to disagree with this statement, as did social renters.
- 6.3.4 These results suggest that some of the most disadvantaged households, for whom the mixed communities approach is arguably designed to yield most benefit, are the most sceptical, at least of the income mix elements.
- 6.3.5 There was similar disagreement about the effect of new homes for sale or rent. In Coventry and Leicester, both social housing areas with rented housing a dominant tenure, a greater proportion of people thought that building more homes for rent would improve the area than building more homes for sale. Views on these two options were fairly evenly balanced in Knowsley and Sheffield.

**Table 26: Will building more new homes (a) for sale (b) for rent in the area improve it overall?**

	Coventry		Knowsley		Leicester		Sheffield	
	Sale	Rent	Sale	Rent	Sale	Rent	Sale	Rent
Strongly agree	10%	15%	12%	15%	8%	14%	14%	12%
Tend to agree	29%	38%	39%	35%	23%	26%	29%	29%
Neither	12%	18%	9%	12%	16%	16%	20%	20%
Strongly/tend to disagree	37%	19%	31%	20%	46%	36%	24%	26%
DK	11%	11%	11%	17%	8%	8%	9%	12%
<b>Net agree</b>	<b>2%</b>	<b>34%</b>	<b>21%</b>	<b>30%</b>	<b>-15%</b>	<b>4%</b>	<b>19%</b>	<b>15%</b>

Source: Ipsos MORI, 2008a

- 6.3.6 Again there were differences between groups of people. Younger people (aged 16-24), those with higher qualifications, private renters and those from black and Asian ethnic groups agreed overall with the idea that more homes for sale would be beneficial, while groups that would be less likely to gain from home ownership (e.g. those in receipt of Income Support or Housing Benefit, income under £200 a week, workless households, unemployed, lone parents and those with no qualifications) disagreed. (Social tenants disagreed by a very small margin, as did longer term residents.)
- 6.3.7 On the other hand, almost all population groups agreed with the idea that building more homes for rent would help. Among those who agreed strongly were, unsurprisingly, those who were most likely to benefit including those aged 16-24, more recent arrivals, people who were renting already, and people on benefits and with low incomes. (The only group that on balance disagreed was those that were dissatisfied with the area, perhaps indicating a general lack of optimism about any proposals for improvement.)
- 6.3.8 One possible reason for ambivalence about tenure change in the area was that relatively few residents felt they were likely to make tenure changes themselves. Of the minority of the respondents who planned to move in the next two years, the vast majority thought they would have the same tenure as at present. In particular, 99 per cent of current social renters thought they would not have moved to an owner occupied home by 2010 and only a tiny percentage thought they would move into a shared ownership home in the next two years.<sup>29</sup>

<sup>29</sup> Between 13% and 17% of respondents were 'trapped' in their current home: they wanted to move but didn't think they would in the next two years. This group might be more likely to support new housing development, but we don't know if they wanted to change tenure.

**Table 27: Residents' past home moves and plans for home moves and future tenure (by area)**

	Coventry	Knowsley	Leicester	Sheffield
Moved into this property in past 3 years	28%	15%	19%	22%
Think will move from this property in the next 2 years	38%	19%	20%	30%
<b>Of those who think they will move in the next 2 years</b>				
Think they will own their new home (outright, with mortgage or via shared ownership)	7%	30%	32%	33%
Think they will own their new home via shared ownership	2%	2%	0	0
<b>Of total population</b>				
Think that they will move to an owner occupied home in the next two years	3%	6%	6%	10%
Would like to move from this property	45%	31%	32%	38%
Would like to move but don't think will in the next 2 years	14%	17%	13%	13%

Source: Ipsos MORI, 2008a; Ipsos MORI, 2008b

**Table 28: Residents' past home moves and plans for home moves and future tenure (by tenure of respondent)**

	Owner occupiers	Social renters	Private renters
Moved into this property in past 3 years	9%	23%	66%
Think will move from this property in the next 2 years	21%	28%	49%
<b>Of those who think they will move in the next 2 years</b>			
Think they will own their new home (outright, with mortgage or via shared ownership)	65%	5%	29%
Think they will own their new home via shared ownership	1%	1%	0
<b>Of total population</b>			
Think that they will move to an owner occupied home in the next two years	14%	1%	14%
Would like to move from this property	31%	38%	48%
Would like to move but don't think will in the next 2 years	14%	14%	11%

### Views about the benefits of mix

- 6.3.9 In Sheffield, where a new supermarket was an integral part of mixed community proposals, residents were also asked whether encouraging more people with money to shop in the area would improve it overall. There was slightly more net agreement with this proposal (+23%) than with the proposal that people with more money living in the area would help (+16%). The only social group who on balanced disagreed were single male households. Families with children appeared to be the most frustrated by their shopping options and 71 per cent agreed that encouraging more people with money to shop in the area in Sheffield would improve it.
- 6.3.10 These results do not indicate a strong endorsement by existing residents of the benefit of more mixed communities per se. While concern about certain social problems (as shown in Table 29) was, as in other New Deal for Communities and other deprived areas, higher than national average levels, it was not evident that residents perceived the current social mix of the area as necessarily problematic, or as problematic enough to warrant planned or large-scale population change, even if they believed this would address the problems.

**Table 29: Proportion of residents agreeing with statements about the social environment in their areas**

	Coventry	Knowsley	Leicester	Sheffield
People in the area are, on the whole, very friendly/fairly friendly	85%	90%	89%	91%
This is a place where neighbours look out for one another	71%	72%	67%	69%
Agree/tend to agree this is a place where people from different backgrounds get on with one another	67%	41%	69%	82%
Definitely/tend to agree that having a mix of different sorts of people in this area make it a more enjoyable place to live	45%	32%	42%	69%
Problems with neighbours a serious problem in the area	10%	6%	8%	4%
Racial harassment is a serious problem in the area	7%	4%	6%	3%
People being attacked or harassed is a serious problem in the area	14%	15%	10%	16%
Teenagers hanging around is a serious problem in the area	37%	33%	32%	19%

Source: Ipsos MORI, 2008a; Ipsos MORI, 2008b

- 6.3.11 In some cases residents in the focus groups talked about local housing dynamics causing problems because they created particular mixes of people. For example in Redcar and Cleveland, residents referred to high proportions of difficult and vulnerable people due to poorly regulated and too much private rented stock . In Leicester one of the concerns of residents was high turnover.

## 6.4 The extent to which residents mixed socially with people from different backgrounds

- 6.4.1 Most respondents in the survey said that they mixed socially with people from different backgrounds. The exception was in Knowsley where 31 per cent spontaneously responded to another question that ‘everyone in the area was from the same background’. The degree of mix in people’s acquaintance groups (acquaintances, rather than as friends) appeared to be linked to the degree of mix in the area overall. Thus the more mixed the area, the more likely people were to have acquaintances of different backgrounds. This was most evident in the case of ethnicity.

**Table 30: Do you mix socially with people from different backgrounds?**

(Answer derived from those who visited more than once listed place in area or elsewhere at least monthly in the past year)

	Coventry	Knowsley	Leicester	Sheffield
Yes	88%	55%	85%	91%
No	10%	42%	12%	6%
N (weighted)	378	346	371	373

Source: Ipsos MORI, 2008b

**Table 31: Are the people you know personally in the area of the same ethnic group as you?**

	Coventry	Knowsley	Leicester	Sheffield
No, not all the same	79%	37%	70%	89%

Source: Ipsos MORI, 2008b

Note: Answer excludes very small number of 'don't knows'

- 6.4.2 Residents were asked about 'people they knew personally' in the area. In general, respondents thought that the mix of those they knew personally in the areas was similar to that of the mix of the people in their street or block. Local acquaintance groups thus seemed to be based largely on close residence. This suggests that increased residential diversity might be associated with increased diversity of acquaintance groups.
- 6.4.3 The existing tenure and population mix in the four areas gave residents some opportunities to mix with people who were different from them in some way. None of the areas was homogenous. However, there was some evidence that people were more likely to mix with other people who shared their characteristics. This implies that altering tenure mix alone won't necessarily create proportionate increases in interaction between people of different tenures (Table 32).



**Table 32: Were home owners over-represented or under-represented amongst the people respondents knew personally in the area?**

	Owner occupiers	Social renters	Private renters
Over-represented	50%	14%	12%
Represented (accurately) or under-represented	28%	63%	50%
DK	21%	33%	39%

Source: Ipsos MORI, 2008b

Note: Derived figures; of all who know people in the area; by tenure of interviewee; all areas combined; average home ownership rate across the four areas 30%

- 6.4.4 The local acquaintance groups of people not in paid work (i.e. economically inactive, retired people and unemployed people) were less likely than those of employed people to contain above average proportions of people in work (Table 33). The differences between groups were not great. This suggests that adding to the total number or proportion of employed people in the area will not transform the potential for interaction between unemployed people and those in work.”

**Table 33: Were people in paid employment over-represented amongst the people respondents knew personally in the area?**

	Full time (31 hrs/week+)	Part time (30 hours or less)	Unemploy ed	Retired	Other economically inactive
Overrepresented	34%	27%	25%	13	18
Represented	21%	20%	22%	15%	22%
Underrepresented	25%	32%	27%	29%	35%
DK	21%	20%	25%	32%	25%

Source: Ipsos MORI, 2008b

Note: Derived figures, of all who know people in the area; by employment status of interviewees; all areas combined; average 47% of those 16+ in paid employment across the four areas.

- 6.4.5 The focus of mixed communities research and policy has been on residential areas and on relations between neighbours and those who share the same street or block. However, people said the places they were most likely to ‘mix socially’ with people of ‘different backgrounds’ were shops (for example, the place where 27 per cent were most likely to mix in Coventry), and workplaces (where 26 per cent were most likely to mix in Leicester). These locations may

suggest limited, formalised social interaction rather than more intimate, chosen socialising. Other places mentioned as places where mixing socially might occur included pubs, cafés or restaurants, child’s crèche, nursery, school or college, and the respondent’s own school or college. The majority of these locations were in the neighbourhood, but some were not.

6.4.6 Overall, these results make interesting reading in the light of the policy rationales for mixed communities. These rationales emphasise tenure and income mix as a route to reducing neighbourhood problems, partly through direct effects of attracting people on higher incomes. Residents seem much less convinced of this, although we need to bear in mind that they were not asked whether mix would help with specific problems in the area. Residents’ views do seem to concur with other arguments that mixed communities might make for more integrated and tolerant societies, but not necessarily to the formation of strong bonds and networks between people from different backgrounds and circumstances.

## 6.5 Residents’ views of interventions in the areas to date

6.5.1 Regardless of their feelings about mix, substantially more residents who were living in the demonstration project areas in both 2006 and 2008 thought that more things had improved than thought they had worsened in the area over this period. In each area except Leicester, more residents thought things had improved than thought they had stayed the same.

**Table 34: On the whole, do you think that over the past two years this area has got better or worse to live in, or haven't things changed much? (all who have lived in the area for two years)**

	Coventry	Knowsley	Leicester	Sheffield
Much/slightly better	42%	39%	37%	47%
Not changed much	38%	34%	44%	37%
Much/slightly worse	20%	27%	17%	16%
DK	0	*	1%	0
<b>Net better</b>	<b>22%</b>	<b>12%</b>	<b>20%</b>	<b>31%</b>
N (weighted)	320	365	354	335

Source: Ipsos MORI, 2008b

6.5.2 It is important to remember that these are New Deal for Communities areas as well as Mixed Communities Initiative areas. It is difficult to separate the activities and impact of the two approaches, and more so for most residents,

given that they are not necessarily badged separately and the New Deal for Communities is generally leading the Mixed Communities Initiative approach to build on its ongoing regeneration activity. The New Deal for Communities survey showed that in all four areas, residents thought the New Deal for Communities had improved the area as a place to live. Since most of the interventions carried out by the New Deal for Communities' were not related to housing, these results seem to endorse the information from the demonstration projects about improvements that had been made to facilities and services over the period of the evaluation.

- 6.5.3 There was also support for improvements, where these had been made, for example, through Decent Homes programmes. In Knowsley, 54 per cent of renters (of whom the vast majority were social renters) reported improvements in the past two years. This compared to 26 per cent in Leicester and 15 per cent in Sheffield – where many renters were private renters. In Coventry only 4 per cent of renters (who would be mainly social renters) reported improvement by landlords in the past two years to their home.
- 6.5.4 This may be linked to the finding that Coventry was the only area where significant proportions of residents thought that run down and boarded up properties were a problem. 23 per cent thought these were a serious problem in Coventry, compared to 13 per cent in Knowsley, 6 per cent in Leicester and 3 per cent in Sheffield.
- 6.5.5 In both areas where there had been substantial demolition (Coventry and Knowsley), residents tended to support it. However, a substantial minority of residents did not and, in terms of resident consultation it would be interesting to explore this further. In terms of survey findings, those least in favour of demolition were younger households, those who wanted to move, those on low incomes, unemployed and part time workers, and adult only households; perhaps the households who would be least likely to find alternative housing.

**Table 35: Do you agree or disagree that demolishing some proprieties in the area in the last few years has improved the local areas generally?** (the two areas where substantial demolition has taken place)

	Coventry	Knowsley
Strongly/tend to agree	52%	47%
Neither	10%	10%
Strongly/tend to disagree	25%	32%
DK	13%	11%
<b>Net agree</b>	<b>27%</b>	<b>15%</b>

Source: Ipsos MORI, 2008a

Note: Net agree is the proportion who strong/tend to agree minus the proportion that strongly/tend to disagree.

6.5.6 Thus altogether the interventions made to date in the New Deal for Communities areas seemed to have been positively received by residents. However, there was no evidence as yet that they were having any effect on increased demand for the areas and thus lend support for the ‘non-housing improvements’ aspect of the theory of change underpinning the mixed communities approach. Indeed, of the relatively small numbers who moved into the areas in the past two years, most either had no choice about the move or did not think area improvements played much of a role in their choice.

**Table 36: To what extent, if at all, were those who moved into the area in the past two years attracted to this area by any improvements that have happened here recently**

	Coventry	Knowsley	Leicester	Sheffield
A great deal/a fair amount	11%	23%	10%	14%
Not very much/not at all	53%	77%	68%	44%
No choice/didn't want to move to the area	14%	0	13%	37%
N (weighted)	49	6	33	51

Source: Ipsos MORI, 2008a

Note: Low total numbers of recent movers

6.5.7 Similarly, only a very small minority of the low small number of people who said in 2006 that they were planning to move in the next two years, but by 2008 hadn't moved, attributed this change to local improvements. This provides little support for the theory of change that area improvements or increased social or tenure mix per se may encourage more advantaged residents who were thinking of moving not to do so.

# 7 Costs, strategy and governance

## CHAPTER SUMMARY

- The Mixed Communities Initiative has distinctive features as a model for regeneration – large scale housing development and holistic regeneration designed and managed through local strategy and funded primarily through private investment, although drawing on a wide range of public funding streams.
- These features raise questions about the costs of the schemes to the public sector and the distribution of financial risk, as well as about the strategic approaches and governance arrangements that are needed to implement the model successfully.
- The costs of the schemes include a range of different types of costs including direct financial costs, imputed costs of the use of unpriced resources and social costs to the broader community. Demonstration projects did not have approaches which took account of this range of costs or allowed comparison with other opportunities.
- The main financial costs of the regeneration projects related to land, including decanting tenants and acquiring properties, demolition and remediation of the sites. The scale of these costs was very substantial. The additional costs arising from the mixed community designation were small.
- The demonstration projects where the physical regeneration was progressing were all those which had access to major sources of public funding to meet the up-front costs, including New Deal for Communities funds in some cases, Urban Development Corporation or Regional Development Agency. Returns to the public purse come later. Thus the public sector takes much of the early risk in the Mixed Communities Initiative model.
- Additional strategies and funds were deployed to reduce the risk of developer withdrawal from the projects arising from changing economic conditions. These included reducing the developers' immediate costs, increasing their revenues, or reducing the risks of the development to them. All of these increased public sector contributions.
- The vulnerability of the projects to the downturn suggests that initial appraisals of land value were over optimistic and underpriced the risk that prices would change but development was to be maintained.
- The Mixed Communities Initiative approach is based on strategy being a core element of the implementation plan. This requires strategic skill and understanding as a central part of regeneration competences.

- Mixed Communities Initiative tends to lead to 'classical' strategic approaches (i.e. rational advance planning) because of its emphasis on physical redevelopment. However, the experience of the demonstration projects suggests a need for more flexible and evolutionary approaches to strategy to adapt to changing circumstances.
- There were good examples of strategic risk assessment and project-level risk management from demonstration projects. However, optimistic risk appraisal was driven due to the need for positive leadership and building confidence of developers and residents.
- Governance arrangements had changed little since the start of the demonstration projects. There are ongoing challenges of securing partner buy-in to holistic regeneration and also securing meaningful resident involvement.
- In some cases, the Mixed Communities Initiative was seen as the successor strategy for the New Deal for Communities. The nature of the financial relationship between New Deal for Communities successor organisations and the delivery vehicles for the Mixed Communities Initiative programmes have not been fully resolved.

## 7.1 Introduction

7.1.1 As Chapter 1 shows, the Mixed Communities Initiative has distinctive features as a model for regeneration. It proposes large-scale housing redevelopment, usually over 15-20 years, along with economic and social regeneration. This is to be done without a specific central funding source, although public money is inevitably required. Central government does not impose specific targets or required outcomes – these are developed over the life of the project through local strategies. The principal financing mechanism is cross-subsidy from private sector development, with projects also expected to make links with other local strategic priorities and draw down money from other local, regional and national funding streams.

7.1.2 In more detail, this means that:

- Projects sought by the government, such as new affordable housing, are undertaken by non-governmental organisations, such as housing associations or private companies. This allows investment to take place without the debt taken on for that investment having to be part of the public sector borrowing requirement.
- Land currently owned by the local authority or by housing associations is transferred from the public sector to the private

developer (usually after being cleared using public funds). Using the land for private or mixed-tenure housing at higher densities is intended to generate greater value in the long term than the current social housing use. This allows the developer to make a profit while also returning some of this value to the public sector.

- Value is later returned to the public sector via a variety of different vehicles including Section 106 agreements, Overarching Development Agreements, joint venture companies, covenants and overage contracts. Some of these involve up-front payments on the initial transfer of land, and some, such as overage agreements, apply after the development is completed, and are conditional on actual profits.
- Strategies and funding streams need to be integrated at the local level, over the long term.

7.1.3 Some of these arrangements are familiar in the delivery of housing projects, but they represent a new model for the delivery of area regeneration programmes, which have often been led by a central government funding pot and over a shorter timescale. They raise four main questions about what happens in practice:

- What costs to the public sector are actually involved?
- How is risk distributed between public, private and community interests?
- What kinds of strategies are needed to deliver the projects over the long term and manage changing circumstances?
- What governance models are needed to represent all of these interests effectively, in the context of complex and commercially sensitive negotiations and wider community regeneration programmes?

7.1.4 The chapter draws on the fieldwork with demonstration projects and review of demonstration project strategies and plans throughout the evaluation to examine three fundamental issues in the implementation of the mixed communities approach: costs, governance and strategy. The findings on costs also draw on a more detailed review of documentary material in relation to the direct costs of the projects, the use of unpriced resources, the sources of additional funds. These were supplemented by additional interviews with selected demonstration project representatives during 2009 which also addressed the issue of the benefits perceived to flow from the approach. The findings on strategy draw on thematic interviews with demonstration project directors on this topic in 2009, and on a workshop for demonstration project representatives held in June 2009.

## 7.2 Costs to the public sector

7.2.1 Although we argue in Chapter 2 that projects were most likely to be deliverable where the public sector owned much of the land, the experience of the demonstration projects is that public ownership of land assets alone is insufficient actually to realise the projects. There are additional costs to the public sector, which are of two sorts. First, there are direct, financial costs which need to be paid. Secondly, there are the costs of using unpriced resources that have an alternative use to the public sector which arise from pursuing a Mixed Communities Initiative approach – these might be called imputed costs. Examples of each kind of cost is shown in Table 40.

**Table 40: Examples of public sector costs to demonstration projects**

Direct Financial Costs	Imputed Costs
<ul style="list-style-type: none"> <li>• Re-housing (decanting) existing tenants</li> <li>• Acquiring properties on land to be redeveloped</li> <li>• Demolition</li> <li>• Masterplanning</li> <li>• Administrative costs of running the project</li> </ul>	<ul style="list-style-type: none"> <li>• In transferring land to the private sector, the public sector gives up long-term rights to that asset which could be used in other ways or sold for cash;</li> <li>• By clearing social housing, future social lettings are lost;</li> <li>• Demonstration projects use local authority staff or buildings which would be otherwise engaged</li> </ul>

7.2.2 As well as the costs of the land transfer, there are also possible social costs of the Mixed Communities Initiative approach. These include the dislocation of existing residents and the possible disruption of social ties, and, for those who remain, the experience of living near major construction activity.

7.2.3 These costs need to be set against the benefits of the developments. Some of these accrue to the final residents of the sites, such as better quality housing, infrastructure, services and neighbourhood environment, some to developers, some to Registered Social Landlords and local authorities. To the extent that it is believed that dispersing deprived people into more mixed communities reduces deprivation (for example, unemployment), there may also be also wider benefits to the public purse.

### Financial costs

7.2.4 Evidently, there might be costs at a local level of being designated a demonstration project, as opposed to running the same project outside the scope of a government initiative. In practice we found that there were very few direct costs to the projects of being designated as demonstration projects within the Mixed Communities Initiative. The benefits of the designation were also primarily intangible, such as enhancements to partnership working and team commitment. We therefore focus entirely on the financial and economic



costs of the projects themselves, rather than the designation as demonstration projects.

- 7.2.5 Most demonstration projects met most of the administrative costs, for example staffing, through revenue and discretionary budgets that are already allocated to (wider) regeneration activity (e.g. local authority or New Deal for Communities staff). Other administrative costs, notably masterplanning and the associated community consultation, were also usually publicly funded, notably through New Deal for Communities, but whether from New Deal for Communities, councils, or regional government, would be accounted for as a specific financial cost of £2 to £5 million.
- 7.2.6 The largest financial costs of the ongoing projects related to land. The major direct costs which have to be met before new housing development can take place include decanting tenants and acquiring properties from leaseholders and freeholders who own dwellings through the exercise of the Right-to-Buy in the past, demolition and remediation of the sites.
- 7.2.7 The scale of these costs can be very substantial and this was the case with the demonstration projects. In Canning Town, for example, the public contribution to preparing sites for the first two phases was over £31m. The demonstration projects where the physical regeneration was substantially progressing were all those which had access to major sources of public funding to meet the up-front costs. Canning Town has benefited from being one of the major development foci of the London Thames Gateway Development Corporation, an Urban Development Corporation. In Coventry, the New Deal for Communities had invested in £3m in demolitions, acquisitions and masterplanning (with another £3m from Whitefriars Housing in demolition), and even with that, the financial viability of the plans remained finely balanced. The New Deal for Communities in North Huyton in Knowsley had made similar investments in the Mixed Communities Initiative programme, including meeting exceptional costs of clearing knotweed to prepare the sites.
- 7.2.8 Major funding was also needed for investments in infrastructure such as transport. For example, the Sheffield demonstration project had sought £3m of Regional Development Agency funding for infrastructure around the district shopping centre, and the Newham demonstration project (Canning Town) had secured major public funding for improving road layouts.
- 7.2.9 Knowle West in Bristol is an example of a demonstration project where the local authority owns much of the land and substantial amounts of the housing stock, but there is no significant funding source that has yet been identified to meet costs of large-scale decanting, acquisition and clearing.<sup>30</sup>
- 7.2.10 Similarly, where an aspiration existed to extend the Mixed Communities Initiative approach, the absence of funding sometimes made that impossible for the time being. In Knowsley, some saw it as desirable to extend the

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<sup>30</sup> Although there are other reasons for the delays to this scheme, not least because of policy changes with knock-on effects on community consultation and masterplanning.

approach being taken in the demonstration project to areas adjoining North Huyton. However, the social landlords there were of a smaller scale, and their business plans did not support the investment required to advance a Mixed Communities Initiative-type development.

- 7.2.11 The demonstration project in Coventry had encountered a “chicken-and-egg” problem securing major sources of public funding. The demonstration project was seeking monies from the Housing Corporation (now the Homes and Communities Agency) to re-provide bungalows that were being demolished, and from English Partnerships for major infrastructural work. In both cases the public bodies could not guarantee the grant funding until planning permission had been granted – but at the same time, the local development partners could not advance the site plans without some certainty about the availability of this grant funding.

### **Imputed costs, and other costs and benefits**

- 7.2.12 The public sector is obliged to value the land to be transferred at its best and highest use value. In financial terms, the existing housing and residents are liabilities, and so the land likely has a negative value as a commercial development opportunity. However, when offered as large cleared sites in built-up urban areas, they could be unusual and attractive propositions to the private sector.
- 7.2.13 This is more so in the most pressured housing markets, such as London, where land values are highest. However, even though in weaker housing markets there are often well located ex-industrial sites available, the costs of demolition and decontamination on such sites would typically have to be borne by the private sector, meaning that the demonstration project sites could still be attractive relative to those.
- 7.2.14 As well as the ready-to-go nature of some of the sites, the value and price of the land is influenced by the commitment of the public authorities to the development. This commitment was manifested in the demonstration projects by masterplans specifying dense housing, by providing infrastructure and enhancing services, and a willingness to use, if necessary, statutory instruments such as Compulsory Purchase Orders to enable the development to go forward. One of the developers who was active in Newham in the early stage of development noted that whilst investment in “secondary areas” like Canning Town would normally be regarded as risky, the commitments of the public sector to the project were clear and the risk was hence reduced.
- 7.2.15 The experience of the demonstration projects shows it is difficult to obtain the data necessary to calculate imputed costs, even in relation to land and assets, as well as the less tangible opportunity costs of staff time or lost social housing lettings. Demonstration projects were not undertaking these kinds of costing exercises as part of their planning which has made it more difficult for them to take a risk based, strategic approach to financing of the developments and to evaluate the full cost of the mixed communities

approach to the public sector. There was no evidence that assessments took place that took account of alternative uses.

- 7.2.16 Social costs are also hard to quantify, although there are techniques. Both costs and benefits will vary from demonstration project to demonstration project. In our baseline report, for example, we reported that some demonstration projects were more explicit than others in setting out their efforts to minimise or mitigate net social costs, for example through different policies on the right-to-return and the mix of tenures in the new housing. However, we did not find evidence of detailed attempts to evaluate social costs and benefits as part of the planning processes.<sup>31</sup>
- 7.2.17 It is also important to note that the delays to the projects themselves would have been entailing costs, although again we did not find these explicitly costed. These are partly financial: ongoing administrative expenses, rent loss to the Large Scale Voluntary Transfer, and the costs of securing void properties, for example. They are partly costs of delay in that future benefits recede; and some affect the whole community if existing residents live in a disrupted physical environment for longer or if their confidence in the intervention is undermined.

## 7.3 The distribution, pricing and management of financial risk

- 7.3.1 One conclusion to be drawn from the previous section is that whilst most of the major costs the demonstration projects incurred in assembling development sites needed to be met immediately, the financial returns through Section 106 agreements, Overarching Development Agreements, overage and the like were deferred. The demonstration projects plans were long-term, and so receipts from developers were a long way off in the future. In making these up-front investments, the public sector was taking much of the initial risk inherent in the projects.
- 7.3.2 Developers also had up-front costs, but had the option of postponing construction or abandoning the sites if the potential risks to them of producing housing that could not be sold outweighed avoidable costs.
- 7.3.3 Demonstration projects had adopted a variety of tactics to ensure that this did not happen. These included reducing the developers' immediate costs, increasing their revenues, or reducing the risks of the development to them.
- 7.3.4 The demonstration project in Canning Town was using a mix of all these three strategies in relation to two major early development sites. Part of ongoing renegotiations looked to reduce the sums paid up-front by the developer for land transfer, with compensation in the form of increased overage payments to the local authority in the future if the development were successful. On the

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<sup>31</sup> This may not be dissimilar from the level of analysis undertaken (or not) in other regeneration schemes.

sites where detailed planning was getting underway, Newham had agreed to underwrite £1m of those costs against the risk the project not go ahead. While this was only a small proportion of the developer's likely total costs of bringing forward a planning application, it was seen as a way of signalling the council's continued commitment to the redevelopment of the area.

- 7.3.5 In Canning Town, as in others, discussions were underway about increasing the proportion of affordable housing among the new provision at the expense of the private sector. This increases the developer's guaranteed revenues and reduces exposure to the risk of not selling the new dwellings. In Harpurhey, for example, there was a move from an original plan of a 65/35 per cent split in the favour of private housing to 55/45 per cent. However, the demonstration project remained committed to increasing the amount of market housing in the neighbourhood, so was also delaying development until market conditions improved.
- 7.3.6 There are also some inherent risks in the phased nature of a number of demonstration projects' plans in the light of the market changes. There is an expectation that the first phases, often achieved with the kind of major public funding described above, have a demonstration value. By their success, the potential of the area is raised, and land values along with it. In Coventry, for example, there was an explicit recognition that at present values the second phase of the proposed development was a long way from being viable – but that it could be should the first phase be as successful as hoped.
- 7.3.7 All of these strategies represent a further transfer of cost and risk to the public sector and/ or the community. At this stage, this is not being offset by any proposals to increase the return on public sector investment through a bigger proportion of profits if profitability was regained. This further underlines the fact that the effect of recession has been to increase the public sector contribution in the demonstration projects, which ostensibly are 'testing out' a private sector funding model for regeneration.
- 7.3.8 The vulnerability of the projects to the housing downturn suggests that initial appraisals of land values and returns to development, conducted in a housing boom, were overly optimistic and underpriced the risk that the market would change. This affected demonstration projects where development was intended to proceed more incrementally on cleared or vacant sites as well as those where large scale phased developments of demolition and building were planned. In Manchester, for example the market crisis had undermined previous assumptions about land values and the Homes and Communities Agency has been discussing the possibility of additional Private Finance Initiative credits subject to a new business plan. In Leicester, two deals had collapsed, and there was a moratorium on land sales. While the current downturn is on a major scale, Mixed Communities Initiative-type projects taking place over 10-20 years are inherently vulnerable to the cyclical market changes that do occur, suggesting that schemes should not necessarily be priced in the expectation of continued boom conditions.

## 7.4 Strategic approaches

- 7.4.1 The Mixed Communities Initiative emphasises a strategic approach (i.e. where local partners agree objectives and how to address them) to regeneration, rather than a ‘programme’ approach in which local agencies deliver specified programmes to meet central government targets.
- 7.4.2 The meaning of ‘a strategic approach’ is often taken for granted, but there are different ways to ‘do’ strategy. The classical approach to strategy is that it is developed out of rational planning, and that success in implementation depends on managerial planning and analysis. However, there are other approaches, which put more emphasis on flexibility to respond to external events, or on processes and competences, as success factors.<sup>32</sup> Strategy can also be formal (i.e. set out in public documents) or informal, and these approaches may have different benefits. We reviewed the approaches that the demonstration projects were taking.
- 7.4.3 Most of the demonstration projects had a formal strategy, although this was rarely contained in a single document. Formal strategies were seen as necessary partly because strategies were substantively locally-generated, in contrast to some other regeneration strategies where strategic directions are strongly influenced by government (or EU) funding programmes. Partly they were seen as valuable for external purposes. They demonstrated clarity of vision and commitment to potential investment partners, such as private housing developers and retailers, as well as to residents.
- 7.4.4 Most of the demonstration projects strategies contained elements of the classical approach to strategy. In order to arrive at their plans for the area, they had been through processes of ‘masterplanning’ and consultation. This classical approach to strategy in some cases replaced multiple smaller scale attempts to regenerate or invest in the areas. For example, in Redcar and Cleveland, the strategy had changed from short-term, led by availability of government funds (two Single Regeneration Budget programmes in the 1990s and early 2000s), to a long term, classical approach. Demonstration project representatives and stakeholders saw this as a step forward in setting out a clear direction and long term plan – a once and for all attempt at thorough-going transformation.
- 7.4.5 However, demonstration project strategies often combined elements of the classical master plan approach with a recognition – implicit or explicit – that, in practice, the strategy depended on elements of the economic/political/social context. Some strategies also acknowledged the need to keep options open given the unpredictable character of the external environment. The Sheffield strategy, for instance, was a mixture of flexibility and formal blueprint/masterplan. All developments worked to the Mixed Communities Initiative prospectus, with corresponding market briefs and plans reflecting

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<sup>32</sup> The theoretical framework used for the process study on demonstration projects’ strategies is shown in Appendix C.

these strategic priorities. However, there was a great deal of flexibility in that these redevelopments had no fixed timetables for redevelopment.

- 7.4.6 These more flexible strategies were more possible in private/mixed areas or those where further social housing demolition was not necessary to enable the mixed communities strategy. Large physical redevelopment programmes incorporating demolition and re-housing tended to mitigate against evolutionary approaches because commitments needed to be made to existing residents.

### **Strategic dependencies**

- 7.4.7 In some areas there was also recognition of the dependence – in practice, if not always explicit in the strategy – of outcomes on institutional and individual factors. These were of several kinds:

- dependence on key **individuals'** skills and competencies
- dependence on **partner institutions** both public and private
- dependence on **external stakeholders** e.g. The Department for Communities and Local Government (DCLG), the Homes and Communities Agency.

- 7.4.8 Dependence on key individuals' skills and competencies were emphasised and demonstrated in a number of areas. In Huyton, the willingness of the lead individual to accept responsibility for some of the risks involved in the programme has been important in obtaining partner buy-in. In Sheffield, the programme director for East Sheffield regeneration area at the council was a major force in initiating and leading the Mixed Communities Initiative. The person in question left over one year ago, reducing the impetus within the council. One stakeholder notes that this was very much "his show", with few others involved. In Coventry, such issues are seen as one reason for strong governance arrangements as a way of reducing the risk of over-reliance on individuals (or indeed on one organisation). In Redcar and Cleveland, the regeneration department had been restructured and regeneration skills and competencies had been upgraded in recognition of the changing strategic approach. It was recognised that as the scheme moved to delivery phases, further realignment of skills with developing needs would be required.

- 7.4.9 Ownership by different partners is central to the Mixed Communities Initiative approach. The Coventry evaluation points to the different perspectives of key partners, from the New Deal for Communities to the main social landlord and private developers, and the consequent importance of the mixed communities 'badge' as a shared perspective which helps to maintain partner ownership. In this case, all partners were positive about the shared ownership of the project and this was seen as the main factor in the ability of the project to have survived the financial crisis so far.

- 7.4.10 Several demonstration projects commented on the importance of DCLG's commitment to the mixed communities agenda in 'selling' the scheme to local

partners. Several reported that designation as part of a DCLG initiative had initially helped them to consolidate their approach and to work with partners. For example in Thanet, DCLG had financially supported a study of renewal in Margate which had prompted the renewal partnership (incorporating district and county councils, the Regional Development Agency and Government Office as well as other relevant organisations such as English Heritage) to take a more holistic approach to regeneration, rather than focusing just on economic development. In Leicester, involvement in the Mixed Communities Initiative had influenced the city council in thinking about how it could use its land assets in the demonstration project area to help promote a mixed community development, rather than disposing of them to generate capital receipts to use in the interests of the city as a whole.

- 7.4.11 While several demonstration projects argued that continuing commitment at national level was important in order to sustain these local initiatives, there was some concern on the part of some demonstration projects that the commitment of DCLG to the mixed communities agenda is not as strong as it was. Freedoms and flexibilities offered as part of Mixed Communities Initiative designation had not materialised in practice. With the establishment of the Homes and Communities Agency, responsibility for delivery had transferred to the Homes and Communities Agency, while policy responsibility had remained with DCLG. Demonstration projects said that they felt this meant they had less continuing contact with DCLG and were unsure about policy direction. The Mixed Communities Initiative learning network events had stopped, as had support from PricewaterhouseCoopers and the Commission for Architecture and the Built Environment. The demonstration projects had valued the network and the Commission for Architecture and the Built Environment support in particular. They were uncertain as to the future of support arrangements.
- 7.4.12 Evidence elsewhere in this report also emphasises the importance of ensuring that newer agencies such as the Homes and Communities Agency or Regional Development Agency were also 'signed up', given the increasing need for public funding. Such sign-up appeared to be easier in some places than others.
- 7.4.13 This review of the strategic approaches of the demonstration projects suggests that, given the nature of the Mixed Communities Initiative, central government and local partners need to take 'strategy' seriously, recognise there are different approaches, and consider which is most suitable. Strategy needs to be seen as a key element of regeneration skills. Because of its emphasis on housing and physical transformation, a mixed communities approach tends to lead towards 'classical' strategy, although the basic assumption of classical strategy (that the planners have the power to implement their strategy) does not necessarily apply, since implementation is dependent on private sector interests. This means that demonstration projects may need to look at other approaches (or combinations).

## **The effect of the recession**

- 7.4.14 The credit crunch/recession has particularly highlighted the importance of systemic approaches which consider the social, economic and political context and trends to identify both opportunities and constraints on an ongoing basis. In the absence of such consideration, demonstration project strategies are potentially at risk from a number of factors, including those already highlighted in this report such as housing market downturn, loss of key personal and policy change at central government level.
- 7.4.15 Arrangements for managing risk varied between the demonstration projects. There were good examples of risk assessment and project management at the project level, for example the adoption of risk registers for individual projects and IT systems for project management, generating milestones. However, government did not insist on a performance management framework and risk assessment at the beginning as would be the case with a funded programme, so , there was local variation. One issue is whether performance management systems should be developed for Mixed Communities Initiative projects as a whole, rather than for individual partners.
- 7.4.16 Some demonstration projects also had well developed arrangements for assessing strategic risks. In Redcar and Cleveland, strategic risks had to be identified in proposals to Cabinet. In addition to this, the proposals for the demonstration project were going through economic appraisal (funded jointly by the council and the Homes and Communities Agency) as well as appraisal by the consultants dealing with the Borough masterplan. One interviewee argued that “nothing will get into this plan unless it has a thoroughly worked out business case”. In Woodberry Down there was a monthly risk assessment process involving the local political leadership, officials and developers.
- 7.4.17 It was less clear that risk assessment and performance management arrangements were able to grapple with external risks (such as central government policy and the recession or with losses of key personnel). Again there were some good examples. The demonstration project in Canning Town had evaluated its strategy in the light of wider economic circumstances and a view of the causes of neighbourhood deprivation; their monitoring strategies include specialised data on private rented sector across district and London, and regular neighbourhood satisfaction surveys. There was an awareness there of links to wider focuses of large-scale state-capital activity (the Olympics, the Thames Gateway) as well as to smaller scale problems of implementation (decanting, voids, school rolls) and planning (integration of mixed tenure urban housing, local private sector facilities). This was a result partly of the seniority and inclinations of the demonstration project staff, but also of the internal and external research resources available to them (e.g. the London Thames Gateway Development Corporation in relation to developer negotiations).
- 7.4.18 Some demonstration projects undertook extensive risk appraisal, but tended towards optimistic views, perhaps conditioned by a long period of growth, as well as by the need for positive leadership and planning. Redcar and



Cleveland was a good example of this: the local authority was developing a masterplan for the Borough as whole, involving systematic assessment of each geographical sub-area and industrial sector in order to underpin council strategies for the medium term. Consultants appraised each in relation to three scenarios: “hold and consolidate”; “moderate growth”; “city/region vitality growth”. However, external events, notably the announcement by Corus of large scale job losses in the local steel industry, was making a situation of at least short-term decline a possibility by 2009.

- 7.4.19 Planning for decline is clearly not consistent with the Mixed Communities Initiative approach, which is premised on being able to transform areas that have had long-term trajectories of decline. Resident engagement, developer confidence and the commitment of other public and private agencies to new facilities can clearly not be built on projections of decline. For this reason, some demonstration project stakeholders pointed to the fact that a transparent approach to risk can itself be risky in highlighting potential problems, to local politicians especially perhaps. Demonstration projects where plans had been advanced and commitments made to residents prior to the recession were under particular pressure to develop short term alternatives and to keep the longer term plans on hold, rather than to identify risks attached to such strategies.
- 7.4.20 Nevertheless if risks are not clearly identified and transparently addressed, the danger is that the consequences will be borne by residents or by a specific partner or even an individual. Potential social and economic losses if plans were not carried through would also fail to be identified. Thus it is important to find a balance between positive and committed leadership and realistic assessment of risk. This highlights the relevance of option appraisal and 'real time' (rather than retrospective) evaluation, which helps to support the planning process as well as providing ongoing feedback for strategic review.

## 7.5 Governance arrangements

- 7.5.1 Finally we review governance arrangements. The initial report of the evaluation (DCLG, 2009) outlined the institutional arrangements that demonstration projects had established for planning and delivery of the programmes, taking into account the need to be accountable to residents as well as to manage complex and sensitive commercial negotiations. These included a variety of different governance structures, from formal boards to informal partnerships or incorporation into the responsibilities of existing bodies.
- 7.5.2 Governance arrangements for regeneration projects are invariably driven by government requirements. No additional resources or guidance on the Mixed Communities Initiative had been made available by government since 2006-07, and consequently there had been little change to the situation by 2009 and some of the same issues, challenges and potential pitfalls were evident. For example in Redcar and Cleveland, the council was reviewing the structure

of the regeneration partnership in order to try to secure more meaningful involvement from other public sector partners. The strategy had been local authority led, and while partner organisations were supportive, meetings tended to take the form more of updates from the local authority rather than mutual planning. This was contrasted with the experience of previous partnerships under the Single Regeneration Budget programmes, where it was in the clear interests of other agencies to contribute actively (and they had to report back) because there was additional funding to supplement services. In Bristol, residents were still not involved on the partnership board which consisted of the local authority and strategic partners such as the Regional Development Agency and the Homes and Communities Agency. Public consultation on the proposed regeneration framework had not yet begun and some opposition was expected.

- 7.5.3 One issue on which there have been developments since the initial report was the relationship of the Mixed Communities Initiative with the New Deal for Communities programmes, which are now coming to a close. Mixed community strategies were seen as a way of continuing the work of the New Deal for Communities in transforming the long term future of the neighbourhood, since the New Deal for Communities had not themselves been able to complete housing transformation. Coventry and Knowsley had already adopted formal partnership structures by 2006-07 to this end. In Leicester, the Mixed Communities Initiative strategy had become more important as a succession strategy for the New Deal for Communities over the course of the period, and was now run by the main Braunstone Community Association (New Deal for Communities) board rather than a subgroup.
- 7.5.4 The nature of the financial relationship between New Deal for Communities successor organisations and the delivery vehicles for the Mixed Communities Initiative programmes remained to be resolved. In Knowsley, the New Deal for Communities was going to continue its work as a Community Interest Company, with particular emphasis on community development and providing monitoring and evaluation services to the partnership. Its funding was due to come from housing sales, and £1m was already secured from the sale of Phase 1. In the light of uncertainty over future development, further funding for these activities was also uncertain.
- 7.5.5 Although this is specific to New Deal for Communities, the example raises a more general question of long term governance arrangements and the relationship between these and both strategy and (changing) funding arrangements given that mixed communities was always a long term approach to regeneration which needs to link to other local regeneration strategies while taking account of changing external circumstances.

# 8 Conclusions

## 8.1 Introduction

8.1.1 This section brings together the experiences of the 12 demonstration projects of taking a 'mixed communities' approach to neighbourhood regeneration and synthesises the findings in the previous chapters of this report to address five key questions for the evaluation:

8.1.2 What are the **objectives** of a mixed communities approach and how do these vary in different kinds of areas?

- Is the approach **deliverable**, particularly in the light of the housing market downturn and recession?
- Is the approach an effective way of delivering new **affordable housing** and Decent Homes?
- What are the implications of mixed communities as **a new model for regeneration**, with new private/public and central/local relations, and what added value, if any does the approach bring?
- How can **benefits to existing residents** be secured, at least cost?

## 8.2 Mixed communities objectives - in theory and practice

8.2.1 The evaluation has highlighted the considerable diversity of the demonstration projects, not only in their plans, progress and processes, but in how they have understood and articulated the Mixed Communities Initiative approach in their local contexts and consequently the variation in the emphasis placed on 'mix'.

8.2.2 In practice, there were varying objectives based on local situation, politics and opportunities. Some demonstration projects publicly subscribed to the notion that concentrated poverty was problematic and more successful communities were usually those that were more affluent i.e. that mix was a worthwhile end in itself.

8.2.3 However, in other demonstration projects, 'mix' as an end in itself was not a particularly strong objective, nor was the principle of mix supported by residents as a means of improving their areas. From this pragmatic perspective, key motives were:

- improving housing stock and meeting the Decent Homes target, in the absence of any more direct sources of funding
- tackling long term underinvestment to make the area more liveable and sustainable.

- 8.2.4 In some demonstration projects there was a perception that a different, larger scale approach was required as previous programmes and interventions had not made enough of a difference. In several demonstration projects, notably the New Deal for Communities, mixed communities was not used as a term locally; rather the approach, which may include several of the objectives listed above, was seen as building on and complementing the New Deal for Communities regeneration programme by funding the level of physical transformational change not hitherto possible. It potentially represents the New Deal for Communities succession strategy.
- 8.2.5 However, again this transformational approach was not evident in all demonstration projects. Some proposed a more incremental approach, building some new mixed tenure on cleared sites and introducing new retail and community facilities in order to gradually change the image and attractiveness of the area to attract and support a more mixed population.
- 8.2.6 Most, although not all, demonstration projects were unclear about the degree of income or social 'mix' that would be necessary to regenerate these areas. The majority of demonstration projects did not have well developed plans, at this stage, to maintain mix in the long term or to promote mixing.

## 8.3 Deliverability

- 8.3.1 Accommodating the changed housing market and recession has involved the demonstration projects seeking additional public sector funding (from the Homes and Communities Agency and other sources), thus increasing the proportion of public subsidy for the projects overall and reducing the likely extent of tenure change and population mix.
- 8.3.2 These market conditions have effectively increased the proportion of risk borne by the public sector, which was already high, even before the credit crunch, because of the necessity for early investment (and acceptance of risk) by the public sector as the Mixed Communities Initiative requires large up-front costs (e.g. masterplanning, land assembly, demolition, infrastructure and services etc.). These up-front costs are inherent to the mixed communities approach, and the evaluation has shown that delivering regeneration through this model will only be possible where there is access to public funds to meet these.
- 8.3.3 Early evaluation findings led us to propose that the mixed communities approach is likely to be most deliverable in areas where the public sector has high leverage as a land owner and where the housing market is strong. In weaker housing market areas, the plans looked less achievable or seemed very sensitive to a changing housing market, even before the collapse. It was also less likely that more affluent house-buyers would be attracted to less well connected areas, especially if these had a poor image and/or were perceived as 'social housing estates', or because of a lack of employment opportunities.
- 8.3.4 In practice, these differences have yet to work through, since the activity of all demonstration projects has been affected by the recession. None of the

demonstration projects which had reached the point of having firm development plans were proceeding according to plan by 2009. All were experiencing delays and some had modified their plans.

- 8.3.5 In terms of the approach being recognisable as the originally planned Mixed Communities Initiative, the two distinctive characteristics are still in place. The demonstration projects are continuing to pursue some degree of mix – and the main funding is still planned as coming from private developers, although less (or no) cross-subsidy will be possible and additional public sector finance, through loans or guarantees (from local authorities, New Deal for Communities where relevant, or the Homes and Communities Agency) will be necessary to reduce risk and increase viability for construction to re-start.
- 8.3.6 Some areas are concentrating on infrastructure and community facilities in the hope that the areas will be in good shape when the economy and housing market recovers. Such interventions would make the area both more attractive to new residents and more likely to retain existing residents. In some cases facilities which were to be funded through the housing development have had to draw on additional public sector funding.

## 8.4 Added value for regeneration and housing

- 8.4.1 In a number of the case studies, 'mixed communities' has been used as the key mechanism for delivering Decent Homes (albeit alongside other objectives). However, the Mixed Communities Initiative is an indirect approach to meeting this target and in most of the areas where this is an objective the demonstration project is demolishing non-decent social housing homes and building a mixed tenure development, rather than improving or even replacing the existing stock.
- 8.4.2 This raises questions about whether demolition and rebuilding is the right, best or even an appropriate strategy for improving housing and meeting Decent Homes' standards. Taking a Mixed Communities Initiative approach to Decent Homes is a very long term solution to a pressing problem and also involves high costs in terms of demolition. There are also opportunity costs involved in land sales or transfers by local authorities which may be considered a high price to pay for Decent Homes if the rationale for creating more 'mix' is not strong in the local context.
- 8.4.3 The main other way in which the Mixed Communities Initiative is seen as potentially improving housing supply is through delivering new affordable housing. In depth research with some of the case study demonstration projects explored how they have negotiated affordable housing as part of a private finance led mixed development.
- 8.4.4 This showed the importance of local authorities having negotiating skills to resolve tensions between the financial viability of the scheme for developers, the projects' intention to create a mix seen as socially sustainable, and public authorities' desire to maximise affordable housing. Such negotiations require local authorities to have a sound understanding of assessing the finance of

development proposals with the confidence to press for “open book” negotiations and an appreciation of the likely risks for different partners.

- 8.4.5 Negotiation skills are likely to continue to be important as the recession has required re-negotiations on the developments on financing, phasing and the balance between low-cost home-ownership dwellings and social rented housing within the new affordable housing provision.
- 8.4.6 At this stage of the initiative and with the delays caused by the recession it is difficult to say whether the Mixed Communities Initiative approach might be an effective way to deliver new affordable housing. However, if development finance and cross subsidy is the only practical route to increasing the supply of affordable housing, then local authorities need to have and/or invest in the skills and capacity to evaluate the financial viability of proposals before entering negotiations.
- 8.4.7 Many of the demonstration projects, particularly those that are New Deal for Communities or part of a wider area regeneration approach, emphasise the importance of non-housing improvements, both to make the area more attractive to potential incomers - and thus encourage mix - and to improve facilities and services for existing residents.
- 8.4.8 The evaluation has found that, when house building had come to a standstill due to the recession, many of the demonstration projects were focusing on the non-housing elements of regeneration, over which they had more control. Indeed, demonstration projects have pointed to establishment of leisure centres, schools, health centres and other amenities as their ‘successes’. However, it is difficult to attribute this to the Mixed Communities Initiative and even more so in the current housing market conditions, as any earlier plans for cross subsidy have not been able to be realised.
- 8.4.9 It is more likely that the non-housing developments, for which public sector funding has become essential, are contributing to the feasibility of a mixed communities approach, rather than representing value added by the Mixed Communities Initiative.
- 8.4.10 In some demonstration projects, mainly non-New Deal for Communities areas at an earlier stage of area regeneration, there has been some added value of the Mixed Communities Initiative in the sense that designation as a demonstration project helped to raise the profile of the area and establish it as a local priority for regeneration and also act as a catalyst for having a vision for the area and developing a masterplan that has helped to gain the confidence of other partners and residents. In turn this may have helped the local authority and its partners take a more strategic approach.
- 8.4.11 However, these effects do not rely on the ‘mix’ element of mixed communities and it is not clear that visioning or masterplanning activity necessarily needs to be badged as ‘mixed communities’ although the Mixed Communities Initiative badge may help these develop as new, more ‘fit for purpose’ vehicles that enable joint planning (between public, private and community interests), joint financial ownership and management of assets, which may be important to sustain the demonstration project activity.

- 8.4.12 Although most of the non-housing developments in the demonstration projects have been in physical facilities and amenities rather than services, there are some examples where the Mixed Communities Initiative has added value through acting as a driver for improved retail services or for the adoption of neighbourhood management.
- 8.4.13 Our in-depth process study on the Mixed Communities Initiative and employment showed that some demonstration projects, had established construction training schemes to link with the planned developments. Beyond these, there was little evidence that the Mixed Communities Initiative added value to skills and employability provision, although these supply side approaches to tackling worklessness were being pursued alongside the Mixed Communities Initiative plans, and funded through New Deal for Communities and/or local authority led regeneration programmes.

## 8.5 The Mixed Communities Initiative as a new model of regeneration

- 8.5.1 The Mixed Communities Initiative is a new model of regeneration in that it is a shift from direct central government funding to using local strategies and spending to make developments attractive and viable to private developers while meeting wider regeneration objectives.
- 8.5.2 The evaluation has shown that this represents transferring risk from central government to local partners and local government in particular. The evidence shows that the Mixed Communities Initiative approach needs public sector funding for the up-front costs (e.g. masterplanning, demolition, land assembly) together with the infrastructure and community facilities that are necessary both to attracting new people to the area and providing often long awaited improvements for existing residents.
- 8.5.3 This financing model means that the costs of pursuing a mixed communities approach are immediate for the demonstration projects, while the receipts are postponed into the future – often for an indeterminate period of time. Residents also shoulder risk as long term commitments are made to them but without having secured long term commitments from developers or central government.
- 8.5.4 The dependence of the model on private finance and indirect, housing-led regeneration means it is vulnerable to market changes, so masterplans and the strategies to deliver these need to take this into account. In turn, this requires strategic approaches to regeneration to be more systemic – to allow flexibility within a fast changing external environment – with greater emphasis on leadership, skills, and capacity.
- 8.5.5 Risks also need to be realistically assessed so they can be actively managed and this needs to be recognised at all levels of government. A potential danger to realistic risk assessment is that local staff have to demonstrate to



regional and national funding agencies that they have projects which are impressive and viable so as not to jeopardise getting funding.

- 8.5.6 The vulnerability of the Mixed Communities Initiative to market change makes it difficult to rely on this aspect of development to generate cross subsidy for other aspects of a wider regeneration plan. This has particular implications for New Deal for Communities succession bodies, often established as income-generating regeneration trusts (e.g. Community Development Trusts, Community Interest Companies) which in many cases will be dependent on housing finance of some sort.
- 8.5.7 Lastly, the Mixed Communities Initiative model for regeneration means that residents can be squeezed out of decision-making, which in these circumstances will tend to be located within discussions and more formal negotiations between private developers, local authorities and Registered Social Landlords.

## 8.6 Regeneration for whom?

- 8.6.1 This is a process evaluation and given the original five to seven year timescale to deliver the first phases of the demonstration projects' masterplans, which has now lengthened by two or more years because of the housing market collapse and wider recession, it is too early to say which groups of residents are benefiting or losing out in the long term.
- 8.6.2 However, there is evidence that the transition period has led to some negative effects on the neighbourhoods, including population losses when demolition and decanting has taken place without the progress in developing new housing that had been expected. Some demonstration projects have found it difficult to maintain community support for projects as timescales extend. These problems underline the importance of managing transition as well as focusing on longer-term transformation.
- 8.6.3 At the same time, the household survey results showed that some residents recognise improvements to the areas. Efforts at regeneration are noticed, although it is hard to attribute this to 'mixed communities' per se, rather than the New Deal for Communities' plans and progress.
- 8.6.4 The survey also found that residents tend to doubt that 'better off people' moving in will improve the area and also think they are unlikely to benefit from the new housing, particularly as very few expect to change tenure from socially rented housing to owner occupied or low cost housing. (Most respondents would have preferred to see more housing to rent, rather than to buy.) This implies that residents generally question the rationale behind the Mixed Communities Initiative.
- 8.6.5 In three of the four areas, residents also tend to think that the New Deal for Communities/demonstration project areas are to some extent mixed already. Residents are aware of problems in their areas, but also recognise positive aspects so the mixed communities approach was not necessarily perceived



as the best approach by residents. Notably, large scale population change based on a radical change in tenure mix was not even seen as a necessary approach, although residents generally accepted this as a means to improving their neighbourhoods if there was no other alternative.

8.6.6 Finally, this evaluation has taken place at a time when the demonstration projects have been operating in the most difficult conditions for this already challenging initiative. Although this has meant that less progress has been made than might have been hoped, the commitment and energy of staff, residents and partners in the demonstration projects has been evident and their experiences have generated a wealth of learning about the process of implementing a mixed communities approach to regeneration.

# Appendix A: Other reports/material available from the evaluation

The following reports are available on the Department for Communities and Local Government website.

[www.communities.gov.uk/housing/publications/research-stats/](http://www.communities.gov.uk/housing/publications/research-stats/)

Evaluation of the Mixed Communities Initiative Demonstration Projects Initial Report: Baseline and Early Process Issues
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Mixed Communities Evidence Review
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The following are available on the evaluation team website tables.

[www.cchpr.landecon.cam.ac.uk/projects/detail.asp?ProjectID=85](http://www.cchpr.landecon.cam.ac.uk/projects/detail.asp?ProjectID=85)

Initial reports and data sheets for full case study demonstration projects
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Final reports and data sheets for full case study demonstration projects
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Process study 1. <i>Negotiating Mix: Processes for, and constraints upon, negotiations on the affordability mix in new developments, and on how capital receipts are used.</i>
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Process study 2. <i>The Mixed Communities Initiative and Employment: Tackling Worklessness and promoting Economic Development through a Mixed Communities approach to Regeneration.</i>
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Workshop report (working paper) on demonstration projects' Strategy (part of Process Study 3)
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Residents' survey - tables
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# Appendix B: Supplementary tables and figures

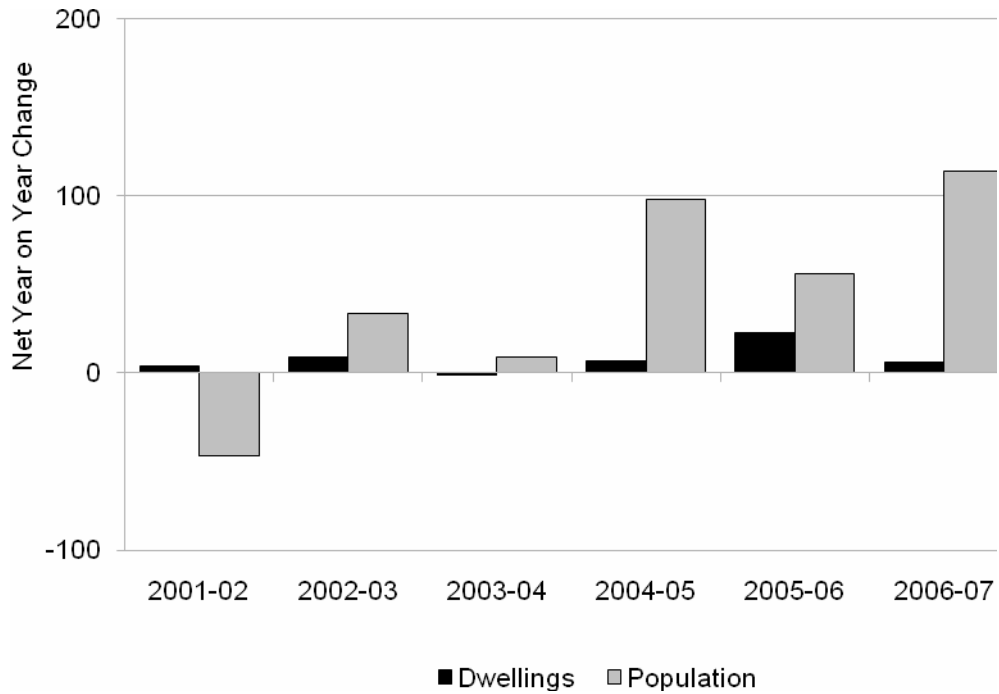
**Table B1: Summary of non-housing plans of case study demonstration projects as at 2006-07**

	Physical changes/additional facilities	New /improved services
Coventry (North East Coventry)	A new neighbourhood and leisure centre Youth centre Integrated neighbourhood centres Environmental enhancements Improved connectivity to new employment sites outside the area,	Linking of training and employment opportunities to the construction process.
Hackney (Woodberry Down)	Community facility to be managed by residents New City Academy New youth centre New health centre New children's centre and stand-alone nursery New Business and Training Centre Mixed use space for retail and offices, including shops, cafes etc  An interim strategy was in place to deliver urgently needed community facilities in the shorter term, including an older people's centre, upgraded community centre and Construction Training Centre  New and improved public open spaces, including a riverside park, major new green public open spaces, major public spaces and smaller open spaces designed to incorporate 'local areas for play'	Existing (highly regarded) primary school to be expanded to three-form entry.
Leeds (Gipton)	Continuation of upgrading of school provision through Private Finance Initiative and Building Schools for the Future. Improvements to green space (Wykebeck Valley) Possible improvements to transport connections Two childrens' centres Gipton access point for jobs and skills	Building Family Wealth programme taking a broad approach to barriers to residents' employment, including drugs, housing, childcare and schooling Learning Partnerships project intended to build confidence and interview skills for parents. Intensive neighbourhood management approach. Local labour agreements for construction.

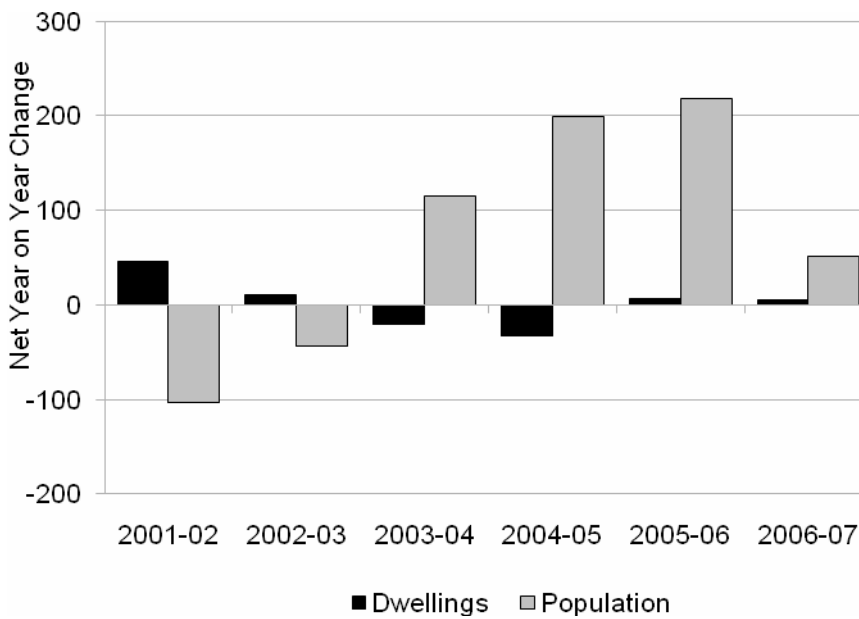
<p>Newham (Canning Town)</p>	<p>Redevelopment of town centre market and retail  Rebuilding of primary school currently on development site and possibility of new youth facility  New road layouts and redesigned transport interchanges  Improved access to the River Lea and ecology park.  Possible one stop health centre (subject to funding)</p>	<p>Development of holistic neighbourhood approach to health development and of long term crime reduction strategy  Youth forum  Plans for cross-tenure resident-led management.  Opening of a new employment organisation with a shop front in Canning Town as the first point of contact linking the council, job centre, Connexions, London Development Agency, Learning and Skills Council and colleges.  Plans for local labour mechanisms in construction.</p>
<p>Redcar and Cleveland (South Bank and Grangetown)</p>	<p>A Health Village next to the housing development ,  A new district shopping centre and community facilities also on this site, better public transport links to serve the new development, and a pedestrian and cycle network,  Plans for a new 14-19 education centre and continued upgrading of school buildings,  a new vocational skills centre</p>	<p>Continuation of current programmes to link people to jobs</p>
<p>Sheffield (Burngreave)</p>	<p>Redevelopment of the district centre including a new supermarket and indoor market, workspaces, and a community learning centre.  Reduction of congestion through road improvements.</p>	<p>Enhanced public health programme as part of city's local area agreement, and further enhanced by programme to tackle health inequalities developed by the New Deal for Communities and Primary Care Trust. New Deal for Communities anti-social behaviour and community wardens team action plan for improvement of parks and open spaces, extended street cleaning services, retail security and environment grants. Range of employment and training initiatives including a local employment information and career guidance centre, a business enterprise champion, intermediate labour market, local construction initiative, and language support agency.</p>

**Figures B2: Dwelling and population change 2001-02 to 2006-07**

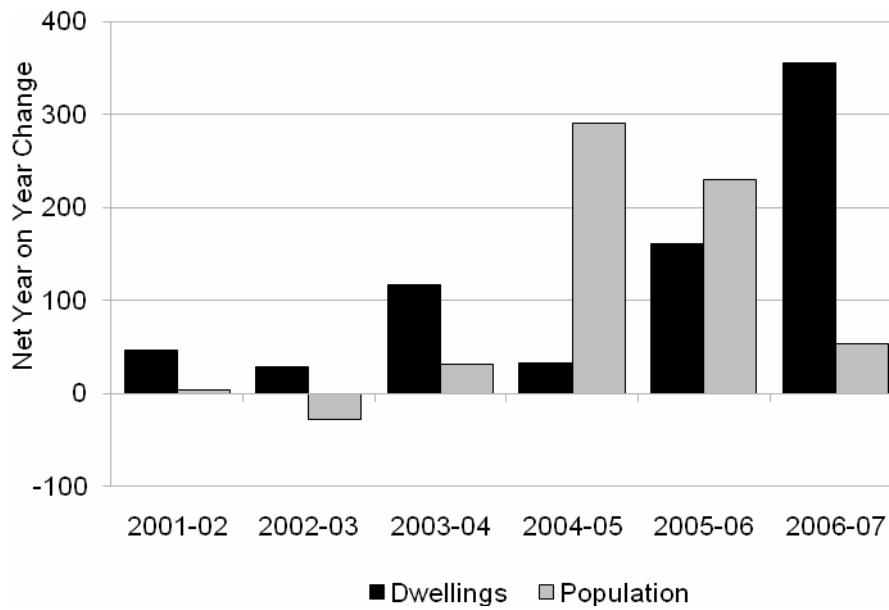
**a) Bristol (demonstration project area)**



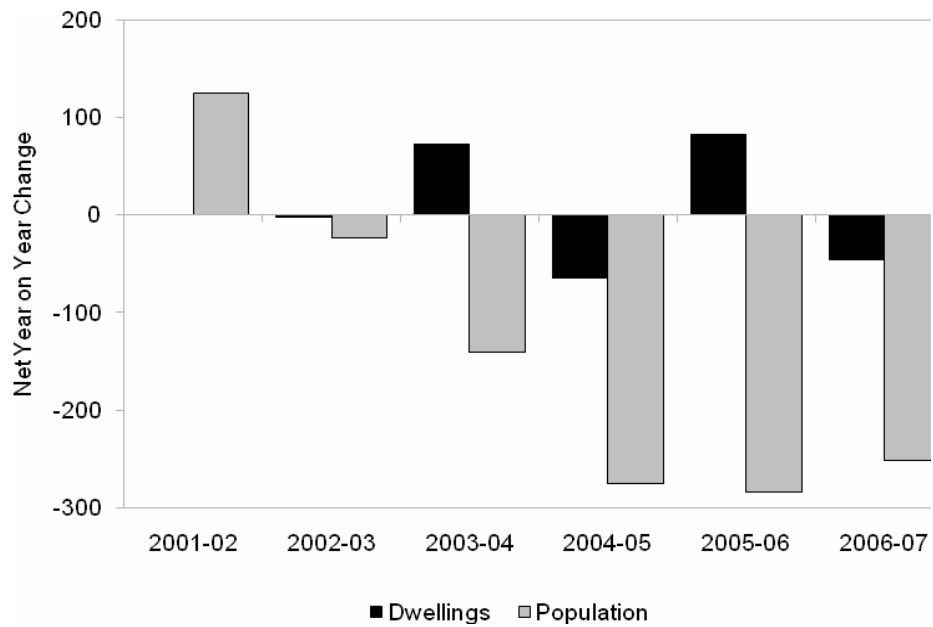
**b) Leicester (demonstration project area)**



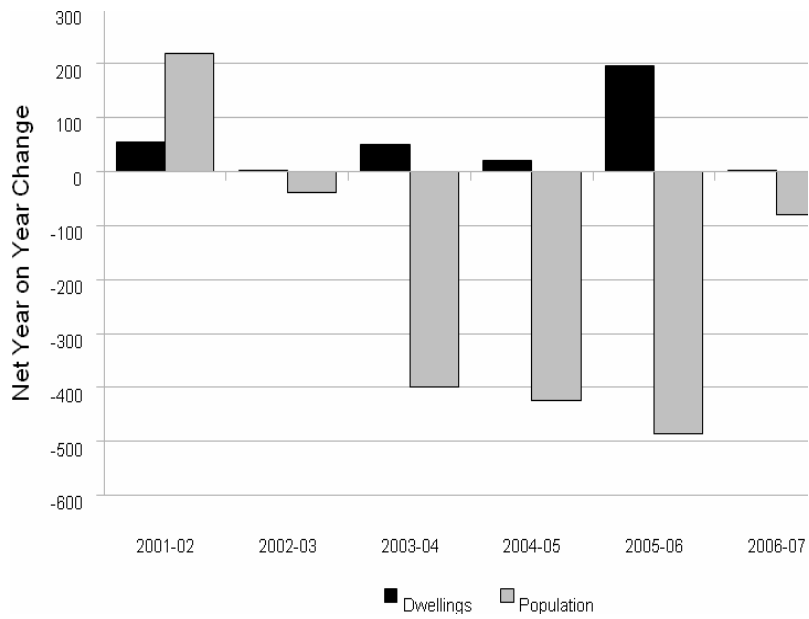
**c) Thanet (demonstration project area)**



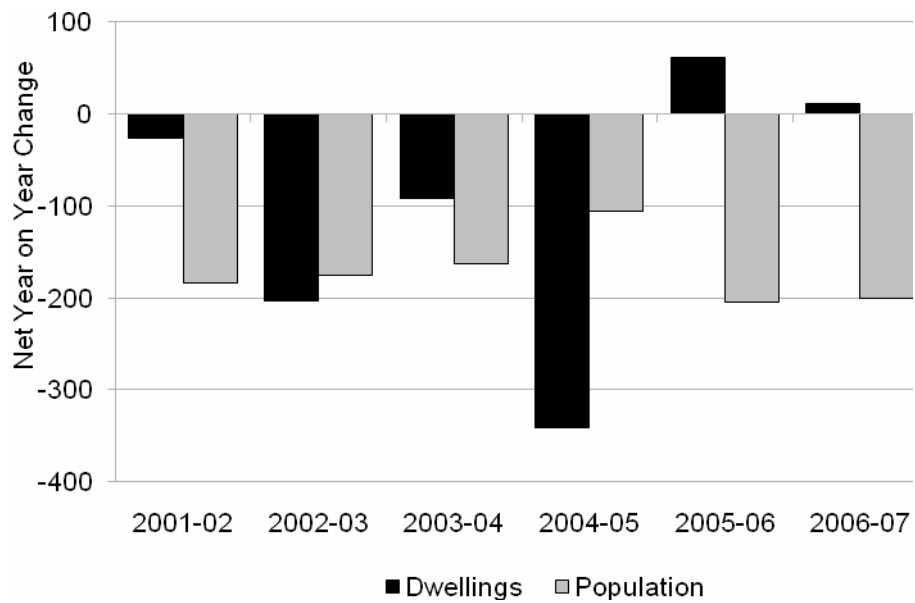
**d) Hackney (demonstration project area)**



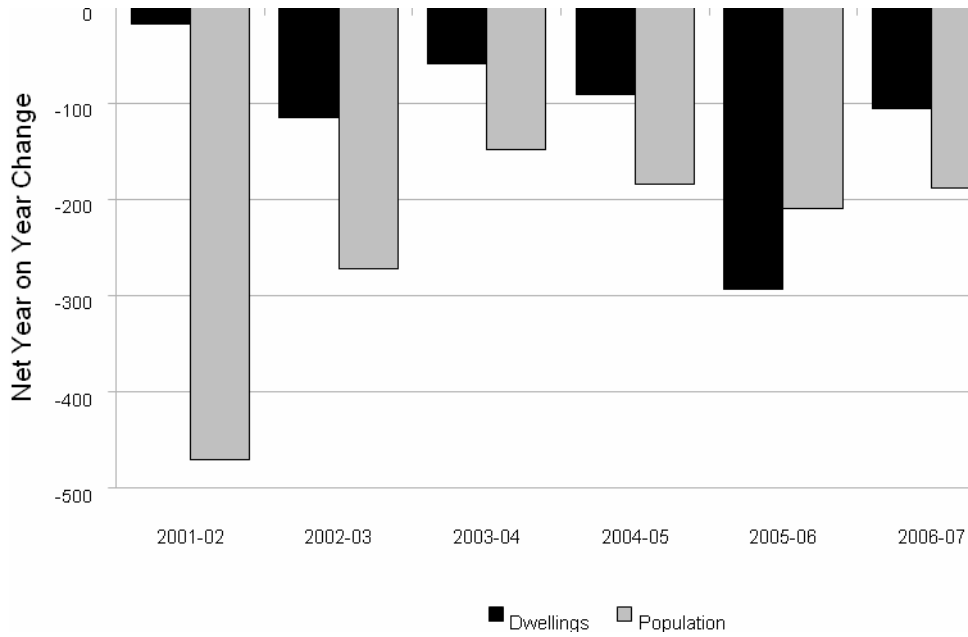
**e) Newham (demonstration project area)**



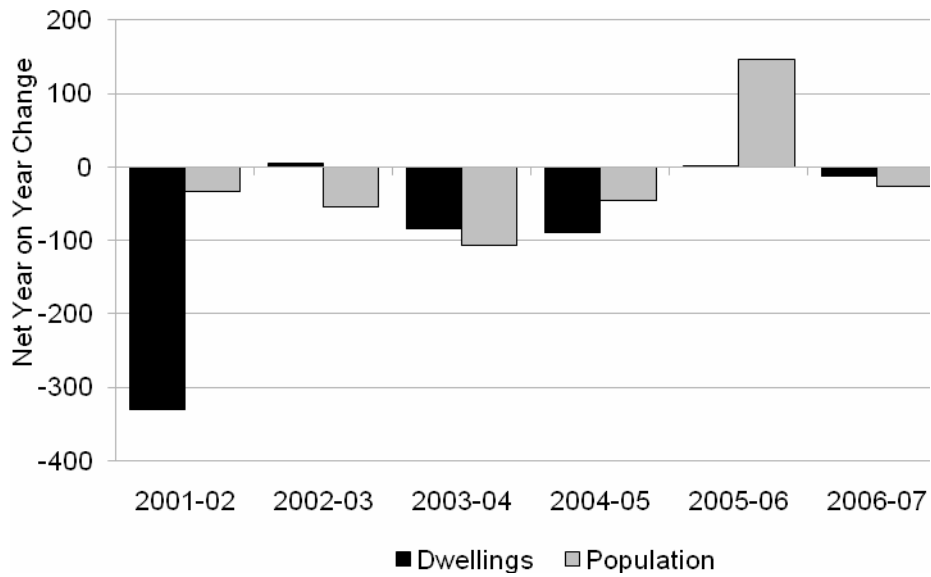
**f) Knowsley (demonstration project area)**



**g) Redcar and Cleveland (demonstration project area)**

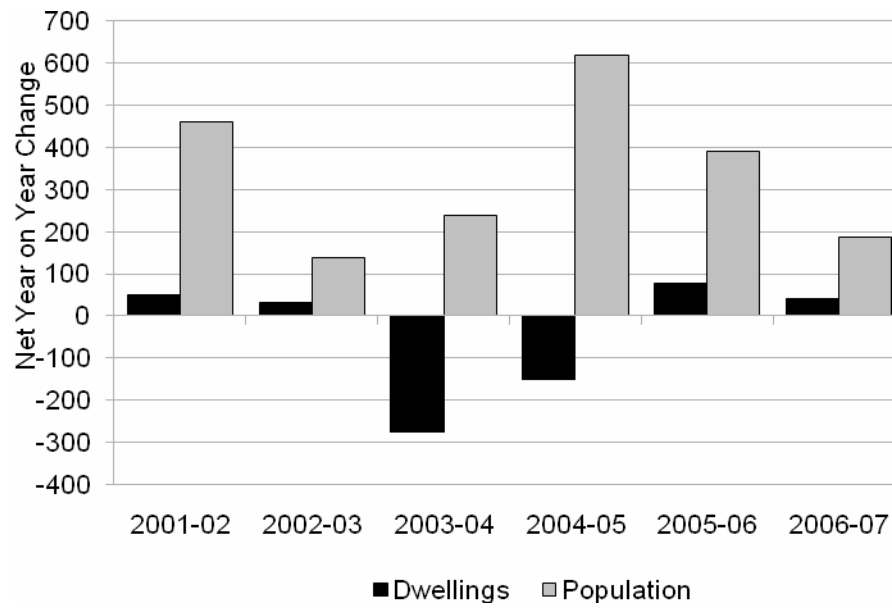


**h) Coventry (demonstration project area)**

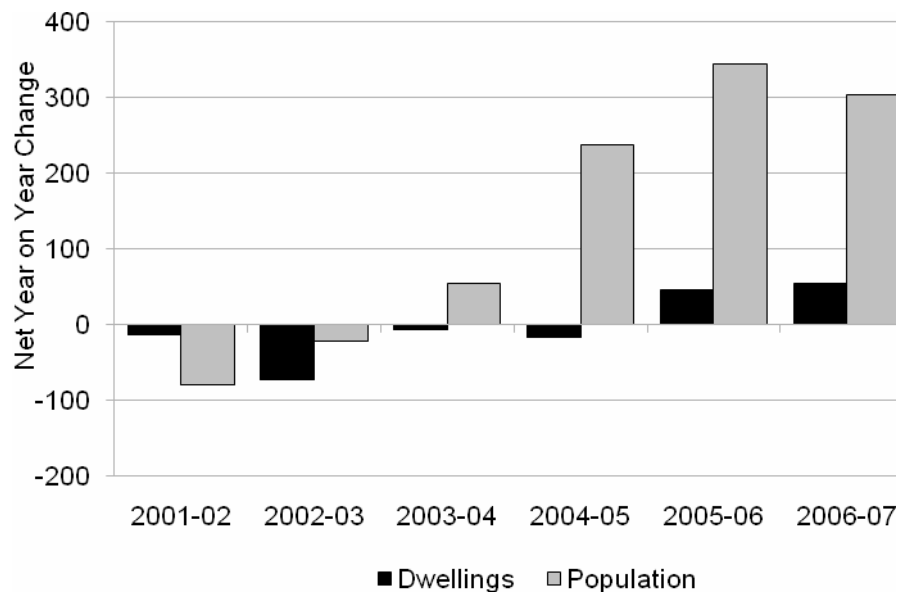




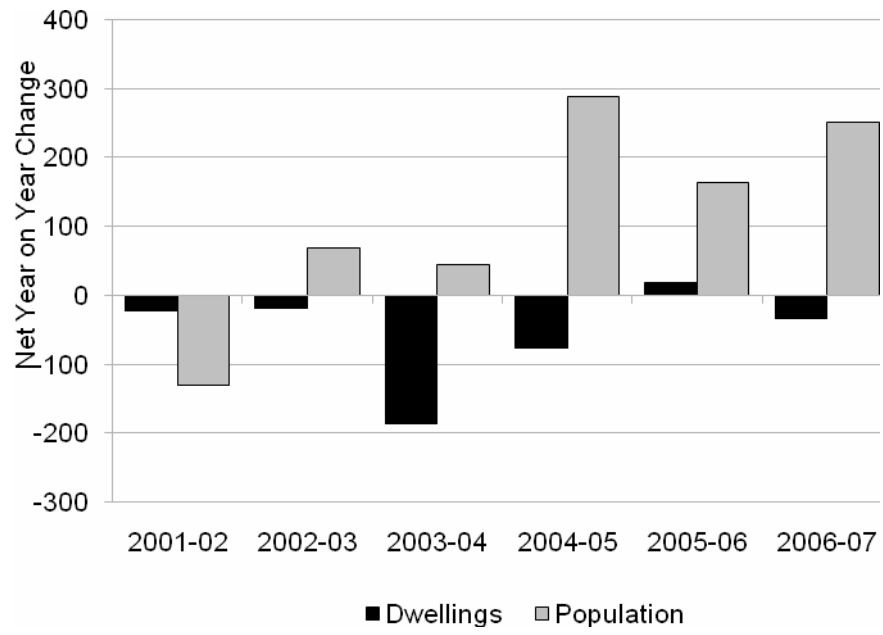
**i) Sheffield (demonstration project area)**



**j) Manchester (demonstration project area)**



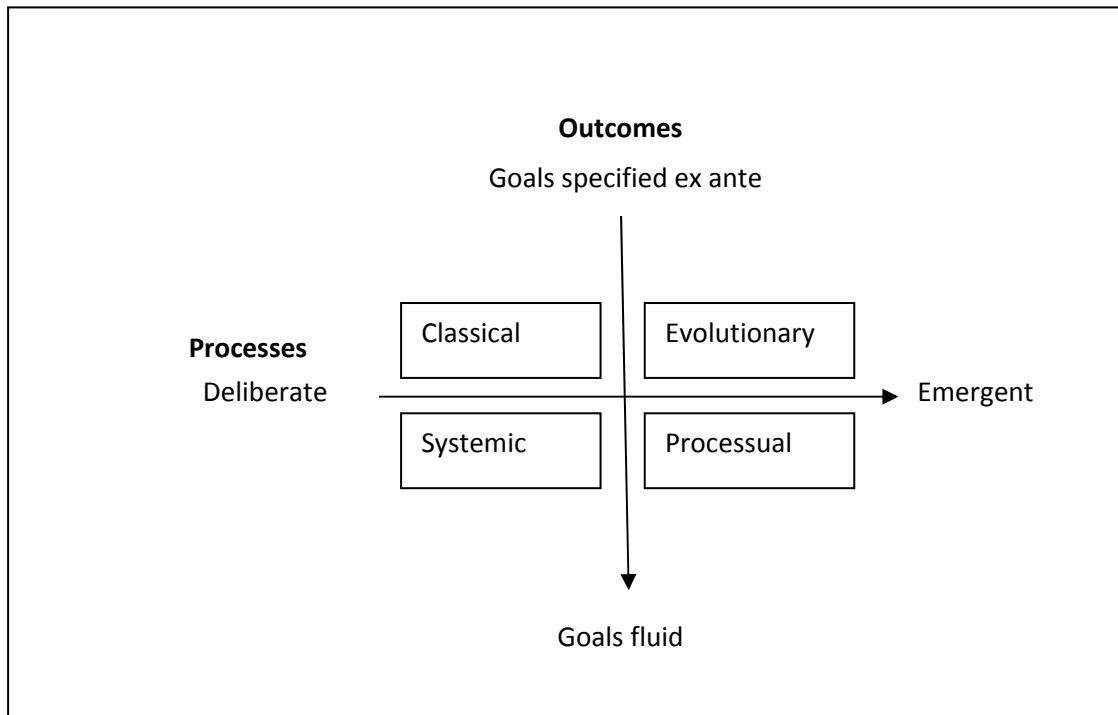
**k) Leeds (demonstration project area)**



# Appendix C: Framework for demonstration project strategy analysis

- C.1 The Mixed Communities Initiative emphasises a strategic approach (i.e. where local partners agree objectives and how to address them) to regeneration, rather than a 'programme' approach in which local agencies deliver specified programmes to meet central government targets. Yet, as noted in the initial report (DCLG, 2009a) there are a number of approaches to strategy making, each with very different assumptions about what constitutes a good strategy and robust approach to strategic planning.
- C.2 Whittington (2001) suggests there are four main 'models':
- The **Classical** rational planning approach, in which strategy comes out of rational, detached and sequential processes of long term planning. Success or failure is determined internally through managerial planning and analysis
  - The more cautious **Evolutionary** approach where the future is seen as unpredictable so there is a concentration on the short term, keeping options open, and a focus on the external environment.
  - The incremental **Processual** approach in which strategy is best seen as an emergent process of learning and adaptation with incremental adjustment and cultivation of core competences. Here the focus is largely internal.
  - The context-sensitive **Systemic** approach in which the ends and means of strategy depend on prevailing systems within which the strategy is situated. Here the focus is external with stress on sensitivity to socio/economic/political context.
- C.3 These models may be arranged on two axes relating to outcomes and processes as shown in Figure C. Classical and evolutionary approaches attempt to set goals and outcomes in advance, while in processual and systemic approaches goals are developed on an ongoing basis. In classical and systemic approaches, strategic processes are deliberate, whereas in evolutionary and processual approaches these may also be emergent. Each approach has different implications for issues such as strategic choice, leadership, implementation and ability to respond to challenges.

**Figure C1: Approaches to strategy (adapted from Whittington, 2001)**



# References

Buron, L., Popkin, S., Levy, D., Harris, L. and Khadduri, J. (2002) *The HOPE VI resident tracking study*. Washington DC: Urban Institute.

Burgess, G., Monk, S., Fenton, A. and Clarke, A. (2009) *Negotiating Mix: Processes for, and constraints upon, negotiations on the affordability mix in new developments, and on how capital receipts are used*.

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