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The Contribution of Housing, Planning and Regeneration Policies to Mixed Communities in Scotland



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**THE CONTRIBUTION OF HOUSING, PLANNING AND
REGENERATION POLICIES TO MIXED
COMMUNITIES IN SCOTLAND**

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1 EXECUTIVE SUMMARY

This short study by the University of Cambridge looked at whether and how housing, planning and regeneration policies in Scotland are contributing to “mixed communities”. In particular, it investigated the ways in which the everyday application of nationwide policies are fostering neighbourhoods which have a mix of **housing** tenures, and which are thus likely to attract households with a range of incomes. The findings are drawn from discussions with 23 national policy leads, data analysts and local practitioners, and from analysis of housing and planning data.

- There are not clear, shared definitions of what “mixed communities” entail, although some would find such definitions useful in their work. Neighbourhoods with high levels of deprivation and with a large proportion of low-income residents are a specific concern which underlies much discussion of mixed communities. It is widely recognised that there is a strong correlation between the location of social housing and concentrations of poverty and deprivation.
- The primary way in which housing, regeneration and planning policies may contribute to mixed communities is by encouraging a mixture of dwelling tenures and types within housing areas. Development of this sort is best able to provide for residents with a mix of incomes, ages and household statuses.
- New social housing delivered solely by public housing grant is much more likely to be located in deprived neighbourhoods than social housing secured with the help of contributions made by developers under Section 75 agreements. Local authorities have made increasing use of Section 75 to provide affordable housing in recent years.
- Set against this, however, an increasing proportion of contributions from developers involve only land or commuted cash payments rather than affordable dwellings on the same site as the new private housing. Whilst greater use of Section 75 may contribute to mixed communities in the future, this is not a given.
- Local authorities differ in how much affordable housing they secure through the planning system. Areas where overall demand for housing is greater are able to seek larger contributions from developers, but this does not explain all of the variation between authorities. Local policy and practice are also significant.

- Mixed tenure development is being used both as an end in its own right and as a practical financing tool in regeneration areas, mainly in the large cities. It is hard to get a national picture of the use of mixed tenure in regeneration from currently available data sources.
- The cross-subsidy that comes from building housing for sale is rarely, if ever, enough alone to meet the whole cost of major regeneration projects. Deprived urban areas often need considerable investment in infrastructure before they can attract private housing investment. Local authorities use a range of funding streams to provide such investment.
- Only in some areas is there need for intermediate housing, such as mid-market rent, shared equity and other types of low-cost home-ownership. The current role of intermediate tenures in mixed communities remains to be researched.
- The majority of parties involved in developing mixed-tenure housing prefer to have affordable and private housing mixed in a relatively coarse grain, with separate blocks or streets for different tenures. Ensuring visual similarity between affordable and private housing in the same development is widely seen as important, but there are several reasons why this is hard to achieve in practice.
- Planners in particular note that mixed tenure, though important, is only one dimension of “mixed” and, more broadly, “sustainable” communities. Some authorities are also bringing forward policies that address the public realm, the mix of dwelling types, and residential densities, though not necessarily in a single unified document.
- There is no evidence that disadvantaged households, such as the homeless, are more likely to be given social housing in the most disadvantaged areas. The allocation of existing social housing appears neutral, as policy suggests it should be, to mixed communities.

2 BACKGROUND, CONTEXT AND METHODS

- 2.1 Although the term “mixed communities” has been current in policy and research for some time, the study confirmed that it remains a somewhat ambiguous term with no single definition. Indeed, several respondents explicitly stated that they would like to have clearer shared definitions available. For this research, “mixed communities” was taken to mean the mixture of households with different social and economic characteristics within residential areas. Characteristics which might be mixed include household composition, presence of children, age and ethnicity. It is however the mixing of households with different incomes which has been of special policy interest. The primary focus of this study is therefore on housing, planning and regeneration activities which seek to avoid spatial polarisation of wealth and poverty, and particularly the concentration of deprived households in particular places.
- 2.2 Wanting to have mix, not segregation, of household types and incomes can flow from an ethical view of what residential areas in a 'good' society are like. This has clear links to the national aspiration of creating **strong, inclusive communities**. Interest in income mix also stems more practically from problems which have emerged in areas which house a high proportion of deprived and low-income households. Some neighbourhoods, most of which were first developed as public housing estates in cities, have in recent decades suffered not only physical decay but social problems. Some working in regeneration feel able to say that this or that estate has 'failed'. If living in a 'failed' neighbourhood with many other deprived households affects residents' outcomes, that runs contrary to the national aspiration to **tackle inequalities**. And, if the decline of such neighbourhoods necessitates repeated policy interventions, it undermines the target to create **sustainable places**. The belief that areas with high concentrations of deprivation are more vulnerable to stress and decline than more mixed areas explains the particular attention to income mix, and hence to tenure mix in policy.
- 2.3 This report acknowledges that the benefits of mixed-income communities are disputed. The research did not try to evaluate whether mixed communities are the most effective or efficient way to secure specific social policy objectives. Statements in this report that some approach or policy may promote mixed communities should not be taken as suggesting that it is therefore necessarily a

desirable policy to pursue. Several recent reports have summarised the policy questions and the history of interventions in the UK¹. A wider review of the UK evidence on mixed tenure has been undertaken as part of the [GoWell](#) research programme. This involved a critical review of past reviews and syntheses of mixed tenure research² and a systematic review of primary and secondary research on mixed tenure in the UK.

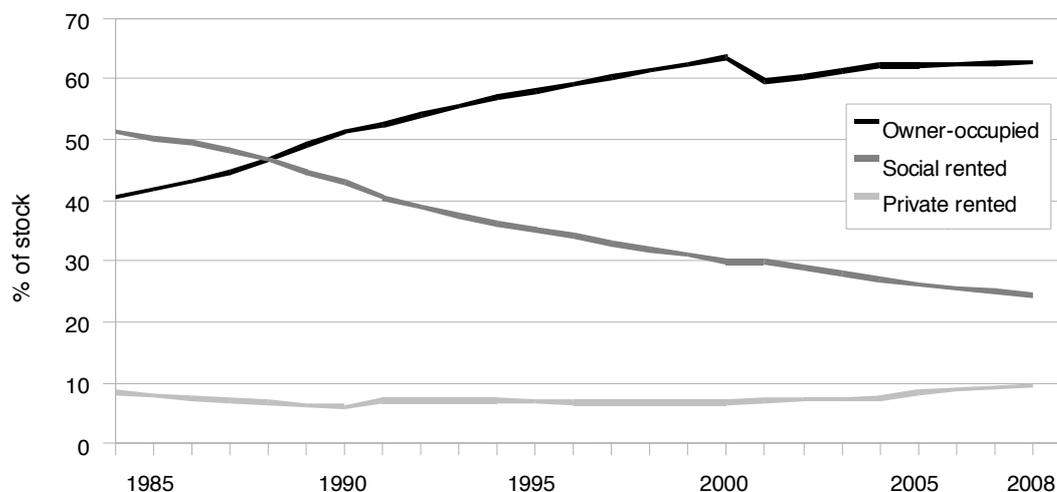
Which policies might contribute to mixed communities?

- 2.4 There is no specific “mixed communities” policy in Scotland. Mixed communities are relevant to a wide spectrum of housing, planning and regeneration activities. Some of these are national policies, such as the allocation of public funds to build new housing or carry out physical regeneration. Some are powers which local authorities have discretion to use, such as the granting of planning permission. The national government issues guidance and recommendations to local authorities, but outcomes are also determined by the activities of non-state actors such as private developers and registered social landlords (RSLs), as well as by the preferences of households and individuals. The state does not tell people where to live, or housebuilders what they ought to build. Powers to permit development are reserved by the state, but with the presumption that these powers are used for fairly narrow planning ends, such as preventing nuisance and eye-sores, and ensuring public goods like effective transport are provided.
- 2.5 Given this, producing a complete list of policies and legislation and then assessing each one's contribution to mixed communities is not straightforward. Instead, to understand the part played by different government activities, one might start by looking at the current national position in housing and deprivation, and then thinking of the general kinds of policies and practices that seek to alter this position locally. One key feature is that during the past quarter-century, there has been substantial change in the overall mix of housing tenure (see Chart 2.1). The social rented sector has decreased considerably in size, largely in favour of owner-occupation.

¹ Tunstall, R. & Fenton, A. (2006) **In the mix: A review of mixed income, mixed tenure and mixed communities: what do we know?** London: Housing Corporation; Gregory, J (2009) **In the Mix: Narrowing the gap between public and private housing.** London: Fabian Society.

² Bond, L., Sautkina, E. & Kearns, A (forthcoming 2010) ‘Mixed messages about mixed tenure: do reviews tell the real story?’ Forthcoming – accepted by Housing Studies.

Chart 2.1 Housing tenure in Scotland 1984-2008

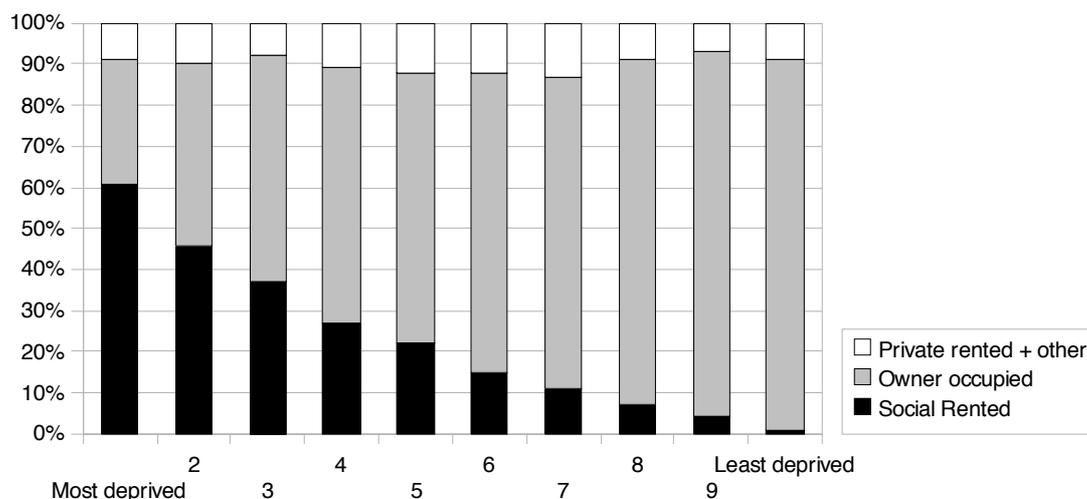


Multiple sources: GROS; Census; Scottish Household Survey. Figures before 2001 are not directly comparable with later figures.

2.6 This has come about through sitting tenants exercising their right to buy local authority homes, and through selective demolition of unfit and hard-to-let stock. These have affected some kinds of dwellings, some neighbourhoods, and some regions, much more than others. One implication of the reduction in the social sector's size is that it has increasingly come to house mainly households that are income-poor or otherwise deprived. Spatial concentrations of deprived households and people have thus become closely tied to spatial concentrations of social housing. Social rented housing is the majority tenure in the 10% most deprived areas, and is the commonest tenure in the next 10% (see Chart 2.2)³.

3 Due to the way Scottish Index of Multiple Deprivation (SIMD) is constructed the differences in absolute rates of deprivation measures are not even between each decile (10% group). The absolute rates of people and households experiencing, for example, income poverty, are very much higher in the first decile than the second, and much higher in the second than the third. The absolute difference in poverty rates and unemployment between the sixth and seventh deciles, for example, is much less. Neighbourhoods in the top 10% and top 20% most deprived are very much "worse" than the rest. The 15% most deprived neighbourhoods are often picked out in Scottish Government policy analysis, although deciles are used here as they are consistently available in different data sets.

Chart 2.2 Housing tenure by deprivation deciles



Source: Scottish Household Survey 2007, using SIMD 2004

2.7 Given this strong link between housing tenure and deprivation, we can identify a set of types of housing, planning and regeneration policies which might lead to communities with a greater mix of incomes. Firstly, there are people-based policies which aim to change people's circumstances so that, for example, some households within an area are no longer deprived. If those households do not move, deprivation rates will fall. Secondly, there are policies which seek directly to enable or encourage movement of people so that more mixed communities are fostered. If non-deprived households move in number into low-income areas, local deprivation rates will fall, although the national incidence of deprivation will not. Thirdly, there are policies which change the housing mix in neighbourhoods, providing new housing which will attract residents who will make it a more mixed community. Further, using a fairly crude distinction, policies might be aimed at deprived areas, where the intention is to reduce the proportion of deprived households, or at better-off areas where the intention is increase the proportion of deprived people. Table 2.1 summarises this way of categorising mixed communities policies, with examples of relevant activity in Scotland.

Table 2.1 Types of housing, planning and regeneration activities that might contribute to mixed communities; examples in square brackets are social processes rather than policies

	People-based policies	Influencing population movement	Changing housing
Aimed at deprived areas	<ul style="list-style-type: none"> ▪ Person-based regeneration ▪ [upward social mobility] 	<ul style="list-style-type: none"> ▪ [gentrification] 	<ul style="list-style-type: none"> ▪ Housing-led estate regeneration ▪ Estate-based low-cost home ownership schemes
Aimed at non-deprived areas	<ul style="list-style-type: none"> ▪ [downward social mobility] 	<ul style="list-style-type: none"> ▪ Strategic use of housing benefit in private rented sector 	<ul style="list-style-type: none"> ▪ Some new affordable housing investment ▪ Section 75 contributions ▪ Some intermediate housing schemes

2.8 With this overview in mind, we can look at each of the policy areas and consider what specific policies and practices might be relevant to achieving mixed communities.

Housing

2.9 Housing policies are taken to be needed where the market fails to provide adequate housing at an affordable cost. Therefore, they include a number of activities relevant to mixed communities, including housing investment, social housing allocations, and personal subsidies for housing. Local Housing Strategy Guidance for Local Authorities suggests taking account of the principles of creating mixed communities as a means of guarding the sustainability of their stock and preventing concentrations of deprivation. This must be set against the imperative that funds be used as efficiently as possible to provide housing for those in need. Practically, it is much more expensive to build social housing in the most affluent areas, because land is, on average, more expensive there. Data on affordable housing investment are analysed in detail in Chapter 3. Investment has also been made in various forms of **intermediate housing**, which is more lightly subsidised, and aimed at different beneficiaries; the spatial distribution of intermediate housing may bear on mixed communities.

2.10 There are existing policies on the **allocation of social housing** which prescribe that it is done solely on the basis of need. It is important to monitor whether or not this means that in practice the most disadvantaged households are most likely to get tenancies in the most deprived areas; this is done in

Chapter 3 using SCORE data on allocations to homeless households.

Personal housing subsidies such as Housing Benefit may contribute to mixed communities if they enable people to continue to live somewhere they would not otherwise be able to afford. The role of Housing Benefit has not been examined in detail for this paper; there is scope to look further at its role in mixed communities in future research.

Planning

2.11 Planning policies have become increasingly important in the delivery of new social housing. Local authorities are empowered to seek on-site provision of affordable housing as a condition of granting permission for private development. Provision can be secured through a legal agreement made under Section 75 of the planning act. The guidance in the former SPP3 guidance (now part of the Scottish Planning Policy document) provides an overall framework for this, advising that “the benchmark figure is that each site should contribute 25% of the total number of housing units as affordable housing”. Depending on how local authorities choose to implement Section 75, it may contribute to mixed communities by creating new mixed-tenure neighbourhoods. This paper includes detailed analysis of how Section 75 policies are working at present.

2.12 More broadly, national policies give local authorities powers to guide development through their **local development plans** and associated guidance. Local plans cannot prescribe tenure, but can contribute to broad mixed communities objectives. For example, local planning policies may require a mix of dwelling types which is suitable for different household types and sizes. In this way, planning policy can encourage housing development which can accommodate a community that includes households at different stages in the life course. National and local planning policies also play the central role in promoting **mixed-use** and **sustainable** development, which, as discussed in the next section, are concepts closely related to mixed communities.

Regeneration

2.13 Following the observation above that one way to create more mixed communities is to improve the circumstances of deprived people in deprived areas; there are major national streams of **people-based regeneration** funding. The Fairer Scotland Fund is much the largest of these. It is used by local authorities and their partners to carry out regeneration projects, with an

increasing emphasis on employment-related work. As part of the Concordat between national and local government in Scotland, the ring fence associated with the Fairer Scotland Fund ended in March 2010, with the sums allocated to local authority areas rolled up within general settlements to local government from 2010/11. An investigation of the role of the Fund was not possible in this research. However, given that its allocation is expected to have regard to deprivation measures like the SIMD, positive outcomes from funded interventions should contribute to mixed communities objectives. The links between housing and deprivation are explicitly recognised by the smaller, though still substantial, Wider Role funding available to RSLs.

2.14 In practice, regeneration practitioners deploy a range of funding sources and approaches in accordance with locally specific needs and opportunities. There are national funding sources for **physical regeneration**, such as the Town Centre Regeneration Fund and the Vacant and Derelict Land Fund. One question is whether local authorities are able to use these funds strategically to support holistic regeneration of deprived areas that leads to mixed communities. Similarly, **bending of mainstream funding**, for health or education for example, may be desirable to assist local regeneration. Lastly, the inclusion of new private housing within the regeneration of deprived social housing areas may provide funding by **cross-subsidy** as well as leading to the creation of mixed-tenure and mixed-income neighbourhoods. Important questions here include both how much can be achieved by such cross-subsidy, and whether the national policy environment facilitates this kind of approach. Unfortunately this kind of complex regeneration activity is not easily summarised in numeric data, and the study could look at only a small number of examples. The findings in relation to complex, long-term area regeneration projects should be seen as tentative.

Related concepts

2.15 As noted above, “mixed communities” do not have a definite and commonly accepted definition, and it is thus worth commenting on two related terms. “**Mixed use**” is considered to be an adjunct but distinct concept which addresses spatial patterns of land use. It describes an organisation of uses where, for example, employment, commercial and residential uses are located in the same space, or nearby enough to enable easy movement between them. Its opposite is segregation of uses into distinct zones between which movement takes some time. Mixed use was not addressed in this study for two reasons.

Firstly, mixed-use development in Scotland has been researched and reported thoroughly in other recent work⁴. Secondly, it relates foremost to built form and the mix of legally designated uses, whereas mixed communities relates to people and housing tenure. The two, of course, intersect when one thinks about how people interact with the built environment, and how built form supports or discourages different kinds of interaction among people. This is important given that control of the built environment is one of the few levers available to planning policy to influence individual behaviour.

2.16 “**Sustainable communities**” is another related concept, broader and perhaps even more nebulous than mixed communities. Mixed communities may be seen as socially sustainable in that it is thought that they do not need repeated interventions for regeneration and renewal. Sustainable development however also addresses immediate and long-term ecological impact, environmental quality and adaptability. A series of demonstration projects have recently been brought together under the umbrella of the Scottish Sustainable Communities Initiative (SSCI). This will provide clearer definitions and examples for policy and practice in Scotland. This may include lessons for mixed communities, and some of the projects examined for this study are also part of the SSCI.

2.17 Lastly, in common parlance, as opposed to policy terminology, “**community**” is understood to mean not only the people who live in a place, but also some degree of interaction, solidarity or identification amongst them. Similarly, promoting mixed communities is sometimes taken to mean not only promoting greater mix in the composition of neighbourhoods, but also encouraging social interaction among people of different social class, age, ethnicity and so on. This kind of interaction is hard for state intervention to promote directly, although, as noted, shaping the public realm by planning policy is one tool. Education policies on the allocation of school places may be important indirectly, as, more directly, may be programmes for “community development” or “cohesion”. However, these latter all fall outside the scope of this study.

4 Douglas Wheeler Associates et al (2009) **Barriers to delivering mixed use development**. Scottish Government Social Research.

Research methods

- 2.18* The research was carried out under Communities Analytical Services' framework agreement with the Centre for Housing and Planning Research at the University of Cambridge in November and December 2009. The starting point was a position paper, produced by the "Creating Places" team in the Regeneration Division, and a round-table discussion with national policy leads on housing investment and management, planning and architecture and regeneration. This suggested that whilst higher profile initiatives such as the SSCI were well known and well described, less was known about how the everyday operation of mainstream policies, some with large monetary value, might be contributing to mixed communities. Detailed follow-up telephone interviews were carried out with 13 local practitioners in housing, planning and regeneration across Scotland, mostly in urban and mixed urban/rural authorities. Further phone interviews were carried out with a small number of selected national policy leads and analysts. Centrally collated statistical sources were reviewed for their potential to serve as evidence on policy contributions to mixed communities. With the assistance of Scottish Government statisticians, original analysis was done using these sources to address specific questions.
- 2.19* The study was intended as a rapid survey of a broad area. Whilst efforts were made to contact practitioners working in different parts of the country and in different types of organisation, the number of interviews was small and they were not systematically selected to be representative of the national picture. The findings in this report should thus be considered indicative rather than final.

3 FINDINGS

Mixed communities in the delivery of new housing

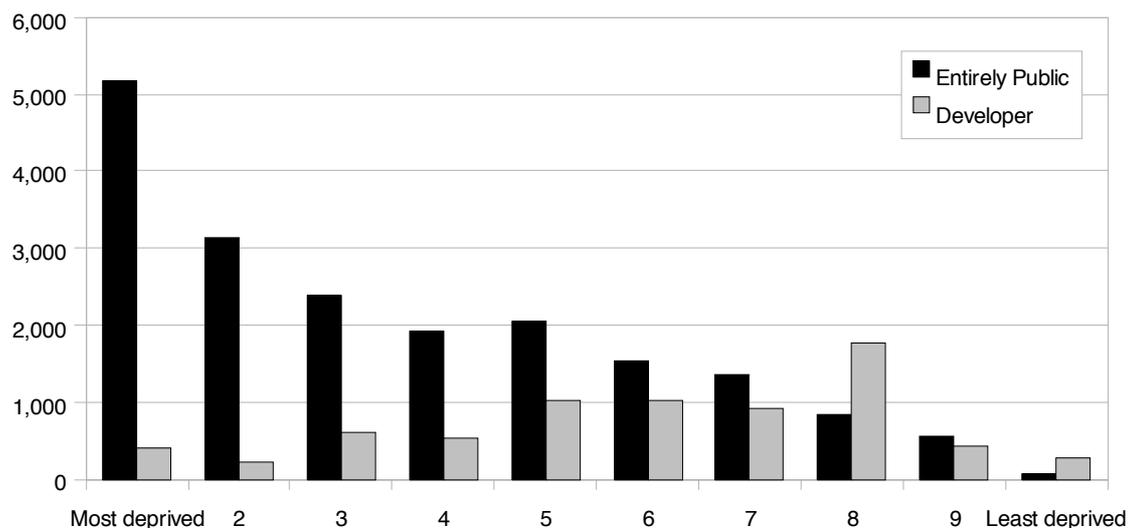
- 3.1 *New social housing delivered by public housing grant alone is much more likely to be located in deprived neighbourhoods than social housing secured with developer contributions under Section 75 agreements.*
- 3.2 There are two main sources of investment in new social housing in Scotland. One of these is grant from central government funds, which is allocated to developing housing associations by a tender process for the delivery of sites. The other is Section 75 agreements between private developers and local authorities, under which the developer makes a contribution of land, housing, money or infrastructure as a condition of planning permission. In practice these two sources are often combined in a single development. For example, a developer may contribute a parcel of land within a larger site, and grant funding is then used to build public housing on that land.
- 3.3 The importance of the planning system in delivering land for new social housing has grown. In the four years 2005/06 to 2008/09, planning permission was granted for just over 26,000 affordable dwellings. Of these, around three quarters were entirely publicly funded, with the remainder having some developer contribution⁵. The proportion coming from developer contributions has increased slowly over the past four years as local authorities are making more use of planning policies to secure social housing. Between 2005 and 2009 the number of planning permissions which required contributions for affordable housing rose from 126 to 541 (AHPC dataset). This is not explained by there being more private sector housebuilding: the number of starts remained broadly level 2005 to 2007, and fell off in 2008. Therefore it must be down to the increased willingness of local authorities to use introduce and enforce these powers.
- 3.4 A crucial question is how, overall, new social housing secured through these two avenues is contributing to mixed communities. It is important because affordable housing investment is a heavily funded programme which potentially

5 For comparison, in England in 2004/05, a majority of new social housing was delivered through the equivalent planning mechanism, Section 106, rather than by grant or other means. See Crook et al (2006) **Delivering affordable housing through Section 106: outputs and outcomes**. JRF.

affects all parts of the country. Total public funding to the Affordable Housing Investment Programme was £584m in 2007/08; developer contributions are additional to this⁶. This is large relative to, for example, total central spending on physical regeneration, which is of course concentrated in particular areas.

3.5 Planning data show that new affordable housing through developer contributions is located in quite different neighbourhoods to that funded by grant. Of the wholly publicly funded units, 44% were located in the top 20% most deprived areas by the Scottish Index of Multiple Deprivation (SIMD) 2009, compared to 9% of those with developer contributions (see Chart 3.1). The increasing use of the planning system to secure affordable housing is also increasing the amount of new social housing that is built in less deprived areas.

Chart 3.1 Planning permissions for affordable housing units 2005-2009, by SIMD 2009 deciles



Source: Affordable Housing Planning Consents dataset

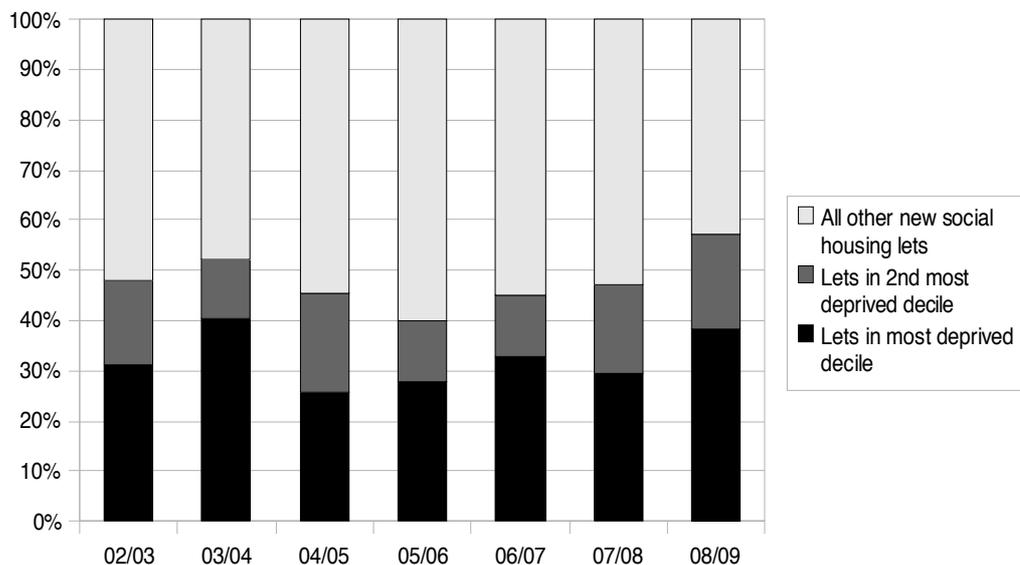
3.6 There are disadvantages to using planning records as a data source. One shortcoming is that planned dwellings may be delayed or not built at all. This could be particularly relevant recently as private developers elect not to start work on sites with planning permission until the market improves; associated affordable housing may also then not go forward. Also, housing investment

⁶ The value of developer contributions under Section 75 and similar mechanisms in Scotland was estimated for 2004-07 in McMaster et al (2008) **An assessment of the value of planning agreements in Scotland**. Scottish Government.

managers take advantage of incidental opportunities to acquire properties for social rent that were not built for that tenure. Such properties are seen as offering good value with the proviso that they meet the somewhat higher space standards demanded for social housing.

3.7 Another way of looking at trends in the location of new social housing is through SCORE, which collates the majority (85%) of lettings of RSL housing. Each letting record shows whether the property being let is new to the social sector – normally by new build – as well as the location of the property. Chart 3.2 shows that in the past seven years, between 40% and 60% of first-time lettings of new properties were in areas in the top two deciles of deprivation. Although 2008/09 has the highest proportion in deprived areas, there is no discernible trend over time, confirming the finding from planning records that there are strong tendencies for new social housing to be located in existing deprived areas.

Chart 3.2 First-time lets of new social housing, by deprivation deciles of property location (2002/03 - 2008/09)



Source: SCORE

3.8 This indicates that Section 75 is contributing to mixed communities. Interviews with local practitioners showed that this is partly a result of where land is available and affordable for RSLs doing grant-funded development. Land in more deprived and less “desirable” locations is typically considerably cheaper

than in less deprived areas in the same wider locale, enabling more efficient use of limited grant. Moreover, in built-up areas, there may be an absolute shortage of land available for development, and local authorities working in such areas are particularly keen to get on-site contributions of land or housing through Section 75. One way in which RSLs may be able to acquire land is from local authorities; local authorities sometimes have vacant sites available which adjoin areas with large amounts of existing social housing. Clearly, development of social housing on such sites will tend to place it near existing areas of same-tenure dwellings. However, this source of land for development of affordable housing may come under pressure where local authorities undertake their own development programmes again, as a small number have in recent years started to do.

Section 75 payment and land contributions

3.9 A growing proportion of Section 75 contributions are being made as commuted payments rather than in kind, as completed dwellings. Local authorities are more likely to accept commuted payments in lieu of affordable dwellings on development sites which are located in less deprived areas. This reduces the contribution of Section 75 to providing new social housing in non-deprived areas, and so to mixed communities.

3.10 Local authorities have discretion not only in whether they levy Section 75 payments, but also in negotiating the form of the contributions with developers. Developers may satisfy their obligations by providing completed dwellings as affordable housing, as shown in the charts above. However, they may instead make payments in cash to be used for affordable housing elsewhere in the district (“commuted payments”), or contribute land. The land contributed may be part of the development site, or come from the developer's land bank somewhere else in the district; in either case, the expectation is that grant funding will be used to erect affordable housing on the contributed land. These different kinds of contributions have different implications for mixed communities. Contributions of dwellings mean that the new affordable housing will be close to new private housing, and likely in a non-deprived area. Commuted payments are likely to be used to fund social housing in the more deprived locations typical of public-funded projects. Where the contribution is land the implications are hard to assess.

3.11 Given this, it is significant to find that a falling proportion of contributions are being made as on-site provision of affordable housing (Table 3.1). This table shows the Section 75 contributions assessed for all private housing development sites outside the most severely deprived areas in the bottom two deciles. In 2005/06 fewer than a half the sites had only commuted payments or, much less often, land contributions; the majority of agreements involved on-site provision of affordable housing. In the two most recent years, with much greater activity overall, fewer than a quarter still included contributions of units. This trend may to some degree be undermining the contribution of Section 75 to mixed communities in Scotland.

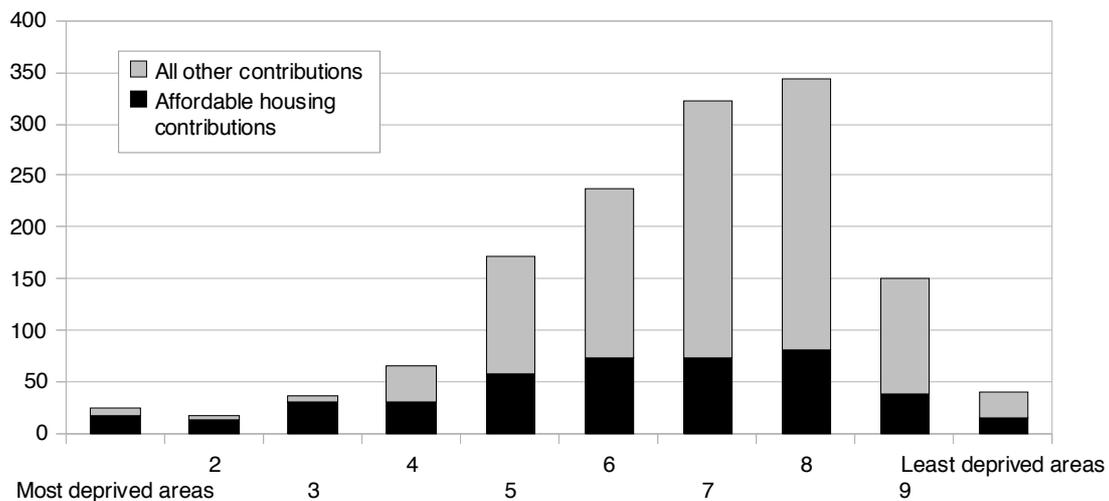
Table 3.1 Private housing sites in non-deprived areas (3rd to 10th SIMD deciles) where a developer contribution to affordable housing has been made (2005-2009)

	Sites in non-deprived areas with developer contribution to affordable housing	Of those sites, those with no units contributed, only land or payments	% with no units
2005/06	120	53	44%
2006/07	244	156	64%
2007/08	480	366	76%
2008/09	525	399	76%

Source: Affordable Housing Planning Consents dataset. Note that figures are numbers of sites, not dwellings.

3.12 The implications of this are clearer when one looks at the location of development sites which are permitted to make contributions of commuted payments or land rather than on-site dwellings (Chart 3.3). The bulk of planning proposals assessed for Section 75 contributions fall in the middling deprivation deciles – but these developments in non-deprived areas are less likely to include affordable housing on the site. Local authorities are permitted to assess for each site whether it is reasonable and viable to expect on-site affordable housing as the contribution; this assessment is negative much more often where the private housing is proposed in less deprived neighbourhoods.

Chart 3.3 Private developer sites where a developer contribution to affordable housing has been made by SIMD deciles (2005-2009). Showing separately those with dwellings contributions and those with other contributions.



Source: Affordable Housing Planning Consents dataset.

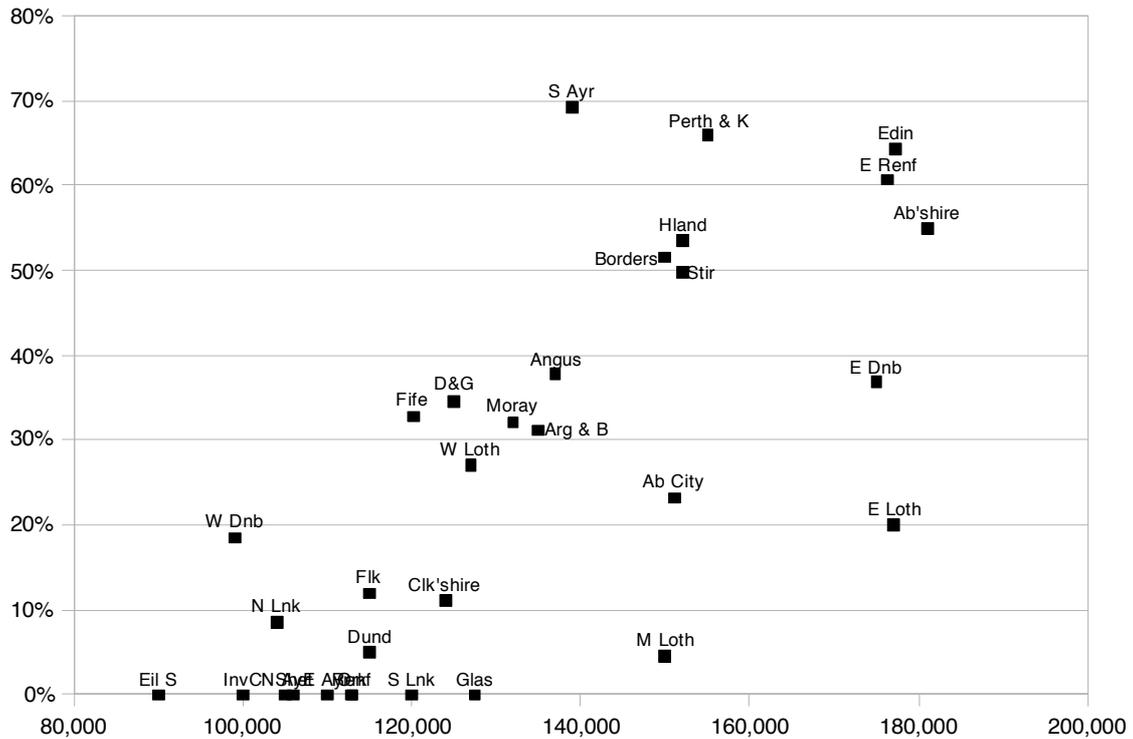
How much affordable housing is secured through the planning system?

3.13 There are large differences between local authorities in how much affordable housing they secure through the planning system. Areas with greater demand for housing are able to seek larger contributions from developers, but this does not explain all of the variations between authorities.

3.14 The above findings suggest that affordable housing secured with the assistance of Section 75 agreements is more likely to be located in less deprived areas. Local planning authorities have the power to set out their expectations for Section 75 agreements in their local plans, and planners working in local authorities have discretion in the negotiation of each planning application. There is wide variation in how Section 75 is being used in practice, relative to the benchmark of 25%. In recent years, a small number of local authorities have secured over half their planned affordable housing through developer contributions rather than public grant (Chart 3.4). These authorities are mostly in areas with high housing demand and high house prices. Where housing demand is high, developers are able to make larger contributions of land, housing and shared infrastructure while still having a financially viable development. Other authorities have not sought any affordable housing through the planning system. Chart 3.4 shows that there is a strong positive relationship

between house prices, an indicator of housing demand, and the proportion of affordable housing that is secured through Section 75. Nonetheless, there is considerable additional variation between authorities.

Chart 3.4 Local Authorities, percentage of units of planned affordable housing 2005-09 secured through developer contributions, by 2007 median house price



Source: Affordable Housing Planning Consents dataset, prices from Registers of Scotland via Scottish Neighbourhood Statistics

3.15 The interviews found that many local authorities prescribe a percentage of affordable housing contributions in their planning policies. Where local authorities include multiple areas or settlements with varying housing demand, percentages may be specified separately to reflect housing demand and need. Some local authorities where housing demand is weaker, or which have enough social rented stock to meet need, do not prescribe a percentage of affordable housing. This can be because local authorities are keen to encourage any private housing development within their boundaries, where it might take place on brownfield sites. Overly onerous Section 75 requirements risk pushing housebuilders to develop sites in adjoining authorities instead, possibly on greenfield sites. Other authorities do not prescribe affordable housing contributions because they wish to retain flexibility in negotiating for

the provision of other kinds of infrastructure within the planning process. Authorities also vary in how much land, historically, they owned; those that own more may prefer to get funding to build housing on their own sites, rather than depend on Section 75 for the dwellings themselves.

Intermediate housing

3.16 Only in some areas is there need for forms of intermediate housing, such as mid-market rent, shared equity and other types of low-cost home-ownership. The current role of intermediate tenures in mixed communities remains to be researched.

3.17 Intermediate housing of various forms has been developed in many areas, and may play a part in overall neighbourhood tenure mix. Where market prices are high, intermediate housing may enable more middle-income households to live in new developments. Some local authorities also build small amounts of intermediate housing near to existing social housing in order to test and demonstrate the demand for owner-occupied housing in that area. Research was commissioned on this type of tenure diversification in the late 1990s, and a 2001 report includes numerous case studies⁷. However, in many parts of Scotland, the gap between open market prices and social rents is relatively small and so the scope for intermediate housing is limited. No clear picture of the current contribution of intermediate housing to mixed communities emerged from the practitioner interviews for this study. Further analysis of Scottish Government administrative data on properties purchased with LIFT subsidy may provide additional insight into how current intermediate housing policies are contributing to mixed communities.

Mixed communities in regeneration

3.18 Mixed tenure development is being used both on principle and as a practical financing tool in regeneration areas, mainly in larger urban areas. It is hard to get a national picture of the use of mixed tenure in regeneration from currently available data sources.

3.19 There are high-profile initiatives such as the Urban Regeneration Companies which are undertaking major physical and social regeneration of deprived areas in Scotland. Local authorities are also undertaking their own renewal efforts in

⁷ Beekman, T., et al. (2001) **Improving the Understanding of the Influence of Owner Occupiers in Mixed Tenure Neighbourhoods**. Edinburgh: Scottish Homes.

deprived neighbourhoods, very frequently those with much social housing. Local practitioners interviewed noted that the selection of renewal areas stems firstly from housing management concerns, such as meeting targets for housing improvement, and low demand and high turnover for certain types of dwelling in unpopular areas. Deprivation indicators may be an additional tool for selection, but they are not the starting point; mixed-tenure housing regeneration is not being undertaken solely to address concentrations of poverty.

3.20 In the relatively small number of projects examined, mixed tenure is an objective in the regeneration, reflecting a desire to have a more socially mixed population in the regenerated neighbourhood. It is also a practical mechanism to offset the cost of regeneration where sales of land for private development raise funds for replacing cleared affordable housing or undertaking other physical improvements. This kind of physical and housing regeneration may be linked to people-based programmes for existing residents. For example, in Maryhill in Glasgow, training in hard and soft landscaping is being funded for local residents, linked to the physical enhancements of the waterside areas which are part of the current regeneration work.

3.21 While local initiatives such as the Transformational Regeneration Areas in Glasgow are well described, it is hard to quantify the extent of this kind of mixed-tenure regeneration nationally. Planning and housing statistics record demolitions, private development and new affordable housing separately, and there are difficulties in geo-referencing some of these data. The Single Outcome Agreement for reporting means that spatial differences within local authorities are not normally nationally recorded. Instead, authorities tend now to report summary figures for deprivation indicators and the achievements of regeneration projects. This somewhat inhibits the ability to understand and compare neighbourhood-level trends and outcomes outside of nationally collated statistics.

3.22 It is worth noting that these regeneration efforts follow an established tradition of mixed-tenure approaches to neighbourhood and estate renewal in Scotland. Many of these interventions have been subject to extensive evaluation⁸. A review of this literature was not part of this research, but it should be noted that

⁸ Major regeneration areas as Crown Street and Castlemilk in Glasgow, Wester Hailes and Niddrie in Edinburgh and Ardler in Dundee have had much written about them, although the original evaluation reports are no longer easily accessible as they pre-date widespread use of the web.

there is a substantial amount of published information available on practices, policies and outcomes of mixed-tenure regeneration⁹.

Cross subsidy as a funding source for regeneration

3.23 Cross-subsidy from building housing for sale is rarely, if ever, enough alone to meet the whole cost of major regeneration projects. Deprived urban areas often need considerable investment in infrastructure, and local authorities are using a range of funding sources to fund this.

3.24 While cross-subsidy from mixed-tenure development can support regeneration, it is typically not available to meet up-front infrastructure costs, and is vulnerable to market conditions. Investment is often needed to address the problems that have contributed to the decline of deprived neighbourhoods, such as inaccessibility, limited facilities and a degraded public realm. Without this kind of up-front investment, there may be no viable private development opportunity. Mixed tenure regeneration therefore almost always depends on there being funds available to do non-housing investment. Furthermore, as with new housebuilding, creating attractive neighbourhoods with a high degree of integration across tenures may require more expenditure and expertise than mono-tenure development.

3.25 Local authorities are deploying a range of funding sources to carry out infrastructure work. Aside from the major bulk grants, prudential borrowing and European funds, specialist Scottish Government regeneration funding streams include the Vacant and Derelict Land Fund and the Town Centre Regeneration Fund. These are being used, for example, to improve road layouts, enhance the physical environment, and carry out surveys or decontamination of brownfield land. Even so, the availability of public funding for major infrastructure constrains housing regeneration.

3.26 Aside from special funds, mainstream investment in health and education facilities can be co-ordinated with housing regeneration. The research found, for example, agreements to co-fund a new health centre within a regeneration area. This kind of mainstream investment obviously does not itself change the residential mix of an area, but may play a role in attracting better-off

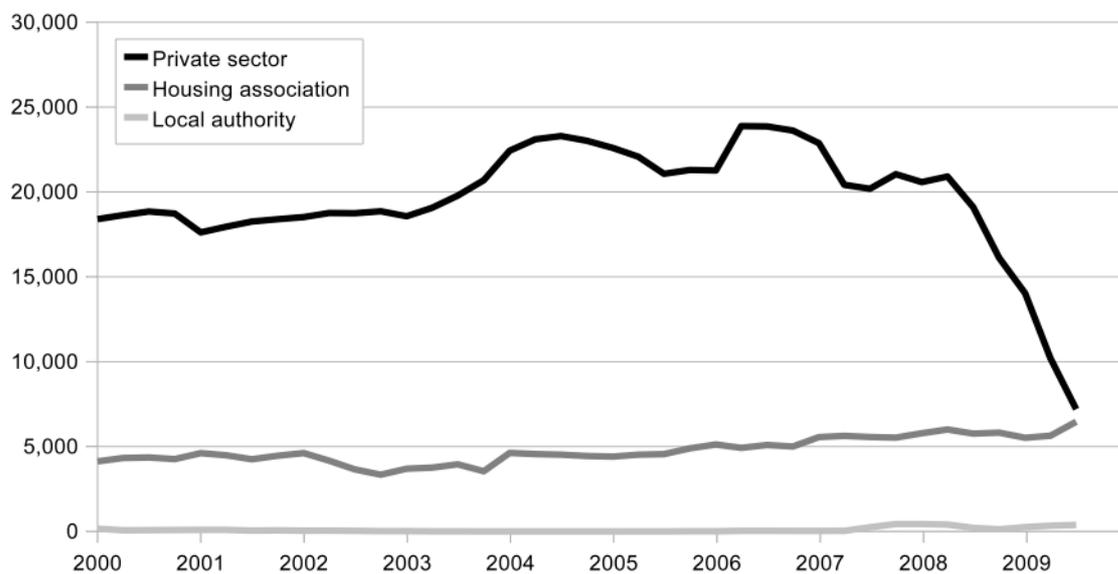
⁹ For example, Atkinson, R. and Kintrea, K. (1998) **Reconnecting Excluded Communities: The Neighbourhood Impacts of Owner Occupation**. Edinburgh: Scottish Homes; Pawson, H, et al (2000) **Assessing the impact of tenure diversification: The case of Niddrie, Edinburgh**. Edinburgh: Scottish Homes.

households to areas that have been seen as less desirable, as well as improving service provision for existing residents.

Implications of the housing market downturn for mixed communities in housing and regeneration

3.27 The weakness of the housing market has severely curtailed private development activity. This has reduced delivery of affordable housing through Section 75 agreements, and has caused adjustments to the phasing and tenure structure of mixed developments.

Chart 3.5 New housing starts by sector, four-quarter rolling totals



Source: Scottish Government Housing Statistics

3.28 The fall in prices and volume of private house sales since 2008 has had a severe effect upon the amount of private housebuilding activity (Chart 3.5). Developers are unwilling to start new sites or push ahead with sites underway whilst there is a risk of being unable to sell the completed units.

3.29 This has several implications for mixed communities. Firstly, the delivery of affordable housing through the planning system is limited; local authorities with a large number of planned units may see completion of only very few. In regeneration sites, grant may be used to increase the number of units for social rent in current phases in order to have some development activity going ahead. This can reduce developers' risk, retain skilled labour, and increase residents' confidence in regeneration. However, it can also mean that the proportion of

affordable housing in the final development will be greater than planned, or that the planned timing and distribution of tenures on a site has to change. This implies that in some cases, there is a shift in the kind of mix that will finally be achieved away from the original vision.

Spatial planning and the design of mixed communities

3.30 The majority of parties involved in developing mixed-tenure housing prefer to have affordable and private housing mixed on a relatively coarse grain, with separate blocks or streets for different tenures. Ensuring visual similarity between affordable and private housing in the same development is widely seen as important, but there are considerable obstacles to achieving this.

3.31 How finely mixed or “pepper-potted” housing needs to be depends on how mixed communities are thought to be beneficial. Benefits that rely on social interaction might imply a need for relatively fine-grained mixing, whereas those that stem from having a more mixed population in a wider area do not. Interviewees stated that it is simpler to develop a smaller number of larger plots within a whole site, and RSLs prefer to manage clusters of social rented dwellings. Further, the times when public housing grant is available often do not coincide with when private developers wish to start work, so neither party wishes to tie affordable and market housing development too closely.

3.32 The importance of achieving visual integration of affordable and private housing within sites is widely acknowledged. Many respondents could think of bad examples where the social housing was markedly different in appearance and segregated on one part of a development. However, the mechanisms for ensuring tenure integration are not as clear, and there are pressures against it. Developers and, increasingly, RSLs use their own standard house types in the interests of efficiency, which may not look alike. Each sector has requirements – for example, space standards for social housing, or garages and en-suite bathrooms for market housing – that the other sector may not wish or be able to afford to meet. The somewhat subjective nature of spatial and visual integration of tenures mean that it is hard to get an overall picture of actual outcomes and progress from the small number of interviews conducted.

Links between housing and planning policies

3.33 Mixed tenure is frequently seen as an important component of more broadly 'sustainable' communities. However, housing policies on tenure mix are not

always explicitly linked to planning policies on dwelling types, densities, transport and the public realm.

3.34 Mixed communities are linked in policy to broader efforts to develop more sustainable neighbourhoods and communities. Sustainable communities, such as the exemplars in the Scottish Sustainable Communities Initiative, seek to address a wide range of concerns including the ecological impact of housing and transport, quality of open space and public realm, mixture of uses, and appropriate densities and mixes of dwelling types. These concerns are also being taken forward in local policies. Some councils are beginning to implement quite specific guidelines in these areas. For example, some are looking to require that, where possible, developments include larger accommodation. This need for this type of guidance stems from a perceived over-provision of smaller units in recent developments in some areas. In the private sector, of course, there is no guarantee that larger dwellings will necessarily become occupied by families. However, their inclusion in a site does mean that it potentially can meet the housing needs of a wider variety of household types, including, for example, households with children.

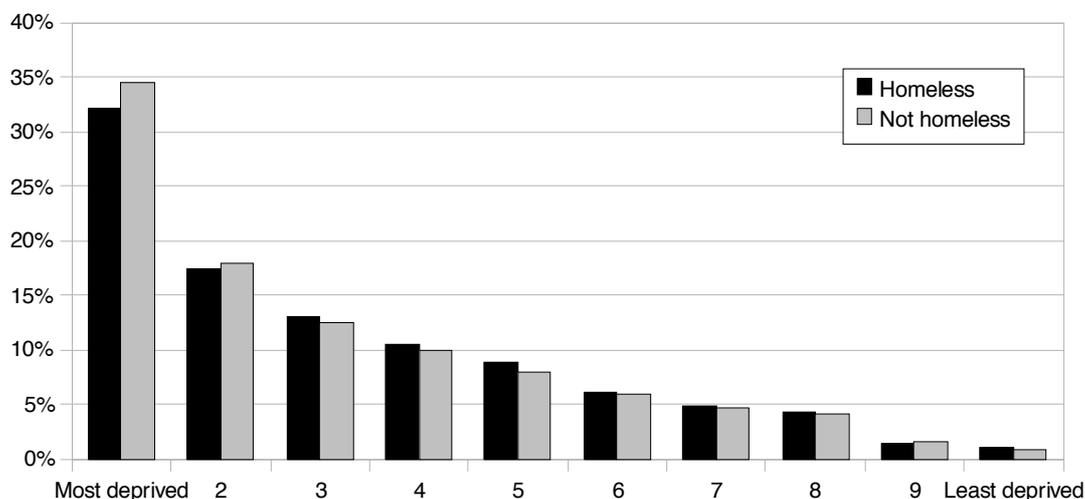
3.35 There are not always formal links between these kind of policies on sustainable communities and affordable housing policies. For example, the need for certain types of dwellings in the affordable sector may be part of an authority's housing policy, requirements for affordable housing contributions may be part of planning policy, then guidance on the public realm and dwelling mix in the private sector may be a separate document in planning policy. This follows from the functional organisation of most local authorities. In practice, planning and housing staff typically co-operate; for example, planners may defer to housing strategy officers in the negotiation of the specific types of dwellings to be sought in affordable housing contributions under Section 75. However, the separation of spatial planning and affordable housing policies may mean that consideration of the management of mixed-tenure areas, or how households of different backgrounds make use of shared and public space are addressed only after a site has been completed.

Housing management and housing allocation

3.36 *There is no evidence that disadvantaged households, such as the homeless, are more likely to be allocated social housing in the most disadvantaged areas.*

3.37 Across the whole of the affordable housing stock, there is a risk that households in the greatest need are allocated and accept less desirable dwellings, possibly in more deprived areas. If more deprived households are disproportionately allocated housing in more deprived areas, this would have a negative contribution to mixed communities, by increasing the spatial concentration of disadvantage. Housing management policies of course prohibit preferential allocation, but SCORE records provide the opportunity to test whether the RSL housing system as a whole is over-allocating deprived households to deprived areas. Seven years of SCORE records were tested to see what proportion of homeless and non-homeless households were let properties in more disadvantaged areas. Coming from homelessness is used as an indicator for relatively greater deprivation among the whole tenant population. Chart 3.6 shows that whilst, in fact, a slightly smaller proportion of homeless households were given tenancies in properties located in the 10% most deprived neighbourhoods, the differences overall are negligible.

Chart 3.6 RSL lettings to non-homeless and homeless (including statutory) households by SIMD 2009 deciles of property, 2002/03 - 2008/09



Source: SCORE

3.38 The research did not look in detail at personal housing subsidies such as Housing Benefit in relation to mixed communities. In theory, personal housing subsidies may assist lower-income households to live in more affluent areas. However, the subsidy follows the tenant, and caps apply, so there may be at present only a limited role for Housing Benefit. It was however noted that in some authorities there have been efforts when housing people in the private

sector with the aid of housing benefit that the properties are drawn from across a mix of areas, rather than being concentrated in the most deprived (and often cheapest) neighbourhoods.

4 CONCLUSION

- 4.1 This brief study sought to identify how regeneration, planning and housing policies in Scotland might be contributing to mixed communities. Mixed communities arise from a complicated interaction between national policies, programmes and funding streams, local discretion and use of these, and market forces. Although mixed communities cannot be pinned down to particular named policies, the link between social housing and concentrations of deprivation mean that housing and planning policies have a crucial role to play. Major mainstream activities such as the Affordable Housing Investment Programme do not address mixed communities specifically, but the scale of their funding and extent of their effects mean that they are central to mixed communities outcomes.
- 4.2 The majority of new social housing is still funded through public grant. The study finds that housing secured with these public funds is highly concentrated in areas which have high levels of deprivation. Since social housing is likely to house more disadvantaged households, this investment is not contributing to mixed communities. It is, of course, providing high-quality, affordable and secure accommodation to those in genuine housing need and who might otherwise be inadequately housed. Since land is more expensive in less deprived areas, using grant to build in areas of lower deprivation would likely mean building fewer units at higher cost each. Any decision to do so would have to come from a confident view of how much mixed communities are worth paying for. Contributions of housing through Section 75 are currently providing new social housing in non-deprived areas, and they are increasing in importance. The contribution of this policy to mixed communities depends on local authorities' willingness and confidence to use the powers. It may therefore be worth investigating further why there are differences between authorities in how much Section 75 housing they secure. The contribution of this policy may also be undermined by moves to accept cash payments or land in lieu of affordable dwellings. One approach may be, as in some authorities in England, to apply a presumption that contributions should be made on site as dwellings unless there is a demonstrable reason to commute payments.

4.3 The complex nature of individual local regeneration projects is less easy to summarise in quantitative form. Aside from the major people-based regeneration funding streams, there are clear examples of approaches that combine housing, physical and social interventions to create more mixed communities in existing deprived social housing areas. The research only drew on a small number of regeneration projects in major cities; it may be important to consider whether smaller authorities have the resources, and also access to important discretionary funding streams, to address similar concentrations of deprivation within their areas. The interviews also suggest that sound principles of housing stock management are the starting point for identifying places with the potential and need for such intervention. There is realism about the scope for mixed-tenure redevelopment to provide the financial means for a project as well as a desirable social mix as an outcome.

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