



Social Housing in Mixed Tenure Communities

EXECUTIVE SUMMARY



Irish Council
for Social Housing



An Ghníomhaireacht
Tithíochta
The Housing Agency



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Introduction

Social mixing policies first emerged in the 1980s inspired by concerns that large spatial concentrations of low-income households were generating additional socio-economic problems, which sociologists have termed 'neighbourhood effects'. The neighbourhood effects most commonly identified by researchers include: higher levels of unemployment, difficulty in accessing commercial services such as banks and supermarkets, stigmatised neighbourhood reputations, extra pressure on social services such as schools, weak social networks and a lack of positive role models for young people. In response, governments across Western Europe, North America and Australia have attempted to combat these neighbourhood effects through social mixing. That is, encouraging households with different incomes to live adjacent to one another, thereby avoiding large spatial concentrations of poverty. Due to the large size of the social housing sector in Western Europe and the increasing concentration of low-income households in this tenure in recent decades, most social mixing policies in these countries have focused on this tenure and have primarily involved 'tenure mixing'. That is, intermingling homeowners and private renters (who tend to have higher incomes) with social renters (who tend to have lower incomes).

In common with the rest of Western Europe, Irish policy makers' responses have focused strongly on the social housing sector and in particular on providing social housing in mixed tenure developments. One of the first significant efforts at tenure mixing was initiated in the 1990s, when the Dublin Docklands Development Agency stipulated that all private housing developments in the neighbourhoods it was responsible for regenerating should include a minimum of 20% social housing. The 2000 Planning Act (as amended on several occasions) applied social mixing more broadly. Part V of this act enabled local government to take up to 20% of private developments for social housing for rent or for 'affordable housing' for sale at cost price to low-income home buyers in order to combat socio-spatial segregation. The importance of social mixing of new social housing developments has been repeatedly reiterated in numerous housing ministry policy statements published since the 1990s.

Purpose of Research

This research aims to bridge the information gaps on the extent to which social housing provided by approved housing bodies (AHBs) in Ireland is provided in mixed tenure developments, the reasons why decisions are made to cluster or disperse the social housing in these developments, how well these different models of provision operate from the perspectives of AHBs and tenants and to provide information for policymakers and AHBs, which will contribute to high quality social housing provision in mixed tenure settings.

To achieve these aims, this research examines three key research questions and also generates additional information on tenure mixing practice.

Key research questions

- To what extent are either dispersed or clustered housing models adopted in mixed tenure estates in which Approved Housing Bodies (AHBs) are active?
- What are the reasons for AHBs in seeking to adopt either approach?
- Are there best practice models which can provide guidance for AHBs in delivering social housing in mixed tenure estates?

Additional questions/information sought

- What constitutes 'clustered' and 'dispersed' housing?
- What are AHBs experiences of housing management in both clustered and dispersed settings?
- What are the costs for AHBs of delivering housing management and maintenance in both settings?
- Do other underlying factors beyond the control of the AHB influence whether they adopt a clustered or dispersed approach to delivering social housing?
- What are the experiences and preferences of residents living in both clustered and dispersed housing?
- How are social housing units procured under the terms of Part V of the 2000 Planning Act?
- What are best practice approaches for supported housing with associated care and support services in mixed tenure estates?

Research Methodology

This research was operationalised using a mix of qualitative and quantitative research methods. These are:

Step 1: Review of policies, memoranda / operational guidelines, and administrative data on the provision of social housing in mixed tenure estates and on output of these dwellings.

Step 2: Review of the research literature on tenure mixing and review of the clustering and dispersal of social housing in these developments. This exercise encompassed both Irish and international research.

Step 3: Survey of AHBs. This focused primarily on the AHBs classed as Tier 3 by the Voluntary Approved Housing Body Regulator (organisations that own or manage >300 units and with sizeable development plans that include the use of loan finance for development) that own dwellings in mixed tenure estates. The survey questionnaire was administered online and circulated to all 17 Tier 3 AHBs that manage multiple homes in mixed tenure estates. 13 of these AHBs responded, which is a response rate of 76 per cent.

Step 4: Five case studies of mixed tenure estates that include AHB provided social housing were also conducted as part of this research. Each of these case studies was operationalised by means of:

- A review of any available documentation or research on these estates.
- One-to-one interviews with 10 key stakeholders in each estate, including: key AHB staff, local authority staff, residents (AHB tenants, owner-occupiers, HAP tenants), the private developers who built the estates and local authority councillors.

Step 5: Eight in-depth interviews were conducted with key informants who were not connected to any specific estates but had expertise and knowledge relevant to this research. These interviewees included central government officials involved in housing and planning policy and senior officials of local authorities who were not included in the case study research.

Step 6: The research interviews were transcribed *verbatim* and analysed using assisted qualitative data analysis software (specifically: MAXQDA)

Step 7: All of the data collated during steps one to six were analysed collectively and the most common, as well as the most cross-cutting, themes evident in the different data sources were identified and documented.

Findings

Extent and Benefits of AHB-Provided Social Housing in Mixed Tenure Estates

Research conducted in the early 2000s found that 20 per cent of the 6,308 social housing units provided by AHBs between 1998 and the end of 2003 were in mixed tenure estates. In contrast, the survey of AHBs conducted for this research reveals that 78.2 per cent of all housing they currently own, rent or manage is located in mixed tenure estates. New AHB social housing, provided in the last five years, is particularly likely to be in mixed tenure estates. This development reflects the objectives of policy, the introduction of mechanisms such as Part V of the 2000 Planning Act, which enables the delivery of social housing in mixed tenure settings, and also the very strong preference for tenure mixing among the AHB staff and local and central government officials interviewed for this research.

Tenure mixing had been largely successfully implemented in the five case study estates examined here and was supported by residents. There was overwhelming support for this policy among all the AHB social housing managers and central and local government officials interviewed who viewed it as key to combatting socio-spatial segregation. The case studies conducted for this research indicate that these estates have settled well and the private and social housing residents who live there have integrated well together, forming strong communities.

Clustering and Dispersal of AHB Provided Social Housing in Mixed Tenure Estates

Most of the residents of these estates, irrespective of housing tenure, favour the dispersal of social housing in mixed tenure estates. For social housing tenants, dispersal helps avoid a 'them and us' scenario, whereby a section of the estate is clearly identifiable as 'the social end'. Most of the key informants from AHBs and the local authorities also supported the dispersal of social housing in mixed tenure estates. But supported housing (such as housing for older people) was an exception in this regard, as the provision of support services may be delivered more efficiently where such social housing is clustered.

The case study research indicates that both the clustering and dispersal of social housing in mixed tenure estates work well and the research literature findings suggest that the dispersal of social housing does not have a significant positive impact on the level of interaction and relationships between social and private residents. Despite the consensus in favour of dispersal of social housing, the survey of AHBs conducted for this research identify 70.8 per cent of the

social housing units provided by these AHBs in mixed tenure developments as clustered, 14 per cent dispersed and 15.2 per cent located in developments that contain a mix of clustered and dispersed social housing.

Factors Which Influence the Clustering or Dispersal of Social Housing in Mixed Tenure Estates

The impact of different procurement and funding models on social housing delivery in mixed tenure estates was also examined in this survey. The majority of the social housing units provided by the AHBs in these estates were purchased from developers (69.6 per cent), 19.9 per cent were purpose-built by AHBs and 6.9 per cent were procured using the provisions of Part V of the 2000 Planning Act. Some one third (32.4 per cent) of the AHB social housing units in mixed tenure estates were funded through the Capital Loan and Subsidy Scheme (CLSS) and almost as many (30.0 per cent) were funded through the Capital Advance Leasing Facility (CALF). The remaining 37.6 per cent of AHB social housing units were funded through the Capital Assistance Scheme (CAS), leased for social housing, managed on behalf of a local authority, or were funded using a mix of these vehicles.

A large proportion (39.8 per cent) of the clustered AHB social housing units in mixed tenure estates are funded through the CLSS. Whereas the CLSS funded only 10.2 per cent of the dispersed social housing units in these estates, the opposite pattern applies to the CALF funding scheme. 28.1 per cent of clustered social housing units in mixed tenure estates were funded using this scheme, as well 40.1 per cent of dispersed units. The interviews with AHB and local authority social housing managers suggest that this phenomenon may be related to the more generous revenue funding (for the management of dwellings) provided by the CALF scheme compared to the CLSS. This enables AHBs to pay the management fees levied by the Owners' Management Companies (OMCs) that manage high density developments to fund the upkeep of shared public areas. Clustering is also seen as preferable in some contexts, from both an AHB perspective and from a developer perspective. From an AHB's perspective, it has benefits in terms of the ease of management and maintenance of units, particularly with apartments. From a developer's perspective, clustering can help minimise risks to the saleability of the market housing.

Social Housing Impact on Market Housing Delivery in Mixed Tenure Developments

A significant finding of the analysis presented here is the important role that social housing plays in underpinning the financial viability of market housing provision in mixed tenure estates. The purchase of social housing to meet the developer's Part V obligations provides a guaranteed source of funding that enables developers raise borrowing to fund the remainder of the development. For this reason, it is now common for developers to negotiate to sell dwellings to AHBs or local authorities (or private investment funds) when planning new developments and these 'presales' are an important part of their business model. Changes to residential density guidelines introduced in the late 2000s (see Chapter Two) require more residential construction at higher densities, particularly of apartments. However, higher density construction is more challenging for developers to finance because the money required must be raised upfront. This means that developers are particularly keen to sell apartments to social landlords (and investment funds) and also to provide the social housing element of developments before the market housing. This presents opportunities for AHBs and local authorities, but also risks as it may encourage the clustering of social housing in a single apartment block in a development as well as the risk that, in some cases, no additional (private) housing is built at all, leading to a mono-tenure social housing development.

Socio-Spatial Segregation and Tenure Mixing

Interviewees identified other (external) factors impacting on the success of mixed tenure estates such as large single tenure social housing estates and geographical concentrations in the take-up of housing allowances for low-income households (such as the Housing Assistance Payment), which can precipitate neighbourhood, town or city level socio-spatial segregation. Some of the AHB and local authority staff interviewed raised concerns that an increase in the numbers of apartment developments nationally may ultimately lead to segregation in our larger towns and cities with much higher concentrations of rental tenures in these areas. They argued that local authority housing strategies, produced as part of their development planning process, need to consider the micro (such as Part V, of the Planning and Development Act, 2000), meso and macro factors that impact on socio-spatial segregation.

Designing Mixed Tenure Estates

The interviews with key informants and with residents of mixed tenure estates conducted for the research revealed a strong support for tenure blind design, whereby dwellings in the different housing tenures are externally indistinguishable. Notably, tenure blind design was considered by the social housing managers and social and private housing residents interviewed to be a more important factor in enabling the success and integration of communities in mixed tenure estates than the clustering or dispersal of the social housing.

Mixing Intermediate Tenures

The Affordable Housing Act 2021, which had just been enacted at the time of writing, makes provision for new intermediate housing tenures – neither fully market nor fully social housing – such as cost rental housing and affordable housing for sale. This presents an opportunity for AHBs to expand their activities and engage in the development of larger estates than would be considered appropriate if these developments consisted solely of social housing. Therefore, intermediate tenures are a useful new mechanism for combatting socio-spatial segregation, and the skills that AHBs have amassed in managing existing mixed tenure estates will equip them to manage estates which include cost rental and affordable housing.

Integrating Mixed Tenure Estates

The case studies of mixed tenure estates identified some social and relationship factors that play a key role in encouraging or discouraging the integration of mixed tenure estate communities. A sense of community was important to all residents; however, social residents were sometimes excluded from the community social network groups set up by private residents. Social residents were acutely aware of being judged and looked down on and some felt a certain degree of stigma and judgment unfairly directed at them. Anti-social behaviour on the part of social renting tenants was also a key concern among private residents but some social residents felt that they were unfairly labelled as a nuisance group for the anti-social behaviour of one individual or family.

Strategies for addressing these challenges and encouraging the integration of social housing estates were also discussed with the AHB housing managers and other key informants interviewed for this research. A strong residents' association was considered useful for this purpose, together with non-housing amenities that enable residents of different tenures to meet and build relationships. However, due to cost considerations, in some cases it was not possible to provide social tenants with access to some amenities provided in high-end mixed tenure developments such as gyms and cinemas.

Managing Mixed Tenure Estates

The social landlords interviewed did not think that mixed tenure estates were necessarily more difficult to manage than single tenure social housing estates and AHB CEOs and staff were confident that the sector has the skills and knowledge required. However, implementing the vetting of applicants for social housing in mixed tenure estates, which was requested by some private owners, was not always feasible or desirable according to some social housing managers. The relationships with Owners' Management Companies (OMCs) that manage communal facilities were also identified as challenging by social landlords. AHB managers raised concerns that the sinking funds to pay for the long-term maintenance and upgrading of communal areas in apartment blocks are commonly underfunded and that on occasion, OMCs apply unfair or overly intrusive rules to social housing tenants.

Implications for Research on Housing

This report has revealed that the extent and nature of tenure mixing of social housing has changed significantly in recent years, as the use of this approach for social housing provision has become more widespread. It has also become more complex to deliver because new forms of social housing funding and housing tenure have emerged, and the housing market has also changed significantly. Additional research is required to examine some of these challenges, which are outside the scope of this study and also to examine emerging challenges.

Research on the integration of new intermediate forms of tenure provided in the Affordable Housing Act, 2021, such as cost rental and affordable housing for sale into mixed tenure estates, will be required in order to inform thinking about best practice. This report has also revealed significant challenges associated with the provision of social housing in high density mixed tenure estates, which are managed by Owners' Management Companies and regulated by the Multi Unit Development Act, 2011. These require further research if they are to be resolved. Finally, this report has identified some very important developments in relation to the role of tenure mixing in the economics of the housing construction and development industry. These issues have not been widely flagged heretofore and are not well understood and therefore also merit further research.

Implications for Policy and Practice

- **Benefits of mixed tenure housing:** Mixed tenure housing provision has benefits in terms of combatting socio-spatial segregation of different income groups and reducing the potential for stigmatisation of social housing tenants. The increase in the proportion of AHB social housing delivered in mixed tenure estates in recent years is evidence that it is a practicable policy that has been – and can continue to be – successfully implemented at large scale.
- **Policy to determine the clustering or dispersal of social housing:** Local authorities are currently considering setting guidelines on the composition of their mixed tenure estates. Given the success of both clustered and dispersed social housing, this research suggests that these guidelines should not be overly formulaic or rigid. In reaching decisions regarding the tenure mix in new estates, consideration should be taken of the design and layout of the development and the tenure mix in the surrounding neighbourhoods, but also of the needs of older communities to downsize or move to more appropriate age friendly housing.
- **Current factors influencing the clustering or dispersal of social housing:** Decisions regarding the location of social housing in mixed tenure estates are primarily influenced by the design of the scheme, the economics of housing development and revenue funding considerations – in particular funding to pay management fees to OMCs in high density estates. Funding management fees is more challenging for AHB social housing funded by CAS. The opposite applies to social housing funded by CALF. New intermediate tenures, such as cost rental and affordable housing, will also bring new challenges, particularly in relation to the payment of management fees in high-density developments. If policy makers have a clear preference for the dispersal of social housing in mixed tenure estates, then appropriate levels of revenue funding need to be available to social landlords to facilitate this.

- › **Social housing impact on market housing delivery:** Within mixed tenure estates, the practical advantage for social landlords of purchasing whole apartment blocks for social housing, and the benefits this offers to developers faced with the upfront financing required to develop apartment blocks, means that such high-density schemes are helping to drive the clustering of this tenure. To address these challenges, a holistic assessment of all aspects of the impact of the residential density rules, both intended and unintended, is required. The Department of Housing, Local Government and Heritage (DHLGH) should also consider researching ways to achieve higher densities without relying entirely on apartment and high-rise developments.
- › **Socio-spatial segregation and tenure mixing:** There are no provisions for monitoring, addressing, or preventing socio-spatial segregation at neighbourhood, town or city level. This should be addressed in planning policy and the housing strategies included in local authority development plans. New drivers of this type of segregation have emerged over the last decade relating to the housing market, construction industry and finance for construction, which have undermined the financial viability of developing housing for sale to individual home buyers and small-scale private landlords. Others are policy related and linked in particular to unintended consequences of revisions made to residential density guidelines in 2009. To address these challenges, a holistic assessment of all aspects of the impact of the residential density rules, both intended and unintended, is required.
- › **Designing mixed tenure estates:** DHLGH guidance on social housing design and the implementation of Part V of the 2000 Planning Act should recommend the use of tenure blind design as far as possible. In addition, the analysis presented in this report indicates that it would be preferable for the AHBs that provide social housing in mixed tenure developments, procured using Part V of the 2000 Planning Act, to be involved at an earlier stage in the negotiations of Part V agreements. This would help ensure the design and location of the social rented units in these developments is better suited to the needs of residents and social housing landlords. The DHLGH should review its guidelines on the implementation of Part V to facilitate this.

- **Mixing intermediate tenures:** The introduction of new intermediate tenures such as cost rental and affordable housing for sale by the Affordable Housing Act, 2021 bring significant opportunities and are a useful new mechanism for combatting socio-spatial segregation. As mentioned above, the payment of management fees in high density developments, when added to rent or mortgage payments, have the potential to undermine housing affordability. Therefore, it is critical that this issue be considered in the implementation of the Affordable Housing Act, 2001, including in the design of public subsidies for cost rental and affordable housing and the design of estates which include dwellings in these tenures.

- **Integrating mixed tenure estates:** Departmental guidance on the design and procurement of mixed tenure estates should recommend the inclusion of shared facilities, such as playgrounds. In addition, the case study research revealed that residents' associations that include residents of all housing tenures also promote integration and therefore their establishment should be promoted by social landlords.

- **Managing mixed tenure estates:** High standards of housing management are important for the success of mixed tenure estates and management can be challenging, particularly in view of the stigma that still attaches to social housing. Approved housing bodies' strong record in this regard contributed to the success of the case study estates. Many of the measures taken by the AHBs, such as pre-tenancy training, pre-meetings with residents and active liaison with others in the development and the wider community, were very valuable and should be adopted in all mixed tenure developments. The AHB and local authority social housing managers interviewed reported they prefer to cluster social housing in high density developments to control service charges and for management purposes, and raised concerns about OMCs' underfunding of sinking funds. To address these issues, the DHLGH should implement the recommendations of Paul Mooney's research (Owners' Management Companies, 2019). The issue of service charges in low rise suburban and rural developments and how they are handled should be addressed through Departmental guidance. The issue of service charges in apartment developments could be addressed through amendments to the Multi Unit Development Act, 2011.

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