

# MIXED VERSUS MONO TENURE ESTATES: IS THERE A DIFFERENCE IN ASSET MANAGEMENT NEEDS?

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A research gap has been identified concerning the long-term maintenance (asset management) of Mixed Tenure Estates (MTEs). The research question is: Do MTEs have different asset management needs from mono tenure estates? The research methodology is based on a case study of a social housing provider, supported by semi-structured interviews. The analysis has shown that there are differences. Whilst the use of a single case study does not allow generalization of the findings to the population of RSLs, it does raise several hypotheses for future investigation. Two of the main findings are a lack of inter-working between functional departments at the RSL, and the impact of different social characteristics on asset management issues. The research should be of interest to a wide audience including social housing, developers and urban researchers.

Keywords: asset management, maintenance, mixed tenure, social housing

## A BRIEF HISTORY OF MIXED TENURE

There has been an on-going debate in the United Kingdom regarding the development of social and affordable housing and in particular Mixed Tenure Estates (MTEs) and the role of Registered Social Landlords (RSLs). The literature mainly focuses on the social aspects of MTEs, and little work has been found investigating the potential implications for on-going maintenance (asset management). The roots of the debate concern issues about the segregation of low-income households into socially rented mono-tenure estates, and the problems which can subsequently arise. It is estimated that over four million more households will be created by 2026 (DCLG, 2006a), and therefore the future demand for social and affordable housing is likely to be high (Monk *et al.*, 2006). Mixed tenure has been framed as a primary mechanism to provide affordable housing whilst also reducing social divisions. The author defines mixed tenure estates as comprising any mix of social housing tenants with: Private renting tenants (who therefore have private landlords); Shared owners (i.e. those who buy a part share in their home, the remaining share is typically retained by a social landlord); Owner occupiers (brought outright, or those paying a mortgage on the whole value of the property). Notions of social mix date back to the philosophies of the 19<sup>th</sup> century health reformer Octavia Hill and by Nye Bevan, the Government minister who founded the National Health Service in the 1940's. During that period the new towns tried to mix new housing with buildings for services and employment (Bennett, 2005). The more recent interest in mixed tenure estates stems from the increasing segregation of social housing from the mid 1970s onwards (Holmans, 2005) which saw a program of slum clearance, reaching a peak of some 70,000 dwellings demolished per year (*ibid*), a situation that has again come to the fore with

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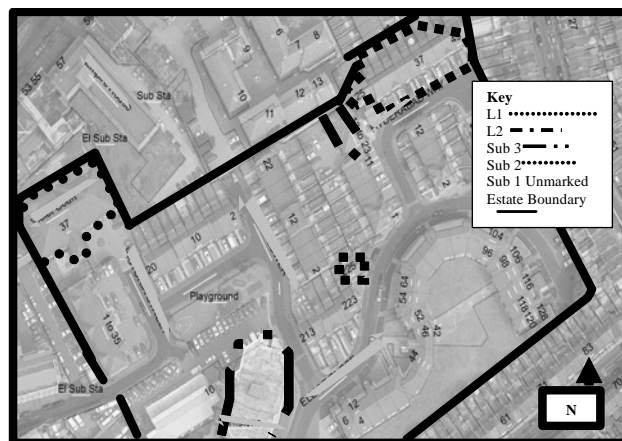
the Government’s pathfinder housing market renewal programmes (DCLG, 2007). The Urban Task Force report, “Towards an Urban Renaissance” (DETR, 1999), considered that MTEs were important for the long-term sustainability of urban areas. The report made a connection between MTEs and social and income mix – and made the assumption that one would deliver the other and together these would have a host of benefits, for example through the recycling of spending power within the local economy. The UK Government reiterated this commitment to reducing segregation in 2001, stating “...within 10 to 20 years, no-one should be seriously disadvantaged by where they live” (Cabinet Office, 2001, p.8). Planning Policy Statement 3 also highlighted the need for mixed communities (DCLG, 2006b) in achieving that aim. Hills (2007, p.179), considering the quote above as being somewhat ambiguous, suggests that the drive for mix is “more generally, avoiding part of society being cut off from the rest of it”.

### ASSET MANAGEMENT: A DEFINITION

The term asset management is a relatively new concept in the RSL sector. Asset management is typically taken to mean the repair, maintenance and future investment in property (Larkin, 2001) – that is asset management concentrates on the physical aspects of a property. However another definition of asset management is that the focus should be on the people who occupy a property (Golton, 2002). The author considers that both these aspects are of at least equal importance. However in an attempt to provide more clarity, asset management is defined in terms of the physical aspects of housing estates, including properties, shared areas and other aspects of the built environment. The term “Housing Management” will be used to address the needs of the residents of such estates and the management requirements associated with those needs.

### AN EXAMPLE OF A MTE

To ground the research the following example (Figure 1) highlights several key issues in relation to MTEs and their management. There are a number of tenures and three social Landlords on the estate – L1, L2 and L3. A further complication is that L3 is split into subsidiaries: Sub1 – who provide general accommodation (all the unmarked properties in Figure 1, excluding the private owners), Sub2 – who provide accommodation for older people, and Sub3 – who provide accommodation for younger people.



**Figure 1:** Example Mixed Tenure Estate (Image: Crown Copyright 2007 Cities Revealed ® Geo Information Group 2003) (Note: Street names covered)

There are also a number of dwellings in private ownership (the Housing Manager was unable to identify these dwellings), and there is an assumption that there are also Private Landlords operating on the estate (i.e. there are private rented tenants). A conversation with the Housing Manager responsible for part of the estate identified the headline issues described in Table 1 below.

**Table 1: Headline Issues - Housing Manager**

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Lettings policies differed between the Landlords, resulting in a specific problem with Anti Social Behavior. The Housing Manager stated that because the dwellings involved were owned by another Landlord, it was difficult to intervene. Further, shared facilities, such as the playground, were subjected to abuse by certain residents, and the perpetrators were difficult to deal with as each Landlord has a different stance on such behavior
The mix of dwelling types, ranging from a young persons foyer (Sub3) to a scheme for elderly people (Sub2) caused friction between residents
External maintenance (e.g. painting) was undertaken in different cycles, not only between the different Landlords, but also between the three L3 subsidiaries - this resulted in residents complaining about being treated differently, and also meant that the estate as a whole was not uniformly kept
Shared facilities such as the play area were difficult to maintain as funding needed to be split between the Landlords

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## GAPS IN CURRENT RESEARCH

Whilst the literature reports on many issues that require further investigation, a specific and significant gap in mixed tenure research has been alluded to in a recent report by Rowlands *et al.* (2006, p.3) who stated: “*Sustainable mixed tenure development requires some longer-term value management, ensuring that services and facilities are maintained at a high level by investing in continuing asset management*”. The gap therefore concerns the implications for the asset management of mixed tenure estates, particularly:

- Who is responsible for asset management in mixed tenure estates?
- Is asset management carried out to an effective and efficient standard?
- What are the implications for mixed tenure estates in terms of future asset management requirements?

These issues have tended to be largely missed in previous research - for example the recent and influential CBE (2007) report investigating the quality of estate design did not mention maintenance in direct relation to dwellings (although it was mentioned in relation to green spaces and landscaping).

## MAINTENANCE ISSUES AND TENURE TYPES

### Registered Social Landlords (RSLs)

RSLs are governed by the Housing Corporation in the UK. There are a range of regulations that an RSL must comply with in terms of the repair, maintenance and investment in properties that they own. Perhaps the most important piece of regulation is the Decent Homes Standard (DHS), a standard relating to the age and condition of elements and energy efficiency, under four main criteria as shown in Table 2.

**Table 2: Summary of the Decent Homes Standard (Source: DCLG, 2006d)**

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Criteria	Brief Explanation
HHSRS	Housing Health and Safety Rating System – considers hazards in and around the home
Disrepair	Relates to the age and condition of components
Modern Amenities	Relates to the age and condition of Bathroom, Kitchens etc
Thermal Comfort	Efficient and controllable heating and levels of insulation

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All social housing must meet the DHS by the year 2010. But is important to note that the Decent Homes Standard does not apply to non-social housing. In addition RSLs of course owe a general duty of care, and must also carry out cyclical safety checks e.g. gas safety checks and electrical tests. In terms of housing management, an RSL will administer a tenancy agreement on a property; including e.g. rent collection, management of any arrears etc. RSLs typically also offer a further range of added services for their tenants, such as financial counselling, work, employment and benefits advice.

### **Owner Occupiers (OOs)**

Owners' houses will lose value if their home deteriorates, so it might be considered that they have a financial incentive to undertake repairs to their properties (Hiscock, 2001). However for OOs the quantity and quality of repairs and maintenance is variable and is dependent on a number of factors. Leather *et al.* (1998) found that an owner's interest in their property and its physical condition primarily interacted with the owner's technical knowledge, sources of advice available, resources available, and the willingness to undergo the likely disruption of undertaking works Leather *et al.* also found that OOs were often largely unaware of the implication, or even need, of longer term maintenance to their properties. Further he reported that the majority of repairs were undertaken for reasons of consumption (i.e. for comfort, aesthetics etc) rather than investment (i.e. to maintain or enhance value). Duffin (2006) reports that some 2.4 million homeowners in England struggle to pay for basic repairs to their properties, and estimates the annual repair cost for a two or three bedroom house at £1500. Recently a Government think-tank has called for private owners who do not keep their dwellings in good repair to be penalized via their mortgage repayments (Hilditch, 2006). Perhaps this highly contentious call highlights the problems in this sector. In terms of flatted accommodation, OOs typically buy a lease (i.e. they are leaseholders) on a property and are responsible for the internal upkeep of their dwelling. The exterior and communal areas are usually maintained by a management company, for which the OO pays a service charge. This situation has been more recently complicated by legislation such as commonhold (HMSO, 2002) and the ability for flat owners to purchase shares in the freehold of their block. However whilst "commonholders" have more control over the management of their block, the principles described for leaseholders are broadly similar.

### **Shared Ownership**

In essence the RSL or other body selling a share in a house transfers all maintenance and repair responsibility to the shared owner. In most respects then this report makes the assumption that Shared Owners have the same maintenance and repair responsibilities as Owner Occupiers. However, it should be noted that because another party retains a share in the property, it can be the case that this party takes an interest in the maintenance of the dwelling and ensures that essential work is carried out. The situation for flatted accommodation is similar to that for OOs i.e. the interior is the responsibility of the shared owner, and the exterior and communal areas maintained by an RSL/ management company.

### **Private Landlords and Private Tenants**

Private Landlords operate on two main levels 1: They administer tenancies themselves or 2: They employ the services of estate agents to find tenants for their properties and administer the tenancies on their behalf. There is a current boom in the "Buy to Let"

market – mortgages available to purchase a dwelling with the specific intention of then letting, Ball (2006) estimating that one million households live in Buy-to-Let properties. Two recent issues are a tendency for Private Landlords to buy property purely for capital gain and leave it empty until sold (Thorpe, 2007) and at the other extreme it has been found that Private Landlords can overcrowd their properties, including renting out garden sheds as living space (Green, 2007) – the author considers that both hardly form the basis for a thriving cohesive community. Tunstall and Fenton (2006) note that some MTEs have been subjected to large-scale buying by Private Landlords who then entered into contracts with Local Authorities to house large numbers of homeless families; the original goals of mix were put aside in order to meet housing need and also to avoid penalties for using bed and breakfast accommodation. The Government is keen to make more use of the Private Sector to house homeless persons and a potential policy conflict is apparent (Twinch, 2007).

## CASE STUDY AND SAMPLING FRAMEWORK

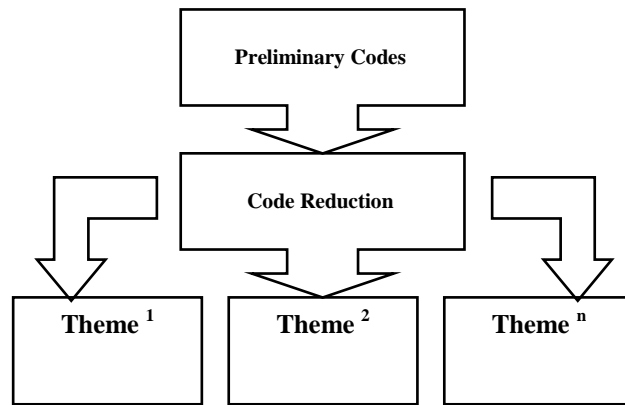
The case study is a RSL located in the South of England. Following the guidance of Yin (1994) it can be described as a single entity case study (one RSL), with multiple embedded units of analysis (i.e. the interview Participants). The selection of the Participants was based on their importance in the processes of: **1: Maintaining MTEs** (Asset Management), **2: Developing MTEs** (Development) and **3: Managing MTEs** (Housing Management). The initial selections were made from the author's knowledge of the case study RSL. Further Participants were identified via a "snowball sampling" effect (Bryman, 2004), whereby previous Participants were asked to suggest other persons who could contribute to the research. These persons were initially contacted by telephone, email or a personal visit and asked whether they could, and were willing, to take part in the research. The sampling process can thus be further described as purposive. Table 3 gives the key attributes for the Participants and their functional departments.

**Table 3:** Sample Attributes

Number	Department	Rationale for Selection
7	Asset Management	Experience in mixed tenure maintenance and defects. Responsibility for capital (large scale) refurbishment of social housing on mixed tenure estates
4	Development	Good knowledge of new build housing defects and their resolution. Managing major mixed tenure developments - both operational and strategic level responsibly for the design, specification and construction of MTEs.
4	Housing Management	Responsibility overall for the social rented aspects of MTEs. Good Understanding of residents views of MTEs. Knowledge of leases, service levels and charges for MTEs

## DATA ANALYSIS METHOD

The method employed was a preliminary coding exercise followed by a code reduction process – i.e. similar codes were grouped together - to form overall themes for later discussion. The analysis process is shown in Figure 4. The interview data was coded using the Atlas.ti software. Atlas is, fundamentally, a 'code and retrieve' system, analogous with the pre-computer use of card indexing and hand written memo writing employed by qualitative researchers in the past (Tesch, 1990).



**Figure 4:** Code/ Reduction/ Theme Creation

The author read each interview transcript within the Atlas package and marked significant parts of the text with appropriate codes. Following this preliminary coding the author reduced groups of codes into themes. The full list of themes is shown in Table 4, along with a rationale for their creation.

**Table 4:** Themes

Ref#	Theme Name	Rationale for Theme Creation
1	External Physical Environment	This theme related to both problems with the external urban environment and the external elements of houses and flats
2	Internal Physical Environment	Where internal components such as kitchens, bathrooms and shared areas of flats were discussed.
3	Mixed Landlords	The impact of mixed landlords on an MTE causing problems with asset management (see also example in Figure 1).
4	Private Landlords	The impact of private landlords on an MTE causing problems with asset management
5	Resident Expectations and Repair Responsibility	Issues regarding what residents expected and what their responsibilities actually were. Service charges and leases were closely related
6	Social Conflicts	Different tenure resident behaviour led to conflict
7	Social Characteristics / Demographics	Race, religion and age impacts
8	Inter-department cooperation and working	Conflicts/ problems with working practices and/or relationships within the RSL

## ANALYSIS: DISCUSSION

Each theme from Table 4 above is described further in Table 5. Indicative comments are included within Table 5 to place each theme in context. Most of the themes have already been discussed in the literature review. This does not mean that they are not important or require further research. However, perhaps the two most interesting points to emerge from the case study RSL is the impact of Ref #7 - Resident Social Characteristics / Demographics and Ref #8 - Inter-department cooperation and working. Given the current immigration issues in the UK generally, RSLs should expect to see more mix in terms of culture/ nationality in estates. The second point is very important - without effective working between the RSLs constituent Departments the initial design, specification and subsequent management of MTEs will always tend to be somewhat inefficient and ineffective. The two highest priorities then, as far as this research is concerned, are to ensure that:

- RSLs understand the needs of different cultures/ Nationalities and older persons living on estates, ensuring that they also understand the interactions between different groups/ ethnicities
- Ensure that the Departments of RSLs work together to overcome organizational and cultural barriers, including understanding Asset Management's view of long term maintenance issues in terms of standards and materials used in construction

## **LIMITATIONS AND FURTHER RESEARCH**

The case study related to a single RSL - the research sought to elicit that view, and not generalize to the population of all RSLs. Nevertheless, it could be argued that had a different RSL been selected, and associated constituent sub-cases (i.e. interview Participants), it may have raised different issues and themes. Indeed the Participants at the selected RSL may have given different answers, if they had been interviewed at different times or by a different person. These are fully accepted as limitations. The author believes however that this initial research has raised interesting hypotheses for future research – which is often the goal of small-scale qualitative projects.

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**Table 5: Themes/ Comments**

#	Theme Name	Indicative Comments
1	External Physical Environment	<p>They're all built all built to a different standard, they've got a different brick, they might have a nice porch-way, you know, they got a nice chimney up the side and the houses have been designed to look quite nice, whereas, as you go and look a bit further round the estate, the housing association, it's all built very sort of square, it's just... cheap. I was looking at it with some people from housing management, just looking, seeing the differences. And they had separate roof tiles, different roof tiles from one block to another. And there was no obvious cost difference; it was almost like there's a kind of thinking, well, we have to make these different.</p> <p>I mean, that for me is crucial, how those are designed, so there shouldn't be any left over bits, those bits of green area. They've just got kind of unwanted, uncared-about bits of land, which become a blot on the development, where all the dumping goes on, all the rest of it. Play areas, you go round the play areas and what you find is that they get vandalized.</p>
2	Internal Physical Environment	<p>The fixtures and fittings... there is that vast chasm between the two types of fittings. Whereas in the purchased ones they've got nice lights everything, so although you say you put them together, mix that, now these people might say to the people in the block next door, come over for a drink, they walk in, they go... ***ing hell, look what he's got compared to what I've got. And immediately you draw a barrier.</p> <p>So we actually had a board in one of the show flats which had all the sort of fixtures and fittings, the door handles, the light fittings and all that, on this board, and then another board with a higher spec which said shared owners only. Every single tenant that goes into the property sees that there's a higher spec for shared ownership, which is just appalling.</p> <p>Communal areas... we would have had schemes delivered that, let's say you've got a block of shared ownership which has carpeted communal areas, nicely painted, and nice sort of painted balustrades. And then you might have your rent side, it's got bare metal railings and cold stone floors.</p> <p>Even on very recent schemes, you go in and, there'll be a different spec of door handle and I think, why is that door handle different? Why does it need to be different? For the sake of another five quid a handle.</p>
3	Mixed Landlords	<p>There's other RSLs as well, whereby you go onto the estate and you see a bit of it, it's spotless and it looks really nice, the lawns are tended, you get an area next door where it's overgrown, looks tatty and everything, because we haven't got responsibility for that, so the difficulty can be on a mixed tenure and a mixed, shall we say RSL estate, is different standards.</p> <p>Sewer pump... no-one takes the responsibility of having a maintenance contract set up... there'll be no co- ordination between the joint landlords. Who's going to be responsible for the maintenance of it? You have to then split the costs. And that doesn't happen, from experience. The first resident that gets affected, that landlord ends up taking the responsibility, because it's their tenant that gets flooded first.</p> <p>Well, you get people working on different cycles. So one block gets painted one year, and this one doesn't get painted for three more, so by comparison part of the estate looks OK, but the block next door doesn't. So you should all enter into an agreement whereby you're all going to paint the same year, and the sensible thing to do then would be to use the same contractor, because of the economies of scale and ease of management. And then you wouldn't get differences in standards of specification and colour.</p>
4	Private Landlords	<p>There is this real risk that mixed tenure can fail because private investors, who have no intention whatsoever of living in the unit, sometimes cynically buy off plan. And buy off plan numbers to let, en masse, to anybody and, they might be students or recent graduates with push bikes and all that stuff, and they don't give a stuff about the damage done to the flat and it's merely something that they'll live in for six months, twelve months, they don't care about the noise, the parties, the beers, the spitting in the lifts, they just don't care.</p> <p>A prevalence is buy to let. A lot of the developments we're working on where they are mixed tenure, the developers units are being sold on to a private property owner who is then renting them. So what's the investment there, in maintenance and repair, I mean we don't question doing it,</p>
5	Resident Expectations and Repair	<p>When, because they are part-purchased and their demands are higher, and they may pay more in service charge, then you get the people that are general needs, , and they go, why are they having their garden done weekly and we only get ours done monthly. So</p>

- Responsibility we give this division of services and people pick up on it... there are conflicts between the expectations of shared ownership and the expectations of general needs  
And of course the other thing you find is with shared ownership, the expectations are probably greater than it would be from general needs, perhaps. Some of the things will be, you know, they expect their corridors, to be cleaned daily. If the lift breaks down, for it to be repaired that day, they own part of this property, so their expectations, I think, are greater than perhaps general needs.  
So grounds maintenance is a classic argument, which is, you know, I own my property, why do I have to pay x-pounds a month and it's because, yes, they might own the property, but we have freehold, and they have to pay a charge for grounds maintenance. People just don't understand that.
- 6 Social Conflicts Owners -they always look neater and tidier, because people take more the responsibility of it. And then of course they get annoyed with the neighbours [RSL tenants] - I'm trying to keep my property nice, my garden, and look what I have to put up with next door.  
With this, I think a good example would be what happens when you go through the cyclical works programme and say on a mixed scheme where you've got houses, and then one house is owned outright and that freeholder has no obligation, really, to maintain his windows or painting and everything like that.
- 7 Social Characteristics / Demographics You've got Muslims, you've got Sikhs, you've got Roman Catholics, name a religion, I'll bet you one of them lives on that estate. And not just religion but the cultures and everything, you know, different cultures, different expectations.  
People of BME background prefer to cook on gas. And where we're moving towards now, it's all electric. So you've got a cultural issue, well what would a person, that's been used to cooking on gas or naked flame for however many years, then they get offered a beautiful new flat, and it's all electric. There have been cases where people have turned properties down in that respect.  
If you actually talked to an elderly owner, the last thing they're going to do is invest in their property. They tend not to do it.
- 8 Inter-department cooperation and working Yeah, it's, and in many instances it could have been thought about more, but I think as a general rule when we're looking at design, on each project we have a review, probably don't involve maintenance as much as we could do, at that point.  
What we should do is have a loop back, in terms of learning from our existing estates, you know, that loop could be improved. So if maintenance are going out and seeing things which are, you know, bloody hell, why do we keep doing that like that.  
And there may be a range... a diverse range of elements and standards to be maintained. I think the view is that the kind of reducing everything back to a kind of bog standard, which is one mode of thought for people who are involved in maintenance.
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