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Mixed communities: a new approach to spatially concentrated poverty in England

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Mixed Communities:

A New Approach to Spatially-Concentrated Poverty in England

Introduction: The Mixed Communities Approach and Its Origins

This paper examines a recent development in English policy towards the renewal of disadvantaged neighbourhoods: the adoption of a mixed communities approach.

Since 2005 the principle of 'mixed communities' for *new* housing development has become firmly embedded in English housing and planning policy through the Sustainable Communities Plan and planning policy.(ODPM 2003, 2005a, 2005b; CLG 2007; Hills 2007). The mix principle has enjoyed a long history in British housing and planning policy (Bennett, 2005). Its recent resurgence signals the intention to use housing and planning policy as a corrective to the natural tendency of the housing market to segregate, rather than allowing policy to create or reproduce socially and economically homogenous neighbourhoods. **While this approach has recently come under fire from economist Paul Cheshire (2007) who argues that state intervention to create mix through spatial policy cannot resolve the 'deeply entrenched social and economic forces at work' and that "the conclusion for policy is to reduce income inequality in society, not build "mixed neighbourhoods", it tends to attract broad support elsewhere.**

Perhaps more controversially, 'mixed communities' has also now become a principle governing the regeneration of existing disadvantaged neighbourhoods, and this is our focus here. The application of the approach to low-income neighbourhoods was first announced in January 2005 as the 'Mixed Communities

Initiative (MCI)', part of the government's five year plan for the delivery of sustainable communities.

Its essential components, as described by government officials and policy documents (Lupton et al forthcoming) are four-fold. First, a commitment to long term transformation of areas of concentrated poverty, so that they have better housing and environments, higher employment, better health, less crime and higher educational attainment. Second, the achievement of transformation through changes in the housing stock and the attraction of new populations as well as through improved opportunities for existing populations. Third, financing development by realizing the value of publicly owned land and other assets through the leverage of private sector investment, and fourth, the integration of government policies and programmes at the local level to provide a joined-up or holistic approach, sustainable through mainstream funding programmes.

Currently, the MCI is delivered through twelve demonstration projects (DPs), all in areas between about 7,000 and 14,000 in population, located in different regions, but among the 2% most disadvantaged neighbourhoods in the country. Importantly, and in contrast to previous approaches to area regeneration in the UK, the projects are not directly funded by central government. They do, however, receive support and guidance from Communities and Local Government (CLG)[2] and from an expert panel of appointed consultants, and they participate in a learning network.   They are, in a sense, 'pathfinders' for the mixed community approach. The government is encouraging the same approach to be taken more generally, and there are other neighbourhoods that

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[2] The government department responsible for housing and urban policy in England.

are undergoing similar processes of regeneration without designation as demonstration projects (Silverman et al. 2006, Bailey et al. 2006). The transformational goals and the mix of public and private finance have also been implemented through New Labour's Housing Market Renewal (HMR) initiative.[3] 'Mixed communities' is therefore an approach as well as a specific initiative. Here, we refer to the approach as the government's policy. The MCI demonstration projects are particular examples from which we draw evidence.

In the light of this policy development,the purpose of this paper is two-fold. In the first part we aim to shed light on the rationale and underpinnings of the mixed communities approach. We review it in relation to theories of poverty, place and gentrification in urban policy, as well as in relation to debates about the relationships between central and local government, capital and community. We conclude that both in its underpinning analysis of the problems of poverty and place and in the way it configures responsibilities for responding to these problems, it represents a neo-liberal turn in New Labour's urban policy. In the second part, we look at early evidence from the evaluation of the demonstration projects to explore how the new policy approach is playing out in practice at a local level, where it is laid on top of existing ideologies and governance structures.

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[3] HMR operates at a subregional level to intervene in areas with poor or no housing market conditions, HMR pathfinder bodies were specifically created by government with substantial funding (total budget of £1.2bm between 2004-08, while MCI is an endogenous programme enacted and funded by the local state and focused on the neighbourhood level. Nevertheless, some of the same principles are evident.

Theories of Poverty and Place

Whether explicitly or not, all urban regeneration interventions reflect theoretical understandings of the causes of place poverty. We suggest that in broad terms a distinction can be made between early urban regeneration by the Keynesian welfare state, which enacted urban policy to internalise economic crisis and deal with its consequences through a 'neighbourhood improvement' approach (Katz 2004), and the 'neighbourhood transformation' approach of Conservative governments.

Crudely put, neighbourhood improvement policies were premised on an understanding that the problems of declining areas arose from economic structures that created spatial as well as social inequality. They responded by concentrating on ameliorating local conditions and attempting to equalise life chances through compensatory social welfare programmes. The Community Development Projects (CDPs) of the late 1960s were an early example of this approach and sparked a long-running debate about the limitations of local intervention in the light of broader structural inequalities (CDP 1974).

While some elements of the neighbourhood improvement approach have been retained throughout British urban policy since the CDPs, the 1980s and early 1990s saw the adoption of a 'transformation approach'. Here the problems of poor neighbourhoods were defined in terms of market failure, rather than underlying economic structures, and welfarist interventions such as the creation of mass public housing estates and

generous benefit regimes were seen as compounding the problem by trapping people in poverty, within a context of the failure of state hierarchies in service provision compared with the market (Goetz, 2003). In some accounts, residents of poor neighbourhoods were partially implicated in the problem of place poverty, through notions of dependency culture and cultures of poverty. Further, poor neighbourhoods were seen as holding back investment, particularly in inner urban areas where low income residents occupied prime commercial or residential space at low values. The solution was not simply the amelioration of conditions in these neighbourhoods for the benefit of their current residents, but the restoration of market functionality through physical change and transformation of the position of the neighbourhood in the urban hierarchy. The clearest expression of this was the Urban Development Corporation policy of the early 1980s, which brought about the transformation of London's Docklands. A key change was that the state shifted from being a regulator of the market to an agent of the market, fostering the conditions in which areas and communities could become economically productive (Barnekov, 1989) and ensuring the social reproduction of labour and profit (Smith, 2002). In these respects, the Conservative approach was clearly informed by neo-liberal economic and political theory (Cochrane, 2003).[6]

New Labour urban regeneration policy from 1997 to 2004/5 seemed to signal a return to the improvement approach in the form of enhanced public services, the National Strategy for Neighbourhood Renewal, the creation of the Neighbourhood Renewal Unit, and the flagship regeneration programme New Deal for Communities (NDC), which

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[6] Harvey (2005 p2) defines neo-liberalism as "a theory of political practices that proposes that human well-being can best be advanced by liberating entrepreneurial freedom and skills within an institutional framework characterised by strong private property rights, free markets and free trade" (p2).

brought together local agents in a holistic approach to neighbourhood improvement. Transformation was not an original goal of NDC. In fact, the initial remit of the programme did not even include housing, which was a later addition. The establishment of locally elected boards to run NDCs gave them a strong communitarian feel, ostensibly positioning local residents as the victims of neighbourhood decline and the intended beneficiaries of government investment. Other elements of New Labour's approach reveal neo-liberal tendencies (Fuller and Geddes, 2008), such as the emphasis on 'equality of opportunity', rather than 'equality of outcome' (Levitas, 1998), the emphasis on individual problems rather than structural forces, and the devolution of responsibility to citizens for addressing social exclusion. However, New Labour's early response to place poverty seemed clearly to represent compensatory support for individuals and places that markets put at risk through ameliorative state-funded interventions.

The more recent adoption of the mixed communities approach seems to move New Labour's urban policy to a more clearly neo-liberal position. We say this for three reasons:

First, while mixed communities retains some 'improvement' elements, it is clearly different from the previous New Labour initiatives in its adoption of the thesis that 'concentrated poverty' (or in some iterations, concentrated social housing tenure) is the problem and 'de-concentration' the solution. In a way unprecedented in the earlier years of New Labour, UK policy documents from

2005 onwards draw heavily on the notion of 'neighbourhood effects', defined as the **"*additional disadvantages that affect poorer people when they are concentrated in poor neighbourhoods*"** (ODPM 2005b p 52). The Minister for Communities and Local Government also argued that *'communities with a high concentration of single-tenure, low-income residents have not worked in the past, and will not work in the future'* (Weaver 2006).

We do not have space here to fully document the origins of this thesis in the work of US sociologist William Julius Wilson (1987; 1997) and its development through quantitative analyses of income segregation and neighbourhood.[13] The key issue is that in policy discourse 'concentrated poverty' has become a 'spatial metaphor' (Crump 2002), which subsumes the role of complex, generic social, economic and political processes, and targets the individual failings of the poor within particular concentrated spaces, becoming a justification for their removal or dilution. Imbroscio (2008) describes the discursive power of the concentrated poverty thesis in the US as a 'dispersal consensus', which unites leftist academics and city reformers with those on the right, and has provided legitimacy to policies which change the spatial structures of cities through market forces.   A particular target of Imbroscio's criticism is the US federal government's HOPE VI urban revitalization programme. This granted-aided 600 projects in US cities between 1993 and 2006 with the aim of eradicating severely

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[13] For Wilson (1987; 1996), the poor have social pathologies geared towards deviance away from the mainstream (described as the 'underclass'), which (re)produce poverty, and which are compounded by their spatial concentration (`zones of concentrated poverty'). Key to this is their socio-spatial isolation as there is no middle class with social norms that would reduce social pathologies.

distressed public housing. From 1998 onwards it adopted an increasing focus on demolition in order to deconcentrate poverty (Popkin et al. 2004).   Hope VI is worth mentioning here because direct learning from this programme through site visits and exchanges was highly influential in the development of mixed communities policy in the UK (Lupton and Tunstall 2008). However, its influence can be seen not so much in the detail of the policy[14] but in policy discourse. Transatlantic learning from HOPE VI encouraged British policy-makers and civil servants to talk the language of 'deconcentrating poverty', of the need to take regeneration *"further and faster"* with a "*more radical and intensive approach*" (ODPM 2005a p38) embracing extensive demolition. It also helped shift the focus onto concentrated public housing.   Extensive demolition in order to restore functioning housing markets was already underway as part of the Housing Market Renewal programme, but typically in areas of low demand, low value, private housing, and without a discourse of poverty or tenure deconcentration.

A second neo-liberal feature of the mixed communities approach is its emphasis on the importance of restoring market functionality both for the consumer, enabling choice within a diverse housing stock, and for the producer, opening up new construction markets.   The choice imperative is clearly articulated in the mixed communities approach:

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[14] There are major differences between HOPE VI and MCI, most notably the absence in the UK of direct central government funding or any deliberate intention to disperse existing residents through assisted moves.

'The aim is that success measures should be choice. Reputation, choice of staying and that people want to move in – it's about market choice' (Senior CLG official, quoted in Lupton et al. forthcoming p 36).

A functioning market, it is argued, will make it easier to achieve social outcomes, such as improved school performance and reduced health inequalities, and to reduce the need for repeated cycles of public spending (Berube 2005). Importantly, while service improvements that the state can deliver (such as better schools and more attractive open spaces) will play a part in creating this market, they are not sufficient.   Physical change and diversity of housing type and tenure is essential to reposition the neighbourhood as a place of choice. In this context the state's role is to not only to invest directly, but to create a market by reducing the proportion of public housing, or to stimulate existing markets by improving and diversifying the housing stock (Shaw, 2005). In the mixed communities approach, intervention by the local state comes not only in the form of investment in better services (sometimes as in the case of schools, with the explicit goal that these will attract better-off residents) but through the sale or gift of land for private development. **Following Peck and Tickell (2003), this implies that neoliberalism as *practice* involves the contradictory process of market functionality and expansion depending on interventionist regulatory institutions.[15] In tandem with the concentrated poverty discourse, the removal of concentrated social housing through its sale to the private sector as part of a state-managed regeneration programme not only provides a "spatial fix for**

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[15] They represent what Peck and Tickell (2006) term the 'destructively creative process' of *roll-out* state regulation that seeks to manage the contradictions of neoliberalism, but with institutional restructuring 'often in the name of or in the image of the market' (Peck and Tickell, 2003: 168).

poverty" but "opens up valuable land for the construction of profitable mixed-income housing developments" (Crump 2002: 593). In such circumstances there is the potential for developers to adjust planned social housing in accordance with market dynamics, but where the local state internalises risks through provision of favourable conditions for developers (Dutton, 2003). Such processes have the potential to be prolific as developers will favour the least problematic sites because of the risks associated with marginal locations, the need to make a profit and the cyclical nature of the property market (Adair et al, 2003).

The third, and closely related neo-liberal feature is the alignment of mixed communities with the new urban agenda in the UK, as set out in the Urban White Paper of 2000 (DETR 2000) and reinforced through the Sustainable Communities plan (ODPM, 2003). The Urban White paper identifies mixed neighbourhoods, where people of all income levels and life stages will choose to live, as essential to the revitalised city, and in doing so it shifts the emphasis of urban regeneration away from 'bottom-up' approaches that aim to improve neighbourhoods in the interests of current residents, to aligning neighbourhood change with the strategic needs of the city as a whole. These needs are themselves to be identified and met through a new urban entrepreneuralism in which city leaders move away from service delivery roles to envision and promote economic growth and competitiveness, creating the conditions for capital accumulation and investment. One such condition is the presence of the middle classes.

Numerous critics have described the urban agenda of mixed communities as 'state-led' or 'text-book' gentrification (Wyly and Hammel, 2005; Atkinson, 2004; Cameron 2003; Lees et al 2007; Davidson, 2008; Lees 2008). Uitermark et al (2007), describing similar policies in Holland, found that improvement-based interventions were subsumed by the construction of owner-occupied housing and demolition of social housing in order to create liveable, balanced communities. These authors argued that the purpose of this intervention was "civilizing and controlling these neighbourhoods" (ibid: 127) so that the local state could achieve operational aims (such as renting property), and equated to what Atkinson and Bridge (2005) characterised as the colonisation of the city by the middle classes. For Blomley (2004) and Kearns and Mason (2007), such policies are essentially about producing new housing markets through greater homeownership, self-relience, community pride and entrepreneurship; and where the middle class is presented as an morally superior and 'active, responsible and improving population of homeowners' (Blomley, 2004: 89), in 'contrast to a demonised working class or low income groups' (Lees, 2008: 2463).

Responsibilities for Dealing with Poverty and Place

As this account implies, the mixed communities approach to neighbourhood regeneration is not just about doing different things, but also about doing things in different ways, with different institutional arrangements reflecting newly-defined

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responsibilities of different actors: central and local state, business and the community. These different institutional arrangements potentially have a significant impact on the nature of governance arrangements, including issues around participation, legitimacy, strategic focus and power relations (Newman, 2001).

'Improvement-type' approaches in the UK have typically been delivered via a top-down mechanism, involving central state grant-giving, target setting and monitoring, as well as strong direction on programme activities. By contrast, the mixed communities approach particularly emphasises the role of the local state, not just as one of many partners working to central government priorities, but in a community leadership role, and in the absence of strong nation state intervention. MCI DPs have no centrally determined targets and no 'cash pot' for which they are accountable. **Instead a more strategic and entrepreneurial approach is encouraged at the local level, with local authorities typically taking responsibility for development and implementation, and engaging other partners. Outcomes for particular neighbourhoods are integrated with broader strategies for city revitalisation and competitiveness:**

> ***"[MCI is] an approach that is not constrained by specific funding streams or area boundaries. It's possible to look at what the problem is and work towards a solution… a wider and more comprehensive approach"* (DP Project Director, cited in Lupton et al forthcoming.**

In this way, the local state internalises some of the costs and risks of the market process[18] by creating favourable conditions for developers to invest, on the understanding that later capital receipts will recoup actual spend and fund new social housing and other facilities and amenities.   This responsibility was described by one stakeholder as having *"taken the risk, been a loss leader"* (DP representative,author interview), an interesting adoption of entrepreneurial language. It resonates with other accounts of 'state-led gentrification' in which the key role of the local state has been pointed out (Cameron 2003, Dutton, 2003 and Slater 2004).   Indeed, for Newman and Ashton (2004) the local state in 'resource-poor cities' is critical in the gentrification process as it responds to a policy discourse of 'concentrated poverty' through the utilisation of market processes.

By the same token, the mixed communities approach gives central importance to private sector involvement (Davidson and Lees, 2005; Davidson, 2008; Lees, 2008).   Solutions to the problems of poor neighbourhoods through transformational change are evidently dependent on capital and property market dynamics.   State-fostered and state-subsidised regeneration works in combination with private capital to produce new urban landscapes (Smith, 2002; Newman and Ashton, 2005). Wyly and Hammel (2005) have argued that this has important social implications in that urban policy decisions rely on middle class market demand, including the provision of public services. Moreover,

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[18] Costs typically relate to the acquisition of properties for demolition, actual demolition and investing in environment improvements

programmes are likely to be heavily dependent on developer's willingness to invest and the strength of the housing market in particular places and times. Jessop et al (1999) argue that market forces restrict the actions of local government and other actors in the processes of physical urban regeneration, and there is considerable evidence that property developers have determined local agendas, given the resources they possess and the state privileging them a central role in networks (Anastacio et al, 2000; Adair et al, 2003).

A more central role for capital poses potential challenges for the role of community. Mixed communities follows on the heels of the New Deal for Communities programme, in which area regeneration was intended to be community-influenced in partnership with agents of the local state, including local government. In reality, community influence has not been as strong as it might have been (Fuller and Geddes, 2008, Perrons and Skyers, 2003; Imrie and Raco, 2003), and indeed some commentators have interpreted NDCs as the spread of neoliberal principles through the devolution of responsibilities to communities, along with new forms of control at a distance by the state (Dean, 1999; Raco, 2003). However, the contrast with MCI is striking. MCI operates with no specific central direction on governance arrangements. This may simply create a space for local state agents, business and communities to construct their own tailored forms of involvement, with no reduction in community influence. A more cynical view would be that the lack of protection for community involvement is a function of the pragmatic requirements of business (Newman 2001), or of the need to be driven by more strategic and city-wide concerns. As Katz argued, community involvement may well be a part of

a mixed communities approach, but neighbourhood transformation *"requires a dynamic, market-driven notion of neighbourhood change, rather than any 'community control' vision dedicated to maintaining the status quo"* (2004:26).

Local Implementation

Transformational Approaches to Poverty and Place ?

The evaluation evidence suggests that the transformational goal of the mixed communities approach and the primacy of the market are firmly embedded in local plans. All the DPs identified a high proportion of low income housing as inherently problematic, regardless of current levels of demand, and their plans are designed to create functioning housing markets which will attract a broader range of households, creating thriving and sustainable areas in which households with choice will want to live.

Levels of projected housing provision and demolition vary between DPs, but greater levels of change are planned in areas with a majority of social housing. For instance, 6000-8000 new homes are planned in the predominantly social housing area of Newham, compared with just 400 new dwellings in Sheffield where there is far more private tenure (see Table 1). In Coventry, approximately 1700 homes (mostly social housing) are to be demolished and replaced with 3,630 new properties (the majority

being private), with some social housing units also being refurbished. The effect will be to increase owner-occupation from 14% to 60%.

The extent of planned change in social housing areas certainly reflects the greater leverage of the local state in areas where it is the largest landlord.   However, it also reflects an understanding that lack of tenure mix is the major problem in such areas. This was the case partly because social housing was seen as concentrating poverty – in itself problematic. For example the Canning Town Masterplan Supplementary Planning Guidance highlights problems with concentrations of deprivation and high levels of social rented tenure by Newham standards and the need to create a *"mixed and balanced community"*. The strategy sets out to move tenure mix for the area from 67% to 50% social housing over a thirty year period. Moving closer to the national average for mix is in itself a goal.   Neighbourhood transformation is to be achieved by selling or giving land to private developers and housing associations to enable tenure diversification and to subsidise new or refurbished social housing and infrastructure. Partly, however, social housing was seen as inhibiting individual choice. Thus, even where DPs did not envisage a large scale change in income mix, they wanted to, in the words of the Canning Town DP, "*ensure genuine mixed tenure and to offer residents the opportunity to make choices about their housing".* This would have the additional effect of making it less likely that aspirational families would move out of the areas to satisfy their housing needs.

There is also evidence in some cases of a more strategic and integrated approach than to previous neighbourhood regeneration initiatives. Although some of the DPs have evolved out of previous neighbourhood-level initiatives, particularly NDCs, in several cases they are very closely integrated with and driven by strategies for economic regeneration in surrounding areas. **This is particularly clear in DPs such as Gipton (Leeds) and Burngreave (Sheffield) where there is an explicit focus on city-region housing demands and economic competitiveness. Gipton DP for instance forms part of the East and Southeast Leeds (EASEL) Regeneration Initiative, which itself forms part of the Leeds Regeneration Initiative. Neighbourhood regeneration is designed not just to benefit existing residents but to change the image of the area, encourage new business investment, and open up housing opportunities for incoming professional residents.**

However, in some DPs, the rhetoric around area transformation and the advantages of mixed communities per se is less strong. The rationale for intervention is more pragmatic and more focused on neighbourhood renewal rather than city revitalisation or gentrification. One of the demonstration projects is in the Tees Valley, where the sub-regional economy has not recovered from de-industrialisation. The sub-region has a GVA per capita index of 71 compared with 102 for England as a whole[21]. As well as a spatial shift in jobs, there has also been a re-structuring of the labour market with more part-time jobs and jobs held by women. Large scale depopulation has occurred over

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[21] Note: GVA (Gross Value Added) per capita is a measure of economic prosperity. It is based on the value of goods and services produced in the area divided by the resident population.
http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14650

the last twenty years, leading to low housing demand. **While there are plans for economic growth, and some household growth is now anticipated, the underlying weaknesses of the economy are acknowledged.   The creation of a new mixed community is seen as important in renewing and diversifying the housing stock, to enable choice, stem outflow of population, meet the needs of emerging households, and reorient three depleted communities around a new 'growth pole' of new housing, shops and community facilities. In this sense it is hoped that the area will be transformed, and indeed a transformation of the image of the area is seen as essential. However, it is not anticipated that the area will be transformed into one where much wealthier people will live and there is little rhetoric around the value of a mixed community per se.**

Local state agents involved in delivering mixed community projects also expressed concerns about the neo-liberal discursive positioning of existing working class communities within the mixed communities approach, and the need for the local state to project their interests during neighbourhood transformation. This was sometimes expressed as a threat of gentrification. Such views were particularly prevalent where projects were part of the NDC programme, and which had spent some years delivering an 'improvement' type approach with a strong emphasis on the local community determining the direction and nature of neighbourhood change.   Officers responsible for delivering the projects expressed reservations at the possible deficit implication of the 'mixed communities' approach:

"to be perfectly honest, going out speaking to members of the public I have great concerns about using that kind of language [mixed communities], … they'll actually think it's quite patronising …….. basically, if you go out there, and say something like that, and they'll say "so what you saying then? – we're a crap area? – we can't look after ourselves? – we're just a bunch of, you know?" (Demonstration project)

"I have *anxieties about the way in which it is about displacing poor people, you could only apply such plans in a poor community. It seems to be about displacing poor people into other poor places*" (authors' interview).

Acceptance of the need to change areas, and the inevitable role of capital in financing area improvements, along with reservations about the implications for working-class communities, led to plans which protected the interests of people already living in the areas. In all but one DP, housing plans in the projects involved no net loss of social housing (because developments were built at higher density), in sharp contrast to the US HOPE VI programme where displacement was an explicit objective and residents were given vouchers to move elsewhere. In some DPs, charters had been agreed to give original residents a right to housing in the new development.

Especially in 'well-connected' areas (inner suburbs with a potential for gentrification) there were concerns about affordability as land values rose, and

therefore that polarisation rather than mix would occur, as people on moderate incomes and not in social rented homes progressively become squeezed out of the market. Too wide a 'mix' was seen as potentially problematic:

> *"With the mixed community I'm also worried about the huge contrast between people I'm not sure if they will mix at all. There is quite a fear thing between communities, and new residents will be commuting and so won't be around to contribute, there may end up being mentally gated areas" (authors' interview).*

However, these concerns had not yet been reflected in measures to retain equity in the public sector or have it retained by developers with profits on subsequent sales recycled into community infrastructure. Concerns about the approach had not been converted into actual policies. One demonstration project was interested in securing the freedom to retain stamp duty on properties built under mixed communities. The quotation illustrates sensitivity to the trade-off between neighbourhood and city interests and the desire to have this recognised in some appropriately redistributive policy mechanism:

> *"But, actually, it's a way of saying, you know, this local community has been part of raising values, it's gone through the pain, it's gone through the difficult demolitions, it's coming out the other side. It's raised the profile of the area in terms of the city and it's also raised investment potential, so why not benefit from some of that? And retaining stamp duty for those properties*

that have been built as part of the Mixed Communities program that could pay for five years of concerted approach on neighbourhood arrangements for the neighbourhood side of it. (DP representative)

A new institutional landscape?

Thus, while adopting a mixed communities approach, some local projects were attempting to design local interventions that would limit any potential negative effects. They were adapting to mixed communities as plans unfolded.

Institutional arrangements in the DPs also appeared to indicate a transitional phase where new relationships are evolving, contested and uncertain. In one sense, local authorities appeared to be welcoming the new urban entrepreneurial role that urban and local government policies were extending to them. DPs welcomed the opportunity of a more creative approach in which local authorities could work beyond specific funds or boundaries and "*look at what the problem is and work towards a solution*" (DP official). They were integrating people-based initiatives and funding streams (from primary health care trusts, for example) within their area masterplans, and in some cases thinking about longer term strategic integration. For example, in one area, the local authority's housing function was being incorporated into a community care directorate, recognising the need to tackle place characteristics not in isolation but as an aspect of individual well-being.

However, the limits of this new localism were also evident. A particular feature of the demonstration projects is that they are to be offered new *"freedoms and flexibilities"* to enable local creativity and solutions tailored to local problems. However the kinds of freedoms that projects want are hard for central government to grant within existing legislative frameworks or without creating inequity between local authority areas. For one local authority, at least, this meant that the mixed communities approach to particular neighbourhoods must be incorporated within the Local Area Agreement structure for governance of local authority areas, even though this was likely to constrain local flexibility, and enable more central direction. Having welcomed what appeared to be a chance to work independently from central government, some DPs were recognising the necessity to negotiate freedoms by operating within a more centrally-determined framework.

> *"I would say that the Mixed Community programme should … definitely fit with LAA, because one of the, sort of, dangled carrots for Mixed Communities was that we would get additional freedoms and flexibilities in line with the local area agreements and going beyond that. Well we haven't seen that, have we, to date?"* (Local authority)

Another interviewee observed that creative joining-up of programmes locally was difficult in the absence of the same level of co-ordination at the national level. Thus spending programmes of the Department for Children, Schools and Families or the

Home Office were not currently determined by neighbourhood renewal/mixed communities imperatives, making it difficult for local projects to tie in new schools, for example, with new mixed housing developments. Given strong centrally driven programmes and policy objectives, local freedom to take a place-based approach cannot operate unless concerns with integrating programmes at a neighbourhood level have a higher priority at the centre:

"MCI should be linked to 'Building Schools for the Future' and Home Office initiatives to design out crime. Some of this is happening locally but it varies – there's no real leadership from Government" (Government Office)

However, joining programmes at a central level might well have the effect that local projects end up delivering joined-up programmes for neighbourhoods that have already been determined at the central level. These tensions between central and local responsibilities have clearly still to be worked out.

Demonstration projects also expressed concerns about the shifting role of the local state in relation to capital interests. All were actively practising the neo-liberal approach of using public funds to attract and create the conditions for the investment of private capital, as explicitly stated for the Leeds DP:

EASEL is fundamentally a market driven regeneration programme. Its primary aim is to create a successful housing market where increasing values will realise the financial return needed … to fund regeneration

investment (Report of the Director of Neighbourhoods & Housing Executive Board: Leeds City Council, February, 2007).

In mixed tenure areas where the local state did not own large amounts of property, this took the form of investing in area improvements (demolishing empty properties, displacing drug and sex markets and strengthening policing, cleaning up 'eyesore' sites, investing in schools, planning transport improvements and restoring historic buildings). As mentioned above, there was a general perception of DPs being 'loss leader' in financing these kinds of improvements to create the conditions for a mixed community:

> *Of course the key to market uplift is improvement to the existing state and image of the area. The success of EASEL is therefore dependant on upfront investment to address the issues most critical to the housing market; particularly the quality of place, the performance of local schools, the availability of high quality convenient shops and services and good transport links (Report of the Director of Neighbourhoods & Housing Executive Board: Leeds City Council, February, 2007)*

In the evaluation research, DPs did not contest this approach in principle. However, they did acknowledge that this was a risky strategy, since it depended on land values rising sufficiently to deliver later parts of the programme. Reliance on private capital to deliver programmes could push DPs into agreeing deals with developers in order to ease cash flow problems.

"Until we sign a deal with the developers, we don't have money. There is a danger of signing a deal to take the heat out and risk getting not such a good deal…".(Demonstration Project).

Ultimately, they might also invest public funds and risk schemes falling through if the housing market did not support further phases of development. This was obviously a particular concern in weaker housing markets, but the inevitability of dependence on private capital was not challenged. **The potential risks here have become much clearer in recent times as the 'credit crunch' has begun to impact, and the potential divergence between capital and local state aims becomes more evident.**

Perhaps the most uncertain area in institutional terms was how the roles of local state, capital and community would be resolved in governance arrangements for mixed communities.   Some projects had engaged in extensive consultation processes and established neighbourhood-level governance boards with resident representation, in the mode of New Deal for Communities. Indeed, this governance model was most evident where DPs had evolved from existing NDCs. The new approach was being adopted within the old structures. Notably, it was in these cases where residents' charters were being adopted to resolve tensions between capital and community. **While these protected residents' rights to new housing, if desired, there was a great deal of discretion for capital and the local state to change aspects of the plan, because communities had no legal rights (to be consulted and influence decisions)**

beyond the right to new housing. In other areas, projects exemplified top-down strategic planning, with consultation opportunities on strategic plans produced by local authorities, but no neighbourhood level structures for residents to be engaged in initial visioning or involved in ongoing governance. Here, the active involvement of the community seemed to have been suppressed in the formation of close partnerships between local state and private capital to deliver strategic change. Thus, in the case of Sheffield DP the amount of social housing/affordable housing has been reduced to 20%, with little input of residents into this process as discussions largely took place within the city council and various city-wide partnerships that did not include residents from the DP area.

In DP areas it is left to either the limited resources of local authority regeneration and community engagement teams, or the NDC, to develop the ability of communities to engage in the MCI process**. An example of this is Coventry DP where as the main local body it has been left to the NDC, with support from the city council and RSL, to develop the capacity of this group. Only recently has terms of reference and a code of conduct been developed for the group, along with chair and vice-chair positions, all of which were developed by an NDC community capacity builder. This follows the NDC programme in that there is devolved responsibility to develop the capacity to act, but is based on an assumption that local communities are willing to act. In this sense there is a tangible belief that involved residents are representative of the local community, and thus there have**

been no efforts to ensure a systematic mechanism for ensuring that they are in fact representative.

Of further interest in the future will be the accountability arrangements of joint venture companies for redevelopment that some DPs are adopting as 'special delivery vehicles' for mixed communities, and which encapsulate the relations between capital, state and communities. **These structures are emergent, and it is not yet clear how community representation will be organised in these or how the community will be able to call them to account. An interesting example occurs in Coventry DP where there is no joint venture company between all partners, but a 'development agreement' which sits between the Registered Social Landlord (RSL) and the three developers, with a back-to-back stakeholder agreement between the NDC, RSL and the City Council. This focus on pragmatic structures reduces governance to market-based contractual relations. A core strategic group of the three developers, RSL, city council and NDC is the main governance group for the DP. This group includes the regional Managing Directors of the developers and is considered the main arena in which there are discussions around reviewing the financial model and making subsequent decisions, but with no actual involvement from the community and voluntary sectors. This is not an atypical governance arrangement, but represents the creation of new governing spaces in the regeneration of deprived areas, where the relationship between community, capital and state is being reconfigured towards the latter two, with involvement from communities far more reactive and piece-meal.**

Conclusions

The mixed communities approach represents a shift in ideology about poverty and place problems that is more neo-liberal than New Labour's previous interventions, implying new roles for capital and community and being played out in the context of changing central/local relations that support urban entrepreneurialism, but within potentially tighter central government control. It is certainly the case that the programme represents a renewed focus on concentrated poverty as the cause of deprivation, and the enactment of market functionality (through the promotion of largely middle class homeownership) and processes of gentrification as solutions, with the middle class viewed as being able to produce beneficial effects on those residents that are not displaced. At the local level, local state agents are enacting this approach, but with some reservations, and with some uncertainty as new institutional relationships evolve. It is not entirely clear how the policy will take shape and with what effect at local level. The transition between the NDC 'improvement' approach and the 'mixed communities 'transformation' approach may represent what Brenner and Theodore (2002) have described as the 'neoliberalisation of urban space' as emergent neoliberal tendencies seek to dissolve inherited institutional arrangements that lay beyond neoliberalism.

It is highly likely that local dynamics will lend different forms to this new neo-liberalism in different areas as "new political forms emerge out of struggle, rather than being imposed in a top-down manner" (Larner, 2005:11). Local mixed community projects are, in a sense, new local sites of contestation in which neoliberal tendencies compete with alternate political imaginaries and practices (Leitner et al, 2006). However a key and consistent concern must be the subordination of local interests as a process of re-scaling goes on in urban and regeneration policy, with the neighbourhood – a key feature of earlier New Labour interventions – being supplemented and subsumed by city-region and region scales. With capital likely to have an increasing role in governance arrangements, there is clearly potential for a new disempowerment of communities, through what Harvey (2000) describes as a 'deep substratum of coerced co-operations and collaborations' (p 181), in which certain agents are favoured, while others are disempowered. Resolving this tension between neighbourhood and strategic interests, community and capital, is a key challenge for the forms of Third Way politics characterising the nation state. **This is obviously set against a backdrop of continuing problems in the housing market. One potential consequence of this is a move by local state authorities to internalise further risks in the hope of inducing developers to build housing in marginal locations, while also further increasing the bargaining power of capital relative to the local state and communities. On the other hand, increased demand for affordable housing along with a shortage of private sector investment may lead to increasing central state intervention and a reduced emphasis on tenure deconcentration. How this plays out remains to be seen.**

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