



Understanding the Potential of

SMALL SCALE COMMUNITY LED HOUSING

Community Led Organisations
Leading the Way



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- Back on the Map (Sunderland)
- Bristol Charities
- Giroscope (Hull)
- Glendale Gateway Trust (Northumberland)
- LATCH (Leeds)
- Pembroke Estate TMO (Plymouth)
- St Minver CLT (Cornwall)
- Starley Housing Cooperative (Coventry)
- Stonesfield (Oxon)
- Witton Lodge Community Association (Birmingham)

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REPORT SUMMARY

1.1 Introduction & Objectives of the Report

Housing - and the provision of housing - is a key issue facing the nation. There is nothing new about community led housing; Almshouses, Housing Co-operatives and charitable trusts have been delivering housing that meets local needs for many years. Community ownership has the potential to empower communities and to deliver projects that people care about, and that support the wider regeneration of an area. The objective of this report is to examine the community led housing sector and to draw out examples of how community led housing projects operate as sustainable forms of social and community enterprise. It is hoped that, by presenting this evidence, other new community housing projects, and their enabling partners, will have the confidence to deliver new community led housing solutions tailored to their own communities.

1.2 Methodology

Desktop research helped to provide a better understanding of the sector as a whole, however, there proved to be little robust data publicly available. Two key data sets were the Charities Commission and Homes and Communities Agency. Criteria were then set for the selection of case studies; those chosen represent a wide cross-section of different models and location types, where organisations own, manage or develop less than 250 housing units.

1.3 Overview of the community led housing sector

The term 'community led housing' is commonly used to describe homes that are developed and/or managed by local people or residents, in not for profit organisational structures. There are a range of models that can be adopted including self-help housing, Cohousing, co-operatives and tenant controlled housing, Community Land Trusts (CLTs)

and Development Trusts. Research unveiled that the community led housing sector was bigger than anticipated with charities, Almshouses, Registered Providers, Tenant Management Organisations (TMOs), Housing Co-operatives, Self Help Housing Organisations, Development Trusts, Community Land Trusts (CLTs) and Cohousing Communities all operating community led housing projects.

1.4 Case studies

The case studies examined through this research (and listed below) showcase a range of different models and include urban and rural settings. Most projects let their homes at affordable or social rents.

- Back on the Map (Sunderland)
- Bristol Charities
- Giroscope (Hull)
- Glendale Gateway Trust (Northumberland)
- LATCH (Leeds)
- Pembroke Estate TMO (Plymouth)
- St Minver CLT (Cornwall)
- Starley Housing Cooperative (Coventry)
- Stonesfield (Oxon)
- Witton Lodge Community Association (Birmingham)

The research undertaken demonstrates that small scale community led housing is a sustainable business practice. It has shown that community led housing models are deliverable at all scales and in

a variety of contexts; urban, rural, small, large. The qualifying characteristic is that the homes are managed by a majority of either residents or those who live and work in the area. The research also shows that ownership of the housing asset is paramount from a business model perspective, enabling the community not for profit housing provider to raise investment, manage quality outcomes and tenancy allocation. It creates the sense of ownership and value that in turn is empowering and creates a stable revenue income to underpin further investment and organisational stability.

We found that management costs were not extensive and that there were many examples of organisations operating profitably. We also found that housing management issues were readily solved within the resources that these small organisations can command. This is contrary to the warnings that are often laboured by partnering housing associations and local authorities seeking to warn small potential community providers of difficulties that will require the intervention of larger organisations with capacity and experience. This is clearly not necessarily the case showing that local management can be cost effective and responsive to tenancy issues as they arise. Too much of the narrative about community led initiatives focuses on the development of projects; there is insufficient attention given to learning from existing practice and awareness of the capabilities and needs of these organisations to help others to replicate their successes.

1.5 Recommendations

A set of key recommendations has resulted from the development of this report. Recommendations include challenging the myth that bigger is better with regard to the development of community led housing, calling for a more robust comprehensive data set on the sector and further research to be undertaken on community housing management practices. The report also recommends that the sector would benefit from more of an holistic approach to community led housing policy, long

term dedicated funding, as well as recognition of the multiple social, environmental and economic benefits of small scale community led housing. The detailed set of recommendations is shown in Section 10.

Small scale community led housing will not replace mainstream housing provision, but it can trailblaze and it can provide the inspiration for how housing could be provided.

“Small scale community led housing will not replace mainstream housing provision, but it can trailblaze and it can provide the inspiration for how housing could be provided. ”

2

INTRODUCTION

One of the biggest issues facing the nation is housing. Over the past 30 years, housing has become a commodity and a measure of the nation's wealth. Successive governments have intervened with short term piecemeal programmes to increase supply and make planning system reforms; efforts that have periodically (artificially) stimulated the market, but the failure to provide housing to meet need has resulted in overinflated house prices.

As a consequence of such a long-term failed approach, the private rental market has expanded, and many communities across the UK are faced with situations whereby young people and those of limited means are unable to afford to buy their own home, or pay the rents, or accept the terms, of private landlords.

The provision of social rented and other types of affordable housing has largely been filled by registered housing providers, mainly housing associations,

many of whom have thrived on the transfer of council owned housing stock and the generous government subsidies offered through the former Housing Corporation (now the Homes and Communities Agency). Things have changed. For many, the 'fewer, bigger, better' approach instigated by the best value regime in the 2000s and reinforced by the 2004 Gershon Review of Public Sector Efficiency¹ has distanced housing from local management and local need, and as a result, more and more

¹ The **Gershon Efficiency Review** was a review of efficiency in the UK public sector conducted in 2004-5 by Sir Peter Gershon

community led organisations have sought to address emerging housing issues in their own communities. In many, if not most, of the examples we are showcasing in this report, developing and managing community led housing has proven not only valuable in terms of providing a much needed and valued service, but also in demonstrating that affordable housing can be a sustainable social enterprise which enables and supports much wider community regeneration.

There is nothing new about community led housing – Almshouses have been in existence for centuries, Housing Co-operatives and charitable trusts have been operating for decades, quietly delivering real value in communities; owning and managing housing in a way that connects people with the communities they live in. Community ownership has the potential to empower, rejuvenate and invest in people, to deliver projects people care about, to retain investment in areas experiencing uplift and to create sustained benefits. This process has been initiated successfully in many places the world over, the real challenge is identifying the vital elements of success.

The coalition Government (2010- 2015) has built on previous measures such as the Quirk Review (2007) into community ownership of public assets by calling on communities to deliver self-help projects to provide welfare and social facilities, including small scale community housing (Moore & McKee, 2013). The extent that

the provisions created in the Localism Act 2011 are designed to facilitate and resource adequately community driven asset development projects is hotly contested. However, by establishing access to revenue funding (Community Led Project Support Fund) and access to capital through Community Empty Homes Grant and the Community Affordable Home Programme, actions have helped to normalise and counteract the prevailing narrative of previous political administrations that housing should only be provided by large organisations. In recent times Localism support measures have avoided prescriptive approaches to favouring different community housing models, however the design of programme funding for the Community Right to Build is viewed by some as not fit for purpose under scrutiny, that simpler revenue/capital funding could enable and increase the delivery of community housing programmes and that this should be made more widely available (CLG Select Committee 2015 on Community Rights). Community animators should be aware of capitalising on the opportunities presented by public sector withdrawal, and the consequential availability of redundant assets. They should be very mindful of avoiding taking on assets that are no longer viable especially in the absence of dowry payments from public authorities in recognition of sometimes poor management over many years.

3

OBJECTIVES OF THE REPORT AND RESEARCH

The aim of this research and report is to seek to understand the size of the community led housing sector and to examine the different business approaches of a varied selection of case studies to determine the notion of community led housing as a viable form of social and community enterprise.

We know from years of delivering and supporting the development of community led housing projects that there are sustainable business models, but have found the lack of available information to be a barrier in convincing others that this is the case. The lack of information is compounded by a common myth that the development and management of housing is too difficult to finance and manage. This report evaluates some of the critical issues such as;

- **how established organisations finance the management and maintenance of properties**
- **how they manage risks and bad debt**
- **why established community housing organisations started out**
- **who is housed and the different property allocation processes adopted**

The report is not a 'how to develop a community housing project' guide, and shouldn't be considered as such. The intention is to inform the reader about how successful projects have approached developing and managing a successful community housing portfolio.

Above all, we hope this report will raise the confidence of people developing new community housing projects, and their enabling partners, by providing evidence of the scale and viability of different approaches and the extended benefits - tailored to address local issues- that can be achieved through local small scale delivery. For a full list of the benefits of community led housing see Appendix 1.

“We hope this report will raise the confidence of people developing new community housing projects”

4

RESEARCH METHODOLOGY

Our starting point involved detailed desktop research to try and understand the sector better, and to map out the range of organisations out there, and numbers of organisations involved.

4.1 Research process

Ideally, we would like to have been able to access more detailed information to better understand the average size of property portfolios, value of stock, geographical locations and financial data, however, there was very little robust data of this type collated and made available. Two important data sets were the Charities Commission and the national housing agency - the Homes and Communities Agency (HCA). The HCA has a searchable database of limited data fields; names, number of homes managed, location, how homes are managed. The Charity Commission only

records numbers of registered charities with housing interests and does not provide secondary data for interrogation. This is a key gap in available data. We attempted random analysis of organisations listed and found several previously unidentified organisations providing and managing housing, alongside examples of organisations providing advocacy and supported housing services. The scope of this study did not permit a full interrogation; we hope that this could form part of a new research enquiry.

Establishing how many Charitable Trusts registered with The Charity Commission were managing and developing community led housing proved a surprisingly difficult task. The Charity Commission website includes a detailed search engine which we hoped to use to arrive at an accurate number. There are 164,000 charities on the register, and various criteria that can be used to search in more detail. After much deliberation and discussion with The Charity Commission, we were advised that the most accurate method was to select category 107 from the search engine drop down menu – ‘accommodation and housing’. This identified a total of 1300 charities engaged in this field. We have some doubts as to the accuracy of this number since, in the first instance, the information largely comes from self-certification, and secondly, that further scrutiny reveals that some of these charities exist to support people with grants towards housing costs rather than deliver housing directly.

The Homes and Communities Agency supplied us with their database of national Registered Providers (RPs). The database contained 29 different fields of data giving extensive information on whether the RP managed supported housing, how many homes were in direct ownership, how many were managed on behalf of other organisations, how many met decent homes standards, etc. Based on the ‘total low cost rental accommodation owned and directly managed’ field, we were then able to conclude that 120 RPs own less than 10 homes, 653 own less than 250 homes and only 60 of the 1387 have more than 10,000 homes. Interestingly, on the national register of RPs, 29 are YMCAs

owning and managing between 6 and 203 homes, 79 are Almshouse organisations owning and managing between 2 and 212 homes and 84 are Co-operative societies owning and managing between 3 and 162 homes.

The next stage of the research was sifting through the many organisations identified to find examples, which fulfilled the necessary criteria. This involved direct discussions, request and receipt of newsletters, accounts and annual reports. Both report authors have extensive knowledge of the sector and as a consequence, we were mindful of the responsibility not to pre-select case studies based on our knowledge of the relative success and failure of projects. The selection criteria used, prioritised the degree to which projects met the eligibility criteria (please see below) a consideration of geographical balance and a reflection of the different models of governance in community housing projects. We hand-picked 10 organisations that represent an interesting cross-section and have taken a detailed look at what they do, how and why they do it, and what others can learn from their experiences. Selected organisations that subsequently agreed to be interviewed included a range of projects that both researchers of this report did not have in-depth awareness of at the outset.

The third stage involved structured face to face meetings with the selected organisations, interviews with key staff and stakeholders, and collation of material and reports (see Appendix 4 – Case Study Prompt Sheet – used as the basis of interviews).

We had hoped to complete the work for the Locality convention in November 2014 but were overwhelmed by the lack of pre-existing research and information to support the research objectives. We were also keen to ensure our research and understanding was as thorough as possible, and that we could maximise the learning from the experience.

Due to the developing understanding of community led housing in the UK, there is not a lot of empirical evidence available concerning the need or viability for community led housing. As such it is difficult to draw any absolute conclusions. Our research demonstrated just how diverse community led schemes were and the different approaches each community had taken. Whilst there is commonality in that all the schemes had a passion to do more housing, benchmarking seemed near impossible given the difficulties in measuring social, economic and environmental benefits resulting from their direct delivery of community housing.

Our final goal was to capture the learning in a document that could be accessed by as many community led organisations as possible, and to inform the range of organisations that could support them.

4.2 Criteria for schemes showcased

It was important to us to select case studies which would reflect as diverse a range of community led development as possible, and examples that others could learn from. The criteria we used were as follows:

- Community led – genuine dominant involvement of local residents and or tenants in the decision making of the organisation
- Own/manage less than 250 homes
- Involved in wider regeneration
- Not for private profit
- Operating in a defined local geographical location
- Balance of different approaches including member cooperative governance and local community representative management.
- Balance of organisations developing new property and renovating empty abandoned homes, urban and rural and different priorities on who the housing is provided for.

Because the focus of the research involved assessing aspects of sustainability, we were concerned to select case studies that had been operating for over five years, to reflect long term objectives and opportunities. We are conscious that developing organisations worry about the formative years of a project (financially), as well as the longevity of management arrangements. In the case studies, we aim to provide evidence of how these issues can be addressed successfully.

We have been unable to ascertain the exact number of organisations that have ceased to operate. We are aware of a small handful of community providers that have ceased trading in the last 10 years but suspect this number could be higher if a more detailed analysis were undertaken. Given the minimal level of resources targeted at this niche sector, the apparent low failure rate is an achievement in itself.

This is not an academic piece of research, and as such, though we are mindful of the limitations of small study sample, we make no claim that evidence is representative of every community led housing organisation.

It is of great regret that the limited time and resources available to do this study, coupled with the fact that the data available from the Homes and Communities Agency and the Charities Commission do not cover Scotland, and that our focus has been entirely on community led housing in England. Given the nature of its geography, rurality and population density, Scotland has been at the forefront of community led housing for many years. Community-Controlled Housing Associations (CCHAs) are well established and so the principle of smaller scale housing management is well embedded. A report carried out in 2010 by the University of St Andrews concluded that:-

CCHAs across Scotland have a strong track record in addressing wider issues at a neighbourhood level. Their success is precisely because of the physical presence they have at a community level, and the strong relationships they have developed with their tenants' (McKee. 2010). The report goes on to recognise that the community regeneration activities fostered through the CCHAs 'have immense social and economic value, but sadly are not reflected in the Social Housing Regulator's measure of 'value for tenants and taxpayers'.

Since the report there have been significant changes – there was real concern that the public spending cuts introduced by the current government would lead to a 'fewer, bigger, better' approach and the greater powers of the Scottish Parliament emerging from the independence referendum has led to significant changes such as the abolition of the 'right to buy' act in 2014.

In short, the Scottish social and affordable housing provision is evolving and the effects of recent legislation will take some time to be known. However there is evidence that the Scottish experience of community housing has led to measureable benefits based on a comparative study of outcomes between residents of community controlled housing and other tenure options, Satsangi and Murray, ((2011) and cited) in Moore & McKee (2013). It is a recommendation of this report that additional resources are found to enable some in-depth comparisons to be made between the English and Scottish community led sector with a view to establishing what best practice can be gleaned from both.

5

AN OVERVIEW OF THE COMMUNITY LED HOUSING SECTOR

Community is an overused term that can be applied to different contexts: a 'community of place', a 'community of interest' are some of the common uses.

5.1 What do we mean by community led housing?

'Community led' housing is a term commonly used to describe homes that are developed and/or managed by local people or residents, in not for private profit organisational structures. Organisational structure varies but governance should be overseen by people who either live or work in the locality of benefit, or are direct beneficiaries. Community housing generally refers to a small geographic identified area of belonging or association.

Some common features include (Gooding, 2013);

- Independent not for private profit organisation
- Democratic open governance structures, accountable to either the wider community or to direct beneficiaries
- Predominately 'affordable housing' or housing that meets a specific local identified need not being met by other providers

- Can be new build or renovated properties
- Can occur in urban and rural situations
- Self-managed for community benefit or for member benefit

There is not a current statutory definition of 'community led' housing; despite the term being in frequent use by public bodies and others. Two community housing approaches have UK statutory definition references and they are, the Cooperative Housing model in a raft of legislation starting with the 1965 Industrial and Provident Societies Act, and the Community Land Trust model secured a definition in Section 79 of the Housing and Regeneration Act 2008².

There are different approaches and models that community led housing organisations can adopt to help with the process of developing and managing housing. Some models originate from a concept and a movement outside of the UK, others have evolved from organic types of organisations that latch onto a model for a supportive framework which resonates with what they are aiming to

achieve. The models have different independent infrastructure support organisations that are established to champion and assist the development of each approach. This can be hugely beneficial to new organisations daunted by the process. The models themselves overlap and multiple approaches can be used successfully in one project. It is not a prerequisite of developing a community housing project that any model is adopted, though there is a great deal of guidance and peer support to be accessed from the different support organisations that can act as a catalyst and give informal access to valuable mentoring support. Models have different values and governance emphasis but have similar main objectives; that of local, community ownership and management of housing for the benefit of the community. It is not the purpose of this report to describe in detail each of the models or to compare relative merits and attributes. However a small table is provided below listing each approach. A fuller description of the varied approaches is provided in Appendix 2.

²The definition secured by the **Community Land Trust** model is as follows:

A corporate body which

- is established for the express purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets in order
 - to provide a benefit to the local community;
 - to ensure that the assets are not sold or developed except in a manner which the trust's members think benefits the local community.
- is established under arrangements which are expressly designed to ensure that:
 - any profits from its activities will be used to benefit the local community (otherwise than by being paid directly to members);
 - individuals who live or work in the specified area have the opportunity to become members of the trust (whether or not others can also become members);
 - the members of a trust control it.

MODEL	DESCRIPTION OF THE MODEL
Self-help Housing	Self-Help Housing involves groups of local people bringing empty properties back into residential use. Use of the properties varies from long term tenancies to short life housing to meet immediate needs such as move on accommodation and supported housing.
Cohousing	Cohousing is a form of intentional, self-managed community, made up of single private dwellings and additional shared communal facilities such as a common house with a community kitchen and dining room. Cohousing communities can be mixed tenure.
Cooperative and tenant controlled Housing	A Housing Co-op is a housing organisation where members (tenants) democratically control and manage their homes. Housing Cooperatives are autonomous of external organisations. Housing cooperatives are encouraged to cooperate with other cooperatives and a key feature is the education and training of members.
Community Land Trust (CLTs)	CLTs are independent local organisations established to tackle dysfunctional housing market issues and create permanently affordable intermediate housing for purchase and for rent. CLTs sometimes own other facilities on behalf of the community.
Development Trusts, Settlements & Social Action Centres	They are community anchor organisations involved in a broad spectrum of community projects, charitable assistance, enterprise and community asset development that span social, economic and environmental concerns in a local area.

5.2 Origins of the term 'Community Led Housing'

The term community led housing is a recent policy construct, adopted by others, in part, because there hasn't been an independent process to agree what the collective term for communities owning and managing housing should be. The term largely derives from the need to define which organisations should be eligible to access Coalition Government (2010-15) capital and revenue programmes to encourage communities to develop housing. The main organisation responsible for administering regeneration and housing programmes, the Homes and Communities Agency, established the following definition of what types of models are incorporated into their use of the term:-

'A range of models and approaches with varying aims and aspirations. This includes Community Land Trusts, mutual and cooperative, cohousing, self-build and others (Homes and Communities Agency 2011).

The HCA uses the following legislative position to further assess what constitutes a community led housing organisation:-

'Established for the express purpose of promoting or improving the social, economic and environmental well-being of an area that consists of or includes the neighbourhood area concerned. (Section 61F(5) of the Town and Country Planning Act 1990, Amendment Localism Act 2011.

It is not the purpose of this report to describe the origins of this debate and the merits of different conceptual arguments. However, we acknowledge that not everyone uses or agrees with the description, and that alongside the variations in models and approaches, different terminology can cause confusion. Our intention is to showcase the actual delivery elements of different organisations and not the specifics of ideology or relationship to different models. What we discovered (overwhelmingly) in case study evidence, is a commonality in motivation to address a local problem - be that people leaving the area or antisocial behaviour - through the management of housing.

5.3 How many organisations own and manage community housing?

One of the great surprises from this research has been the realisation that the sector is far bigger than we had anticipated. We set out to consider how many different organisations own, manage or develop less than 250 housing units. The following figures are numbers of organisations with completed schemes and are not representative of the volume of developing community housing projects.

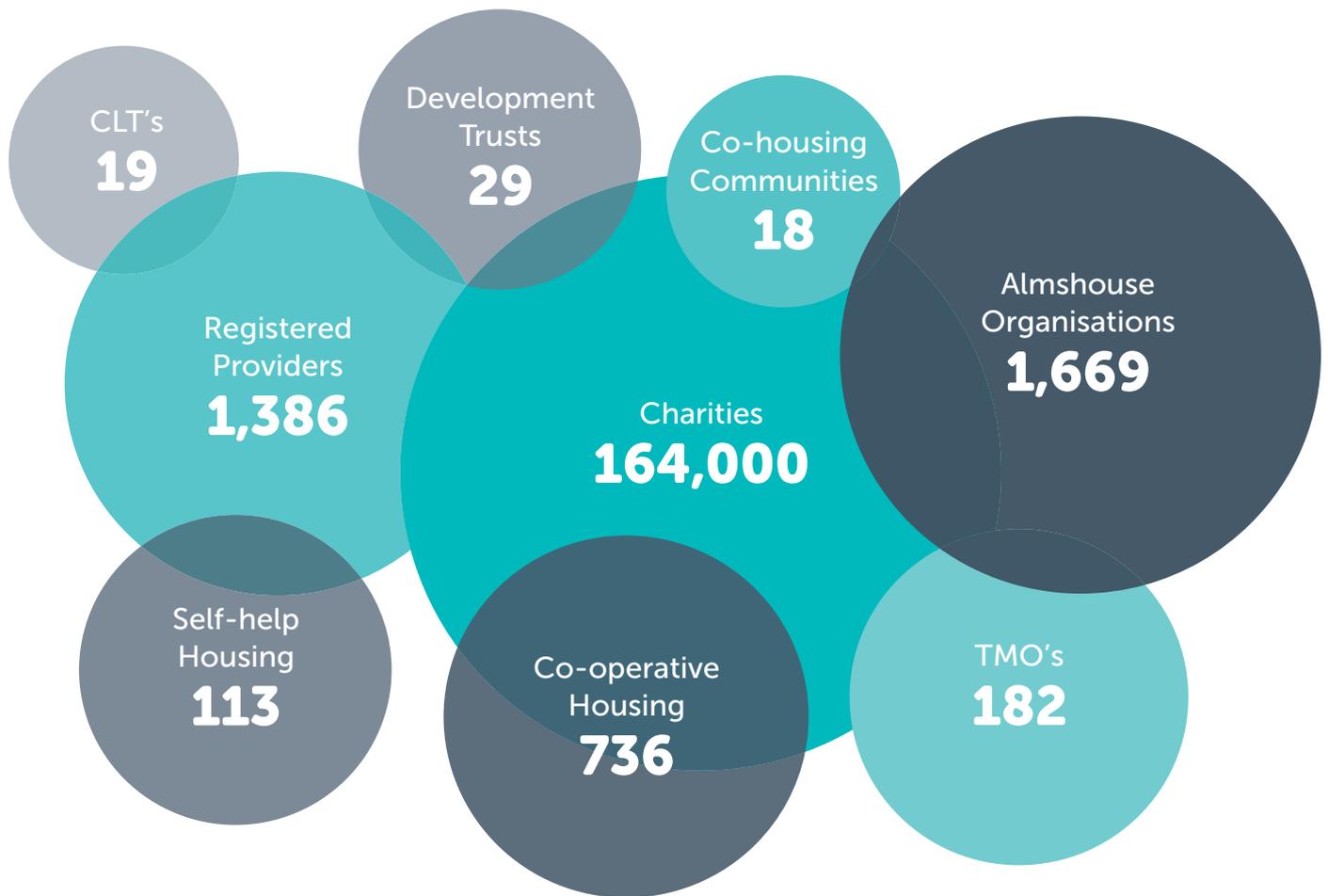
- Around 1,300 registered charities owning, managing, delivering or supporting housing services across England and Wales.
- A network of 1,669 Almshouse organisations
- 1,386 Registered Providers of whom 47% have less than 250 homes

- 182 Tenant Management Organisations (TMO's)
- 736 Housing Co-operatives
- 113 Self Help Housing Organisations
- 29 Development Trusts
- 19 Community Land Trusts (CLT's)
- 18 Cohousing communities

Whilst in essence we have only scratched the surface it is apparent that this is a vibrant and sustainable sector and there is a lot to be learned from these organisations that could benefit communities across the UK.

“One of the great surprises from this research has been the realisation that the sector is far bigger than we had anticipated. ”

Types of Organisations in the UK showing approximate number of projects



Overall, less than 1% of UK housing is provided by small community housing providers (Gulliver & Handy 2014, Lupton and McRoberts 2014). This compares less than favourably with other European neighbours where, for example, on paper, up to 10% of homes are community owned and managed (though heavily sheltered by large public housing companies in the development stages). The purpose of this report is not to look at implementation strategies for scaling up and down, but to give insight into the practices and benefits of truly community owned and managed housing

organisations. Local knowledge and connections drive outcomes that are multifaceted and that connect people to places in a meaningful way. Providing homes to people that mainstream providers are reluctant to house is one aspect of this, but community housing providers go further looking to enhance the quality of life, and develop life skills among tenants with different needs. This isn't a response that will replace mainstream housing provision but it should trail-blaze and it can provide the inspiration for how housing could be provided.

“Evidence shows that when there is effective local community buy-in and management; that is where the magic happens.”

6

SMALL-SCALE COMMUNITY OWNED & MANAGED HOUSING - A VIABLE PROPOSITION?

Does the size and structure of small community housing organisations allow them to achieve their goals?

6.1 A brief analysis of supplementary external evidence

The original objective of this report was to try to find out how many small community housing providers are operating (using our criteria as a definition guide) and to understand the viability of business practices used. Our intention is; to provide information and guidance and to give confidence to the very many developing community housing projects, that this is a viable form of community enterprise. It is also to provide to those vital enablers, such as local authorities, a deeper understanding of what can be achieved and that investment now can create a sustainable anchor organisation capable of operating with low risk and generating sufficient income to meet costs. As already alluded to, we found significant gaps in available data and research to help us with the task of discovering exactly how many organisations are operating in this area. We are not the only ones to identify the gaps in available data with Lupton and McRoberts (2014) commentating on the 'paucity of information on performance of small community housing associations with less than 1000 units in Housemark'.

We are conscious that the research methodology selected in this report may give rise to criticism that there is an insufficient sample base to construct an argument that supports our case. We have therefore looked at external sources to augment the basis of this report, and found the following independent accounts of the viability of small community housing providers.

There is well documented evidence of high levels of satisfaction with cooperatively managed homes, with approved ratings of services in the region of 90%; providing favourable comparison with the mainstream social housing sector (TSA 2009, Gulliver & Handy 2014). There is also new evidence emerging of the 'diseconomies of scale' of large corporate service delivery which is unresponsive to understanding the causes of problems and unable to act at a local level to deliver solutions (Seddon 2014). As Seddon explains, demands for local public services are person shaped and not service shaped and therefore large corporate cost based public sector organisations are not necessarily the best type of organisational structure to meet the needs of local users and that size and silo working can escalate expenditure on issues that could be more effectively targeted at a local level. In the Diseconomies of Scale Report, John Seddon cited numerous examples across social and health services provision where flawed service delivery structures led to poor outcomes, waste and expense. One example reports a local authority requiring a community organisation to work with a development partner housing association, to benefit from their experience. The third sector organisation is still driving the development, however the cost of the development project has escalated.

Lupton and McRoberts' 2014 report (Smaller Housing Associations - Capacity to Develop New Homes) for the Joseph Rowntree Foundation assessed the potential of small community housing providers to develop new homes. They found that the financial performance and key ratios (gearing, interest cover and average operating margins) compares favourably with the mainstream sector (Lupton & McRoberts 2014 pg10). However, they did question if there is sufficient development capacity within the sector to evaluate financial risks and debt gearing against future unsecured income and the use of reserve income. The report authors do acknowledge the potential of small housing providers to utilise local knowledge and connections to support business objectives and that this can bring, for example, community support for development, lower development costs and faster development timescales. It is acknowledged that smaller housing providers have focused management arrangements capable of assessing need and opportunities when organisations are value led. We found that the case studies evaluated in this report did not exhibit some of the factors that Lupton and McRoberts alluded to, for example, under-developed capacity to realise the potential for growth. The organisations we studied had built the required development capacity to respond to the Community Empty Homes Fund and had developed sufficient risk strategies to manage cash flow during the period. However we would not wish to propose that these are not real inherent risks, particularly when it comes to managing cash flow from numerous contracts and

grants that pay out at different points in time. We also would concur that whilst there is evidence that some balance sheets can cope with increased lending for new development, the length and costs of loan finance is a significant factor to increasing capacity. We found very stable governance arrangements and that organisations had no difficulty in retaining and attracting suitably qualified staff. However we should acknowledge that the current job market may have facilitated this favourable position.

Lupton and McRoberts suggest a spectrum of operating choices for small community housing providers; ranging from positioning to be the manager of choice, developing market homes to meet broader needs in the housing market, diversifying business activities, focus on specialist housing services and developing consortia to share the costs of development expertise, in for example, leverage for finance and accessing grant, increased security and other services cost savings. Inherently, there are many questions and points to consider in some of these suggestions, including how to develop effective partnerships that can lever in support without undermining local control and ownership, the very factor that underpins the operational basis of community housing providers. We also need to put this report into context - analysing the potential for growth is not a primary function of this report. Perhaps in an age dominated with a narrative about growth and consolidation into large structures, there needs to emerge support and acceptance of some scales of operation being viable and desirable to meet certain needs that are unmet elsewhere. Government needs to resist

the temptation to scale successful community innovation and should celebrate diversity in provision (Seddon 2014). There is definitely a case for scaling out rather than up.

The Chartered Institute of Housing, in the 2012 research report 'Does size matter', found no evidence of a relationship between size, better quality and lower costs. The research also deduced that scale alone does not automatically provide efficiencies, or that mergers necessarily result in lower costs and improved services. There are undoubtedly some advantages in, for example, attracting debt capital,

procurement of good and services and capacity to take on large projects. The perceived and prevailing wisdom of having a few very large social housing providers has to be challenged, for what is the primary focus of achieving cost efficiencies if they do not lead to required improved outcomes. The problem for many small community housing providers is that they are established to provide extensive community benefit rather than just housing, and the current limited silo process of measuring value for money fails to recognise and value the other extended community benefits that are realised.

“ The Chartered Institute of Housing, in the 2012 research report 'Does size matter', found no evidence of a relationship between size, better quality and lower costs. ”

7

CASE STUDIES OVERVIEW

The case studies selected represent a wide cross section of different models and location types. There are some city based projects and others from deep rural areas; some are relatively new whilst others have been operating for decades, one (Bristol Charities) for 18 decades.

Most projects are letting their homes at affordable or social rents. St Minver is the exception and acts more as an enabler of new housing, whilst retaining control of the price of future sales of property through resale price covenants. In terms of regulatory status, most of those chosen are registered charities. In addition, some are companies limited by guarantee and at least one has chosen to become a registered housing provider with the Homes and Communities Agency in recent years (Glendale Gateway Trust).

The schemes we have chosen to highlight in this report are:

- Back on the Map (Sunderland)
- Bristol Charities
- Giroscope (Hull)
- Glendale Gateway Trust (Northumberland)
- LATCH (Leeds)
- Pembroke Estate TMO (Plymouth)
- St Minver CLT (Cornwall)
- Starley Housing Cooperative (Coventry)
- Stonesfield (Oxon)
- Witton Lodge Community Association (Birmingham)

Organisation	Location	Status	No of homes	Asset Value (as per audited accounts)	Date est.	Tenure type	New build Conversion Refurbish-ment	Critical Relationships	Financial Viability Health check
Back on the map	Sunderland	Charity	67	£4.5M	2001	Rental	Rental Refurbish-ment	Gentoo (Housing Association) Sunderland City Council	Yes
Bristol Charities	Bristol	Charity	121	£26.8M	1835	Rental	New build and Refurbish-ment	Local Authority Health care	Yes
Giroscope	Hull	Charity	84	£1.7M	1985	Rental	Refurbish-ment	Hull City Council Self-Help Housing	Yes
Glendale Gateway Trust	Wooler, Northum-berland	Charity	18	£2.4M	1996	Rental	Conversion/ Refurbish-ment	Local Authority HCA	Yes
LATCH	Leeds	Community Benefit Society	62	£1.7M	1989	Rental	Refurbish-ment	Leeds City Council	Yes
Pembroke Estate	Plymouth	Ltd Company (not for profit)	160	£103,000	1994	Rental	Management of existing	City Council Plymouth Community Homes City College	Yes
St Minver	Cornwall	Charity	24	£67,000	2006	Below market sales	New build	Local authority	Yes
Starley Housing	Coventry	IPS	128	Unable to obtain	1983	Rental	Management existing and new build	Coventry City Council	Yes
Stonesfield	Oxfordshire	Charity	13	£1.4M	1983	Rental	New build/ Conversion	Parish Council Local Authority	Yes
Witton Lodge CA	Perry Common, Birmingham	Charity	167 +20	£8.9M	1994	Rental	Management existing and new build	Birmingham City Council	Yes

7.2 Back on the Map (Sunderland)

Status	Number of homes	Location	Other Assets or Activities	Asset value (as per audited accounts)	Date established
Registered Charity and development trust.	67 (freehold)	Sunderland	Community Hub, Commercial Space, Welfare & Debt Advice, Health Advice and Credit Union	£4.5M	2001 (NDC 2002)



Back on the Map was established in 2001 as a 'New Deal for communities' (NDC) initiative to regenerate an area of Sunderland which suffered from multiple deprivation. It was one of 39 NDCs

which formed the £54 million, 10 year regeneration programme and is now fully autonomous and self-financing. Key interdependent issues affecting the area were health, employment, education, the dominance of poor quality housing stock, a large number of homes badly managed by private landlords and many empty houses. In 2009, the then NDC partnership, took the decision to start buying property in the streets worse affected by absent private landlords and empty property. Alongside investment to vastly improve the physical quality of housing, the NDC partnership researched and built up a case for intervening in how private property is managed.



Back on the Map fund the City Council to run the Selective Licensing scheme for Hendon, to improve private

landlord property and tenancy management. Back on the Map have identified key neighbourhoods which they target, purchasing property in some of the streets most affected. Supported in the early years by Gentoo (a prominent North East housing provider), Back on the Map now manages its own property maintenance, vetting and tenancies.

There are two company structures; Back on the Map Enterprises is the wholly owned subsidiary of Back on the Map Ltd a registered charitable company. They have learnt a great deal in recent years about efficient financial structures, the opportunities and limitations of an ex-NDC area involved in the provision of housing, and especially about the maintenance of old terraced homes. The organisation receives considerable support from the community as well as the Council and has recently taken on the library as an asset transfer with a 25 year lease.

7.3 Bristol Charities

Status	Number of homes	Location	Other Assets or Activities	Asset value (as per audited accounts)	Date established
Registered Charity	121	Bristol City	Grant Giving, Day-care Services including Dementia Care	£26.8M	1835



Housing is their only enterprise that makes a surplus; it is provided by a separately managed charity within Bristol Charities (Orchard Homes).

Their board of trustees is made up of people with appropriate professional skills including an architect, a barrister, two solicitors, and several accountants.

Key partners include the local authority and health care providers. Bristol Charities have a growth agenda and are looking to deliver 50 more homes in the next 3 years.

Bristol Charities owns and manages 112 units of Almshouse accommodation and a further 9 family houses which they let at open market value. Most of the properties they own were bequeathed; they have been steadily working through a programme of demolition or sale of old sites and re-investing in new build.

The charity is involved in much wider charitable activity including day care services and grant giving and has a total of 24 staff, 60% of whom are care workers.

“Bristol Charities have a growth agenda and are looking to deliver 50 more homes in the next 3 years.”

7.4 Giroscope

Status	Number of homes	Location	Other Assets or Activities	Asset value (as per audited accounts)	Date established
Registered Charity, company limited by guarantee	84	Hull	Various commercial units - tenants include community bakery, fruit and veg organisation, training rooms, roofer, upholsterer and renovation store.	£1.5	1985



Giroscope was formed by a group of students and unemployed people concerned about housing need and the poor state of local properties. The group invested their own, limited resources and persuaded friends and relatives to support them and invest in further acquisitions and refurbishment.

Registering as a charity in 2009, the organisation retains a strong community focus and commitment enabling new businesses to start-up in their properties, as well as the provision of educational courses.

Their tenants are often referred to them by neighbouring organisations. Some have high support needs. A number of their volunteers and employees are tenants; some tenants have been with them 15-20 years.

Giroscope have strong links to the local authority and Self-help Housing, and have taken full advantage of the Empty Homes Programme using their reserves to lever in additional support and significantly increasing their housing stock in the last two years.



7.5 Glendale Gateway Trust

Status	Number of homes	Location	Other Assets or Activities	Asset value (as per audited accounts)	Date established
Registered Charity, Company limited by Guarantee, Registered Provider	18	Wooler, Northumberland	2 Retail Units, 54 Bed Youth Hostel, Multipurpose Community Space with Business Start-up, Library, Tourist Information.	£2.4M	1996



Located in a deep rural area, the Trust was set up with a broad remit. Initially focussed on development and management of a community resource centre, the Trust became committed to addressing the issue of empty commercial and residential properties. Their first homes were let to young people in 2004 and an interest in Community Land Trusts and changes at the Homes and Communities Agency enabled them to double their housing stock to 8 units in 2011. After another acquisition and the

new Empty Homes Programme, they were able to increase it again to the current 18 units.

The Trust have minimised borrowing by attracting generous grants, working with the local authority on asset transfer schemes and setting up a community bond scheme - which alone attracted £128,000 from local supporters.

Glendale Gateway Trust are engaged in a wide range of regeneration activity including ownership and management of a community hub, their local Youth Hostel and various smaller community projects as well as regional and national research.

“The Trust is committed to addressing the issue of empty commercial and residential properties.”

7.6 LATCH (Leeds Action to Create Homes)

Status	Number of homes	Location	Other Assets or Activities	Asset value (as per audited accounts)	Date established
Community Benefit Society, tax exempt charity status	62	Leeds	Volunteer Training, Supported Housing Services, Management Office	£1.7 million (not including all 62 properties as not all acquired at last audited accounts date.)	1989

In 2014, LATCH celebrated an amazing 25 years of refurbishing abandoned property, working with volunteers to renovate homes and manage their portfolio. During that time they have experimented and pushed the boundaries, refurbishing a large number of houses in the Chapeltown area of Leeds. The recently renovated properties have been completed to a high standard of thermal performance; EPC rating B. The properties are let to homeless people for social rent. Over the last 3 years they have brought 25 long term empty properties in to use,

“Over the last 3 years they have brought 25 long term empty properties in to use, providing volunteering opportunities to over 52 people. ”



providing volunteering opportunities to over 52 people. It started with the founders seeing the potential and acting on it to bring - the very many - empty homes back into use to meet the needs of the homeless. The transfer of 2 properties from Leeds City Council on a lease enabled the organisation to get going. In recent years, LATCH has been in a good position to benefit from the Community Empty Homes Fund and refurbish further properties.

7.7 Pembroke Estate TMO

Status	Number of homes	Location	Other Assets or Activities	Asset value (as per audited accounts)	Date established
Tenant Management Organisation (TMO)	160	Plymouth	Youth Work, Repair and Maintenance contracts	(Assets not owned by TMO) £103,000	1994



Pembroke Estate TMO emerged in response to huge anti-social behaviour issues following the collapse of local industry in the 1980's. At the time, the homes were owned and managed by the local authority but residents wanted to deal with the problems themselves.

The homes are part of a high rise development, and of the 160 homes in the development, 20 are in private ownership having been the subject of 'right to buy'.

Whilst the TMO do not own the properties, they are responsible for day to day management and maintenance, and run additional services such as a youth club and a summer youth programme.

The finances to run the TMO are subject to a contractual agreement with Plymouth Community Homes (PCH) who own the properties – they currently receive £137,000pa from PCH to cover their running costs.

All TMO's are subject to a continuation ballot – residents have the option every 5 years to revert back to management by the landlord rather than the TMO. According to the National Federation of TMOs, this has never happened in any of the ballots that have taken place.

“...responsible for day to day management and maintenance, and run additional services such as a youth club and a summer youth programme.”

7.8 St. Minver Cornwall

Status	Number of homes	Location	Other Assets or Activities	Asset value (as per audited accounts)	Date established
Registered Charity and CLT	20 (Not owned but have an interest)	St. Minver, Cornwall	None	(Assets not owned by CLT) £67,000	2006



St. Minver CLT was established following recognition of exorbitant house prices in the immediate area, and a need to support local young people to retain a balanced population.

The project is an unusual one, though highly replicable – St. Minver enabled 24 new, self-build homes in a rural community. 20 were sold at well below market value with restrictive covenants for resale.

Key to kick-starting the CLT, was the offer of land for affordable homes well below market value by a sympathetic landowner. St. Minver CLT then worked closely with their local authority who offered an interest free loan of over £500,000 as well as a small grant.

This enabled the CLT to employ a project manager and build the houses with input from each of the selected home owners (each homeowner had to work 20 hours per week on the scheme to reduce build costs).

Once completed, the homes were then sold to the allocated owners at approximately 32% of open market value (OMV) with strict covenants i.e. the properties can only be resold at the same ratio to OMV. First option of purchase goes to St. Minver CLT, and the CLT must be in agreement with the new allocation. St. Minver have ambitions to replicate the first phase of the development.

7.9 Starley Housing Cooperative

Status	Number of homes	Location	Other Assets or Activities	Asset value (as per audited accounts)	Date established
IPS, registered housing provider.	128	Coventry	Communal Room for External Hire	Unable to obtain	1983



In the 1970s, Coventry City Council threatened to demolish the Victorian row of terraced houses on Starley Street to make way for the new ring road. The community fought a successful campaign to save the homes for the people who lived there, and in doing so, the cooperative was formed. The cooperative accessed funding to refurbish the homes and the community rejoiced. One celebration resulted in the painting of a mural on the whole side of the end house on the terrace. This symbol of people power became a prominent reminder for the whole city, visible because of the prime location of the coop, a stone’s throw from the city centre.

Since then Starley Housing Coop has doubled from its original size, developing 60 plus apartments on land gifted to the coop from Coventry City Council,

demonstrating the value and recognition of the housing coop as a desirable method of procuring much needed social housing. Starley Housing Coop, Birmingham Cooperative Housing Services and Accord Housing worked together to raise the finance and design the scheme. The Cooperative has a strong ethos, delivered through allocation procedures and the style of community governance adopted, of reflecting the wider society; it supports people with mental health support needs, old, young, people earning and those not in current paid employment. The Coop houses vulnerable people and provides informal support through cooperation and reciprocity.

“The community fought a successful campaign to save the homes for the people who lived there, and in doing so, the cooperative was formed. ”

7.10 Stonesfield

Status	Number of homes	Location	Other Assets or Activities	Asset value (as per audited accounts)	Date established
Registered Charity	13	Stonesfield in Oxfordshire	Business Units	£1.4M	1983



A key driver for Stonesfield had been rising property prices and the desire to develop affordable housing to retain young people in this rural village. Land was gifted by a local publican (pub car park) and a locally based charity was established to develop and deliver the housing. A mortgage was arranged from the outset and the first tranche of houses built. The properties were managed in-house by volunteer trustees as was the development of the scheme.

The initial phase of new-build was quickly followed by acquisition of more land including a commercial site, building new properties and the conversion of existing properties. One large 3 bed property was bequeathed by a former trustee.

“The charity has invested in Oxford Community Land Trust in the form of an interest free loan that has enabled Oxford CLT to become established and acquire land. ”

Stonesfield own and manage two commercial units and their current housing stock of 13 is now managed by a part-time worker who is a tenant and their only employee.

Stonesfield make a surplus of around £3,000pcm, which is re-invested into community projects. The charity has invested in Oxford Community Land Trust in the form of an interest free loan that has enabled Oxford CLT to become established and acquire land.

7.11 Witton Lodge Community Association

Status	Number of homes	Location	Other Assets or Activities	Asset value (as per audited accounts)	Date established
Registered charity	167 homes including a 40 bed extra care facility (further 20 under construction) and 200 homes where WLCA holds the head lease	Perry Common, Birmingham	Community Centre	£8.9M	1994



Witton Lodge CA was created against the backdrop of large scale clearance and demolition that risked fracturing the local community in Perry Common, north Birmingham. Back in 1989 local residents were informed – via a letter from Birmingham City Council - that their homes would be demolished due to their poor condition, a fact that was not in dispute. This was combined with the news there were insufficient funds to rebuild the homes. A core group of residents worked with the Council to kick-start a campaign to take control and Witton Lodge Community Association was born. Scroll forward through years of negotiation, development and ‘frank’ conversations

with the Council, the Association now manages and maintains a diverse portfolio of property.

The Association has spearheaded widespread estate regeneration; delivering (with others) environmental improvements, social activities and many physical changes including road lay outs, land use for recreation and design of new homes. Witton Lodge CA also piloted the city’s first asset transfer of the dilapidated but much loved Perry Common Community Hall, which following investment and extensive refurbishment offers an extensive range of community activities. The Association is in the process of finalising the development of 20 new affordable homes, following a successful grant bid to the Homes and Communities Agency (HCA) in partnership with the Council. Over recent years the Association has transferred legacy of management and maintenance functions from the Council to an in-house team. This process is leading to a consolidation of their housing capabilities and management practices that will provide valuable learning for others to replicate.

8

CASE STUDY EVIDENCE

8.1 Common causes - Why did these organisations get involved in managing housing?

Need is the short answer to this question. There appears to be an interesting parallel between the city/urban based case studies and those in the rural areas. The city/urban based initiatives originated largely due to the issue of homelessness in communities and at the same time dereliction in terms of housing stock. Many have sought to address this by working closely with local authorities acquiring empty homes and working directly with those in housing need to offer training and employment initiatives in addition to affordable, accessible housing.

For the 3 rurally based organisations, a key driver has been the issue of affordability and the desire to provide affordable housing to enable either young people or older people to stay in their communities.

Homelessness, dereliction and affordability may have been the driving forces behind the schemes but what is clear is that all the organisations whether rural, city or urban based, recognised the long term potential of housing as a self-sustaining way of addressing these problems within their communities.

“Everyone is entitled to a home. Everyone should have access to meaningful work and to be rewarded. No one should be isolated from the community because of poverty, homelessness or prejudice”

(Giroscope’s Values)

A common feature in most of the case studies is the propensity to tackle property and land based on a broader set of considerations than economic return and profit yield. They often incorporate considerations such as the location of existing services and facilities, availability and the intention to prevent the negative impact on the community of not bringing the property or land into residential use, often, despite more economically fortuitous options nearby. For example, the closure of high street pubs in Glendale, or Back on the Map targeting properties on some streets, as opposed to others, due to the high degree of social problems in streets identified. In nearly all of the case studies, there is a recurring problem of the impact of fragmented, distant forms of housing ownership and management. This is particularly the case in the localities where LATCH, Back on the Map, Witton Lodge and Giroscope operate. A good illustration of the extent of the issue is the story of how, even after a £54M NDC regeneration investment (approx. £10M in housing improvements) in Hendon (Sunderland), where Back on the Map work, housing is still brought up as a priority issue because of the high volume of absent and remote private landlords. The propensity of investors from as far away (from Sunderland) as London to buy unseen not vetted property at auction is high. Decisions for remote investors buying property in Sunderland and other similar areas are often based on a low value and reasonable income returns when benchmarked to the local housing

allowance, the requirements of effective responsible housing management and the real costs of this are rarely factored in. To counteract this, the then NDC partnership in Sunderland paid the Chartered Institute of Housing to evaluate whether a selective licensing scheme would reduce the disruptive churn in some of the worst affected streets in the face of Council uncertainty on the issue and solutions. The Chartered Institute of Housing proved the case for a selective licensing scheme that the then NDC partnership paid to implement this at a high cost to deliver robust localised landlord vetting and scrutiny.

The rationale for community led housing is not limited to the local ownership and management of housing as a standalone entity. It's all about understanding the role of housing in community sustainability and economic resilience. It is also sometimes about different methods of community living and management, for example, cooperative resident management. A visible representation of this is the different community buildings organisations also manage such as libraries, community hubs and commercial premises. Also, the range of community services provided or hosted such as health advice, credit unions, money management advice and small community grant funds. The surplus from rent income can be used to support the delivery of these and other similar services.

Back on the Map Community Library Lessons from an NDC

During 2014, Back on the Map completed the asset transfer of the local library from Sunderland City Council on a 25 year peppercorn lease. The potential loss of the library mattered deeply to the community and Back on the Map responded to local protests to stop the closure by consulting the wider community, taking on this service and building alongside residents. Back on the Map opened the library as an unfinished project; purposely encouraging volunteers to take ownership and shape the new purpose of the building by providing space for new small groups to set up and operate on a shoe string, recognising that some projects can have a small remit and lifespan and do immense good. A number of Back on Map residential tenants are involved in the library building, for example, one of the tenants has painted a stunning mural in the children's part of the library. There is now a bewildering array of activities in this building and the library has galvanised local volunteering, aspirations and ownership of what happens in the area.

8.2 Tenures offered

Nearly all of the organisations studied offer either short term tenancies or short hold assured tenancies. A handful of the organisations surveyed operated an 'introductory tenancy' for a probationary period.

Affordability was the key driver for both Stonesfield and St Minver though both schemes are very different in their delivery. Whilst Stonesfield retain the freehold of their properties and their rental charges are well below the market rents of the area (they charge £345 per calendar month for a one bed property whilst open market rents for the same property are around £1,000).

St Minver have taken a very different approach – local house prices in the area are so high and beyond the reach of young people that their focus was on the development of housing to buy below open market values. One of the houses built in the initial phase at St Minver was allocated to a young man who had moved 14 times in the village. He had been able to find accommodation in the winter season quite easily but summer lets were at such a premium that he had had to live with friends, parents, and on one occasion, in a tent.

“Giroscope make a promise to tenants to never terminate a tenancy if the rent is paid and tenancy terms adhered to. Tenants have been with the organisation for 15 to 20 years.”

8.3 Finance, management costs and profitability

8.3.1 Finance

The case studies have revealed an interesting, creative and diverse approach to raising finance to develop housing schemes. At the heart of a number has been an initial philanthropic gesture to either offer land at reduced rates, a gift of property, land or property bequeathed or a significant asset transfer from public ownership via the local authority. This has been a starting point for many involved in community led housing and has been backed up by creative approaches to raising additional finance, a willingness to borrow commercially against rental income and an opportunistic approach to recent government backed schemes.

Of particular note, is that the recent Empty Homes Programme has been seen as a great opportunity and a catalyst for growth for a number of the case studies. The government based funding has been available from two sources:

- **The Homes and Communities Agency – primarily available to registered providers of social housing**
- **Tribal – this source has been available to smaller, community led organisations on a contractual basis with Tribal as the accountable body.**

Of the 10 case studies, three have significantly increased their housing stock in recent years thanks to this national programme. Glendale Gateway Trust increased their housing units from 6 to 18, LATCH from 38 to 64 and Giroscope from 13 to 84. The research discovered that all the organisations have appropriately

scaled governance to meet the requirements to expand their asset portfolio. This has included a review of board skills, financial and risk management, housing allocations and maintenance capabilities. Some organisations, for example, LATCH, Giroscope and Glendale Gateway Trust have had to expand borrowing facilities and closely manage cash flow.

Most of the schemes have used a mixture of loan and grant finance to increase their stock and one organisation developed a community bond scheme. Giroscope raised £2m in debt finance, £1.2M from Tridos Bank and £750k from Handelsbanken (Swedish Bank). The St. Minver scheme is purely a voluntary organisation with no paid staff, they were adept enough to secure an interest free loan of £544,000 from their local authority to enable them to develop and complete their first phase of 12 houses. This has been recognised nationally as good practice and attempts have been made to replicate this approach through setting up revolving loan funds with other local authorities.

Worthy of note is that the St. Minver scheme also relied on 'sweat equity' to reduce costs and therefore demonstrate affordability. Once the 12 households had been allocated a plot each household had to provide 20 hours per week in manpower. This 'free' manual labour enabled the houses to be built at a much reduced cost and fostered a tremendous spirit of community and co-operation before the houses were completed.

Glendale Gateway Trust secured an allocation of £351,000 from the empty homes programme via the Homes and Communities Agency to develop nine more affordable units in the market town of Wooler. In order to delay commercial borrowing which was needed to complete the funding package, the Trust launched a bond scheme asking local residents and businesses to invest in bonds each with a value of £1,000 for a period of three years offering zero interest – purely a social return. In only six months the Trust raised £124,000, which enabled them to complete the build of the properties before drawing down any commercial loan i.e. until rental incomes from the properties were developed. The Trust saw the bond scheme as a measure of support from the community and interestingly enough so did other funders who offered additional grant support.

Back on the Map provide housing at local housing allowance rates, which in the area of Sunderland where they operate are slightly above target housing association rates and below open market values. As Back on the Map is not strictly providing housing to those in acute charitable need (in accordance with Charity Commission objectives) the organisation set up a Back on the Map Enterprises Ltd, a wholly owned subsidiary of Back on the Map charitable company. The charity leases the housing property to Back on the Map Enterprises Ltd. The income and expenditure from the homes is financially managed by the Enterprise Company. Annually, the company gifts the surplus back to the charity. Back on the Map charitable company employs the staff team involved in housing management duties. The disadvantage to this structure relates to administering and servicing two separate governance structures but there are tax advantages to the structure.

A note of caution is offered to those from some legacy organisations, including former NDCs; there are some operating restrictions on NDCs managing housing and complex claw back arrangements on assets purchased.

There have been reported difficulties using the national system for managing housing grants, the IMS. The IMS is the grant administrative system used by the Homes and Communities Agency to assess a wide range of information required to apply for and claim grants staged payments. The information required has to be submitted in a defined

format and using certain criteria. Some of the information has to be specially collated for this purpose as organisations are unlikely to have encountered similar information needs in other parts of the business and financial planning process, in the exact format of the IMS. Glendale Gateway Trust sub-contract some of the detailed elements relating to HCA grant to a third party - namely inputting of information into the HCA Information Management System (IMS). This is done at minimal cost and saves the Trust a considerable amount of time.

8.3.2 Management costs and profitability

It is difficult to assess overall management cost from audited accounts, not least since most organisations are involved in providing much wider activity and services.

During the course of this research, we have examined a variety of company accounts and spoken to trustees and managers about the varying operating costs and surpluses the different organisations have. The case studies selected for this report have been operating for in excess of 5 years and many for a substantial number of years prior to that. An important goal of the report was to evaluate the long term viability of community housing providers.

We discovered that all of the projects studied are generating surplus not for private profit income to varying degrees, and all are reinvesting this profit back into other community ventures or new homes in a virtuous circle. The amount of revenue from housing varied from project to project, and was as high as 95% in one of the case studies. As one of the people we interviewed commented, "The penny is dropping. Community Housing pays for the community centre". Others were less extreme in profit due to recent development activities and growth, however all were able to demonstrate a surplus to differing degrees depending on the extent of business activity. Without exception, all of the community led organisations we interviewed were keen to increase their housing portfolio. At least three of the organisations had seized the opportunity to grow on the back of the

empty homes programme and in doing so had dipped into their reserves. This can be taken as an indication of how valuable and profitable housing is in terms of social enterprise.

It is also worthy of note that the oldest group – Bristol Charities – with a housing portfolio of 121 homes have only recently appointed staff for dedicated housing management; whilst the charity was well established and clearly had a track record in delivering and managing, not just housing, but a diverse funding portfolio, their housing duties were until recently shared amongst core staff on a day to day basis. Also worthy of note is their comment that of all their activities, housing was the only truly profitable one.

8.3.2 How many staff do you need to manage /maintain different levels of housing stock?

In many respects, in very small organisations with multiple projects and activities, it is difficult to quantify the exact levels of full- time and part- time staff with responsibility for specific housing management functions because a high proportion of staff involved were also tasked with assisting the development of other aspects of the community enterprise. For example, we found common roles included volunteer development and or some aspects of community development project working alongside some aspects of housing management and supported housing. The table below shows how case study organisations employ staff.

	Number of homes managed	No. of Staff		Description of staff roles (if available)	Housing management /maintenance in- house
		Full-time	Part-time		
Back on the Map	67	4	0	Finance, housing manager, community support manager	Management at present about to assume control of maintenance
Bristol Charities	121	17	7	Housing services manager, Scheme manager, maintenance officer, care workers	Both managed in house
Giroscope	84	3	2	Administration, building supervisor, accounts, project officer	Both
Glendale Gateway Trust	18	4	5	Trust Director, Asset Manager, Youth Hostel Staff, Accountant, Administrator	Asset Manager responsible for housing
LATCH	62	4	0	–	Connect are responsible for long-term maintenance on 12 properties. LATCH manage/maintain rest of the stock
Pembroke Estate TMO	160	2	6	Housing Manager, Assistant, Cleaning Staff, Youth Worker	Managed in-house, maintenance contracted out
St Minver CLT					Trustees only
Starley Housing Coop	128	2	1	Housing Manager and maintenance person	Both - Others are on a retainer contract for other services
Stonesfield	13	0	1	Part-time Housing Officer (Tenant)	Both
Witton Lodge Community Assoc	167	1		Difficult to break down because people have responsibilities across roles related to health, volunteering and employment.	Management Maintenance external & reactive

Starley Coop employs one full time maintenance person and he has clocked up a 100% record for attending and resolving emergency repairs. The Coop also has retainer contractors for a variety of services, for example plumbers, window cleaners and so on. Stonesfield have 13 homes to manage at affordable rent levels and have taken the approach in recent years to employ one of their tenants to manage their properties on a part time basis. Their accounts show management costs for the year ending 31st March 2013 of £5,600.

On an annual basis, Glendale Gateway Trust carry out an analysis of staff time spent on all of their social enterprises (the Trust does not employ a specific housing officer but an asset development manager responsible for managing all of the Trusts enterprises). The analysis shows that less than 20% of gross income from their housing stock is related to staff costs.

8.3.5 Housing management approaches

The case studies operate varied management arrangements, with the exception of St. Minver who are not responsible for day to day management of homes. However, we found a number of common features:

- The independence and scale of operation allows for a pragmatic approach to providing services. The organisations interviewed are not bound up in complex internal and external market commissioning of management and maintenance services and this has allowed for local procurement and solutions to flourish. The organisations' freedom to operate

is within the context of legally compliant financial management procedures ensuring that contracts are let with due diligence. Community led housing organisations in this study often contracted local service providers, for example caretakers, from the local community.

- Organisations are concerned with evaluating risk given the current fluid operating environment both in respect of housing finance and wider social and economic welfare reform.
- A number of the case studies have identified the benefits of developing in-house maintenance capabilities. There are different approaches to this, for example Witton Lodge are in the process of completing an up to date stock condition survey to review planned maintenance. The Association is devising a system that will not penalise those who look after their properties, for example, maintaining kitchens and bathrooms beyond original intended life span. These are the tenants whose new kitchen will be delayed.
- A majority of this small sample have been over conservative in setting aside finance for long term unplanned maintenance. Back on the Map originally proposed to set aside (from rental income) 10% towards unplanned maintenance (repairs), 10% management costs and 10% long term planned maintenance. Due to the extent of repairs/damp remediation required following the discovery of abnormal waterworks underneath the buildings, most properties have needed substantial work. Now the

work is completed properties are in really good order, the charity reserves fund is almost at the 6 months cost target and the long term/planned maintenance fund is accruing. LATCH will now be able to set aside funds from the rental income to build up a cyclical repair fund, recognising that all houses now have up to date bathrooms and kitchens but that in 10 years from now there will be a significant cost to replace new kitchens and bathrooms in 64 homes.

- There is a high quality of accommodation and attention to detail and we have already noted the propensity to tackle properties other developers will not consider because of strict viability criteria. These properties can present challenges including awkward access and non-regular room layout. The community organisations demonstrated ingenuity in making use of buildings and unusual features.
- Evidence presented by Gulliver & Handy in 2014 found that small housing cooperatives take 34.4 days on average to re-let vacant property in comparison to 80.2 days for housing associations. Allocation approaches vary depending on the ethos and values of the organisation and the varied arrangements agreed with local authority housing teams.

Giroscope has a vision to create a mixed community of tenants, housing people with high support needs that others have not been willing to risk alongside those with few or no support needs. The process used is pragmatic and based on an approach of getting to know the

prospective tenant through an interview. Volunteers are key but there is no guarantee of a tenancy for volunteers. Practices have had to be sharpened due to recent expansion with the employment of a volunteer support worker. Regardless of how hard they were probed, there did not seem to be any significant management issues that the organisation had not been able to deal with. There could be a number of factors behind this, firstly, that staff and volunteers are rooted in the community where they have homes and that most staff live in Giroscope properties. This pragmatic approach and strong organisational values have given Giroscope sound operating foundations that have helped them through issues as they have arisen.

Witton Lodge has recently taken on all housing management responsibilities, having ended a service level agreement with the local authority. The Association is also in the process of developing their own allocations and lettings policy. They are concerned to balance the nomination agreement for Birmingham City Council that specifies the right of the council to elect eligible tenants to occupy half of the homes that become vacant. Council nominations follow an agreed criteria of 40% of tenants from the Council's priority list and 50% of tenants from the middle band of tenants waiting. Witton Lodge also maintain their own waiting list and advertise available properties through a variety of methods including local advertising and open evenings. The process of allocations and lettings is currently under review in response to the new independent management arrangements.

Back on the Map has a comprehensive vetting service for future tenants as a direct consequence of what they are trying to achieve, and the promises made to local residents that they will effectively manage who is housed in the neighbourhood to make streets that were formally no go areas, habitable and desirable again. The process includes a background check with Sunderland City Council, a required reference from a previous landlord and an interview.

As the Back on The Map's manager describes:

"It's really important for us to eyeball future tenants, ask them why they are moving, what plans they have to stay, find out if there have been any previous problems. We have a 'pay and stay' approach to our properties. We are a charity and we will be good landlords. Tenants are now staying put, stabilising the area and our critics are quieter"

Starley Housing Cooperative have an agreement with Coventry City Council to advertise on the City's homefinder service and an additional waiting list maintained by the Cooperative. The only way to get onto the waiting list is to attend an interview with an existing tenant that sponsors the applicant. The existing tenant must be able to qualify that they think the person is in housing need. Part of the interview process is about perceptions and attitudes towards cooperation.

Whilst St Minver do not retain the freehold of the properties they enabled, they do have a role to play in re-allocating the properties if they come up for resale. Covenants on the properties allow the charity first option to purchase and they can also veto any potential buyer that is put forward. On one occasion, one of the St Minver properties came up for sale, St Minver charity did not wish to purchase and declined one potential buyer who owned a significant business and considerable assets.

Glendale Gateway Trust have some properties allocated for young people and some for over 55s, their allocations policies have been discussed and agreed with the local authority and (where appropriate funding has been given) the HCA. An allocations group has been set up which consists of their Asset Development Manager and a number of Trustees to consider nominations and to allocate properties.

8.3.6 Governance

Most of the community enterprises studied are governed through a board of directors or trustees, and most of the organisations employed additional capacity to deliver housing management/maintenance services. We found synergy in governance methods adopted by different boards. The governing bodies were, in the main, dominated by local individuals with other representatives drawn from local private and public sector interests. There emerged a few common skill sets of trustees including accountancy and financial management, legal, social services professionals and social enterprise development expertise. However local small business owners, residents, and a range of others were among those represented.

An analysis of how the boards reflected the local communities that they are there to support was not undertaken but it is felt that this could be the subject of future research.

It could be said that the capabilities and capacity of the organisations taking part in this research has matured over time. However, we think it is worth acknowledging that most of the organisations studied have been growing incrementally over years of operation.

Present in all the projects is the leadership of strong individuals, not necessarily skilled and experienced housing managers, crucially they are people rooted in the community, well networked, tenacious, absolutely committed to local change and challenging the status quo. For example, the founder members of Giroscope and Linda Hines at Witton Lodge Community Association. Bristol Charities have made efforts to ensure their board is appropriately skilled and have actively recruited professional people such as solicitors and architects. In recent years they have managed to recruit a trustee with dedicated HR skills.

Glendale Gateway Trust have taken similar steps and have a range of skills on their board including town planning, corporate business including accountancy and former directors of the local authority. Both organisations recognise the value in having a skilled and competent board of directors.

In selecting case studies, we were conscious of demonstrating a variety of approaches to community management. The split between community and member benefit models was therefore deliberate. A few of the community benefit models had tenant representation on the board but this is not the case in all projects, although having a majority of local residents is common.

Starley Housing Cooperative is self-managed by tenants. They have 6 general meetings a year and there is an elected management committee with defined roles. Full member voting is agreed by a straight majority. Training is provided to all members on governance skills and general housing issues.

9

CASE STUDY STRATEGIES FOR ALLEVIATING PROBLEMS

In this section, we will give an insight into the critical issues these ten organisations have encountered and how they have been handled.

As one interviewee cleverly summed up,

“95% of the time I am confident that we can cope with most of the issues that have been thrown at us over the years, the skill is knowing where the limits are, acknowledging when we don’t know enough and getting some help in.”

9.1 Critical relationships

A number of participants talked about different relationships between local authorities and housing association partners that wavered between good and bad. Nowhere is this more striking than the varied relationship between Witton Lodge Community Association and the local council. The life of the Association started adversely in protest campaigning to prevent local authority proposals to tear up the estate and to break up the community. This relationship evolved over time as the community and local council worked together to manage the

refurbishment of homes and pockets of land for redevelopment. Following the transfer of homes to the Community Association, a service level agreement commissioned the local authority to manage and maintain properties on the association's behalf. This arrangement has now come to the end of the contract term and, following concern that tenants were not getting a good service the Community Association is preparing to manage this in house. The process of extracting information and relationship data from silo council departments has been protracted and made the process of transferring arrangements complex and lengthy. It has been worthwhile as some residents of the Community Association tenants were unaware that the landlord was not the Council. Though this is common with long standing local authority tenants, the change has meant that the association has had reason to open a new chapter in the relationship with tenants and the association has embraced this. Since taking over, rent arrears have halved in the last six months and the delivery of services improved. An added bonus has been the unexpected engagement with 200 households now that the Association owns the lease head on. This gives the Association a broad stake in the community, connecting owners of property with the activities of the association, and leveraging in new capacity. When maintenance contract arrangements with the chosen supplier weren't working, the Association, now in control of the contract directly, was able to end the relationship and go out to tender to improve the service. Clearly that

is oversimplifying a host of relationships and legal obligations that had to be negotiated, however it is important to emphasise the independence of the organisation to be able to act to safeguard good services for tenants.

There are accounts of difficult relationships with housing associations and anecdotal evidence beyond those case studies surveyed, that at times, community led housing organisations have had little support, or indeed, have been obstructed by housing associations operating in their area. At least one of the case study organisations recalled difficult negotiations on a land sale to a housing association and others have recalled situations whereby community led organisations have brokered tremendous community support to enable schemes to proceed and have ended up leasing their properties to housing associations and receiving very little in financial return. In the recent conversion of empty properties, Glendale Gateway Trust approached a local housing association with neighbouring property to secure a way leave agreement for new utility services. The housing association wanted £5,000 in administrative and legal costs and for the Trust to pay this 'at risk', subject to board approval in addition to £8,500 to allow the Trust to cross a piece of undevelopable green space 10 metres wide. A poor reflection on cooperation from a government backed organisation with a mutual aim of delivering affordable housing. The Trust were able to procure a much more favourable arrangement from a private land owner and neighbour.

9.2 Relationships with local authorities

Local councils are the dominant essential partner of community housing projects. As one organisation commented, “even when we find we are protesting about a service or action, the council is so large you can still find people to work with.” The relationships we were told about were not all one sided, with several given examples of where the organisation was supporting the delivery of regeneration initiatives and service decentralisation as they had become to be recognised as a sustainable and stable local partner. Most thought that developing an asset base alongside other community services, and advocacy work had positioned them as essential anchor organisations able to reach parts of the community that local councils are very often unable to. We uncovered a few brilliant examples of where different local authorities had deployed vision to be able to support organisations to develop an asset base and therefore a source of independent income, whilst also simultaneously either opening up opportunities to the local community that would have been missed or providing a significantly enhanced service:

- Glendale Gateway Trust received an asset transfer of a redundant library site from Northumberland County Council. The Trust, with the Council’s support moved the library into the Trust’s multi-purpose building, where it is now open for longer hours and has increased use. The Trust has converted the small library into two wonderful homes very close to the High Street in Wooler.
- LATCH purchased 4 properties from Leeds City Council at low value and a large property with significant repairs needed at a less than market value. Following refurbishment, and with careful management, these properties are now all valued higher and are a significant anchor as assets on the balance sheet, enabling the organisation to borrow finance when the community Empty Homes Fund came to fruition last year.
- Starley Housing Cooperative were approached by Coventry City Council to develop a significant piece of land that had been designated as a redundant car park very close to the city centre. The Head of Housing at Coventry City Council, at that time, approached the Coop to find out if they would be interested in developing the site for social housing. With support from Birmingham Coop Housing Services, Starley Coop set about raising the finance for the additional 55 homes and designing the scheme. A development partnership was created with Accord Finance. The extension doubled the original cooperative size and the Council realised the objective of using the whole site for social housing. This was not an objective at the time, but an additional benefit of this approach is that social rent housing cooperatives are not subject to the Right to Buy measures meaning that the homes will not be lost as an asset to the community of Coventry and will continue to serve those in need of housing support.

Nearly all of the organisations had gained strong political support over time and had well established relationships with local councillors and contact with MPs.

9.3 Other key relationships

- The Homes and Communities Agency emerged as a second popular critical partner – as a source of possible investment, whereby Trusts saw the benefit of maintaining communication with HCA Area Managers and other key HCA roles on housing development plans. Also in some instances, there are positive enabling stories where the HCA has been proactive in making the limited range of financial products available to work for community housing organisations, despite the bureaucratic hurdles. For example, Glendale Gateway Trust and Witton Lodge Community Association.
- Self Help Housing and peer learning networks with a focus on supporting similar enterprises.
- Social and ethical investors Unity Trust Bank were cited by a number of the case studies as providing positive and useful relationship management.
- There are variable experiences of relationships with housing providers, the most positive of which is Gentoo and Back on the Map. A service level agreement defined Gentoo's role as a management agent for the first two years post NDC, including favourable terms such as finding tenants and overseeing lettings at no cost, and a guaranteed 90% rental income whether occupied or not. Gentoo entered into this agreement with philanthropic motivations to tackle a range of complex issues in a difficult operating environment through the development of local capacity. Back on the Map have now taken on full management responsibilities and have developed comprehensive policies and

procedures, having enjoyed this short term support from an experienced and supportive provider. We were also given an example of a skewed relationship with a housing provider (who shall remain nameless as the partnership agreement is still in effect) whereby the organisation concerned receives a very low percentage of the rental income from the properties they manage on behalf of the housing association and a very poor service. This relationship has cost the organisation concerned dearly and whilst they are pleased to be able to offer the homes to tenants as part of their portfolio, this part of the service doesn't break even due to the housing association's attitude to maintenance and support. This is a cautionary tale of balancing being able to provide a better service to a tenant through the social enterprise's other support services, and needing to achieve full cost recovery in the long term. Glendale Gateway Trust have fostered a very good relationship with the North East HCA who have been very supportive of their efforts particularly through the Empty Homes Programme. The Trust negotiated an asset transfer from their local authority in 2011 of the Council owned library building on the proviso the building was converted to affordable accommodation. The local authority – Northumberland County Council, supported the Trust's move to become an RP and HCA Investment Partner and backed their bid for HCA funding in 2011. Without the support of both organisations, the Trust would not have been able to develop 13 units of the 19 that it now owns and manages.

- Bristol Charities has established critical relationships with key governmental organisations in the Bristol area including their local authority and health care providers. The charity are clearly respected as a strategic partner and have worked closely with these organisations to develop new housing which accommodates elements of care provision including day rooms to serve dementia sufferers.
- As a TMO, Pembroke Estate has a critical relationship with their tenants. At the time of our visit, the organisation was just about to embark on its first 'continuation ballot' which would ultimately decide its fate. All TMO's are subject to a ballot every 5 years which effectively decides whether the TMO will continue to manage the RP owned properties or whether management reverts back to the RP.
- What was evident from the visit to Pembroke estate was their harmonious relationship with their tenants, and the positive impact their management of the estate had had in terms of reducing anti-social behaviour. Two weeks after our visit the vote went overwhelmingly in favour of Pembroke Estate – a tremendous vote of confidence in their management and approach and five further years of security.

9.4 Levels of debt and strategies for managing bad debt

We asked interviewees for examples of challenging situations, and we expected bad debt to emerge as a key concern of developing projects. None of the case study organisations identified bad debt as a key issue. All reported bad debt scenarios, however, they have developed the process and skills to cope.

The incremental impact of welfare reform and benefits sanctioning emerged as an increasing issue in many of the interviews, with different levels of anger and strategies to cope. Some respondents expressed a sense of despair about who is being made to pay for the financial crisis and the impact on communities. Starley Housing Cooperative reported that so far they have been marginally affected due to a proactive process to support members to transfer to smaller accommodation if requested, and the Coop has been fortunate to be able to accommodate the requests that have been made. As a member of the management committee explained:-

“That is the ethos of a coop. Join us and you are here for as long as you want to be. Our real worry is the introduction of Universal Credit. Around 65% of our members are in receipt of partial or full benefits. Currently housing benefit is paid direct the cooperative. We have paid for members to open ‘Jam Jar’ accounts with Coventry Credit Union. This is a system of helping people to put money in different pots for the outgoings they have to cover. The cooperative is paying the fee for the accounts.”

We found a number of miscellaneous lessons that the case study organisations encountered that could be useful learning points for organisations seeking to replicate or deliver similar projects:

One organisation commented:-

“The money from the Empty Homes fund is the best they have ever had because of the few strings attached, particularly the lack of prohibitive claw back. Also the conditions were right – lots of empties and lots of potential” (LATCH).

- Despite having condition surveys at the point of acquisition, Back on the Map discovered several errors not identified including underground streams beneath properties that were the cause of severe damp issues. A full condition survey wasn't enough in this particular case and more technical expertise on buying and refurbishing was needed. This is perhaps more relevant for organisations considering taking on large volumes of homes that have been mismanaged or empty for a protracted period.
- Administration of Section 8 and 21 notices (legal procedures to gain ownership of tenanted short hold assured premises when the terms of the rental agreement have been violated) can be self-taught, but at the outset some organisations did not appreciate the exposure of the organisation.

- Managing tenant expectations and communicating clearly what the organisation does and what the organisation is about. In the early days, one Trust reported late night calls from tenants needing a light a bulb to be changed. As a local provider of housing with a very visible daily presence in the neighbourhood, establishing the ground rules of roles and responsibilities was felt to be important, as is not underestimating that housing local people is not straightforward where families are involved.
- Thinking strategically was another lesson. One organisation reported that they wished they had acquired freehold properties earlier and that they had been more operationally focused. They thought they had missed some strategic opportunities in the midst of working 80 hours a week to make a difference. They also asked if this could have happened any other way without undermining the organisational ethos (lesson from LATCH).

9.5 Added value and measuring social impact

Hardly any of the case study participants have systems in place to formally measure the extended impact of the work they do. The breadth of contribution to different regenerative activities is outstanding.

Organisations reported that the data they are frequently asked to supply are output focused; numbers of volunteers, support provided to hard to reach people. We are aware of the following tools and measurement:

- Headlines – for example, the numbers of properties built or bought back into a habitable good condition, numbers of community assets saved, numbers of regular volunteers, the reduction of void properties in an area.
- Examples from the organisations studied where social impact is measured on other business activities, for example Witton Lodge CA assessed the impact of the transfer from public ownership of the community centre. LATCH evaluate the success of supporting people programme, track volunteer progress and are working with Triangle Consultancy to adapt the Homeless Outcomes Star tool system which measures outcomes across 10 areas of support. They are developing a software support and have plans for a work tool as well.
- Glendale Gateway Trust leaky bucket LM3 - Local Multiplier³ (LM3) is an approach that was championed by the New Economics Foundation and based on the understanding that every £1 spent in the local community is worth up to £3 if local services are procured.

Glendale Gateway Trust worked closely with their local authority to demonstrate that the £44,534 they spent on refurbishing their first empty property was worth £129,034 to the local community because they used local contractors who, in turn, bought supplies from within the local authority area.

- SROI (Social Return on Investment) – a recent report produced by Canopy in Leeds shows that for every £1 spent, the organisation has generated £4.28 of social value (Bagley, 2014)

There is considerable case study evidence beyond this research of the non-housing benefits of community housing providers, tackling anti-social behaviours, fostering community well-being, developing social capital and pathways out of poverty (Gulliver & Handy 2014, pg7). The sector can meet the needs of socially excluded communities as effectively as parts of mainstream housing provision, in a way that provides wider community benefits, specialising in reaching out to people on low income, from BME groups, homeless and disadvantaged (Bliss, 2009).

Witton Lodge have just completed 20 new properties, utilising land gifted from the Council as part of the original transfer of property and land back in the 1980s. The properties are financed by a capital grant accessed via Birmingham Municipal Homes and a small Affordable Homes Grant from the HCA. The Association prepared the bid for grant with political support from Birmingham City Council. (Witton Lodge CA is not a registered housing association with the HCA and therefore is unable to receive direct affordable homes grant payment). Witton Lodge are in the fortunate position of being able to mortgage existing assets to raise finance and with a track record can alleviate concerns on deliverability. However, there are new organisations such as Lyvennet CLT in Cumbria that have developed housing from a standing start position.

9.6 Case study extracts – Overcoming hurdles

Some of the organisations who have prioritised the refurbishment of empty and abandoned homes noted the competition for viable properties had escalated and that there will become a point where the costs of refurbishment and new build are disproportionately out of balance. That situation is not expected to arise for some time yet and it was commonly felt that an assessment of options would be forthcoming at the point of market change. A further challenge for those with in house maintenance and refurbishment teams is maintaining a supply chain of future work following the end of the Empty Homes programme. Most of the neighbourhoods concerned have a continuing high proportion of empty property but the absence of a dedicated grant will require activities to be scaled.



Back on the Map intend to continue to purchase empty properties particularly those that are threatened with disposal to absent and potentially ineffective landlords. They have just completed (2014) the refurbishment (using HCA grant) of 2 empty properties and purchased 3 more empty properties in partnership with Sunderland City Council who hope to do more; using Empty Dwelling Management Orders where necessary. Back on the Map also co-own a development site with Tees Valley Housing, and has the freehold of part of an adjacent site with Home Group. Both sites have been cleared for development and have planning permission for 126 new homes. There are a number of legal issues about existing 'grant in the ground' that cannot be transferred. Once resolved, Back on the Map is keen to develop parts of this site in partnership.

LATCH told a story of a volunteer with a history of drug abuse. Involvement with LATCH started with him popping into the LATCH office and doing some painting. What made the critical difference was he was treated with respect at LATCH. Over time this individual has become a LATCH tenant and has attended and completed courses on joinery and basic maintenance. Based on experience and trust, he is now an employee of the organisation. LATCH are clear that the role of approachable, sensitive support workers is key to their success - as is a lot of hard work.

Giroscope – started to help a person referred to the organisation from a support body that rehabilitates addicted prisoners. The person was treated with respect from the outset and with baby steps began firstly to get involved in volunteering activities with Giroscope. Now a tenant and employee.

Appetite for Growth - Many case study respondents reported intent to grow to respond to opportunities like Community Empty Homes Grant and AHP but only to meet local need and respond to local crisis. We did not encounter interest in scaling beyond this. We did discover an appetite to inspire other projects to replicate. Interestingly none of the organisations have identified a strategic objective or a magic number, though a few thought that around 100 properties could support a full in-house management service, and this could be desirable. None of the organisations are driven by financial targets or had a target figure in mind in terms of property acquisition and development. The strategy of those interviewed often seemed to reflect LATCH's outlook of 'acquiring as many as possible and remaining financially sustainable'. More than one trust involved in the refurbishment of abandoned property noted the impact of an increasingly competitive environment following both increased awareness of empty property and the Empty Property Fund. There is increasing concern about the impact of unregulated and distant landlords in the growing market rental sector and several organisations are reviewing how they can introduce systems of neighbourhood level management in, for example, managing private sector landlord accreditation schemes and providing local management services.

10

LOOKING FORWARD - SUPPORTING FUTURE DEVELOPMENT

A number of the pioneer projects called for tailored funding geared up to meeting the needs of small community housing providers. Some projects questioned if the current support for community housing is too tokenistic.

There is need for more global support for small housing coops and housing providers; it is recognised that there can be challenges in setting up and they challenge the status quo on how we measure value for money against a limited criteria, but they are solvent and most people are happy.

Some organisations would like a stronger voice for the sector recognising that the barriers for start-up projects are immense and that more could be done to reduce some of the obstacles.

For example, challenging systems applied centrally by the HCA to access grants that force external partnerships to administer records through the IMS system or requiring very high levels of indemnity and insurances well in excess of the risk and total capital and revenue values of development projects. The majority of projects examined in this study are not registered housing providers with the HCA. The lack of registration and approved partner status acts as a barrier to accessing development capital funding.

The HCA is the only regulator of social housing in the UK, however none of the projects reported an adverse effect on credit scores, or other operational matters, of not being registered. The rationale for registering is not felt to be clear enough, and more accessible information with better quality guidance is sought.

Organisations identified the need for more opportunities to share experiences and learn about different approaches would be welcome. Others identified that there is also more scope to apply measures in the Social Value Act.

Several projects noted the need for regional financial and viability criteria assessments tailored towards the opportunities of local housing markets. Some organisations identified that the London-centric approach to establishing viability and value for money policy failed to recognise the potential to do more, in for example, some areas of the North. This comment was particularly addressed at the design of the Community Empty Homes Programme, where it is felt there needs to be a rigorous audit of the programme, to analyse the relative success of projects outside of London and the South East and that more could have been achieved if there had been a regional allocation. Organisations were complimentary of the administration of the fund by an external organisation believing the flexible terms to draw down the grant assisted with project development and supported cash flow. Unpublished, emerging research from David Mullins et al evaluating the impact of the community Empty Homes Grant on community housing providers reveals that 110 organisations have benefited from the

In the words of one interviewee:

“If we can make it work, then others can too. Government could do more to help.”

programme and that over half had not previously been involved in bringing empty homes back into use. Total expenditure of £50 million has been used to make 1759 new homes habitable by community organisations. One analysis of an organisation involved in the programme, Changing Lives in Gateshead, has shown that for every home delivered by direct EHCP grant contribution 2.5 homes will be delivered.

A number of the organisations consulted during the research for this project would like to see local authorities either using the tools that they have, or acquiring new tools to reduce anti-social behaviour. Back on the Map reported that selective licensing is having an impact, however the licence is short term and expensive to operate. Perhaps finding a system that rewards good landlords and targets those that are not effective is needed.

Organisations favoured the idea of a central lending bank with low interest rates. They also encouraged the creative thinking in encouraging local authorities to be required to let organisations access empty property, rather than retaining them.

This research did reveal that few community housing organisations have involved tenants in governance roles, however, most of the organisations identified that they have frequent contact with tenants beyond the housing management role, for example, Giroscope and Back on the Map could list a variety of projects where tenants are critical to success.

11

RECOMMENDATIONS

These case studies, and the many other community housing organisations in the UK demonstrate that community led housing is part of the fabric of the localities where it exists.

Community led housing organisations are sustainable, in good financial health and they exist to find tailored solutions to local problems; an antidote to short term policy fad initiatives.

Many of the organisations featured, and others³ are motivated to help other communities replicate what they have achieved. A member of the management board of Starley Housing interview summarised;

“I have to say I think small is beautiful. Coventry City is struggling but we are doing better than others. When times are tough you have to batten down the hatches and look after each other. Make sure you are financially OK and supporting residents. That’s enough for me.”

Below is a list of key recommendations resulting from this report to better understand the viability of small scale community led housing:

- i. It’s the responsibility of all the organisations and agencies involved in the community housing sector to raise the profile of the work of the many different local projects and to challenge the myth that big is better or that new projects are the ‘first’ when there is ample good practice in existence across the UK.
- ii. Research resources are needed to bottom out the total number of community led housing initiatives. We have provided a clearer picture, however, it is not robust enough and we have been unable to qualify key data – average number of housing units, asset value base and a range of other community enterprise performance evidence.

³For example, Community Campus 87, Holy Island Development Trust, Lyvennet Community Land Trust and Threshold Centre

- iii. Research has revealed many key evidence gaps and we encourage the research community to think about initiating research into the following:
 - a. A simple and acceptable tool for universal application to measure social value impact at different scales recognising the broad operating context of community housing organisations.
 - b. The extent and degree of community housing management and delivery in the vast number of registered housing charitable organisations.
- iv. Interviewees overwhelmingly called for an end to the piecemeal policy approach to community led housing. If we are to create better places to live, to diversify who can own and manage housing, and to meet the demand for community ownership/management, we need to offer an holistic approach, tailored to local needs. We are calling for long-term, dedicated funding, capital finance and support for projects to grow.
- v. Open up finance to unlock empty homes funding. This funding should be administered independently and should be free of inappropriate bureaucratic constraints. The availability of regional grant programmes (and allocations) would help to capture opportunities in all areas.
- vi. Mandated use of the national IMS system for grant administration by community led housing organisations was identified as being problematic with surprising frequency. It is a complex system, devised for large organisational structures. As the Community Empty Homes Grant demonstrated public funding can be successfully administered at this scale without the extreme bureaucratic hurdles adopted for large corporate housing associations.
- vii. The evidence we have gathered shows the multiple social, environmental and economic benefits of community housing providers and the sheer ingenuity of providing support and services on limited operating budgets. Value for money should recognise and reward development and management projects with extensive social, economic and environmental impact. We are calling for a value for money criteria to be established that recognises both the differences in local housing markets but crucially, values the social impact of this type of housing provision. This could also have the effect of harnessing the potential for growth in community empty property projects.
- viii. Clearer engagement between the HCA and existing small scale community led organisations would help to establish the rational for becoming a registered housing provider. There is a need for clearer guidance and support about the registration process, reasons why organisations should register and what is involved.
- ix. There should be investment in scaling out – supporting community housing pioneers to enable delivery, to do more in their own communities and to help others to replicate. Currently too much of the paid capacity support available to developing community housing organisations does not recognise the valuable and immense contribution of people working in successful projects wanting to help others to achieve similar success. This support should be harnessed and recognised.
- x. A central lending bank with a revolving loan (following the model identified in Cornwall) would further support the development of new community led housing initiatives.

APPENDICES

SMALL SCALE COMMUNITY LED HOUSING

APPENDIX 1

Benefits of Community Led Housing

It is useful to evaluate and consider the added value of community led housing in contrast to other established models of delivery:

- Achievement and confidence incorporating influence and recognition as a local stakeholder
- Ability to reinvest and to grow communities
- Able to proactively respond to local housing needs and issues – where other organisational types are unable to or do not operate
- Localised management gives tenants/occupiers improved access to services that are tailored and personal
- Member beneficiary housing such as cooperatives and cohousing is self-managed and empowering
- Transformation of organisation management capacity
- Social enterprise foundation: generate surplus collateral for finance and securities

- Stake in the management of the local area: how and where housing is provided
- Security to plan long term
- Mechanisms to tailor allocation to local needs and to create long term affordability through asset locks
- Improved design and procurement – community organisations are accountable on a daily basis experiencing constant contact with residents and residents can openly join organisations and influence direction
- Freedom to innovate if there is a viable proposition
- Democratic membership to address concern on increasing democratic deficit evidenced by low voter turn out

Other benefits to local stakeholder organisations identified in a 2011 review of urban CLTs⁴ include:

- New community driven partner for public agencies and organisations to work with

- Mechanism for landowners to increase supply in the knowledge that there will not be private gain
- Not for private profit solutions to service provision (smaller overheads with increased local accountability than large corporate investment partners)
- Base for providing joint services tailored to community needs. More common in community housing sector for mixed asset portfolio of shops, community space, retail alongside housing
- Able to access range of funding streams from charitable and other sources targeted at supporting the sustainability of community organisations through the acquisition and management of assets of community value
- Improved neighbourhoods; improving well-being and a sense of place
- Increased uptake in services designed to be specific to local dynamics
- Localised management to increase sustainability of tenancies
- Allocation of properties based on local letting criteria to address local needs.

⁴ Urban Land Trusts Lessons (2011) The Young Foundation

APPENDIX 2

TABLE ONE: A brief compendium of Community Led Housing Models and an indication of regional delivery

Model & Main Support Organisation (link to more information)	Description of the model	Indication of the size of the model in the UK
<p>Self-help Housing</p> <p>www.selfhelphousing.org</p>	<p>Self-help Housing involves groups of local people bringing back into use empty properties for residential use. Use of the properties varies from long term tenancies to short life housing to meet immediate needs such as move on accommodation and supported housing.</p> <p>Self-help housing groups negotiate with the owners of empty properties for their use and organise whatever repairs are necessary to make them habitable. Self-help Housing tenants are normally groups of people who can't afford to buy their own housing and whose housing needs are such that they will not be offered a permanent tenancy by the local authority or a housing association.</p> <p>The properties are refurbished and let on the basis of a licence or lease, for a specified period of time.</p> <p>Homesteading – a model that creates opportunity for people to purchase property at a discounted price in return for commitment to renovate to an agreed standard and to remain in the property for an agreed period. This is a variation of the Self-help Housing model that is aimed at individual home ownership and regeneration of areas with issues of low demand.</p>	<p>No known figures on the size of the homesteading market. See Stoke City Council for recent example</p>

TABLE ONE:

Model & Main Support Organisation (link to more information)	Description of the model	Indication of the size of the model in the UK
<p>Cohousing</p> <p>www.cohousing.org.uk</p>	<p>Cohousing is a form of intentional community, made up of single private dwellings and additional shared communal facilities such as a common house with a community kitchen and dining room. Depending on the community's interests other shared facilities can include workspace, craft/arts rooms, teenage/play space, gardens and allotments, community transport hubs etc. Cohousing communities are democratically self-managed and residents are involved in the design and planning of the community from the outset. The design of cohousing emphasises how homes and public space can be used to encourage community interaction e.g. parking is positioned on the periphery of the site creating space for safe play.</p> <p>Cohousing communities can be mixed tenure with households leasing property from the cohousing company and paying for a share of the communal facilities. Cohousing can be intergenerational or tailored towards specific interest groups such as seniors.</p>	<p>18 built cohousing communities and 70 in development</p>
<p>Cooperative and tenant controlled Housing</p> <p>www.cch.coop</p> <p>www.radicalroutes.org.uk</p>	<p>A Housing Co-op is a housing organisation where members (tenants) democratically control and manage their homes. Many Housing Co-ops also own their properties, but some manage properties for other landlords (i.e. the council or housing associations). Housing Cooperatives have voluntary and open membership and are autonomous of external organisations. Housing cooperatives are encouraged to cooperate with other cooperatives and a key feature is the education and training of members.</p>	<p>736</p>

TABLE ONE:

Model & Main Support Organisation (link to more information)	Description of the model	Indication of the size of the model in the UK
<p>Community Land Trust (CLT's)</p> <p>www.communitylandtrusts.org.uk</p>	<p>CLT's are independent local organisations established to tackle dysfunctional housing market issues and create permanently affordable intermediate housing for purchase and for rent. This is achieved by the CLT acquiring land and assets and holding them in trust, creating a mechanism to limit sale values, through price covenants and retaining the freehold. Some CLT's own and manage other types of property and run other services such as community shops and pubs.</p> <p>The 2008 Statutory definition qualifies what constitutes a CLT organisation.</p>	<p>22 completed schemes and 135 in development.</p>
<p>Tenant Management Organisations</p> <p>National Association of Tenant Management Organisations</p>	<p>A TMO is managed collectively by residents of social housing, they often elect a management committee from residents and contract a service provider to deliver maintenance and administration services.</p>	<p>182</p>

APPENDIX 3

Cutting through the terminology with a comparator chart

In this second table the models are described in terms of an average size of development, if the model has been applied at scale, what style of governance is typical and where existing practice has mixed the models to meet local housing need and combat issues. For example using the CLT mechanism to create permanently affordable housing in a cohousing development that is self-managed by residents with a common house and other communal facilities.

TABLE TWO: Comparative table of models showing key strengths and linkages					
Model	Typical size of organisation	Legal structure (all are not for private profit)	Management	Charitable	Hybrids/ Cross overs
Self-help Housing www.selfhelphousing.org	Small numbers of units typically between 2 to 50 properties. Most common tenures are rent and short leasehold arrangements.	Industrial and Provident Society (IPS), Company Limited by Guarantee (CLG)	Self-managed by tenants most independent management structures	Some	Development Trusts, CLT's and Coops
Cohousing	Optimal size between 8 to 40 homes. Incorporating a common house and other shared facilities. Can be freehold, leased, rental and mutual home ownership.	Mainly CLG, some IPS & CIC	Self-managed by residents	Not currently	Cooperative Housing Community Land Trusts

TABLE TWO:

Model	Typical size of organisation	Legal structure (all are not for private profit)	Management	Charitable	Hybrids/ Cross overs
Cooperative Housing	Can vary from a small number of units to hundreds. Community Gateway organisations are large scale stock transfer organisations with property in the low thousands. Most commonly rental and leasehold.	Mainly IPS	Self-managed by residents	Not applicable	Different types of housing coop: Ownership housing co-operatives Tenant Management Organisations (TMOs) Self-Build Co-operatives Short-life Co-operatives Tenant-controlled housing associations
Development Trust	Variable from one to 230 homes (often a diverse asset portfolio including other assets of community value). Commonly rental and can be freehold and mutual home ownership.	Mainly CLG, some IPS & Community Interest Company (CIC)	Independent management committees created from partnership local people, businesses, agencies and local authorities. Often paid executive and project workers.	Often, with separate trading companies for different aspects of operations	Self-help Housing Community Land Trusts
Collective Self & Custom Build	Variable. Commonly freehold, but can be other tenure types.	May not have collaborative governance. Mainly CLG, some IPS.	Self-managed by residents/self-builders.	Rare	Cooperative Housing Cohousing Community Land Trusts
Tenant Managed Organisations	Variable from single digit numbers of units to the low thousands	Can be IPS and CLG	Democratic elections of a management committee to manage on behalf of residents.	Some	Cooperative Housing Could be Cohousing and Community Land Trust.

APPENDIX 4

Small is Viable Research: Case Study Prompt Sheet

NAME OF ORGANISATION:	
DATE OF SURVEY:	
BACKGROUND INFO	
Status (Charity/registered provider/other)	
When was the organisation formed and why?	
What is the current vision and objectives of the organisation?	
How many housing units are (a) owned (b) managed (c) in development?	
If you manage on behalf of another org – who? And what length of average lease?	
Does the organisation manage/develop activity other than housing – if so what?	

GOVERNANCE	
How and why did the organisation get involved in housing?	
What skills do you have on your board that are relevant to this area of service?	
Is there a mix of tenure and if so what is it?	
How do you select tenants?	
What governance role do tenants have in the decision-making process and what remit do they have?	
Is the organisations priority to convert properties or buy existing housing stock?	
What key issues have arisen and if so how have they been dealt with? (e.g. tenancy issues)	
Who are your critical relationships with and why?	

MANAGEMENT & FINANCE	
<p>Which organisation:</p> <ul style="list-style-type: none"> • Manages rent collection? • Organises maintenance? • Manages property allocations? 	
<p>How were the original properties acquired/financed and what acquisition finance model is being used now?</p>	
<p>What is your property portfolio valued at?</p>	
<p>What are annual costs of housing services and can you break this down into cost headings (or send us something and we will work on it – can create and sign a confidentiality agreement)?</p>	
<p>Do you make a surplus/break even or is that not the point?</p>	
<p>If managed by a third party what charges do they levy?</p>	
<p>Why did the organisation choose to sub-contract this activity?</p>	
<p>How do you allow provision for long term maintenance e.g. bathroom/roof replacement?</p>	

MEASURING IMPACT	
What methods if any do you use to track impact (social, financial) etc.?	
Tell us a story about some of the people that have been helped through your housing community enterprise activities.	
LOOKING FORWARD	
What ambitions does the organisation have in terms of housing development?	
What would you do differently if you started to develop housing now?	
What do you need from the wider external environment to support your housing objectives?	
Any other comments:	

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About Locality

Locality is the national network of ambitious and enterprising community-led organisations, working together to help neighbourhoods thrive.

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