

## The future of community investment by housing associations

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A study by People for Action looked at the extent of community investment by housing associations, through an extensive review of current practice. It also matched examples to the key ideas in the *National strategy for neighbourhood renewal*, using five case studies from Portsmouth, Newport, Greater Manchester, Gloucester and Birmingham. The study found:

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- f** Existing definitions of Housing Plus or community investment do not cover the diversity and extent of work undertaken by housing associations. Community investment could be more robustly defined as: 'increasing the ability of communities to manage change effectively for themselves', that is, creating more sustainable communities.
- f** Some housing associations are developing as community investors. These associations increasingly share common ground with community investment bodies – like development trusts or enterprise development agencies – and could play an important role in rebuilding disadvantaged neighbourhoods.
- f** Not all housing associations can be described as community investors. Some are pursuing very different paths. The community investors are more likely to be associations that see themselves as: accountable to the communities they serve; as social enterprises (with both social and economic objectives); and as possibly having contributed to the problem of social exclusion through past policies.
- f** In the past, housing associations have lacked a strategic framework for their community investment activities. The *National strategy for neighbourhood renewal* provides this, with a very good match between community investment by housing associations and the key ideas identified by the Government's Social Exclusion Unit.
- f** A community-based approach to tackling social exclusion (as opposed to neighbourhood- or area-based approaches) is a distinctive feature in some, if not most, of the community investment undertaken by housing associations, particularly those with dispersed stock (and hence no clear neighbourhood focus) and those that act as secondary enablers of community investment (for example, by promoting and floating community enterprises which need not be based on neighbourhood affiliations).

## Background

The starting point of this study was that housing associations are at the crossroads. One group of associations is emerging as 'community investors'. Others may become housing companies: focused on housing alone; providers of a social service contracted out by government and local authorities. The efficiency with which they are able to provide that service will determine their prospects. Mergers and takeovers will, in time, strain their community links. Accountability will come through the market place.

## What is community investment?

Past definitions of 'community investment' have tended to define it in terms of particular types of project. Earlier research for the JRF ('Housing association investment in people', *Findings* Ref: 959, Sept 99), for example, defined food co-ops and foyers as community investment but not tenant consultation and estate caretakers. However, a foyer may have no community investment value if the area is already well served by foyers, whilst hiring caretakers working for a resident services organisation to look after an estate could represent investment in the community.

This research found that the common thread in community investment was the formation of more sustainable communities. The study found associations involved in the following broad range of activities:

- Making adult skills a priority;
- Enabling wider access to information and communications technology;
- Getting people into work;
- Assisting welfare to work;
- Keeping money in the neighbourhood;
- Supporting and promoting enterprise;
- Tackling anti-social behaviour;
- Developing the role of neighbourhood wardens;
- Giving quality and choice in lettings;
- Reducing neighbourhood abandonment;
- Using art and sport in regeneration;
- Building community capacity;
- Helping community groups to get resources;
- Involving community groups in service delivery;
- Working with schools to develop wider action;
- Supporting families;
- Bringing shops back to deprived areas;
- Improving access to financial services;
- Joining-up neighbourhood management;
- Co-ordinating services for young people.

These activities and the others identified in the report closely reflect the priorities in the Government's action plan for neighbourhood regeneration. A review of community investment activity by housing associations shows that the key ideas identified by Government in the National Strategy for Neighbourhood Renewal can be matched with existing work being undertaken in neighbourhoods and with communities by housing associations.

The study therefore suggests that a more precise definition of community investment might be: activities undertaken to increase the ability of a community to manage change effectively.

## Why do some housing associations become community investors?

The 1999 research identified three main motives for housing associations to undertake community investment. This study looked at how accurate this analysis still is:

- **Some have their roots in Victorian philanthropy or charitable objectives wider than addressing housing need**

The Guinness Trust is one example: set up by a Victorian philanthropist, its charitable aims extend beyond housing. Charitable status is not, however, in itself a guarantee that a given association will undertake community investment. The combination of economic and social objectives was the common factor in the associations examined. The case study associations see themselves as social enterprises. Whilst not every social enterprise is necessarily a community investor, housing associations that identify themselves as such seem more likely to emerge as community investors.

- **Some act for business reasons – to protect and enhance their investment in bricks and mortar**

The case studies indicate a link between community investment and the management of risk to physical assets. For example, the partners in Handsworth Area Regeneration Trust sought to protect their physical investment in the area by providing a vehicle for wider community investment. Community investment is, however, not the only way in which housing associations can seek to manage risk. Some social landlords manage exposure to changing demand primarily through mergers, group structures or diversification into other areas of business entirely. Associations which remain relatively tightly linked to a given geographical area are more likely to use community investment as part of a risk management strategy. Some merged, multi-regional or diversified associations, however, may also be community investors depending, for example, on their skill in innovating and maintaining mechanisms for social ownership of their activities.

- **Some invest in community projects because that is the fashion**

By 1999 the evolution of 'Housing Plus' into a mainstream fashion for community investment was already underway. Since then rent increases have tended to be more tightly pegged to a rate of RPI inflation which is held down by innovations in information technology rather than reflecting the real increases in costs facing housing and neighbourhood organisations. The 're-structuring' of rents – cutting rents in low demand areas – may be expected to weigh heaviest on some of those housing associations serving communities which most need social investment. The housing press is increasingly predicting that – given tough times ahead financially – the 'extras' (including community investment) will have to go. Some associations will probably have withdrawn from community investment in three years' time.

The change in fashion is less likely to affect those organisations which have started the process

of internalising community investment. This might be marked, for example, with the adoption of a community investment strategy – as at Charter Housing – or with the acknowledgement that past housing policies have contributed to social exclusion – as with the partners in Handsworth Area Regeneration Trust. Associations that recognise and respond to the shortcomings of previous policies are less likely to return to them in future.

### How associations behave as community investors

The idea that housing organisations need to be involved with more than development stems from concerns which emerged in the 1990s that many estates were deteriorating rapidly because of a lack of community planning and investment. The Darnhill Estate case study is an example of how housing associations have responded in innovative ways to this challenge: typically generating social capital and community economic development alongside physical environmental improvements.

The case studies suggest that community investment is also necessary when there is, in fact, no single 'estate' and homes are dispersed throughout many neighbourhoods. The way the community investment strategy at Charter Housing has developed explicitly reflects the dispersed nature of Charter's stock. In Barton and Tredworth – an area of mixed tenure – Gloucestershire HA helped to establish and energise a local development company and a community development trust to manage it. Likewise, housing association stock accounted for only a minority of homes in the area served by Handsworth Area Regeneration Trust. A focus on communities, rather than neighbourhoods, is a feature of some housing association approaches. Large-scale voluntary transfer associations or HAT successors may find themselves in the community investor camp, but so might social landlords with a dispersed stock of housing and those serving communities aside from strictly defined neighbourhood communities.

An association's history and the pattern of its stock may be important factors in the way it approaches community investment. As well as managing and resourcing activities designed to build more sustainable communities, those associations with dispersed communities can act as secondary enablers of community investment – as in the PHA Community Regeneration Unit case study, for example.

There are other neighbourhood organisations which also act as community investors besides housing associations. Co-operative development agencies, development trusts and Groundwork Trusts are examples of likely associates for housing associations committed to community investment.

### About the study

The report was based on desk research of relevant published items, housing associations' own documentation (annual reports etc.) and material supplied to People for Action by its members especially in connection with People for Action's Directory and Practice Notes. Further interviews and research relating to the case studies were carried out by People for Action staff and contractors. Comments as to the accuracy of the case studies from representatives of the organisations concerned and their partner organisations were reflected in the final content. People for Action is a network of housing and regeneration organisations committed to putting power and influence into the hands of local people.

### How to get further information

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The full report, **After the crossroads: Housing associations as community investors** edited by Paul Slatter, is published for the Foundation by YPS (ISBN 1 84263 046 6, price £12.95).