After the crossroads

Housing associations as community investors

Paul Slatter

The **Joseph Rowntree Foundation** has supported this project as part of its programme of research and innovative development projects, which it hopes will be of value to policy makers and practitioners. The facts presented and views expressed in this report are, however, those of the author and not necessarily those of the Foundation.

Published for the Joseph Rowntree Foundation by YPS

ISBN 1 84263 046 6

Cover design by Adkins Design

Prepared and printed by:
York Publishing Services Ltd
64 Hallfield Road
Layerthorpe
York YO31 7ZQ
Tel: 01904 430033; Fax: 01904 430868; E-mail: orders@yps.ymn.co.uk

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Acknowledgements

Thanks are due to Andrew Mason, Bronwen Lloyd, Kathy Thomas, Chris Kenny, Phil Lane, Kate Farley, Isis May, Ella Rita and Dr Jane Bradshaw for their assistance in compiling this report. Particular thanks and acknowledgement are due to Clive Milone, Alan Clawley and Paul Bullivant for research relating to the case studies. Recognition is due to the members of People for Action for pioneering the path of community investment for housing associations and to the staff team at People for Action for the support they seek to give.

Summary

Housing associations are at the crossroads. They face basic choices both about their mission and their means of achieving it:

- Should they go 'back to basic' housing management, or diversify?
- Is it time to seek economic security and efficiency through merger, or does sustainability depend on stronger links to local communities?
- Are housing associations to be market-based or part of the social market?

Some housing associations have chosen the path of community investment. Typically, however, they have done so without a strong strategic framework (Smith and Paterson, 1999), without an explicit mission. The Government's *New Commitment to Neighbourhood Renewal* (Social Exclusion Unit, 2001) offers these associations a framework for their community investment. This report aims to show how community investment on the part of housing associations can be at the heart of delivering neighbourhood renewal. The report goes on to consider in more detail five examples of community investment in practice. This evidence suggests that some associations have now genuinely moved beyond what Tim Dwelly (1999) called the 'tribal boundaries' that divide 'housing' organisations from 'regeneration' organisations. Whereas some associations may continue to develop as providers of sub-market rent housing (subsidised by the State and with a keen interest in listening to their customers, but operating effectively as private housing companies), other associations are becoming community investors – committed to actions that increase the ability of communities to manage change effectively; that is, they are committed to building more sustainable communities.

The new community investors among housing associations see themselves as social enterprises, combining economic and social objectives. Amongst their number are likely to be associations that want to keep close links with the communities they serve and those that acknowledge that, in the past, housing associations have sometimes been part of the problem facing communities. The 'followers of housing fashion', however, are unlikely to be amongst their number. Community investors will include some large associations and some small, some with concentrated stock and some with stock dispersed across many neighbourhoods. There will be no single approach to community investment, no one size to fit all.

Community investment housing associations will find an increasing area of common ground with other regeneration agents and enablers of regeneration like development trusts, co-operative development agencies, Groundwork Trusts and community-based finance initiatives. These new third-sector organisations will be important allies for any Government – of the left, right or centre – that is interested in rebuilding society.

1 Introduction

In 1998, *From Exclusion to Inclusion* (Clapham and Evans, 1998) contained the notable finding that 92 per cent of housing associations were finding housing management more difficult as a consequence of the growing social and economic marginalisation of their tenants. In the same report, 65 housing association chief officers signed up to the need for change, agreeing that housing associations needed to redefine their role in terms of enabling communities and individuals to move from social exclusion to inclusion. The list, however, did not include everyone; social exclusion is clearly an issue for housing associations, but becoming a community investment agency is not the only response.

That housing associations are at a crossroads is no new insight. Tim Dwelly in 1999 noted that housing associations face what appears to be a set of mutually exclusive choices:

- back to 'basic' housing management, or diversification into other activities?
- economic security and efficiency through merger, or stronger links to local communities?
- market-based or part of the social market?

[*Note*: The extent to which these choices are actually exclusive is, of course, dependent on the resources available to the management of housing associations and their skill in managing them. Creative management (particularly of information) may enable some associations to grow and yet to remain locally 'owned', for example.]

There is widespread agreement about the past – the path that has brought social landlords to this parting of the ways:

- reductions in local authority house building
- competition between associations and the connected reduction in the grant rate
- development-led policies
- changing demand
- the rise of 'housing plus' in the late 1990s and, since 1997, the new joined-up agenda for regeneration.

The way forward is, however, hotly debated. Dwelly (1999), for example, argued that community investment as opposed to investment in property must now become a *mainstream* activity for housing associations. Others have argued equally powerfully that the future for housing associations lies in fewer organisations focused more intently on efficient management of social housing.

> *Sometimes housing associations see themselves as different and special, but that's nonsense – we are just another business with a multi-million pound turnover. The only difference is that we don't have to answer to shareholders, so all the pressure to change and improve has to come from within … We have too many housing associations in this country and it is inevitable that they will be slimmed down, with only the fittest surviving.* (David Hucker, Chief Executive of Orbit Housing Association)

This report presents a description of how some housing associations are linking community investment to neighbourhood renewal. It goes on to consider in more detail five examples of community investment in practice. This evidence suggests that, for some associations at least, the future is as community investors – firmly part of the social market. For others, perhaps, what lies beyond the crossroads will be very different.

2 The extent of community investment

Housing associations that have become involved in community investment have done so for a variety of reasons (Dwelly, 1999) and follow one of several distinct approaches (Smith and Paterson, 1999). It has been argued that this variability is connected to the lack of coherence in strategic direction (Smith and Paterson, 1999). Research into housing plus on five estates in 1997 concluded, however, that community investment must form part of the main strategy of an association; it should not be seen as a bolt-on extra (Fordham *et al.*, 1997).

In 1997, a new government came to power bringing with it a new agenda for regeneration. Society, according to this new government, not only existed but was something tangible in which organisations could invest and communities and individuals could be included. In April 2000, the Government's Social Exclusion Unit published a consultation paper on a *National Strategy for Neighbourhood Renewal*. This chapter shows how community investment by housing associations matches up with the key ideas in the new strategy. Community investment by housing associations is not a side issue, a 'bolt-on extra', but may be at the heart of the Government's new commitment. In return, the national strategy gives housing associations (and others) the framework for community investment they seek.

Making adult skills a priority

Investment in property in deprived areas can also be investment in people in particular through skills training. Broomleigh Housing Association (HA) in South London provides an example of how capital investment can be more than bricks and mortar. It works with local colleges and training agencies to use empty property for running training courses in deprived neighbourhoods. Some housing associations are going further to make adult skills a priority in deprived areas. Three Rivers Housing, based in County Durham, for example, employs a training and employment adviser to provide advice to tenants and their families. The association has also developed a local labour scheme, which provided opportunities for 12 trainees to gain off-site training to NVQ2 level at a local college. In making these links, housing associations are also forming new partnerships. In Sussex, 1066 Housing Association won support from the Department for Education and Employment's (DfEE's) Adult and Community Learning Fund to provide training for local estate residents in partnership with a number of other local organisations including the University of Sussex and local residents' associations.

Enabling wider access to ICT

Housing associations – by virtue of their position as major enterprises often located in the neighbourhoods they serve – are in a good position to extend access to information and communications technology (ICT) to deprived communities. For example, on the Armoury Way Estate in central Wandsworth, Threshold Tennant Trust has converted a disused laundry into a community centre providing free access to IT training. South London Family Housing Association is one of a number of other landlords providing estate-based IT training. Estate-based facilities can also enable access to further education. The Peabody Trust, for example, has provided a network of five 'virtual classrooms', which bring training and learning opportunities to residents on estates by linking them up to colleges. Some housing associations have set up schemes offering tenants hardware too. Swan HA in Essex has recently launched for tenants an ICT training programme, on completion of which participants receive a free set-top box giving them Internet access via the TV. London and Quadrant Housing Trust gives computers to their resident associations as well as providing Residents On-line (a resident-focused website); free IT learning courses; and free web access via local Internet cafés.

Getting people into work

Housing associations – again by virtue of being enterprises serving and located in deprived communities – are playing a part in helping tenants and residents back into work. Accord HA, based in West Bromwich, has a Housing Employment and Training Initiative to create local employment and training opportunities. Accord is also a founder member of the Black Country Third Sector Network which aims to promote and multiply the benefits produced by social enterprises including building societies, housing associations and the Groundwork Trust, etc. in the region. South London Family Housing Association runs IGLOO Integra – a two-year transnational project aimed at job creation in construction and environmental work and the formation of social enterprises. Black Country Housing helped tenants set up B-TRAC, a community business which contracts for local grounds maintenance, cleaning and small-scale building work. O-Regen (the Orient Regeneration Trust), set up by Waltham Forest Housing Action Trust, is tackling poverty and disadvantage in its part of East London by helping people become more employable and by providing skills training, business enterprise support and child-care programmes. The Trust has developed comprehensive estate-based services which have helped 3,000 people into jobs and training since 1993. Overcoming local barriers to employment involves social landlords in a wide range of issues. On the Castle Vale estate in north-east Birmingham, for example, the local housing action trust (HAT) is involved in projects addressing an agenda ranging from poor health to inadequate public transport.

Assisting welfare to work

Housing associations – as social enterprises and, in themselves, expressions of community self-help – are well placed to help people living in deprived neighbourhoods move away from dependency on benefits and into the culture of work. For example, Oxford Citizens HA works with the County Welfare Rights Unit to provide benefits advice to tenants on the issues facing people moving into work from benefits. In East London, the Circle 33 Trust has supported the growth of community development trusts to build the capacity for self-help. Many social landlords also operate foyer facilities aimed at helping young, unemployed and homeless people into work, accommodation and stable relationships.

Keeping money in the neighbourhood

Local labour clauses in construction and maintenance contracts are now fairly commonplace in the operations of social landlords. The Kent-based Amicus Group, for example, has local labour clauses in all of its schedule of rates contracts – worth £2m a year. B-TRAC is a local community business that carries out housing maintenance work for Black Country Housing. In Central London, Walterton and Elgin Community Homes – the first resident-controlled housing association to take over its homes under Tenants' Choice – has set up its own local building company and is looking at the potential for developing other local service enterprises that would keep wealth recirculating in the locality. Social enterprise landlords are also involved in the formation of village companies, community land trusts, Local Employment and Trade System (LETS) initiatives and the provision of local shops which all help to keep wealth circulating within a neighbourhood. In the Meden Valley, for example, LHA is helping to set up a string of village companies: community-owned co-operatives that have taken the ownership of local shop units and put them back into productive use.

Supporting and promoting enterprise

Some housing associations have established strong track records in promoting and floating community and socially owned enterprises. In Manchester, Selhal and in the East Midlands, LHA both have outstanding records in this respect. In Leicester, for example, LHA has helped create 18 full-time jobs for redundant workers and three apprenticeships for young people through shared ownership and support for an arm's-length gas servicing company, Thorpete Associates. Housing associations are used to helping people hedge against risk through, for example, shared ownership of housing. It is, perhaps, a logical extension of this work to see housing associations helping people who want to set up their own enterprises by taking a share in the ownership and risk involved.

Tackling anti-social behaviour

Social landlords are increasingly taking the initiative to tackle anti-social behaviour affecting the communities they serve. A number of London-based HAs including Beaver Housing, Broomleigh HA and South London Family Housing formed TEST – a tenancy enforcement support team which provides a day and night service to tenants experiencing nuisance and looks to resolve problems in a holistic way. In Birmingham, Castle Vale HAT operates Vale Watch and supports a range of other initiatives designed to counter anti-social behaviour, which landlord and residents alike identify as a major factor in the social exclusion of people who live on the estate. Housing associations are also supporters of mediation and alternative conflict resolution. Ealing Family Housing Association has explored alternative methods of resolving neighbourhood disputes, supported by a grant from the Housing Corporation. Neighbourhood Conciliation Officers were employed to deal with problems, working alongside housing management staff and making full use of mediation services.

Developing the role of neighbourhood wardens

Some housing organisations have led the way in developing the idea and practice of neighbourhood wardens. In Hastings, 1066 Housing Association has pioneered the use of tenant caretakers responsible for keeping housing areas clean and safe. Its tenant caretaker initiative received a vote of confidence from tenants when they voted for increased service charges to pay for the service themselves. Housing associations that led successful bids to the Department of the Environment, Transport and the Regions (DETR) neighbourhood warden scheme include Prime Focus (in Coventry), William Sutton Trust (in Bolton), Hyde HA (in Islington) and Manchester Methodist HA (in Macclesfield).

Giving quality and choice in lettings

Housing organisations have been pioneering reform of lettings policies with the aim of increasing tenant choice and building more sustainable communities. In Mansfield, LHA and Nottingham Community HA have worked with the District Council to pilot a choice-based lettings system based on the Dutch 'Delft system'. Vacant properties are advertised in local papers and prospective tenants – including priority homeless families – are given as wide a choice as possible in terms of where they will live. Charter Housing has been developing a similar approach in Caerphilly.

Reducing neighbourhood abandonment

Through poorly targeted development, social landlords have in the past been guilty of adding to the problems of social exclusion rather than the solutions. But there are also many examples of where housing associations have worked – sometimes in partnership with local councils, sometimes with the private sector – to regenerate and renew neighbourhoods effectively. Octavia Hill Housing Trust, for example, has been bringing empty properties back into use for more than 100 years. The Trust also supports and encourages private landlords to release more homes for people in need through its Let's Rent scheme. The regeneration of the Ritzy Cinema in Brixton is another example of how housing associations work in regenerating run-down areas. Metropolitan Housing Trust worked with a commercial developer and local business to redevelop the site for housing for single-parent families, a new five-screen film house and a high quality restaurant. The cinema and restaurant attract large numbers of visitors to the central Brixton area.

Using art and sport in regeneration

As stakeholders in deprived neighbourhoods, many housing associations support local arts and sports initiatives. For example, Selhal sponsors a music festival for local young people in Oldham. In Walsall, Caldmore Area HA set up a local, mainly Asian youth football team. Tuntum HA supports Carnival in Nottingham, which brings visitors to the New Deal area in the city and enables the local black and minority ethnic community to develop and put forward a positive image of the neighbourhoods in which it is concentrated.

Building community capacity

One of the main outputs of community investment is the building of the capacity of communities to take self-help action. Black

Country Housing & Community Services provides support to community and voluntary groups including local tenant and minority ethnic groups through its PACE project. PACE gives training and advice, enabling groups to reach a level of organisational competence that can be recognised and accredited. Cardiff Community HA has facilitated the development of community at a new-build estate in the city. Within two years, the project has enabled the management and use of a community building by tenants; provision of child-care services; the formation of three neighbourhood watches and a tenants' association; links with surrounding areas; a European Social Fund (ESF) scheme with the local college for women returners; and development of a community garden. Hastoe HA is pioneering the development of Investors in Community, an example of a scheme that would accredit those organisations that follow good practice in relating to the communities they serve.

Helping community groups to raise resources

As well as raising resources on their own account for community investment, some housing associations are particularly active in enabling community groups to bring in resources for grassroots projects. Swaythling Housing Society based in Southampton provides support to community groups through a £50,000 community grants fund and advice on fundraising as well as help with project management, desktop publishing and training, all of which enable community groups to raise resources effectively. As well as funding and expertise, housing associations are also in a good position to help community groups with access to the land and buildings they need to carry out community investment work. For example, Oxford Citizens HA has worked with Young Builders Trust to help young unemployed people get land for eight self-build housing developments in the city.

Involving community groups in service delivery

Some housing associations have particular and detailed experience of helping community groups meet housing need. For example, Banks of the Wear HA began life in Sunderland as a development agency for housing co-ops. Helping groups meet the housing needs of their own communities remains a key area of work. Banks of the Wear also supports the local Bangladeshi community to develop and manage its own community centre. Circle 33 Housing Trust and 1066 HA have both taken steps toward devolving the management of services and budgets to resident-controlled bodies by setting up Resident Service Organisations (RSOs).

Working with schools to develop wider action

For many people, a major factor determining whether a neighbourhood is a desirable place to live or not is the quality of service offered by local schools. By combining their community investment work with schools plus initiatives, social landlords have been able to change the image of neighbourhoods and the demand for housing within them. Oxford Citizens Housing Association has, for example, worked with local schools and colleges to provide work experience and St Pancras Housing in North London is working with a local school to provide an after-school hours homework club.

Supporting families

Housing associations are used to dealing with families in crisis and supporting vulnerable tenants. For many, this has led to the development of family centres and other support services aimed at families and vulnerable people. The Croft Family Centre in Nottingham provides child-care and family support services to lone working parents and families who may be experiencing difficulties. Family First – the housing association that runs the centre – also provides a thriving furniture and children's clothing and toy reuse service to individuals and families on low incomes.

Bringing shops back to deprived areas

Some social landlords have always seen the provision of community facilities as part of their role. Bournville Village Trust is an example of one such landlord with a long-standing commitment to neighbourhood management (born out of the garden city movement). Across Birmingham, Castle Vale Housing Action Trust developed a supermarket on its estate in partnership with Sainsbury's partly to provide local shopping, but also to provide local jobs and training opportunities. The Sainsbury's store at Castle Vale opened in August 2000 providing over 100 Castle Vale residents with employment. Other housing associations have become involved in helping to realise the full potential of retail properties through Living over the Shop (LOTS) type schemes. The Barton & Tredworth Developments case study later in this report shows how Gloucestershire Housing Association used this potential to develop low-rental shop premises in a deprived neighbourhood.

Improving access to financial services

Housing associations are one of the few institutions aside from local councils and the Department of Social Security (DSS) with which all tenants have regular financial transactions. This has given social landlords an opening into providing or facilitating financial services in deprived areas. Hence, housing associations have been involved in providing insurance services and supporting the development of credit unions. Enterprise 5 in Newcastle was the first housing association to help its tenants set up a credit union – a model that has been followed by many others. Other pioneering acts in tackling financial exclusion (before the term was invented) include the establishment of Cambridge Housing Society's New Horizons community banking scheme; and the development by Portsmouth HA of a community bank. A pilot programme to provide excluded tenants with mainstream banking products was launched by People for Action in partnership with The Woolwich and five housing associations in March 2001.

Joining up neighbourhood management

Many housing associations have significant experience and insights into neighbourhood management. For example:

- Impact HA in Cumbria helped to set up a community-owned company to manage local employment initiatives, community land and buildings on the Salterbeck estate. The association is involved in a wide range of other initiatives on the estate – health, youth and employment, etc.
- Stonebridge Housing Action Trust was set up in 1994 to regenerate the Stonebridge Estate in north-west London. The primary task was to redevelop the estate over a ten-year period. The Trust realised, however, that simply building new homes would not solve the underlying problems of economic and social deprivation. The Trust is working in partnership with local residents and other local agencies to take an integrated approach to managing local regeneration.
- Five housing associations including Family Housing Association, Midland Area HA and Prime Focus have worked with other partners to set up a Regeneration Trust in Handsworth, Birmingham. The partnership includes the City Council, health service, fire and police authorities, faith groups, voluntary organisations and local schools.
- Selhal Housing Group based in Oldham has taken the lead in setting up a partnership for multi-agency working in an area of mixed tenure, the Coppice area of the borough.

Co-ordinating services for young people

Housing associations have been involved in bringing together services for young people in a number of ways. For example:

- Foyers provide accommodation and holistic support for socially excluded 16–25 year olds. Many associations have helped to set up and run foyers. Soho HA opened its first foyer, for example, in 1997 with Centrepoint as managing agents.
- St Basil's is a Birmingham-based organisation working with young homeless people. Amongst other work focused on young people, St Basil's provides The Link information centre in the city centre for young homeless people, a foyer and a resettlement centre. Centre Talk is a project based at the Resettlement Centre, which aims to raise wider awareness of youth homelessness using the voices of young people themselves.
- CDS Housing based on Merseyside is working with Groundwork and Save the Children in a project looking at ways of involving young people in the regeneration process.

3 Case studies of community investment

This chapter presents five stories relating to community investment on the part of housing associations:

- *Portsmouth Housing Association's Community Regeneration Unit*: since it was set up in 1996, this Unit has helped lever £13m of project funding into the organisation's community investment initiatives. But Portsmouth Housing Association (PHA) is not interested in 'bolt-on' solutions; the Unit plays a key part in strategic thinking and developing partnerships for the whole organisation. The experience at PHA suggests leadership and keeping in touch with the realities of the organisation as a whole are essential. With these factors in place, a unit like the Community Regeneration Unit (CRU) can be an effective way of driving community investment throughout the whole organisation.
- *Charter Plus community investment strategy*: Charter Housing Association in South Wales needed a new understanding of what it was about – a shared framework within which everyone could apply a value-added approach to their work. Charter's response was a community investment strategy: Charter Plus. Again, Charter's experience confirms commitment from the top is an important factor in success but shows that associations do not necessarily need a dedicated unit to act as a focus for community investment. Charter's experience also helps highlight the distinction between community investment and community development, and the way that housing associations tend to focus on communities (rather than neighbourhoods per se).
- *Community partnership on the Darnhill estate*: after an options study that led to the transfer of the housing stock on their estate to the Guinness Trust and consultations on the refurbishment of their homes, residents at Darnhill in Lancashire were living with 'consultation fatigue'. To identify priorities for improving local quality of life and the potential for community economic development, the new landlords had to look at different and inclusive ways of working. The experience of Guinness Trust at Darnhill highlights the significance of working in partnership with other agencies and with communities themselves. Implicit in this is the importance of building organisational capacity for community investment as well as the capacity of the community to take action.
- *Investing in Barton and its future*: Gloucestershire Housing Association (GHA) is a key partner with Gloucester City Council in a community regeneration company which is helping local people 'turn around' a deprived part of the city. The experience of GHA in Barton highlights the importance attached to building the community's capacity to manage at the same time as investing in its physical assets. The case study suggests that housing associations bring particular expertise to local regeneration initiatives, for example the ability to

marry economic and social objectives in an entrepreneurial way.

- *Developing HART in Birmingham*: Handsworth Area Regeneration Trust (HART) was set up by five housing associations with a concentration of stock in the Handsworth area in Birmingham. The partners faced cultural and organisational challenges in working together, but, by broadening the partnership, they have been able to win funding for a programme of investment in the area involving the wider community. The HART case study suggests why community investment may be a more productive field for partnership between housing associations than collaboration in mainstream housing management. The experience again highlights the importance of enabling and working with local communities. It also suggests that successful approaches to neighbourhood improvement cannot pretend neighbourhoods are 'blank sheets'. The diversity of local communities and the existence of local politics must be acknowledged; a neighbourhood may, at best, be a community of communities.

There are – as the previous chapter suggests – hundreds of similar stories that could be told of community investment on the part of social landlords.

PHA's Community Regeneration Unit

Since it was set up in 1996, the Community Regeneration Unit at Portsmouth Housing Association has helped lever £13m of project funding into the organisation's community investment initiatives. But PHA is not interested in 'bolt-on' solutions: the Unit plays a key part in strategic thinking and developing partnerships for the whole organisation.

Background

Portsmouth Housing Association (PHA) was set up in the 1970s and quickly grew to meet the housing needs of the various communities of South East Hampshire, particularly those in the urban centres of Portsmouth, Gosport, Fareham and Havant.

In the 1980s, as PHA branched into different activities, it adapted a group structure to include a number of different companies. The PHA Group now manages over 4,000 dwellings and is the largest locally based registered social landlord (RSL) in south-east Hampshire.

The Association's house-building and acquisition programme grew steadily in the 1980s and 1990s but, by the mid-1990s, underwent a marked slow-down as funding dried up and competition for that which remained grew fiercer. PHA decided that it would be less development-led in the future. Its commitment and energies were instead directed into:

- reinvestment in its existing housing stock
- investment in the communities it worked in.

PHA stated its intention of transforming itself into a 'community-based regeneration organisation'. Setting up a Business Development Unit in 1996 (now called the Community Regeneration Unit) was – according to management at PHA – an important part of this new approach.

Development: bringing skills and resources into the Unit

The Community Regeneration Unit (CRU) at PHA Group develops and carries out project-based work including: project design and development; researching funding and producing bids; and project management and implementation. The CRU also fulfils a wider strategic role within the organisation – leading work with local authorities and regeneration partnerships, and managing the information resource for the whole organisation.

Six staff are employed in the Unit which also draws on a network of consultants for specific projects. PHA also encourages placements for volunteers in the CRU, as well as internal secondments wherever possible.

The CRU has developed particular areas of expertise:

- supporting and enabling voluntary sector agencies
- working with young people
- capacity building
- employment and training projects.

It has gained skills in the project management of major schemes and has direct experience of managing European and Single Regeneration Budget (SRB) funding.

The Unit costs about £400,000 a year to run, including the cost of developing and managing projects. Its subsidy from the Group's Community Investment Fund amounts to around £160,000 a year. The remainder of the Unit's income is from external funding sources.

PHA estimates that it costs £2,000 to have the Unit work up a community regeneration project. Typically, these development costs cannot be recharged back to the project, even if PHA is successful in winning funding for it. It is the ability of the organisation to generate sufficient surpluses in other areas of its work to fund project development costs that enables it to be proactive in community investment.

Despite its enthusiasm for neighbourhood renewal and the Government's acknowledgement of the important role to be played in this by independent, local RSLs, it is proposing to tightly limit future rent levels. This would, according to PHA, have an impact on its ability to develop projects through the CRU. If rent reform does reduce surpluses then it will cut the funds available in organisations like PHA for community investment.

There is some worry in the social housing sector that this will unravel much of the excellent work that has been carried out in the past few years. Andrew Mason, Corporate Services Director at the PHA Group, comments:

> *Too much of our energy is expended simply surviving year on year. If the Government is serious about its commitment to housing plus, it must allow RSLs to apply for the necessary funding. Surpluses generated by RSLs could then be provided as project match-funding, helping money to go much further.*

Implementation: how the Unit works

Commitment to community initiatives comes from the top within the PHA Group. New ideas often come from directors and are then given life by the CRU.

Tania Davies, the Unit's Finance Manager, reflects on her organisation's approach:

> *PHA takes the view that, if there is a need in the community which others aren't able to meet, and is within our experience, we should try to meet it. We take a very positive attitude towards new ideas for doing so, which is reflected in the many successes we've chalked up in the past few years.*

Since the Unit was set up in 1996, PHA has levered in £13m in project funding. The group has attracted more EU funding than any other voluntary sector agency in the area. PHA's advantage lies in developing its fund of in-house knowledge. As a result, little effort is wasted pursuing projects that are unlikely to be approved for funding. PHA has an application success rate in excess of 90 per cent.

According to Tania Davies:

> *So much has been done that probably wouldn't have been attempted before the Unit was formed. Above all, we get things done, and that is something that not all agencies can say!*

This 'can do' approach doesn't mean that the CRU develops new work for the Group in a reckless way. All regeneration projects come with a degree of risk attached. The Unit carries out regular risk assessments of each project from an early stage in their development. Staff at the Unit look for hidden costs – particularly in new kinds of work – so that project budgets can be made reliable. This approach helps to ensure the financial viability of projects developed by the CRU.

Being aware of opportunities – and working in a culture that enables those opportunities to be taken – doesn't necessarily mean diversification for its own sake. Community investment projects will be considered at PHA only if there is a clear and beneficial link to existing or prospective tenants. This strategy provides a framework for project development but it certainly doesn't stunt innovation. Among the projects that PHA is currently involved with are the following:

- *Youthbuild*: the CRU drew in over £250,000 for this project, to cover the revenue expenses associated with training. Ten new homes were built by young people receiving training in building skills, some of whom have gone on to become the tenants of these homes.
- *Portsmouth Area Regeneration Trust*: a new style of financial institution that helps people who cannot use high street banks or building societies. It offers loans at sensible rates and on the sort of terms that will help the borrower.
- *Havant Capacity Building*: an SRB partnership project, which is co-ordinating the work of agencies in Havant working with young people. Some European Social Fund money has been awarded for seminars on fundraising.
- *EC Roberts Centre*: a community resource, which supports families in Portsmouth who are striving to improve their disadvantaged circumstances, whether through homelessness or relationship difficulties.
- *Solent Credit Union*: a self-help financial group with more than 60 members who

own and now manage the initiative for themselves.

- *Portsmouth Foyer*: a 120-bed scheme opened in 1996 and developed in partnership with Portsmouth City Council and other local agencies. As well as accommodation, the Foyer provides training and employment options for young people and is supported by a very wide range of funding from local, national and European sources.

Review: the impact of the Unit and the lessons learnt

The range of PHA's community regeneration initiatives goes a long way to show the extent to which community investment has become part of the Group's core business. It is the way that PHA goes about some of its more traditional work as an RSL, however, that provides conclusive evidence of some sort of cultural shift in the organisation. PHA still develops new-build schemes as it has done for many years and in response to local housing need. Nowadays, however, the Group looks closely at the opportunities that development might include for community investment: training; economic development; local employment. 'Housing plus' has become what partners expect from PHA; local authorities, for example, are increasingly looking for schemes which deliver benefits for the local community in addition to housing.

The CRU has been a catalyst in this cultural shift. One of the key tasks of the Unit has been to empower managers throughout the PHA Group to promote community investment and regeneration. Achieving this has meant not only raising awareness of the opportunities but also helping other parts of the Group to give expression to the corporate commitment to community investment. The Unit can be seen as an in-house resource – enabling other parts of the Group to develop, fund and implement community projects.

For the CRU to function effectively as an enabler, it is important that it is not seen as a threat by other departments in the organisation. From the early days, managers were concerned that the Unit should follow the same rules and policies as the rest of the organisation. The Unit has strict targets to meet and has adopted the same rigour in publishing performance indicators, for example, as other teams within the PHA Group.

Factors in the success of community investment at PHA

1. Staff at PHA identify leadership as a significant factor in their success. PHA has had enthusiastic social entrepreneurs at the helm for over two decades – people with vision and focus, and a commitment to a thoughtful and strategic approach to community investment. That has been important, for example, in providing the organisation with a framework within which to strike a balance between what is traditionally seen as the core business and its community investment activities.

2. PHA gave its community investment an organisational focus by creating a Community Regeneration Unit. The

CRU has helped the group performance by the following:

- Giving staff access to information about funding opportunities and developing a real understanding of what funders are seeking.
- Helping to find out what communities need; regeneration activity has been needs-led.
- Advocating the case for community investment alongside development projects. Development may be challenging but it is very often the related community investment projects that make the difference between a good scheme and an excellent one.

3 PHA avoided creating a community investment 'ghetto'. The experience at Portsmouth suggests there are advantages in a dedicated Community Regeneration Unit. Such units, however, need a systematic approach to risk assessment. Playing an enabling role effectively also depends on following the same organisational standards and ways of working as everyone else.

Charter Plus: a community investment strategy

Newport-based Charter Housing no longer sees success simply in terms of being a good landlord. The organisation needed a new understanding of what it was about – a shared framework within which everyone could apply a value-added approach to their work. Charter responded with a community investment strategy: Charter Plus.

Background

Charter Housing Association is based in Newport in south-east Wales. The association owns over 4,000 homes, which are spread across Newport and three neighbouring county boroughs: Caerphilly, Monmouthshire and Torfaen. Charter's tenants – in common with those of other social landlords – tend to be on low incomes. Much of the Association's housing stock is in deprived areas. The stock is, however, widely spread and some of Charter's estates are surrounded by relatively well off neighbourhoods.

The board and staff at Charter recognise that all of their tenants are at risk of social exclusion, regardless of the neighbourhood in which they live:

- those in 'better off' areas potentially stigmatised by their relative lack of resources and the perceived status of their housing tenure
- those in poorer areas potentially cut off from access to the amenities and opportunities enjoyed by others.

Charter also makes a link between incidents of anti-social behaviour on some of its estates and the breakdown in shared social norms amongst the communities it serves. The Association understands that – despite good intentions – social housing landlords have, in the past, been part of the process of exclusion and not the solution. By the late 1990s, the Association was convinced that it was no longer enough to be just a good landlord. At the same time, the rise of ‘housing plus’ gave Charter practical examples of what social landlords were able to achieve beyond ‘bricks and mortar’.

Housing plus made Charter look at its own response to its tenants’ needs. This was part of a deeper re-examination of what the association was in business to achieve. In 1998, Charter identified a new corporate aim: ‘to add value to communities’. Supporting this aim, a set of objectives spelt out short- and medium-term priorities (up to 2002) for the Association to:

- extend the range of its housing plus projects
- explore how to assist local authorities to meet their objectives
- support new tenant-based initiatives
- extend the range of community, social care and support services
- develop a community investment strategy.

Development of Charter Plus

At Charter, ‘community investment’ is defined as being anything that adds value to the Association’s traditional roles as a developer and a landlord. Given the scope of this definition, it was important for Charter to develop a strategy for community investment, which became known as Charter Plus. In practice, Charter Plus has become the strategic framework not only for ‘community investment’ but also for departments within the organisation to ‘join up’ their work. The strategy guides the formation of partnerships between the Association and others.

The impetus to develop the strategy came from the top. Chief Executive Roger Hoad was an advocate of the need for change. Whilst Charter already had an excellent track record for tenant involvement and empowerment, Roger saw the strategy as a necessary step in formalising the community investment approach of the organisation. Bronwen Lloyd, the Community Initiatives Manager, had the responsibility for pulling the strategy together and did so with support from Roger and Charter’s board.

The result is a document that applies to the whole organisation; there is no ‘community investment’ team as such at Charter. This is because community investment is seen as everyone’s business. Ownership of the strategy and the issues related to it is shared; Bronwen Lloyd sees it as important that the strategy was ‘an inside job’. External consultants, she believes, would have produced less sustainable results.

Charter’s community investment approach

At Charter, community investment is seen as distinct from community development. Whereas community development tends to assume that all residents want to run self-help activities to provide services on their own estate or neighbourhood, community investment is often more about encouraging residents to make use of existing, under-used services across the road or in another estate. The aim of community investment at Charter is to reduce isolation, strengthen social ties and, at the same time, help to maintain existing investment on the part of the wider community. This approach makes particular sense when an association's stock is scattered across a wide area rather than concentrated in a few neighbourhoods.

The idea that each department within the organisation can contribute to community investment is central to Charter's approach. The Charter Plus strategy, for example, highlights the following:

- Housing Services staff can support and encourage the development of strong tenants' groups, and listen to what they want from Charter and for their community.
- Property Services staff can involve future tenants in the process of development and planned maintenance, and use feedback from existing tenants to help make decisions about the design and specifications of future building work. Decisions about property assets and the use of local labour can also be critical to the life of the neighbourhoods in which they are located.
- Community Services staff (managing supported housing) can help tenants in supported housing learn new and useful skills and become valued members of the wider community.
- Staff from the Association's Central Services division are able to offer personnel and administrative support to training and employment projects and IT initiatives.
- Charter's Financial Services team can bring expertise in putting together budgets for funding applications, and can help community groups to assess the viability of their ideas and proposals.

Implementation: delivering Charter Plus
According to its community investment strategy, Charter delivers community investment as:

- a provider of appropriate services: by making sure that the services offered meet the needs defined by the customers, not those assumed by the provider to be what is best for them
- an organiser of self-help initiatives: supporting activities that might include more mainstream community development work
- an agent for the community and in partnership with other providers and organisers: by bringing in other providers so that the customers have a choice as to who they want to use to supply their needs.

The Association's community investment objectives are contained in its mainstream annual Operational Plan alongside targets for more conventional work. Charter is committed to allocating sufficient funding to carry out all of its corporate community investment objectives. The Association recognises, however, that its community investment programme helps meet other public policy objectives. The policy is, therefore, to lever in additional grant funding wherever possible. Staff emphasise, however, that projects and initiatives are developed to meet identified community needs and not just because money is available. This point is backed up in the strategy document itself.

At Charter, responsibility for identifying community needs is shared. Every department has, therefore, a part in defining the basis for community investment as well as a role in delivering it. The Charter approach does allow for special working groups. These are, however, only set up when the issues cannot be resolved using normal organisational processes. This reflects Charter's attempt to learn and retain learning in the mainstream of the organisation, rather than have it concentrated with specialist units.

Working groups formed to develop an initiative always include residents and take steps to check what the wider resident community wants. Consultation and involvement are ongoing processes at Charter. The aim of any working group is to move from a Charter-led position (often necessary to get things going) to one of equal partnership. This is achieved as the capacity of others increases.

As well as including residents in working groups, Charter's approach to managing community investment includes steering committees chaired by a tenant representative. These groups help to formulate project plans and review performance against plan periodically. The role of Charter staff in such committees is to service and support the meetings. The intention is that tenants also have a sense of ownership over the process.

Because community investment is everyone's business at Charter, it tends to take many forms and to be sensitive to local and individual needs. Some examples of practical projects set up so far under Charter Plus are the following:

- Local labour: building contracts for new housing aim to set a minimum percentage of local labour that Charter demands work on the contract. The creation of modern apprenticeships for local youngsters has also been encouraged with good results.
- Tenants' Federation: a Federation of Charter Tenants and a resource centre are being developed to support tenants. There is an annual tenants' conference, a tenants' consultative committee, three tenant board members and a comprehensive tenant participation strategy.
- Credit unions: these have been promoted in partnership with the local councils in North Islwyn and Newport North West as part of Charter's determination to tackle poverty and long-term debt.
- Community mediation: services have been set up in Monmouth and Newport with the help of the local authority.
- Innovations in lettings: the Delft model of choice-based allocations is being piloted by Charter in Caerphilly and the Association has also developed 'meet the neighbours' lettings schemes and pre-allocation tenants' choice in the interior design of their homes.

Review: the future for Charter Plus

Charter Plus has an operational period 1999 to 2003. Built into the strategy is the requirement to research the impact it is having and to identify the extent to which the distinctive approach to community investment at Charter can be credited. Staff accept that it is still too early to assess the long-term impact on communities. The extent to which the strategy has changed the attitudes of staff and management is also hard to assess at this stage, although Charter's internal audit of the work of the community initiatives team was positive.

Charter Plus provides an interesting example of an approach to seeding community investment into the work of the whole organisation. Community investment at Charter appears to be distinct from what is thought of as community development in terms of:

- the range of projects and changed practices that it has spawned
- its applicability to tenants living in different kinds of neighbourhood and dispersed across a wide area.

The team at Charter sees the community investment strategy as leading to new and successful projects dealing with an even wider range of issues – from citizenship to welfare benefits; care and repair and energy advice to the development of an interactive learning centre. Charter Plus will provide the framework for community investment by the Association.

Community partnership on the Darnhill estate

After an options study that led to the transfer of their estate and consultations on the refurbishment of their homes, residents at Darnhill in Lancashire were in danger of 'consultation fatigue'. To identify priorities for improving local quality of life and the potential for community economic development, new landlords, the Guinness Trust, had to look at different ways of working.

Background

The Darnhill estate is about 15 miles north west of Manchester, between Bury and Rochdale. It is within the local authority boundaries of Rochdale. Heywood, the nearest town centre, is about a mile from the estate. Darnhill's vital statistics are as follows:

- It was built in the 1960s as a Manchester Council overspill estate for rehousing people displaced by slum clearance in inner-city Manchester.
- There are about 1,400 properties on the estate of which 1,035 are owned by Guinness Trust. The rest were sold under Right to Buy and there are about 50 new-build homes developed for sale by private developers.
- Properties are mostly two- or three-bedroom houses, some one- or two-bedroom flats, and one-bedroom bungalows.
- There are also 16 shops, The Criterion and The Highland public houses, a doctors' surgery, a library and a health clinic on the estate as well as a community centre, three primary schools, one secondary school and two churches.
- The estate is in the Heywood West ward, which has priority status that makes it eligible for money from ERDF (European Regional Development Fund).

The area is close to the junction of the M62/ M66 motorways and access to the national motorway network. On one edge of the estate is Heywood Distribution Park – one of four business parks sited in the area. Despite this, unemployment on Darnhill stands at 15.8 per cent. This is well above the borough and regional averages.

Development: overcoming 'consultation fatigue'

In 1997, Manchester City Council decided to review the options for its overspill estates. As part of this process, Darnhill residents voted in September 1998 to transfer their tenancies from Manchester City Council to the Guinness Trust. In the ballot, 86 per cent voted and 92 per cent of those voted 'yes' to the proposal. The stock transfer formally took place in March 1999.

The Trust began in 1999 a comprehensive programme of investment in the estate in partnership with the residents and Rochdale Metropolitan Borough Council. This included £12m for planned maintenance and refurbishment of all the properties owned by the Trust on Darnhill. Tenants were again the focus of consultation.

Given the high level of unemployment, Guinness Trust wanted to support community-based economic development in the area as part of its attempts to improve local quality of life. Before setting out to build the capacity of the community at Darnhill, the workers on the project realised they needed to gather information and ideas about the area from the people who lived there. Subjecting residents to yet another round of 'consultation', however, was not a popular idea. Instead, the Trust decided to use the community audit as an opportunity to involve residents and as a vehicle for skills training.

The project staff set about recruiting a team of local residents. They tried the usual methods of promoting the project: articles in local newsletters and the local press; promotional events on the estate. But, whereas the Trust started off thinking it would have to select participants from a long list of interested candidates, it found few people showed much interest. The type of project was new to the estate and residents were wary and sceptical.

Eventually, the project workers did recruit a team of eight residents who wanted to be involved. The group called itself the Darnhill Community Partnership Team (CPT).

Implementation: a new approach

When it came to selecting a method of carrying out the community audit, the CPT reflected on the difficulties of involving the wider community. It considered there were three key issues involved:

- Survey fatigue: almost every resident had been surveyed (often more than once) by the Trust or the Council or both.
- The need to involve specific communities on the estate (for example, young people, or old people, or mothers with young children) and agencies working in the area as well as individuals.
- The need to make information gathering feel good: keeping it simple and not too time-consuming.

With this list of concerns as the basis of criteria for choosing an effective approach, the CPT looked at the alternatives. Project Co-ordinator for the Guinness Trust, Cathy Thomas, heard about a technique called Participatory

Rapid (or sometimes Rural) Appraisal (PRA) from a colleague who had worked in the health service (where the approach has been piloted in the UK – it was developed in Africa) and suggested it to the group.

PRA is an interactive method used to involve local people as partners in research, analysis and planning. It is designed to be inclusive – involving excluded or deprived communities. The approach is flexible since it is based on a number of 'tools' that can be used in different combinations. It is a highly visual method of carrying out a survey, and can be used with individuals, 'focus groups' (these are groups of individuals with a common bond), or mixed groups. It is also widely accessible (PRA can be a way to involve people who cannot write, for example).

PRA tools

Participatory Rapid (or sometime Rural) Appraisal (PRA) is an approach to research and evaluation which originated with development workers in Asia and Africa. It is based on a number of 'tools' such as:

- problem walls: each 'problem' is drawn as a brick in the wall
- solution trees: each 'solution' is drawn as a leaf on a tree
- Venn diagrams: 'issues' are placed in a series of circles which overlap according to how they interact with each other
- impact ranking: 'issues' are placed in a box in an impact-ranking table under high-, medium- or low-impact columns, and in rows ranging from 'easy to implement' at the top to 'hard to implement' at the bottom
- pairwise ranking: successfully comparing a large number of competing issues or projects, etc. in pairs to help prioritise between them
- flow diagrams: joining up issues, showing how they link with, and influence, each other
- daily activity routines: descriptions of an individual's activities over a day, divided into time zones, help identify how time is being spent, when there is time for other community activities and what these activities could be.

PRA tools can be used in different situations as appropriate or in combination. This greatly increases the flexibility of the technique.

Darnhill project co-ordinator Cathy Thomas describes the difficulty of where to start in building a partnership with the community – and the part played in overcoming this problem by using PRA at Darnhill:

> *I was concerned that I would have to come up with the questions and I didn't know what the questions were. PRA gives people a way of asking the questions.*

Developing the partnership at Darnhill has meant learning new ways of working and communicating. Staff at Darnhill have become particularly aware that organisations do not necessarily share a culture with the communities they serve. In practice, buzz phrases like 'building community capacity' can mean training a small number of 'community leaders' or 'active citizens' in the language and culture of the authorities. At Darnhill, the energy typically spent getting communities to speak the appropriate institutional language was invested, instead, in developing PRA as a simple (although not simplistic) and accessible common language.

Despite its simplicity, PRA at first looked rather daunting. No one in the CPT was familiar with Venn diagrams or 'body mapping'. As Cathy Thomas, who went on a four-day training course alongside members of the team, found:

> *The feedback on the training was that tenants had enjoyed a good time but that they hadn't really understood a lot of the language use – Venn diagrams and so on. When they started thinking about the appraisal, however, they were saying 'We can use a Venn diagram for this' or 'Why don't we try body mapping?' The tools made sense in practice.*

Cathy believes the CPT was able to use PRA effectively by applying a few of the tools practically (as against learning how to use all of them in theory).

Soon after training, the CPT put the new tools into action by organising meetings on neighbourhood problems and solutions with local organisations, community groups and residents – using PRA tools in each case. Before producing its community audit, the CPT met with a wide range of stakeholders in the estate including representatives from local businesses, churches, the local authority youth service, the local pensioners' group and the Darnhill Neighbourhood Board. The CPT found that the experience of having 'the authorities' attend to give evidence was, in itself, an empowering one.

The meetings with stakeholders also provided the Team with useful data and perspectives on the neighbourhood. Sometimes the information provided by 'experts' challenged the way most people were used to thinking about the area. The police, for example, helped to show that Darnhill was not – relative to neighbouring areas – the 'hotbed' of crime that some believed.

Out of the stakeholder meetings, the CPT was able to put together a picture of the issues, problems and opportunities facing the estate. It then took this overview to a well-attended meeting with residents and, again using PRA tools, engaged the wider community in deciding what should be done to improve local quality of life.

The Darnhill CPT report on the project gives an idea of some of the things residents liked about the CPT's approach. According to participants:

- there was an evident 'commitment to equity (especially involving the excluded or deprived or not normally asked)'
- there was 'respectful and enabling behaviour on the part of people conducting the survey'
- the approach gave priority to 'listening to and valuing local people's knowledge and contributions'.

In fact, more Darnhill residents attended the CPT's open day event than came to similar meetings held on the estate by Guinness Trust to consult on details of the stock refurbishment programme – the latter, of course, being a matter of direct and immediate self-interest to tenants.

Comparing the positive experience of the community partnership at Darnhill – where CPT led the consultation – with the more usual experience of consultation (led by organisations) suggests a significant difference:

- organisations tend to see 'consultation' with the communities they serve as a way of making better – perhaps more defensible – decisions
- communities are more interested in seeing the various organisations that serve them work effectively together and to shared effect.

Acknowledging what communities want from 'consultation', for example concerted action on the part of the organisations that serve them, seems – from experience at Darnhill – to be a key to developing a successful partnership.

Lessons learnt at Darnhill

Project Co-ordinator Cathy Thomas draws a number of lessons from her experience of the Darnhill community audit and Community Partnership Team:

- Be clear about what a community audit is for and what the participants want to get out of it.
- Invite all community groups and organisations to take part. Excluding people (deliberately or by accident) can create suspicion and hostility. PRA is a good way of getting people involved.
- Avoid duplication. Check out any other survey work that may already be taking place or have taken place. The Darnhill CPT used PRA tools to work with experts, which gave them access to useful data that already existed for their neighbourhood.
- Consider the rewards that residents get by taking part in consultation. At Darnhill, the CPT members were not paid but gained National Vocational Qualifications (NVQs) and other qualifications by taking part in the scheme. Guinness Trust found that the NVQ style and structure is flexible enough to cope with the practical problems that may put residents off more traditional methods of learning.

Review: what difference did it make?

The demand for investment in human capital – through skills training – was the clearest message and result of the CPT's consultation with stakeholders and residents in Darnhill. In itself, this conclusion was not surprising to many of the professionals and organisations serving the area. The difference that community partnership made, however, was to give a three-dimensional, real-life perspective on neighbourhood issues. The CPT linked training with other local issues.

The CPT found that local people don't just want training, but training specifically related to the kind of jobs that are likely to exist locally. The CPT also reflected the need for better information and advice services to serve the local community. The provision of such services is linked to training and employment since moving into the world of work creates all sorts of changes (from benefit claims to personal relationships) about which people may need advice. The CPT further identified the need for better child-care services in the area. Again, there is a clear link to the take-up of training opportunities.

The CPT's community audit also highlighted the scope for social enterprise on the estate. Facilities lacking, but needed, include:

- a launderette
- a garden tool hire scheme
- a community café
- a furniture swap shop
- a local skills exchange scheme
- a community transport service.

Some of these projects are now being developed by members of the CPT and others by Guinness Trust or by the local council. The work undertaken by the CPT in drawing people together to identify local needs increases the chances that such opportunities will be taken. Regardless of who takes responsibility for delivering these projects, needs identified through a credible Community Partnership are more likely to be taken seriously by potential funders, for example, than a list drawn up by professionals.

Some of the benefits of becoming involved in the CPT, for the individuals who did, have been direct and immediate. Since publishing the Community Audit, members of the CPT have, for example, been able to use their experience to help identify training and employment issues and solutions on another potential stock transfer estate.

Individual CPT members have also:

- taken up formal training at a local college
- stood for election to the local Neighbourhood Board
- given presentations on PRA including speaking at the national Tenant Participation Advisory Service (TPAS) annual conference.

There have been benefits for Guinness Trust too. The Community Audit has helped the Trust achieve its first objective in building community capacity on the estate. More widely, lessons from the experience at Darnhill will inform the development of similar initiatives throughout the Trust. The project coincided with a review of resident involvement, which in turn has influenced a new Tenants' and Residents' Involvement Strategy and the Trust's Anti-poverty Strategy.

Investing in Barton and its future

Gloucestershire Housing Association is a key partner with Gloucester City Council in a community regeneration company, which is helping local people 'turn around' a deprived part of the city. Investing in community regeneration can never be without risk. The experience in Gloucester suggests, however, that social landlords can bring particular expertise to local regeneration companies. In particular, housing associations can help marry economic and social objectives in an entrepreneurial way.

Background

Barton is an area of relative deprivation lying close to the vibrant retail centre of the city of Gloucester. Its residents have relatively easy access to city centre jobs and services. Barton is, however, the most deprived ward in the county and ranked as the 518th most deprived ward in England according to the index of indicators of multiple deprivation used by the Department of the Environment, Transport and the Regions (DETR).

Housing in Barton consists of mainly two-storey Victorian street properties, many in poor condition. There is a particularly high proportion of local and corner shops of the same age in the area. Many of these have fallen into disuse. The area has suffered from economic decline for many years and much of the surrounding industrial and commercial property is also in poor condition.

Economic decline has affected people as well as property. Barton has experienced many of the difficulties and challenges of similar neighbourhoods located close to the centres of Britain's provincial cities:

- high unemployment particularly among the young
- higher than average crime figures
- relatively low levels of educational achievement among young people
- low levels of commercial activity and new business start-ups
- poor environmental conditions and housing in desperate need of investment.

Despite these facts, Barton retains a powerful sense of community.

Grasping the need for action, in 1993, Gloucester City Council commissioned a national firm of consultants to carry out research into the regeneration needs of the Barton area. This included a survey of public opinion, which elicited a response from over 750 citizens. The priorities that emerged were to:

- increase employment opportunities
- reduce crime
- improve the physical environment.

As a result of the survey, the City Council appointed a lead officer to drive forward its regeneration strategy. Phil Lane – now Head of Renewal and Regeneration at the Council – has filled that role since 1993.

Development of BTD Ltd

Addressing the local priorities became the key objective of the SRB Round 1 scheme submitted by Gloucester City Council for the Barton area in 1995. The scheme was backed by a partnership including the City Council, minority ethnic business association, Training and Enterprise Council and community representatives, as well as Gloucestershire Housing Association (GHA). The bid was successful in raising £2.4m SRB funding over five years to March 2000.

Building on their SRB success, the partners set up a company limited by guarantee in 1997 to manage the delivery of the programme: Barton & Tredworth Developments (BTD). As well as managing the delivery of SRB-funded projects, BTD has been successful in levering further investment in the local community from other sources. Grant funding – whatever the source and however cleverly packaged – is, however, always time-limited: by definition, *un*sustainable. Chris Kenny, the chief executive of GHA and a board member of BTD, was particularly keen to ensure that, when the grant support dried up, the effort and enthusiasm generated in Barton's regeneration should continue. The only way to achieve this, he argued, was to leave a meaningful 'legacy' by treating the SRB funds as investments rather than short-term handouts.

Phil Lane of the City Council agrees that GHA's involvement was the critical factor in enabling BTD to take an entrepreneurial approach. The City Council and the other partners supported this way of working – although the idea of acting commercially was, otherwise, quite novel and challenging. Shifting the focus of the partnership in this way helped to determine the kind of projects BTD got involved with; the process by which the company worked; and the ownership of the benefits brought about. BTD:

- looked to invest in assets that, in the judgement of the partners involved, would generate an income in the long term
- set out to ensure that its physical regeneration work would involve community organisations and support their long-term health and vitality too
- worked with local people to set up a Community Development Trust for the area to manage activities in the future and to receive the revenues arising from the company's investments in the long term.

As BTD has progressed, the CDT – representing the local community's interest in the company – has grown in influence. Of the nine members of BTD's board, only four represent the corporate stakeholders. The majority of board members are now local community representatives drawn from the Community Development Trust. As well as having majority control of the board of BTD, the returns on the commercial investments made by BTD are passed to the Trust. The CDT, in return, has come to be an important part of the company's exit strategy and the sustainability of the improvements it has brought about in the area.

Implementation: what BTD has achieved

BTD plays a leading role in the general property improvement of the neighbourhood. It has, for example, set up a Care and Repair scheme (which is grant dependent and does not generate profits, but does enable the parent organisation to spread its overheads). BTD has also taken on the management of a number of local shop units, which might otherwise have been left to lie empty. GHA has helped link this strategy to providing good quality housing. At 204–214 Barton Street, for example, the Association has created 'homes over the shops' enabling BTD to take on the management of the shop below. This enables the company to generate some income while charging only a low, but realistic, rent to the tenant of the shop.

The impact of the local regeneration company on the Barton area has been deeper than just property improvements. As well as providing more than 400 new housing units in the heart of the city, BTD and its partners have achieved:

- a reduction in unemployment from 21.5 to 13 per cent
- 80 new business start-ups

- an Enterprise Centre established to assist local business
- a fall in car crime
- £750,000 invested in improving the local environment through traffic calming and reduction.

The company has levered an additional £29m investment from other sources on top of the SRB funding.

BTD and ICON.net

The development of youthful ICT company ICON.net in Barton is an example of how BTD has invested in people as well as property to bring about sustainable regeneration in the area. Behind ICON.net is a group of young people seeking support to set up a cyber café. They were introduced to BTD and received access to business advice and some funding to develop their ideas into a cyber business. The resultant Internet design and service company has attracted interest from British Telecom's information technology investment arm. In return for its investment, BTD has a one-third stake in the company (ICON.net's founding directors and other staff own the other two-thirds).

BTD's combined approach to investment in people and property is reflected in its most significant project so far: the acquisition and redevelopment of a run-down trading estate in the St James area of Barton. The estate had been an eyesore for many years. As well as being a dumping ground for old cars, it posed a possible danger to children seeking adventure in empty buildings. It was also *potentially* a valuable local community resource. The BTD board came to the view that the estate could provide, if properly managed, an important route to jobs, training and new small businesses for the Barton area. Acquiring the St James estate, however, meant taking a risk.

The key to acquiring the St James estate was a £200,000 loan from GHA's own funds. At the time, many people might have questioned what a housing association was doing making this kind of investment. Chris Kenny's board was cautious, initially, too; although, in hindsight, he describes the loan as 'relatively low risk'. It was secured on the land and BTD paid a return of 1 per cent above base. Chris Kenny draws a parallel between the decision and GHA's investment in acquiring local shops:

> *As a key player in the regeneration effort, GHA was quite willing to get involved in the apparently risky business of the redevelopment of local shops. In all instances, however, we had developed flats over them and this could be seen as a risk management strategy. We do not want derelict buildings beneath our extensive investment in flats over shops!*

In a similar way, investing in St James was a logical extension of GHA's existing property investment in the area.

Following the acquisition of the St James estate, BTD was able to refurbish the units using SRB funding. BTD partners were also able to improve access to the estate and car parking provisions by working with neighbouring businesses – one of which is now responsible for managing the estate. The units are let on a commercial basis at market rents. The small businesses occupying them do, however, have access to advice, support and sometimes grants through the Barton Enterprise Centre. The initial set of units on the refurbished estate were all pre-let and the units remain in demand. Tenants include a sandwich company, a plastic supplier, a catering equipment supplier, a gymnasium and a laundry. The loan from Gloucestershire HA has been repaid from rental income, which currently provides around £50,000 annually to the Development Trust. There is now a plan to develop on the estate a further ten units which will be funded through grants from the City Council. When these units are let, the rental income from the estate to the CDT will reach £100,000 a year.

Review: shifting towards community control

As regeneration activities have developed in Barton, the balance of power and influence has shifted away from agencies serving the area to local people. Initially, the approach was 'top-down' but the CDT is increasingly in control of the local regeneration company and in a position to benefit from the returns on investments it has made.

BTD will continue to play a major role in the successful regeneration programme in the Barton area alongside the CDT. The local regeneration company plans to increase its current annual turnover of around £500,000, of which £200,000 is generated from commercial activity. As well as the plans for further development at the St James Trading Estate, BTD is looking to redevelop a former factory site for use by a number of community groups. Despite the success of BTD, the partners and the CDT in reducing unemployment in the area, social exclusion of local minority ethnic communities remains an important issue. Gloucester City Council has recently secured a further £1.2m under SRB6 for training, support and housing initiatives to address the needs of these local communities.

Success factors in Barton

Key factors in success in regenerating Barton are:

- a Council willing to take time to gather the facts in a way that involved local people
- a stable political climate within the Council with Members signed up to a clear strategy
- harnessing the resources of a relatively small but highly committed team of partners
- the appointment of a small, well-informed, enthusiastic and visionary team of officers
- avoidance of overly bureaucratic systems
- clear delegated authority to officers to perform and achieve the objectives of the strategy
- the emphasis on establishing viable income-generating activity that benefits the local community, thus avoiding a grant-dependency culture.

GHA's involvement in the local regeneration company is recognised by other partners as having given BTD an entrepreneurial outlook which is reflected in the:

- commercial approach to projects undertaken
- investment in building community capacity
- leading role of the community development trust in sustaining regeneration.

In particular, the ability of the RSL to take calculated risks with its own resources by, for example, making the loan to BTD to enable the purchase of the St James estate has helped BTD to couple investment in property and in people. This has provided real economic benefits to local people as well as physical improvements to their neighbourhood.

Involvement in the local regeneration company and partnership has had an impact on the way GHA works too. Chief executive Chris Kenny reports: 'the experience in BTD has firmly established the principles of entrepreneurialism within GHA.' The principles established by the Association in supporting BTD have enabled it to move forward on projects elsewhere in the county including a market rent scheme and a land bank. Chris Kenny sums up the experience reflecting on the link between community investment and sustainability:

> *Today we acknowledge that community regeneration is a continuous process, and that sustainability is the watchword. Although I cannot recall using the word six years ago, clearly that was what we were all aiming to achieve.*

Developing HART in Birmingham

In Birmingham, a group of housing associations worked in partnership to set up Handsworth Area Regeneration Trust (HART). The partners faced cultural and organisational challenges along the way. By broadening the partnership, however, they have been able to develop an approach to – and win SRB funding for – a programme of investment in the area involving the wider community.

Background

Handsworth in Birmingham stretches from near the edge of the city centre to its boundary with the neighbouring borough of Sandwell. The area includes the Handsworth ward and parts of neighbouring wards: Soho, Sandwell and Ladywood. It is a deprived area with high and persistent unemployment; a quarter of the unemployed in the area have *never* had a job. The vast majority of tenants are entitled to Housing Benefit. Nearly all of the new lettings in the area are to households into which no one is bringing a wage.

The population of Handsworth is in decline. As middle-aged people and families have moved out, the area has become home to a disproportionate number of young people without affiliations in the area. There is a high level of crime. Many people see Handsworth as violent and run-down. This poor image is frequently compounded by racial prejudice. Two-thirds of residents are members of ethnic minorities.

The demand for social housing in Handsworth is also in decline; there is a high rate of tenant turnover and hard-to-let properties. Victorian terraces and some larger

Edwardian semi-detached houses make up much of the housing stock. Property tends to be cheap. Much is in poor repair. Only a sixth is in the hands of housing associations. Half of local households are owner-occupiers. The remainder of the housing stock is divided between the City Council and private landlords. Most social housing in the area is in the form of one- or two-bedroom units – the result of house conversions in the 1970s and 1980s. There is evidence of a mismatch between the kind of accommodation demanded by people living in the area and that which housing associations have made available. Whilst housing associations have particular problems in re-letting smaller units, many local families live in overcrowded conditions.

Despite the indicators of multiple deprivation, Handsworth is far from being an area without hope. There are many community organisations active in the area and self-help initiatives run by local people. The main Soho Road through the heart of Handsworth cuts through a bustling neighbourhood centre. There are many active community organisations and self-help initiatives serving the different communities that live in the area. With community groups competing for funding and attention, community politics can be heated.

Development of HART

The idea of a regeneration trust serving Handsworth and its neighbouring area dates back to a series of meetings in 1997 between five housing associations with property concentrated in and around Handsworth and representatives of Birmingham City Council Urban Renewal Department. The City Council at that time was looking at further ways of addressing the needs of local communities (having declared Handsworth a Renewal Area in 1991), but did not join the HART partnership until 1999.

> *Why do we put up with the awful treatment the Council gives us here in Handsworth? Other areas seem to benefit from new initiatives but we get left behind.* (Local resident in May 2000)

The founder partners in Handsworth Area Regeneration Trust

- *Black Star Housing Association*: a black and minority ethnic (BME) association based in the area. Of its 480 properties for rent, 370 (77 per cent) are in the HART area. Most are new-build for which demand remains buoyant.
- *Hamac*: a BME association based in Handsworth. Of its 500 properties for rent, 307 (61 per cent) are in the HART area. The association grew from roots in the local Handsworth community. Its stock is also relatively new. Demand for Hamac properties remains steady.
- *Family Housing (Birmingham)*: has 727 homes in the HART area (just over 20 per cent of its total stock of 3,500 units). Family had de-converted some of its stock and had experimented with furnished lettings as a way of tackling low demand for one- and two-bedroom flats in the area prior to joining HART.
- *Focus Housing Association*: the largest of the associations involved in HART. Its 1,386 homes in the HART area are a

relatively small proportion of its total stock throughout the West Midlands region. Most Focus units are older house conversions. Focus had problems in the area with a number of unlettable voids, which were being refurbished through an internally funded stock reinvestment programme.

- *Midland Area Housing Association*: has more homes (1,641) than any other social landlord in the eventual HART area. Being less than a third the size of Focus overall means Midland Area is significantly more concentrated in the area. It had invested heavily in upgrading its stock and had deconverted some of its stock to provide larger family houses prior to joining HART. Much of its property in and around Handsworth, however, remains older converted houses.

The partners in HART were aware that developing a new initiative in Handsworth meant being aware of community politics; understanding the feelings of local people (like the resident quoted above, many feel they are treated as 'second-class citizens'); and taking account of the legacy (not always positive) left behind by past projects.

History, in fact, weighed against the success of HART. Some of the associations involved had been instrumental in rehousing a large number of single homeless people (including 'care in the community cases') from elsewhere in the city into the area. 'Squeezing out' grassroots housing co-ops from development opportunities had not helped the capacity of local communities to meet their own housing needs. Moreover, the competitiveness between associations for funding and development opportunities in the 1970s and1980s led some local politicians and council officers to doubt that housing associations were capable of working together. Housing associations were seen, not least perhaps by the City Council, as contributors to Handsworth's problems, rather than as partners in the quest for solutions.

By 1997, the associations had compelling reasons for working together (albeit at first only co-operating in areas in which they felt they had expertise). First, the associations felt a growing sense of responsibility to their tenants and the wider community. As Tom Murtha, the chief executive of Midland Area, said there was a desire to see Handsworth put back on the map:

> *There has been no strategy for Handsworth for many years. If we can, we want to help Handsworth residents to get a voice. Give them a structure, which we can use to pull resources into the area.*

The HART partners also felt there was a commercial rationale for joint working in Handsworth. Individually, there is little an association can do to safeguard its investment in property in the area, the value of which (including the likely value of future rent revenues) depends on the quality of life and the image of an area. In HART, the partners felt they would have the opportunity to create a new organisation with the culture and potential links to credibly take on the job of regenerating the area as a whole.

As a starting point, the partners knew they were spending a combined total of nearly £4m a year on refurbishing properties in the HART area. Most of this reinvestment in stock was internally generated (including from rental surpluses earned elsewhere in the city). Midland Area, for example, was targeting half of its total stock reinvestment funds on older properties in the HART area. The partners believed that, by integrating their attempts to address low demand, they might be able to 'turn around' neighbourhoods in the HART area.

Assessing the potential for joint working

In 1998, HART hired consultants HACAS to research the potential for joint working. The consultants reported a year later, however, that a unified approach would be very difficult because of 'cultural, organisational, financial and practical objectives and constraints'. There are, for example, historic factors that divide the HART associations. The two smaller BME partners had more new-build properties – for which demand remained buoyant. They had neither been through the process of converting older properties nor faced the need for de-conversion in the light of low demand for flats in the area. Even the larger associations – according to the consultants – would find it difficult to gain significant advantages from joint approaches to property-based regeneration.

HACAS looked in detail at the potential for joint procurement and the adoption of common specifications between HART partners. Initially, there was the expectation that they would find potential for savings in these areas. But they concluded that there were overwhelming barriers to integration – including, ironically, existing approaches to community investment. On local labour in construction, for example:

- Midland Area HA had a partnership with a large contractor (through which training and employment was provided to local people).
- Family Housing used a panel of small and very small local contractors. As Chris Robertson, then Chief Executive of Family Housing, wrote about his organisation's commitment to this approach:

  When we spend money on de-conversions and stock reinvestment, we will make sure it is targeted in a way that also maximises job and training opportunities for the local community, rather than just bringing in contractors from outside.

HACAS also reported on the potential impact of successful joint working. Again, the consultants' conclusions were disappointing. They reasoned that, with only 16 per cent of the total housing stock in the area, even successful co-ordinated investment and common approaches to housing management by HART partners would be unlikely to 'turn around' target neighbourhoods in the area. The consultants suggested the partners might more effectively apply their efforts to integrating information systems and to broadening the partnership.

An effect of the HACAS report was to focus the partners in HART on a 'street-by-street' approach. The emphasis started to switch from area-wide integration of housing management towards addressing the needs of communities, more holistically, and on the basis of mini-neighbourhoods within the whole area. This meant increasingly considering innovations in services that, being made available to local residents, would improve the sustainability of local communities. These have become the routes into wider regeneration and an extension of HART to take in non-housing partners.

Implementation: broadening the partnership
Following the HACAS report, HART turned its attention to the development of service-based approaches to improving the quality of life of its tenants including:

- tenancy support services
- training and employment advice and local labour initiatives
- plans to improve domestic energy efficiency
- support for the development of the local credit union and low-cost contents insurance, etc.

Whilst still clearly linked to tenants, the development of thinking about these services ensured that HART began to look at a broader approach to regeneration.

Since 1999, the membership and aims of the partners in HART have broadened out from the original concept of a housing-led partnership. The vision now is to transform their part of North Birmingham into a place where people really want to live and work.

HART is now formally constituted as a charitable company limited by guarantee – not itself an RSL. Its formal objectives include the involvement of the community, tackling unemployment and urban regeneration.

The HART partnership has been reconfigured to give other (non-housing) organisations an overwhelming share in the control of the Trust. The new membership structure categorises organisations according to their primary interest:

- housing and environment
- education
- training
- enterprise and employment
- safety and security
- health.

Each category of member elects one representative to the board annually and the City Council nominates two members. Including co-opted members (of which there are four), that means there is only one guaranteed housing place on the board out of a total of 12 – a contrast with HART's origins as a housing association partnership.

In 2000, the original partners in HART bid successfully for SRB (Round 5) funding – £3.9m over seven years to complement investment by partners in the area. In preparing the bid, they identified that restoring pride in the area was a critical factor in successful regeneration and that the transformation of the area depended on a wide range of other factors beyond housing. So, the seven themes of the SRB programme are:

- Restoring Pride
- Neighbourhood Participation
- Having Your Say
- Promoting Stability
- Investing in Employability
- Creating a Cleaner and Safer Place
- Raising School Standards.

HART involved local people and organisations with something to say about each of these themes in the preparation of the bid.

Putting forward a successful bid document and credible delivery plans to address the needs of local people depended on attracting new partners to HART from: education and training, the health service, fire service, local authority and voluntary organisations. Partners in HART (aside from the original members) now include: Groundwork Birmingham, City College, Faith in Handsworth Group, Fircroft College, Handsworth Schools Association, Aston Re-investment Trust and Business in the Community.

Review: lessons from HART

One of the challenges for any attempt at neighbourhood management in an area like Handsworth is to be flexible enough to take on the facilitating role that is needed. Safeguarding and improving local quality of life and services depends on working with existing community organisations. New initiatives cannot pretend they have a blank sheet of paper and must be sensitive to existing initiatives.

The original partners in HART were aware of the potential difficulties of working jointly in an area like Handsworth: the local politics, the grievances felt by local people and the role played by associations in the past. In response, the housing association partners concentrated their efforts at joint working in those areas in which they were relatively expert and to which they were already committed: lettings, repairs, stock reinvestment, etc. Consultants HACAS, however, found that there were overwhelming barriers to joint working in these core areas of business. After several years, the original partners have indeed achieved only slight advances towards joint working in their core housing businesses.

The breakthrough at HART appears to have come with the widening of the scope of the partnership. At first, this took in the provision of services that – whilst still tenant centred – linked to wider quality-of-life factors: financial exclusion; fuel poverty; child care; and training, etc. Despite their initial reluctance to engage with local politics, the broadening of the partnership has inevitably brought HART into the local political arena. As Kate Farley, the co-ordinator of the HART partnership at Family Housing observes:

> *You have to acknowledge local politics even if you don't want to play it. Not playing politics is itself seen as a political choice.*

Community investment activities have proved a far more fertile ground for joint working than mainstream housing functions. For one thing, the HART partners had relatively little history of managing these activities. There are no entrenched ways of working to overcome (because this sort of work has in the past been beyond the scope of housing associations). In broadening the scope of HART, the original partners had to open membership and largely give up control of the partnership. Ironically, allowing HART to grow away from the original focus on housing seems to have made progress on joint working on mainstream housing activities (the de-conversions of flats, for example) more feasible.

4 Conclusions

This study looked at matching the extent of community investment by housing associations to the key ideas in the national strategy for neighbourhood renewal and studied in detail five cases of community investment by housing associations:

- a specialist unit set up to drive housing association community investment in Portsmouth levering in £13m of project funding over four years
- a strategy developed by a South Wales housing association with the aim of turning every department within the organisation into an effective community investment agency
- a community partnership on a Greater Manchester estate developing capacity for community enterprise through joint working between experts and local people using techniques developed in Africa and Asia
- a local regeneration company pursuing mixed property- and people-based regeneration in Gloucester with profit and control passing on to a community development trust
- five housing associations in Birmingham looking into joint working and evolving a strategic partnership to turn around a whole district as a result.

The main conclusions of the study are as follows:

- *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. These new third-sector organisations are important allies for any government – of the left, right or centre – that is committed to rebuilding society.
- Not *all* housing associations can be described as community investors. Some are pursuing very different paths. The community investors are more likely to include: associations that see themselves as accountable to the communities they serve; those that see themselves as social enterprises (with both social and economic objectives); and those that acknowledge that at some times in the past housing associations have contributed to the problem of social exclusion rather than provided solutions to it.
- Housing associations have, in the past, lacked a strategic framework for their community investment activities. There is a very good match between community investment being undertaken by housing associations and the key ideas identified by the Policy Action Teams in tackling social exclusion. The national strategy for neighbourhood renewal gives housing associations a useful framework for their community investment.
- Existing definitions of ‘housing plus’ or community investment do not do justice to 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*.

- A community-based approach to tackling social exclusion (as opposed to neighbourhood- or area-based approaches per se) is a distinctive feature in some, or most, of the community investment undertaken by housing associations. This is particularly the case for associations 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).

What is community investment?

Central to any attempt to define a future path for some housing associations as community investors is a definition of what is (and what is not) meant by the term.

Past definitions of community investment have tended to be 'extentional'; that is, community investment has been defined in terms of particular types of project. So, for example, in *Community Investment: The Growing Role for Housing Associations*, Dwelly (1999) defines food co-ops and foyers as community investment but rules out tenant consultation and caretakers. Such an approach to defining community investment may not, however, be very robust; consider the diversity of activity contained in Chapters 2 and 3 of this report alone. For example, a foyer may have no community investment value whatsoever (if it is set up in an area which is already well served by foyers). On the other hand, hiring caretakers to look after an estate could represent investment in the community. (Suppose those caretakers were drawn from the resident community.)

An intentional definition of community investment that takes into account process as well as product is needed. Such a definition arising from the case studies in this report might be:

> *Community investment is those activities undertaken to increase the ability of a community to manage change effectively.*

The point of community partnership at Darnhill; of the way regeneration was organised at Barton; of the formation of a strategy for Handsworth; of the corporate approach developed at Charter; and of the operation of the community regeneration unit in Portsmouth was and is – at least in part – the formation of more sustainable communities; that is, communities that can manage change effectively.

Why do some housing associations become community investors?

The starting point of this report is that housing associations are at the crossroads. From the parting of the ways, one group of associations is emerging as community investors. Considering why associations carry out community investment sheds some light on what kind of associations are most likely to become community investors.

Dwelly (1999) identified three different kinds of motivation for housing associations to conduct community investment:

- some have their roots in Victorian philanthropy or charitable objectives wider than addressing housing need
- some act for business reasons – to protect and enhance their investment in bricks and mortar
- some invest in community projects because that is the fashion (community investment projects having to some extent supplanted development programmes as the fashionable medium for competition between housing associations).

The cases featured in this report support Dwelly's analysis – at least in part. The Guinness Trust, for example, was founded in 1890 by Sir Edward Cecil Guinness, great-grandson of the founder of the Guinness brewery, and has the object of 'the amelioration of the condition of the poorer classes of the working population'. Its objective relates not only to housing but also to the provision of facilities and other 'decencies of life'. Guinness Trust is clearly an example of the first sort of community investor – set up by a Victorian philanthropist and with charitable aims extending beyond housing. Charitable status is not, however, in itself a guarantee that a given association will be naturally inclined towards community investment. In the case of Barton & Tredworth Developments, for example, it was precisely because the association concerned was non-charitable that it was able to make the decision to invest in the St James estate.

[*Note*: This would not now necessarily be the case given the Charity Commission's decisions to allow rural and urban regeneration, the relief of unemployment and community capacity building as charitable objectives.]

It is not charity, as such, but the combination of economic and social objectives that is the common factor at Barton, Darnhill and the other cases in this report. These days, organisations with a commitment to both sorts of objective tend to call themselves not philanthropic societies, but social enterprises. The associations featured in this report are 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.

Second, associations may act as community investors purely for business reasons – to protect their investment in bricks and mortar, etc. The link between community investment and risk management is evident in the case studies:

- The partners in HART, for example, had an interest in the communities in Handsworth because – aside from any social objective – the value of their capital investment depended on the decision of the communities themselves to continue to invest in the area. The HART partners were putting nearly £4m a year into the area to look after and improve the physical condition of their investment. HART was (in one sense) a way of reducing the risk to the value of this investment.
- Chris Kenny at Gloucestershire HA talked about investment in local shops and the decision to finance the acquisition of the St James estate in terms of managing risk – reducing the exposure of his organisation to a further decline in the value of its existing investment in the Barton area.

- Charter recognised that the increase in anti-social behaviour in some of its neighbourhoods was linked to the weakening of social values. The perception of this risk was a key factor in the Association's decision to form a community investment strategy.

Community investment is, however, not the only way in which housing associations can seek to manage risk. Some social landlords – perhaps the majority – will choose to manage exposure to changing demand, for example, primarily through mergers, group structures or diversification into other areas of business entirely. Associations that 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 will also be found in the community investor group but, all other things being equal, we can expect a disproportionate number of independent, smaller and more community-based associations to develop as investors in the communities they serve.

Finally, Dwelly (1999) observed the fashion for community investment. As he put it, some associations are:

> *… led by professionals who seek approval from their audiences: local authorities, politicians, regulators, funders, the local media, the trade press … If community investment activities are the fashion, many housing association staff will want to perform well on this stage for this reason.*

By 1999, the evolution of the housing plus niche into a mainstream fashion for community investment was already under way. With the reality of rent reform starting to hit home, since that time, the tide has started to turn on the fashion for community investment. More stories appear in the housing press saying that – given tough times ahead financially – the 'extras' (including community investment) will have to go. The fashion may not be over but it is, perhaps, past its peak. As the fashionability of community investment recedes so, it might reasonably be supposed, will the involvement of those associations who see it as 'an extra'. For this reason, the dedicated followers of housing fashion will probably not be in the community investors' camp in three years' time.

[*Note*: One way of determining whether an association's commitment to community investment is based on fashion or something less superficial might be to consider its attitude to previous unsustainable development and the policies that supported it. The case studies in this report reflect a widespread (but not universal) acknowledgement that associations have in the past sometimes been part of the problem rather than the solution. In Portsmouth, in Handsworth and in South Wales, the acknowledgement of past unsustainability is part of the motivation to support sustainable communities in future. Associations that acknowledge the legacy are, perhaps, more likely to be the community investors of the future.]

How associations behave as community investors

The popularity of the view that housing organisations need to be concerned about more than development originated with David Page's report for Joseph Rowntree Foundation –

Building for Communities (1993). Page found that many new, large estates were already deteriorating rapidly because of the lack of community planning and investment when they were developed. Subsequent research found that community investment ('housing plus') was as relevant on old estates as on new and as much needed on small estates as on large (Fordham *et al*., 1997). The case studies in this report confirm that finding. Indeed, the experience at Charter, for example, suggests that community investment is also relevant and needed when the housing stock is dispersed throughout many neighbourhoods and there is, in fact, no estate – in the terms that ordinary people would use – at all. Large-scale voluntary transfer associations or HAT successors may find themselves in the community investor camp, but so might well-established social landlords with a dispersed stock of housing. History and the pattern of stock are no barriers to becoming a community investor. They may be, however, important factors in the way an association approaches community investment.

Earlier in this chapter, community investment was defined as 'those activities undertaken to increase the ability of a community to manage change effectively.' At Darnhill, the housing association was able to follow a familiar community development type approach to building a more sustainable community (or, as community development professionals might call it, a more 'capable' community). In Handsworth, the associations involved in the regeneration trust found that, after their partnership had been broadened, they too were able to undertake community development activities. At Charter, the experience has been different. Rather than attempt to follow a community development model, the Association has defined a different approach suited to a community of tenants who are geographically dispersed across a number of neighbourhoods throughout the whole sub-region. Charter's approach to community investment is not the same as the familiar community development model. Although community investment can, therefore, apply to dispersed or concentrated communities, the appropriate form it takes is likely to vary with the degree of concentration of the community in a given locality:

- Investing in relatively concentrated communities will probably look a lot like community development.
- Investing in relatively dispersed communities may look like the model developed by Charter.

As well as managing and resourcing activities designed to build more sustainable communities, housing associations can act as regeneration agents. As Dwelly (1999) noted, associations 'can bring flexibility, access to private finance and entrepreneurship to the regeneration process'. This observation is there to be made in the case studies involving Gloucestershire HA and Portsmouth HA and – to some extent – in the experience of partners in Handsworth Area Regeneration Trust. Dwelly also put forward a role for associations as secondary enablers of community investment; that is, in 'promoting and floating' community development trusts (as at BTD), community partnerships (as at Darnhill) and all sorts of community enterprises and initiatives (for example, the credit unions initiated by Charter and Portsmouth HA).

There are other organisations, besides housing associations, that are well qualified to act as community investors in each of the three roles identified, i.e. as:

- direct 'doers'
- agents and entrepreneurs
- secondary enablers setting up new organisations and enterprises.

Co-operative development agencies, development trusts and, perhaps, Groundwork Trusts are among the more obvious examples of likely associates for the new breed of community investment housing associations that will emerge after the crossroads.

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