

Housing, Mutuality and Community Renewal: a review of the evidence and its relevance to stock transfer in Wales





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ISBN 0 7504 3516 X
Designed by CartoGraphics

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Typesetting by Text Processing Services



Acknowledgements

Report by Richard Bromiley, Dave Adamson and Sarah Connolly of the University of Glamorgan. Tamsin Stirling provided editorial comment and advice on an earlier version of this report which contributed significantly to its improvement.

We would like to thank the many individuals and organisations who agreed to be interviewed in

the course of the research, and who provided resources and materials for the review. The authors would also like to thank Dr Michael Harmer of the Welsh Assembly Government for his advice and input into the review.



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1. Introduction

1.1 Background to the review

1.1.1 This report forms part of a Welsh Assembly Government Social Housing Management Grant funded project, investigating the potential of mutual housing organisations to both manage social housing and contribute to the social and economic regeneration of disadvantaged communities. More specifically, the report seeks to identify how potential benefits derived from mutual housing organisations might be realised in Wales through the introduction of the Community Housing Mutual Model (CHMM) within the stock transfer process.

1.1.2 The CHMM aims to harness the potential of co-operative and mutual housing organisations to achieve more efficient management and further community regeneration whilst at the same time acting as a vehicle to allow borrowing from the private sector. The CHMM was introduced in Better Homes for People in Wales in 2001, and the Welsh Assembly Government has subsequently facilitated the development of a rule set for guiding the transfer of local authority housing to community ownership.

1.2 Scope and purpose of the review

1.2.1 This report seeks to identify and evaluate the potential of the CHMM as a tenant management option and its potential to promote the regeneration of Welsh communities. The potential of the CHMM is gauged through a review of evidence from both international and UK examples of similar housing ownership models. Much of the evidence is derived from England and Scotland and, whilst there are many similarities in experience, it

is acknowledged that the historical development of housing provision in Wales has created a distinct policy and social environment.

1.2.2 This report investigates a number of themes, all of which are pertinent to the potential transfer of local authority housing stock to the CHMM. It is not possible to suggest direct comparability with any of the models examined, as the CHMM represents a new, hybrid form which does not simply correspond with pre-existing models of practice. However, the review seeks to draw out the key features of models which have been seen as successful, and which may be transferable to the Welsh context.

1.3 Methodological issues

1.3.1 The evidence in this report is derived primarily from academic, policy and practice sources in the fields of housing and community regeneration. This is supplemented by opinions drawn from a number of interviews carried out by the authors during the period January-August 2003. In addition, a seminar was held in September 2003 at the University of Glamorgan where the preliminary results of the research were reviewed with both academics and housing practitioners.

1.3.2 The report compares the CHMM with similar housing management models. This is achieved through an examination of the legal structures in the CHMM rule set (Cobbetts 2002), and a consideration of the policy and institutional contexts in which Community Mutuals would operate. The report also considers the potential impact of the CHMM on community

regeneration processes in Wales in the light of a definable relationship between local authority housing and deprivation. Many Communities First localities are characterised by concentrations of single tenure local authority housing. The management changes signalled by the CHMM model present major opportunities to link social and physical regeneration, and introduce positive economic change.

1.4 Structure of the report

1.4.1 Section Two of this report evaluates the Welsh policy context of the CHMM and analyses the investment needs of local authority housing in Wales, the financial and political reasons for stock transfer, and the genesis of the CHMM. Section Three examines the contemporary experience of mutuality in housing management, with specific reference to the primary forms of

co-operative housing in the UK. The newly-created Community Gateway model, currently being piloted in England, is also examined. Section Four of the report focuses on the linkages between housing and community regeneration, and the varying potential for community regeneration offered by the management models of local authorities, Registered Social Landlords (RSLs) and Co-operatives. Section Five examines the CHMM in more detail, to provide a critical review of the potential of the model to achieve effective housing management and to provide community regeneration benefits. The final section evaluates the conclusions drawn from previous sections and presents the policy implications for consideration by the Welsh Assembly Government and other housing agencies.

2. Social Housing in Wales: The National Policy Context

2.1 Background

2.1.1 To fully explore the issues arising from the introduction of the Community Housing Mutual Model it is essential to examine both the housing context which currently prevails, and the emerging environment in which it will operate. This section seeks to briefly summarise the Welsh housing context. It identifies the major problems associated with local authority housing in the last decade, and the reasons why stock transfer of council housing stock is seen as a viable solution to those problems.

2.1.2 Prior to devolution, Wales experienced a limited degree of administrative independence from England. Tai Cymru, (also known by its English title of Housing for Wales until 1997), was created in 1989 to mirror the role of the Housing Corporation in England. Its role was to fund and regulate housing associations and to ensure high standards of management and other services. These functions were incorporated into the Welsh Office in 1998 and after devolution, transferred to the Welsh Assembly Government. This context has historically ensured some deviation in policy in Wales from the English pattern, and since devolution, has provided greater scope for the creation of policies and programmes that are tailored to the Welsh housing context.

2.2 Council housing investment needs in Wales

2.2.1 In 2002, local authorities in Wales managed 183,000 houses, approximately 14% of the Welsh housing stock, with 57,000 properties managed by Registered

Social Landlords (RSLs) representing 4% of the Welsh housing stock.

2.2.2 The Welsh social housing stock is in need of repair. In 1998, the Welsh Housing Condition Survey estimated that 8.2% of the social housing stock was unfit. In total, the estimated essential repair cost for all social housing was £162.2 million.

However, The Chartered Institute of Housing in Wales estimated the repair cost to bring council housing up to a good state of repair to be considerably higher at £750 million (CIH in Wales 1998). In 1999, the National Assembly for Wales also reported that £750 million needed to be spent to clear the repairs backlog in council housing and carry out essential modernisation of properties (NAW 1999; cited in Harmer and Runnett 2000: 130).

2.2.3 The financial constraints imposed on local authorities have resulted in a gradual reduction in funds available to tackle this repairs backlog (Wilcox 2000). In addition, the standards set by government and the Welsh Assembly Government for housing condition have become more stringent. While the Welsh Housing Condition Survey referred to the essential repair cost of housing, the Welsh Housing Quality Standard (WHQS), defines a broader set of housing quality indicators. These are set minimum standards that should be met, so that “all households in Wales ... shall have the opportunity to live in good quality homes” that are:

- In a good state of repair;
- Safe and secure;

- Adequately heated, fuel efficient and well insulated;
- Fitted with up-to-date kitchens and bathrooms;
- Well managed (for rented housing);
- Located in attractive and safe environments; and
- As far as possible suit the specific requirements of the household (e.g. specific disabilities).

(NAW 2001)

2.2.4 In the autumn of 2002, local authorities were required by the Welsh Assembly Government to estimate what investment would be needed to improve their housing stock to the WHQS. The sum of those estimates was £3 billion.

2.3 Right to Buy and residualisation of council housing in Wales

2.3.1 The Right to Buy legislation, introduced in the 1980 Housing Act, led to the selling, often at a significant discount, of much of the Welsh council housing stock. During the period October 1980-December 2002, more than 121,000 council properties were sold; over one third of the total. These sales reduced the proportion of council housing from 28% to 14% of the total Welsh housing stock. During the same period, housing association stocks rose from 11,000 to 57,000 units, constituting an increase from 1% to 4% of the total housing stock. The Right to Buy had the effect, desired by the Conservative government of the 1980s and 1990s, “of promoting home ownership and reducing and changing the role of local authority housing” (Williams 1992: 159).

2.3.2 The Right to Buy led to the gradual privatisation of some of the most desirable council properties in Wales. In parallel, a process by which social and economically disadvantaged tenants became concentrated in social housing, emerged in Wales (Welsh Office 1994; Welsh Office 1999; Harmer and Runnett 2000; Hutson and Stirling 2000). Therefore, much of the council housing stock in Wales has become residualised, and unattractive to prospective tenants. Many estates demonstrate complex and inter-related characteristics of social exclusion. Adamson writes that, “large local authority estates, often built on hill top locations above the valley floor... demonstrated high rates of tenant turnover resulting in unstable and transient populations. Allocations policies operated by many local authorities concentrated social problems in key communities and by the late 1990s high void rates and declining demand were reaching levels where estate abandonment could be identified” (Adamson 2003, p82).

2.4 National responses to investment needs

2.4.1 The National Housing Strategy, Better Homes for People in Wales, was published in 2001 (NAW 2001) and outlined the Welsh Assembly Government’s strategy for the improvement of council housing stock. The strategy requires:

“all Welsh local authorities to quantify the extent of the repair and improvement liabilities in respect of their council housing stock, and to produce plans that demonstrate that its stock will be regenerated within ten years” (NAW 2001: 65).

2.4.2 To achieve the aim of regenerating the Welsh council housing stock in a

decade, a significant increase in expenditure is required. However, current government policy has resisted wholesale changes to the borrowing rules, and has not responded to calls for radical changes to the rents and subsidy regime by organisations such as the Welsh Local Government Association (WLGA 2003). Therefore, to achieve the WHQS, a limited number of investment options are available to local authorities in Wales. These are:

- Prudential borrowing;
- ALMOs (Arm's Length Management Organisations);
- PFI (Private finance initiatives);
- Large-Scale Voluntary Transfer (LSVT), or other forms of whole and partial stock transfer.

2.4.3 The **prudential borrowing** regime introduced in 2004/05 presents revised rules for local authority borrowing. Prudential borrowing removes the current system of credit approvals, and allows local authorities to set their own borrowing limits under the rules outlined in the Prudential Code for Capital Finance in Local Authorities (CIPFA 2003). This allows local authorities to borrow against their income in the Housing Revenue Account (HRA), but not against the Major Repairs Allowance (MRA). An MRA has been introduced in 2004-5 in Wales, and is of the value of roughly £108m.

2.4.4 Prudential borrowing offers local authorities the possibility of borrowing further resources to meet the Welsh Housing Quality Standard. Early indications suggest that some local authorities will address the investment requirement to

meet the WHQS through prudential borrowing. However, it is likely that many local authorities will still be unable to meet the standard, and will have to explore other options.

2.4.5 Arm's Length Management

Organisations allow local authorities to retain ownership of the housing stock, while passing on the management function to another body. In England, councils setting up ALMOs may get extra borrowing consent and subsidies (the value of which depends on the rating achieved by the ALMO in relation to inspection of its housing services and governance arrangements). This offers incentives for ALMOs to perform well against Best Value targets. However, whilst the Welsh Assembly Government has suggested that local authorities may establish ALMOs under certain circumstances, there have been no additional resources provided for this approach. Consequently, the option has little financial attraction to Welsh local authorities.

2.4.6 The Private Finance Initiative (PFI)

option involves contracting out the repair/maintenance functions to a Special Purpose Vehicle (SPV). This may involve an RSL linked with a contractor and funder to bring private investment into the stock. The stock remains in the public sector, but the service delivery arrangements aim to bring in the efficiencies of the private sector. However, the finance is likely to be more expensive. The PFI model is likely to be limited to local authorities where most improvements can be funded from existing resources. Additionally, the Welsh Assembly Government has demonstrated a reluctance to build service delivery in Wales on PFI foundations.

2.4.7 Large Scale Voluntary Stock Transfer (LSVT) involves the sale of the housing stock to another landlord, normally a housing association. The three options already outlined do not offer solutions to local authorities whose stock is in need of urgent repair and the investment needed is far greater than borrowings and subsidies would allow. Therefore, many local authorities in England and Scotland, (though only one in Wales to date), have pursued the option of stock transfer by LSVT. This transfer of ownership out of the public sector allows the housing association to borrow on the private markets to improve the condition of the stock. The financial incentives for local authorities to transfer stock will vary, depending on the Tenanted Market Value (TMV) which defines the level of receipt to the local authority. Where the capital receipt for transfer is less than the debt on the housing revenue account (HRA), this overhanging debt will be addressed through support from the Treasury. The stock transfer guidelines in Wales are currently under review by the Welsh Assembly Government, although no major changes to the LSVT funding situation are expected.

2.4.8 The very limited level of LSVT in Wales to date may be due to a lack of political support in local authorities for the sale of stock to an independent landlord, in what is regarded by some as a privatisation of the housing stock. Stock transfers in Wales have thus far been on a much smaller scale than in England; only one local authority, Bridgend, has put the case for stock transfer in Wales and achieved a 71.5% 'yes' vote on a turnout of 69.8% (5325). In addition, there have been partial transfers of council housing to existing RSLs. The requirement to meet the Welsh

Housing Quality Standard means that LSVT may become more attractive to local authorities as an investment option.

2.4.9 The Community Housing Mutual Model (CHMM) was proposed in *Better Homes for People in Wales* (NAW 2001) as a possible alternative to LSVT. The CHMM was commissioned by the Welsh Assembly Government, and developed within the context of the particular political and housing history of Wales. The approach draws on various forms of co-operative ownership and tenant management of housing (Mutuo 2001; CIH 2003). This is in contrast to more traditional large scale transfers to existing or new housing associations. The purpose of the model is to enable residents to take a stronger role in decision-making processes affecting the provision and management of their homes. This should empower individuals to become involved in the housing issues that affect them, with a follow on affect of creating more cohesive communities (Cobbetts Solicitors 2002). The National Housing Strategy, *Better Homes for People in Wales* argues that the CHMM aids the development of "a real sense of ownership... and a real sense of participation and involvement by the tenants. It also avoids any sense of some remote or unaccountable organisation owning and running the properties" (NAW 2001: 69).

2.4.10 Community Mutuals would be not-for-profit organisations, pursued for the sole purpose of benefiting their members and directed at a strategic level by those members. Thus any profit would be reinvested in order to further the principles of the Community Mutual. The CHMM stipulates that in the period of transition, before the members take control of the

housing stock, the members should work in partnership with the local authority and any other organisations that it considers to represent tenants in the area served by the Community Mutual.

2.4.11 The CHMM offers the option of stock transfer in a way that is more sensitive to the political situation in Wales. Stock transfer options pursued in England and Scotland have produced significant opposition from direct labour organisations and local authority housing departments, as well as from tenants (for example in Birmingham). However, this opposition stems mostly from the perception of the stock transfer option as a privatisation

process. In contrast, the CHMM is as much concerned with the possibility of local control of housing decision-making, although the possibility of debt removal and borrowing-funded housing repair budgets remain the key attractions. This therefore helps to circumvent, though not eradicate, the potential political hostility to stock transfer.

2.4.12 Ideas such as local control and mutual ownership mean that the CHMM offers a more community-orientated housing stock transfer option. Whether the CHMM in its current form is able to meet this expectation will be analysed in the remainder of this report.

3. Contemporary Experience of Mutuality in Housing

3.1 Alternative models of social housing

3.1.1 To understand the potential benefits of the CHMM, the advantages and disadvantages of other mutual and co-operative housing models need to be examined. This section of the report investigates the practice of co-operative and tenant-controlled housing. Specifically, this section examines the three models most relevant to this study:

- Tenant Management Organisations;
- Ownership Housing Co-operatives;
- Resident-Controlled Housing Associations.

These models have historically represented the primary mechanisms for the delivery of housing within a co-operative or community controlled framework. Their structure and practice has evolved over time and provides an opportunity for some prediction of the likely outcomes of the CHMM in Wales. For each of these three models, an evaluation of benefits and disadvantages of the model in question is presented. In addition, this section summarises the more recently created Community Gateway Model (CIH 2003) which is being piloted in England as a model of resident-controlled housing.

3.1.2 Much of the evidence in this section draws on the most recent comprehensive study of models of resident controlled housing by Gillanders and Blackaby (1999).

3.2 Co-operative and Tenant-Controlled Housing: Overview

3.2.1 A number of co-operative and tenant/resident controlled and managed housing models exist in the UK, Europe and world-wide. These models are mostly differentiated in two ways: their legal/organisational form; and the way in which they are developed and subsequently supported or linked to a 'parent' (Gillanders and Blackaby 1999:15). However, some housing organisations exist in grey areas between other models, and may not fit to the ideal types outlined here. Similar models may also have different names in different parts of the UK and world-wide. This section will attempt to describe in as much clarity as possible the key models and compare their benefits and disadvantages with local authority housing and the more traditional UK housing association model.

3.2.2 The UK-based Confederation of Co-operative Housing (CCH) identifies five key types of co-operative housing ownership models that operate within the United Kingdom to a greater or lesser extent. These are:

- Self-build co-operatives;
- Short-life co-operatives;
- Tenant Management Organisations (TMOs);
- Ownership housing co-operatives;
- Resident-controlled housing associations.
(<http://cch.coop/coopinfo/types.html>)

3.2.3 Self-build co-operatives are characterised by tenant involvement in the building of the properties, while short-life co-operatives lease, for a fixed period of time, properties that are unlettable. The particular features of these two models are not shared with the CHMM and further comparison is not worthwhile. However, the remaining three models share features with the CHMM and comparison will provide insight into the likely advantages and disadvantages of the approach.

3.2.4 Gillanders and Blackaby (1999) note several generic advantages of resident control of housing. They note that

- Resident control brings clear benefits in terms of better housing management, capacity building and community sustainability (Gillanders and Blackaby 1999: 1);
- Resident-controlled housing organisations 'produce high levels of tenant satisfaction, and in terms of a range of indicators in general seem to manage as well as or better than local authorities or RSL...comparators, although their costs are higher because they are small. They have helped to turn around difficult estates and make difficult-to-let housing popular even in areas of low demand' (Gillanders and Blackaby 1999: 1).

3.2.5 However, Gillanders and Blackaby (1999) also note some disadvantages:

- Resident control also involves a significant cost in terms of the required input from residents, and external support and monitoring. The balance of costs and benefits is unclear; it is not possible to determine whether, in

general, the benefits justify the costs or how these compare between different forms of resident control (Gillanders and Blackaby 1999: 1);

- Co-operatives have given rise to much higher levels of regulatory action by the housing corporation than other RSLs, generally because of potential weaknesses in governance or financial management (Gillanders and Blackaby 1999: 1).

3.2.6 These generic issues arise to varying degrees in the specific models to be addressed here.

3.3 Tenant Management Organisations

3.3.1 Tenant Management Organisations (TMOs) are characterised by the management of properties owned by another landlord, often local authorities. TMOs are supported in local council housing by the existence of a 'right to manage'. This right does not exist in housing associations, and so fewer TMOs emerge in this sector. There are two types of TMO:

- **Tenant Management Co-operatives (TMCs)** - run as tenant co-operatives, wherein each tenant is a member and each member a tenant, managing the property collectively through an elected board;
- **Estate Management Boards (EMBs)** - the stock is managed by an elected board comprised of tenants and representatives from other organisations, such as the local authority.

3.3.2 TMOs have inherent advantages in that they involve residents in the management of the housing stock. As part of this, there may be enhanced accountability and information flows, alongside other broader community regeneration advantages:

- Research found that, “there is strong, consistent, evidence from the data collected in our study that... TMCs have been successful in delivering improved housing management services...” (Price Waterhouse 1995: 113). This improvement in services is attributed to the involvement of tenants in the management of their homes;
- Gillanders and Blackaby (1999: 43) state that, “in terms of hard indicators of effectiveness, the evidence is also that tenant-managed organisations perform as well as or better than comparators”;
- Gillanders and Blackaby (1999: 44) also state that “evidence supports the view that establishment of a TMO leads to improvements in the management of local authority estates, and our own observations were that these estates look much better cared for than one would expect from a local authority estate of similar age and built form. It seems that TMOs are often set up in response to very bad management, and rise to the challenge of doing better than their landlord”;
- Resident involvement “tends to help to make housing more popular- there are numerous examples of TMOs helping to turn round difficult-to-let estates, reducing turnover and leading to more

stable communities” (Gillanders and Blackaby 1999: 48);

- Price Waterhouse (1995: 113) suggest that TMOs also provide “a range of additional unquantifiable benefits”;
- Gillanders and Blackaby (1999: 43) note interview evidence which demonstrates that “tenant controlled organisations are successful in making sure the tenants’ agenda takes priority and giving tenants the power to act if things are not done”. Later, they note that, “where they work well, they can offer many of the benefits of other forms of resident control in terms of good management, capacity building, and community spirit” (Gillanders and Blackaby 1999: 57);
- In conclusion, Gillanders and Blackaby (1999: 57) note that, “TMOs, along with forms offering more limited delegation of control, are the only forms of resident control likely to be acceptable to most existing RSLs for their existing stock. Hence if the aim is to spread the benefits of resident control as widely as possible, these forms should be encouraged”.

3.3.3 A number of disadvantages of TMOs have also been identified:

- Gillanders and Blackaby (1999: 57) note that the process of setting up a TMO can be “adversarial, slow, cumbersome and expensive compared with more limited forms of control”;
- Gillanders and Blackaby (1999: 57) also note the potential for, “conflict with the landlord over policies and priorities as well as over the level of

resourcing”. This is compounded by the fact that TMOs may have limited control over allocations and so “are less able than independent organisations to pursue allocations policies that reflect social need as well as individual housing need”;

- Further, Gillanders and Blackaby (1999: 57) suggest that residents “may be unwilling to accept ‘ownership’ of the problems. The board may become unrepresentative”.

3.4 Ownership Housing Co-operatives

3.4.1 Whilst clearly an ownership model rather than one based on tenancy there are features of the ownership co-operative management approach which have implications for appraisal of any housing management approach based on mutuality, such as the CHMM. Ownership housing co-operatives are characterised by the fact that the residents own or lease the property. As such they have collective control over the management of the housing stock. Each resident can have direct input into the management of the housing, though often management boards are elected to oversee the day-to-day running of the stock. Residents are usually given a share in the co-operative that is non-transferable, thus restricting the ability of individuals to sell off these shares for profit. Indeed the ownership-housing model normally prevents individual members from capital gain through the co-operative, with any surplus ploughed back into the co-operative as a whole.

3.4.2 Ownership housing co-operatives fall into two key subgroups:

- Co-ownership co-operatives, in which members have an individual financial stake in their home;
- Par Value co-operatives, in which members just have a nominal financial stake. Par Value co-operatives may be either fully mutual, in which all tenants are members and vice versa, or non-fully mutual, in which tenants do not have to be members, and members are not necessarily tenants.

3.4.3 Advantages of ownership housing co-operatives have been identified:

- Gillanders and Blackaby (1999:43) outline that data from the housing corporation “provides evidence that par value co-operatives and resident controlled housing associations are effective housing managers”;
- McCafferty and Riley (1989) noted that tenants preferred co-operatives due to the enhanced repairs service and sense of community;
- Gillanders and Blackaby (1999: 57) note that, “in general they manage their housing effectively, and compare well with mainstream providers. Although they may suffer from diseconomies because of their small size, self-help in many co-operatives (as well as tight cost control) helps to keep management and maintenance costs low”;

- Gillanders and Blackaby (1999: 42) note that tenants in co-operatives “tend to have higher levels of satisfaction than those in accommodation managed by local authorities or RSLs”;
- Gillanders and Blackaby (1999: 57) state that Par-Value co-operatives are “capable of generating and sustaining a strong community spirit based on self help and mutual support amongst members. This effect seems to be more powerful than in other forms of resident-controlled housing. However it is not clear how far this reflects the ‘bottom up’ origins of many existing co-operatives and extends to co-operatives formed more recently as shells, housing people nominated from the local authority waiting list”;
- Gillanders and Blackaby (1999: 53) outline that Par Value co-operatives are able to offer housing to groups that may wish to be housed together, particularly those with needs that may not be met adequately by the mainstream. As a result, Par-Value co-operatives, “can contribute (in a small way, reflecting their small scale) to diversity of tenure and social mix. However this latter contribution may be compromised if they have to adopt purely needs-based allocations policies”;
- Gillanders and Blackaby (1999: 53) suggest that Co-operatives are “focused on the needs of their tenants with no outside interests; the bundle of services they provide is therefore likely to reflect tenants’ priorities”;

- Gillanders and Blackaby (1999: 57) state that Par-Value co-operatives “develop the capacities of members; this effect seems to be much broader but perhaps not as deep as the capacity building in larger resident-controlled organisations”.

3.4.4 Disadvantages of ownership housing co-operatives have been identified:

- Co-operatives have an inherent tension in that they work best when they are small (probably less than 500 units). However, Gillanders and Blackaby (1999: 54) note that “this small size limits their capacity to compete with other RSLs in delivering ‘Housing Plus’, to have a significant impact in building communities, or to engage in wider regeneration.” . Further to this, Blackaby and Gillanders (1999: 55) note, “co-operatives are seen by many local authorities as unable to deliver to the current agenda (regeneration, value for money, deliverability and affordable rents). Our conclusions are that this assessment is probably correct, except in a limited role, in the terms in which the agenda is currently defined. Even if this view is incorrect, development of new co-operatives would be limited by the lack of local authority support, and growth of the sector would require that local authorities be convinced of the benefits that co-operatives bring. However co-operatives are not well placed to influence local authority strategies”;
- The generally small scale of co-operatives means that “problems of factionalism and low levels of active

participation have often threatened good governance, organisational stability and sustainability. When problems start to emerge, it is difficult to put them right in the current regulatory framework". (Gillanders and Blackaby 1999: 54). Gillanders and Blackaby also note that, "because there is likely to be a lack of financial expertise amongst committee members and staff, co-operatives often have difficulty in attaining required standards of financial management, thereby placing at risk taxpayers' money, failing to safeguard the interests of their members and placing a disproportionate burden on the regulator. Structures to manage this risk are lacking in most parts of the country".

3.5 Resident-Controlled Housing Associations

3.5.1 Resident controlled housing associations (RCHAs) (also known as tenant-controlled housing associations) are owned and managed by the tenants on a not-for-profit basis. Ultimate control of the housing stock lies with the tenants, through numerical domination of the management boards. In addition, these housing associations often have a wide range of individuals, including professional experts and community representatives, who sit on their boards. Indeed there are specific rules as to the composition of this management board. Due to the small area basis required for these organisations to function properly, in Britain they are also often referred to as Community-Based Housing Associations (CBHAs), though Scottish research and practice also refers to these as Community-Based Housing Organisations (CBHOs). In the United States there exists a parallel model, dubbed Mutual Housing Associations.

3.5.2 Advantages of RCHAs have been identified:

- Gillanders and Blackaby (1999: 57) suggest that RCHAs "manage their housing effectively and efficiently although they appear to suffer, like co-operatives, from diseconomies reflecting their small size";
- According to Gillanders and Blackaby (1999: 55); in contrast to RSLs, which are not community-based, RCHAs "have a real stake in the communities in which they are located and a greater incentive to make the community work well; any surpluses are retained for investment in the local community. This is a powerful argument for RSLs with a community focus even if these are not resident-controlled";
- Gillanders and Blackaby (1999: 56) outline that there is also "no evidence that RCHAs, unlike co-operatives, have any more problems maintaining standards of governance than any mainstream RSL; they are able to include specialist financial and business skills on their board and being larger can afford to employ specialist staff";
- Clapham and Kintrea (2000:533) note that CBHOs are generally regarded as legitimate and trustworthy organisations by the locals that they serve, more so indeed than local authorities and housing associations;
- CBHOs are generally small organisations capable of rapid and appropriate action in the community, contrasted with the perception of over-arching, often heavy-handed central housing association approaches (Clapham and Kintrea 1992). Clapham

and Kintrea (1992) noted that tenant satisfaction improved over time and in comparison with other housing models. Clapham et al (1998) also note that tenants' opinions of housing management had improved over time under tenant control.

- Clapham et al (1998) note that tenants' opinions of housing management had improved over time under tenant control;
- Clapham and Kintrea (2000: 555) state that interest in the management of CBHOs tends not to dwindle despite initial fears about sustainability of the tenant participation process; the sustained level of interest has enabled these organisations to continue to provide a good level of service for over ten years;
- Gillanders and Blackaby (1999:55) note that "they can be big enough to engage in regeneration and to have a significant impact in wider building of communities- unlike par-value co-operatives". They also note that RCHAs "help to create and sustain a strong community spirit" .

3.5.3 Disadvantages of RCHA have also been identified:

- RCHAs may have a lack of independence from housing authorities, as in the case of Scottish CBHOs from Scottish Homes and Glasgow City Council. However, it is noted that there is very little that the CBHOs can in practice do to reverse this position due to the current regulatory environment;

- RCHAs may not encourage all members to be active; Gillanders and Blackaby (1999: 56) note that, "unless participatory structures below board level are effective, they may become controlled by a group of residents who are not truly representative".

3.6 The Community Gateway Model.

3.6.1 In addition to the currently existing co-operative and resident controlled models of housing ownership, the Community Gateway Model is a recently created management option for social housing. It is aimed at local authorities who are considering either ALMO or stock transfer options.

3.6.2 The Community Gateway is still at the pilot stage in England, and as a result there is no direct evidence as to the efficiency of the management that might be delivered within the model. However, a brief analysis of the Community Gateway Model will allow a more meaningful assessment of the CHMM later in this report.

3.6.3 The Community Gateway Model has two key elements:

- Community Gateway process;
- Community Gateway Association.

3.6.4 The Community Gateway process is "a way of approaching the selection and delivery of housing options that creates more opportunities to devolve power to tenants" (CIH 2003:7). The process involves 5 key strands:

- The development of a community empowerment strategy that spells out how tenants and leaseholders can

increase their involvement in decision-making and management;

- Agreeing ‘local community areas’ that will be the focus for community-based activities and decision-making;
- Carrying out a programme of community options studies, where every local area gets the chance to consider how it wants to be involved in the future;
- Consulting other residents and the wider community about decisions that are relevant to the whole community;
- Giving every local community a wide range of options for involvement, from consultative approaches through to management and ownership (CIH 2003:7).

3.6.5 The Community Gateway Association is a housing organisation chosen by local authorities and their tenants to manage or to take ownership of the council stock. It can be a free-standing organisation, or operate as part of a federated group structure. The Community Gateway Association may also develop a wider range of activities and include general community regeneration of the area in which the housing is located.

3.6.6 A Community Gateway Association would be “obliged to secure the widest possible involvement in the organisation, and promote opportunities for increased tenant and leaseholder control” (CIH 2003:8). The Community Gateway Model therefore includes a toolkit for implementing community empowerment which elaborates the management model

rules and the community empowerment strategy. The latter consists of combinations of community options studies, action planning, encouraging diversity and implementation, monitoring and review processes (CIH 2003:92-98).

3.6.7 Technical differences between the Community Gateway Model and the CHMM include:

- The Community Gateway establishes tenants as the largest group on the board (with one less than the majority of seats);
- The Community Gateway rules require the support of a three quarters majority of board members to enable key rule changes or the removal of board members;
- The Community Gateway rules require tenants to ‘sign-up’ to become members, rather than assuming that every tenant is automatically a member as does the CHMM.

3.6.8 The preceding discussion provides a range of evidence which suggests that mutual approaches to housing bring clear benefits to the housing management process and to the quality of service experienced by tenants. Whilst the models considered are not without disadvantages, the weight of evidence is positive. Although none of the models considered directly replicate the rule set of the CHMM, there is no reason to suspect that some of the advantages identified above will not occur under the CHMM. However, it is also the case that some of the identified disadvantages will also apply.

3.7 Lessons from co-operatives for the CHMM

3.7.1 Each of the co-operative housing models outlined above has individual advantages and disadvantages. However, the evidence shows they offer management of the housing stock that is comparable to, or better than other local authority or housing association providers. This positive outcome derives from a number of factors:

- Greater involvement of residents in the management of the housing stock;
- Improved accountability and information flows, including improved repair services;
- Continuing capacity development opportunities for tenants and residents;
- A sense of community and a desire to improve the condition of the stock through common ownership.

3.7.2 The evidence reviewed shows that tenant satisfaction is generally greater in TMOs, Ownership housing co-operatives and RCHAs than in comparable local authority or housing association housing. Mutual approaches to housing provision can bring clear benefits to tenants and housing professionals. However, the evidence also suggests that co-operatives do not achieve benefits merely because of their legal or organisational framework. The advantages also derive from related activities (including commitments to education and capacity building) that help to develop and consolidate the positive benefits. These related activities are a critical component of the success of mutual approaches to housing management. Mutuality and co-operation are not just

organisational frameworks but also require social and developmental processes that contribute to the success of the examples outlined here.

3.7.3 The success of co-operatives also depends on the social and political context in which the co-operative develops. These vary widely, although the factors can be roughly separated into two categories: the structural and political characteristics created and influenced by the government and agencies that exist in an area; and the social and economic characteristics of the communities that are seeking to develop housing co-operatives.

Structural and political characteristics include:

- A supportive and unbureaucratic legal framework, including financial support and support in kind for co-operatives;
- Political backing and support from officers and politicians in local authorities, regional government and other agencies;
- Genuine partnership and trust between agencies and organisations involved in housing and community regeneration;
- Understanding of the ethos of a co-operative, and a desire to see it succeed in order to benefit all agencies involved. This helps create a sense of 'mutual endeavour'.

Social and economic characteristics include:

- Cohesion in the community – higher levels of 'bridging' social capital, and less 'divisive' social capital. These are the networks, linkages and trust that

help to facilitate community regeneration and mutual housing organisations;

- The presence of capacity and skills within the community to act in a collective manner. This may come from particular individuals who have experience of action in the workplace or through political action. The greater the number of people with these skills and any linkages to networks, the greater the chances of success;
- A deeply-felt reason for community action. In some cases, co-operatives emerge as a response to poor housing conditions, where the neighbourhood organises itself to fight for better housing conditions and communities;

- Co-operation is more likely to be higher in small estates than in large ones; in estates with high socio-economic status than in low-status areas; in culturally homogeneous estates than in heterogeneous ones; and in estates with special procedures of recruitment than in others (Bengtsson 2001: 183).

3.7.4 Local authorities wishing to develop community mutuals will have to make sure the optimum conditions for mutual housing organisations exist. If these conditions do not exist, there may be a need for specific capacity building and community regeneration programmes to develop these characteristics.

4. Housing and Community Regeneration

4.1 The policy context of community regeneration

4.1.1 Section Three analysed the potential of mutual and resident controlled approaches to housing. This section sets out the potential of linking housing ownership options with wider processes of community regeneration. The Welsh Assembly Government's stock transfer guidelines state that a local authority's housing strategy should indicate:

“how the transfer proposals form part of the authority's strategy for tackling social and economic problems and delivering sustainable community regeneration, including where appropriate, linkage to the Communities First programme” (WAG 2002: 3).

4.1.2 Measurement and analysis of poverty in Wales demonstrates the multi dimensional pattern of its causes (Adamson 2001; NAW 1999, 2000). Complex interactions between unemployment, underemployment, high levels of benefit dependency, poor housing quality, ill health, and low educational achievement create a complex environment of social exclusion, especially in the larger local authority housing estates which characterise South Wales (Adamson 2001). Under such circumstances, co-ordinated policy responses are needed to address these problems (Carley 1990, 2000). The interrelationship between social problems automatically suggests the need for clear linkages across the conventional policy divisions. The connection between housing policy and community regeneration strategies immediately identifies itself in

any analysis of the problems of the region and in discussion of policy solutions that will be required to resolve them. This is particularly evident given the correlation between those areas with the highest cumulative indices of deprivation and the concentration of social housing. Census data reveal that over 80% of Communities First wards have above the Welsh average concentration of social housing. Included in this, 9% of the Communities First wards have over 50% of their housing in the social sector.

4.1.3 The previous section of this report has outlined the potential of tenant owned or controlled models of housing to offer better management and tenant participation in housing. This section extends that analysis to consider what community regeneration outcomes may emerge from the different housing ownership models. The linkage between housing and regeneration is central within current policy debates, such that “regeneration, in its broadest sense, is one of the [UK] government's broader housing aims” (Walker 2001: 692).

4.1.4 This section will focus primarily upon the role of tenant participation in housing and its implications for the emergence of community regeneration activities in social housing communities. Contemporary community regeneration policies place major emphasis on tenant and resident involvement as a core principle of the approach (Stewart and Taylor, 1995; Frazer, 1996; Hoban 2002). This participatory approach is provided for by the Local Strategic Partnerships in England and in Community First

Partnerships in Wales. Community involvement can occur at a range of levels, from limited consultation exercises, to participation in the regeneration process through partnership activities and ultimately to empowerment where residents manage and control key areas of service provision to the community. (Arnstein 1969, Carley 1990). In many disadvantaged communities there is no history of even the most rudimentary levels of involvement with either the housing agenda or the regeneration process. Elsewhere, tenant groups have provided the only vehicle through which communities have secured even the most basic levels of influence. Consequently, the model of housing management and the extent of tenant participation can be an important influence on the emergence and success of community regeneration strategies which are based on an assumption of high levels of resident engagement.

4.1.5 An analysis is presented here of the potential of the different housing ownership models to offer tenant participation as a building block for broader community regeneration objectives. After outlining the principles and practice of community regeneration, the section will be split into three parts, analysing the potential of the three key housing ownership models – local authority, RSL and tenant controlled/co-operative - to foster community regeneration.

4.2 What role for housing in community regeneration?

4.2.1 Community regeneration is a process that seeks to create an holistic change in the economic, social and environmental conditions of a community (Adamson 1997). Conventionally,

'community' tends to be defined geographically but can equally apply to communities of interest. Such communities of interest are currently supported within the Communities First Programme in Wales. However, area based or community regeneration focuses on a specified spatial community. In many instances this community is defined as a particular housing estate or the electoral division in which it sits. Critical to current community regeneration policy is the idea that communities should be able to take greater ownership of the issues and problems within the community, and to be part of a process whereby these issues are tackled. The resulting programme of locally determined actions is then intended to build the economic, social and environmental sustainability of the community, by meeting identified need, in ways accepted and promoted by the community itself.

4.2.2 The specific role of tenant participation in promoting community regeneration has recently been emphasised by the Policy Action Team (PAT) research by the Social Exclusion Unit (SEU). Whilst the remit of the SEU is limited to England, and the conclusions of the 18 PAT Reports are also based on evidence from England, the findings are equally relevant to the patterns of social exclusion evident in Wales. One of the Unit's 18 areas of research (PAT 9) examined community-self help. The PAT 9 report suggested 10 features which help build a good community:

- **A learning community**, where people and groups gain knowledge, skills and confidence through community activity;

- **A fair and just community**, which upholds civic rights and equality of opportunity, and which recognises and celebrates the distinctive features of its cultures;
- **An active and empowered community**, where people are fully involved, and which has strong local organisations and a clear identity and self-confidence;
- **An influential community**, which is consulted, and has a strong voice in decisions which affect its interests;
- **An economically strong community**, which creates opportunities for work, and which retains a high proportion of its wealth;
- **A caring community**, aware of the needs of its members, and in which services are of a good quality and meet these needs;
- **A green community**, with a healthy and pleasant environment, conserving resources and encouraging awareness of environmental responsibility;
- **A safe community**, where people do not fear crime, violence or other hazards;
- **A welcoming community**, which people like, feel happy about, and do not wish to leave;
- **A lasting community**, which is well established and likely to survive (Home Office 1999: 3).

4.2.3 The report by PAT 9 suggests that self-help is critical to the development of

such principles. It notes, “without effective self-help, it is unlikely that any other measures of community regeneration, however well-resourced, will provide long-term solutions to long-term problems” (Home Office 1999: 1). However, it goes on to state that, “community self-help is not something that can be imposed” (ibid: 2) and, “by definition, this is activity done by local communities, not for or to them” (ibid: 15).

4.2.4 This notion of self-help concurs with wider ideas that community regeneration works best where initiatives engage directly with the population. This occurs most effectively where regeneration issues and needs are identified by the community itself (Adamson et al 2001). Fortunately, there are many examples of good practice in Wales where this has occurred (Adamson 1997: 279). By the mid-1990s, in the face of effective abandonment by the public services, many communities formed action groups to tackle issues that they were collectively facing (Morgan and Price 1992; Adamson 1997). Community organisations were beginning to establish projects that triggered a regeneration process at community level. Increased funding availability through the Lottery Commission, Objective One and Two and programmes such as People in Communities and Sustainable Communities provided the financial basis for consolidation and development of activities. By the end of the 1990s, community based organisations with multi-million pound budgets had emerged in many communities in Wales. They were providing comprehensive services including youth provision, IT training, crèches, community education, transport, community cafes and leisure and

recreational services. Such organisations were often completely outside the public sector and entirely community owned and managed. Often in direct conflict or in uneasy co-operation with the local authority, such organisations were creating localised service provision and innovative delivery mechanisms. Despite this burgeoning of community based regeneration initiatives, housing has not emerged as a focus within the sector. Many projects have emerged in localities characterised by single tenure social housing, usually local authority controlled. Consequently, regeneration groups have not considered housing supply and management to be within their remit.

4.2.5 In contrast, there has been significant research and experimentation into the possibility of housing providers taking on an enhanced role in community regeneration activities. This has been partly driven by the Housing Plus agenda and the diversification of housing associations' activities beyond simple management of the housing stock. Additionally, there has been a recognition by some housing associations that social development is a critical element of the housing management process. Consequently, many housing associations have established community regeneration teams and allocated budgets to the process of community development in their housing communities. In South Wales there is now a network of regeneration workers employed by Welsh housing associations.

4.2.6 Attention has been drawn to this widening role for housing associations elsewhere. For example, Garratt and Porteus (2002) note the potential of housing issues to act as a driver for broader community regeneration activities. They

state, “properly supported involvement in residents’ and tenants’ associations can help to develop the confidence and skills residents need to influence most organisations. Consequently, spending time and energy on developing and supporting tenants’ and residents’ groups will help them gain greater control over areas of their lives beyond the housing issues, which might be the starting point” (Garratt and Porteus 2002: 19).

4.2.7 Housing issues offer a potential driver which can foster a sense of community involvement and contribute to community regeneration process. However, the manner in which this develops is dependent on the structure and ethos of the housing provider. Garratt and Porteus (2002) note that some local authority housing departments act in a paternalist manner, an accusation that has also been levelled at some housing associations. Where this occurs, they argue, any gains from community or tenant involvement may be lost. They state, “there is a fine line between providing access and fighting residents’ battles for them...Whilst it is sometimes necessary, or even vital, to take up a case on behalf of residents, this is not necessarily a good community regeneration approach as it does not pass direct control to the resident” (Garratt and Porteus 2002: 19-20).

4.2.8 With reference to housing associations, Garratt and Porteus (2002) note two questions about their behaviour, the answers to which can influence community regeneration. These are:

- How do we structure what we do so that residents and other users have maximum input into decision making, and what resources must we commit

to enable them to make that input (if they wish)?

- How do we support residents to enable them to have an input into decisions about services and facilities not provided by us? (Garratt and Porteus 2002: 18)

4.2.9 Positive answers are brought about most effectively by housing organisations which ensure that community and tenant involvement are integral and core parts of their operations. The rest of this section will analyse the evidence for such tenant involvement processes in local authority landlords, traditional housing associations and co-operatives.

4.3 Local authorities and community regeneration

4.3.1 Local authorities have historically been seen as the key drivers of broad-scale regeneration activity, through policies in Wales such as the Strategic Development Scheme, People in Communities and Sustainable Communities. They also have a key role in delivering European funding, including Objective Two and more recently Objective One programmes. Such policies have been able to deliver significant benefits to local authority controlled housing communities, through physical, economic and social development of the area. However, these programmes have not conventionally been integrated with housing issues. Local authority-run community regeneration initiatives have a mixed record of success. Whilst some local authorities have achieved some successes, best practice analyses suggest that local authority led community regeneration initiatives often lack roots within the community (Hoban 2002). This has the knock-on effect of reducing the sustainability of community regeneration,

the breadth of impact and depth of outputs and outcomes.

4.3.2 Local authority-run or partnership-orientated community regeneration initiatives have often suffered from a lack of the tenant and resident participation that is essential in creating sustainable community regeneration (Hoban 2002). Stewart and Taylor (1995) suggest that that local authority partnerships are established in ways which favour established interests, and which make it difficult for a representative tenant voice to be heard. Local authority partnerships have tended to work with groups that already exist prior to regeneration funds becoming available, and as a result the breadth of community involvement and engagement with more representative groups of residents may be limited. This may lead to local conflicts where rivalries emerge due to a perceived lack of inclusion of community members and groups not involved directly in regeneration initiatives (Gillanders and Blackaby 1999). However, there are examples of effective local authority led regeneration practice in Wales and an improving understanding of the value of community involvement.

4.3.3 These issues must be addressed to realise the full potential of community regeneration. Success depends on the community being given influence and control over the community regeneration process. As Tony Blair stated in 1998, “too much has been imposed from above, when experience shows that success depends on communities themselves having the power and taking the responsibility to make things better. And although there are good examples of rundown neighbourhoods turning themselves around, the lessons haven’t been learnt properly” (SEU 1998: 7).

4.3.4 Tenant involvement can provide a more open and structured framework for people to become involved in a wider range of community based issues. However, links between community regeneration and housing issues are often weak in local authority areas. Birchall (1992) noted that, “From the point of view of the tenant...the structure of public-sector housing has always been deeply flawed because it has always, as a matter of course, excluded the interest of the users” (Birchall 1992: 163). While local authorities do not necessarily seek to exclude their users, there is a body of evidence that suggests that local authorities have not actively sought to include tenants in decision-making (Cooper and Hawtin 1998; Spink 1998). It is only recently that the introduction of tenant participation compacts (NAW 2000) brought tenant participation fully onto the agenda for Welsh local authorities. The basis for their introduction was the acknowledgement that some local authorities offer genuine, effective opportunities for tenants to influence the decision-making process. In some authorities, the structures they have in place may be little more than window-dressing, with tenants having no real power or influence. Some authorities seem reluctant to involve tenants fully, or at all. Some even question the ability and willingness of tenants to play a full part in making decisions and in managing their homes (NAW 2000: 8).

4.3.5 Tenant participation, as a valuable building block for broader community regeneration initiatives, has not always been embraced enthusiastically by local authorities. Therefore, its use as a mechanism for engaging the community and as a driver for community regeneration had not emerged to any great extent by

the mid-1990s (Stewart and Taylor 1995). This has compounded the problem that local authorities may be seen as distant. Clapham et al (1998) note that confidence in the process of representation was low, with 83% of respondents believing that local councillors ‘had lost touch’ and 73% stating they had ‘no say in what the council did’. This is compared to just 35 % saying they had no say in Community-Based Housing Organisations (CBHOs). Similarly, 75% said they trusted the association to do what is right for tenants, whereas only 26% said they trusted the council. Alongside this, just 4 per cent said they had complete faith in the council, compared to 38% in the CBHO.

4.3.6 This therefore means that more viable forms of direct participation in housing issues and decision-making processes are needed to engage residents in both housing management and community regeneration activities. Clapham et al (1998) note that, “the argument is that a strong local government is needed to balance central government power, to mobilise local knowledge, to meet local needs and preferences, and to allow greater ease of access to the political process. However, it is often argued that traditional local government is not sufficient to achieve these ends and that more direct or participative forms of democracy are needed” (Clapham et al 1998: 32). Clapham et al also note two key arguments that have been put forward to justify this latter view:

- Participation helps to correct imbalances of power. By participating, people gain experience and confidence that enables them to challenge existing power structures;

- Participation changes people's attitudes, and leads them to consider not only their own self-interest but also wider common concerns (Clapham et al 1998: 32-33).

4.3.7 The literature reviewed here suggests that, despite the potential of housing issues to act as a spur for a more holistic community regeneration process, this has not generally occurred in local authority controlled housing communities, in part because of a relative lack of genuine tenant participation opportunities.

4.4 Housing Associations, community regeneration and the Housing Plus approach

4.4.1 In contrast to this perception of a generally poor accountability and low levels of tenant empowerment/ participation within local authorities, Housing Associations have in general, demonstrated a more open style of management and participation with their tenants. The reasons for this are twofold. Firstly, Housing Associations require a business plan to survive, and to create confidence in their actions from lenders. Tenant involvement has been seen as an element of effective management which is required to promote organisational efficiency. This imperative was identified by the Housing Corporation in 1998, who stated that tenant participation:

...makes business sense. RSLs need to ensure that their services are responsive, efficient and effective in order to meet the needs of their consumers. Experience has shown that the involvement of tenants can provide crucial help in designing such services (Housing Corporation 1998: 7).

4.4.2 Secondly, throughout the 1990s there was a growing realisation that

Housing Associations could not deliver housing service of quality without addressing some of the background social issues faced by their tenants (CIH 2003; CIH Cymru 2003). This therefore required the input of tenants' views and experiences in a more structured and positive manner in order to gain wider positive outcomes for the tenants and the RSL. As such, Housing Associations offer many examples of models of community regeneration that might also be created through Community Mutuels, albeit in a different tenant participation and management framework. The implications for Community Mutuels will be examined in greater detail later in this report.

4.4.3 Much of the work of housing associations in this field has been provided through the vehicle of Housing Plus which emerged to foster community regeneration by Housing Associations. The Housing Plus initiative came onto the policy agenda in England as a means to create a community regeneration focus alongside the 'core' housing management outputs of a Housing Association. The initiative reflects a wider perception of the role of Housing Associations, both by central government and within Housing Associations themselves which emerged during the 1990s. Briefly, Housing Plus can be defined as a programme that promoted a community-wide perspective in the management of housing and the development regeneration initiatives. Hooten, (1996) noted that Housing Plus targets many aspects of the social exclusion dynamic including unemployment, anti-crime strategies, accessing public services, healthy and sustainable environments and promoting community participation. Similarly, the Housing Corporation defined Housing Plus as an approach to management and development which

consists of the creation and maintenance of sustainable social housing; obtaining added value from housing management and investment; and building partnerships with broader communities (Housing Corporation 1998:8). Such definitions are broad-ranging; essentially they refer to a move towards incorporating community regeneration issues into the roles of Housing Associations.

4.4.4 The key driver for the creation of the Housing Plus policy was the perception that housing offered the best means through which to deliver community regeneration in a joined-up manner. Evans (1998) noted that:

“Many [housing associations] belong to a diminishing band of locally based stakeholder organisations, uniquely placed to help reconnect disillusioned communities to the mainstream. They have local credibility because they generally possess a good track record. The tangibility of housing investment can boost local morale and help restore residents’ confidence in their ability to shape events and lead to successful campaigns for wider improvements in their quality of life” (Evans 1998: 724).

4.4.5 The result of Housing Plus was a programme designed to develop the local presence of Housing Associations into a broader community regeneration role. This is in addition to the ‘core’ housing values and practices which promote good housing provision. These include the selection of appropriate sites for housing, suitable layouts and space, sensitive lettings and nominations, and a social mix that aids the building of sustainable communities. Analyses and policy evaluations of Housing

Plus have shown that a number of separate initiatives have been taken by Housing Associations to engage with the broader challenges of community regeneration. These have in the main been successful, with significant community benefit being gained from the activities carried out. Typically, Housing Plus involved activities such as childcare, public transport, retail and crime prevention projects. Some projects worked well in conjunction with others, enhancing the overall impact. Evans (1998) notes the following examples:

- Complementary investment in housing and local shopping facilities;
- Provision of community facilities to provide a venue for welcoming new tenants and local meetings and social events;
- Linking training and employment schemes with local needs (e.g. child care, estate maintenance) and broader recruitment strategies, and combining different forms of crime prevention such as designing out crime and providing additional leisure activities for youngsters (Evans 1998: 718).

4.4.6 Kemp and Fordham (1997) also note a number of themes that relate local priorities to local actions:

- Facilities for young children;
- Activities for older children and teenagers;
- Working with elders;
- Community safety initiatives;
- Employment and training;

- Environmental and physical improvements;
- Lettings policies.

4.4.7 The result was that:

The nature and mix of [Housing plus] projects closely matched residents' quality of life priorities which said a lot for [housing associations'] sensitivity to local needs. Residents stressed the importance of wider measures by rating safety, attractive environment, good shops, schools and play facilities more highly than quality and affordability of housing in making somewhere an attractive place to live... the combined effect of [Housing Plus] initiatives upon respondents and their areas was more impressive. Around two-thirds of residents in each estate wished to stay in the area following project completion whereas in the worst cases less than a third wished to do so prior to regeneration (Evans 1998: 718).

4.4.8 Many of the Housing Plus initiatives led to significant gains in the quality of life for tenants and residents. Evans notes that, "although it proved difficult to disentangle the effect of core housing activity, [Housing Plus] projects and the contributions of different agencies, there was a correlation between the amount of [Housing Plus] activity in the different case studies and the degree to which community confidence had improved" (Evans 1998: 718). Kemp and Fordham (1997) also note that residents' opinions of an estate generally became more positive after an intervention through Housing Plus.

4.4.9 These benefits were most evident where Housing Associations developed the

following approaches to Housing Plus issues:

- They had an open attitude towards involving tenants and working with other organisations, and incorporated HP principles within their core philosophy rather than viewing them as an added extra;
- The more effective RSLs also demonstrated a capacity to produce innovative solutions to local needs, rather than adopting standardised solutions (Evans 1998: 721).

4.4.10 This evidence suggests that tenant participation and empowerment are crucial to the development of successful housing and community regeneration initiatives. Most crucial to the difference made by the Housing Plus programme was the impact that the activities had on Housing Association tenants, and the subsequent mobilisation of community resources to help the community regeneration process. Evans (1998) notes that, "the greatest improvements in confidence occurred on estates where resident empowerment was taken most seriously" (Evans 1998: 720). Empowering tenants has therefore been seen as key to developing the capacity and impetus for housing-related community regeneration initiatives (Stewart and Taylor 1995). Where this community capacity can be activated, there are potentially significant gains in terms of community regeneration. The actions of a unified and active community can encourage core service providers to be more responsive to the needs of that neighbourhood, as well as being active in the pooling of ideas and resources.

4.4.11 Despite the positive nature of the evidence on the effectiveness of Housing

Plus, some caveats remain regarding the use of housing funds for community regeneration. Evans notes a fundamental question of whether housing should be the driver for community regeneration. He states:

Conceptually it is flawed and confusing. It conflates what [housing associations] should consider doing anyway and the rather fuzzy area of non-housing activity that 'supports' housing investment where division of responsibilities between [housing associations] and other agencies varies. This has introduced uncertainties about respective roles, what is fundable by the Housing Corporation and made it difficult for the Corporation to gauge and compare the performance of [housing associations] in [Housing Plus] terms since the range of activity is so enormous (Evans 1998: 722).

4.4.12 However, it is clear that Housing Associations have been able to generate considerable community regeneration benefits to their neighbourhoods. There is evidence from the reviews of Housing Associations that where there is a more structured form of tenant engagement, there is the potential to foster and maintain both tenant involvement on a broader scale and the continuing involvement of those tenants within the running of the housing association. However, this is dependent on a continual process of capacity and skills development; a process that not all Housing Associations are committed to. There is therefore a difference between the more managerialist Housing Associations and those that are personal or welfare-

orientated (Walker 2000; 2001). Those which are more managerialist are unlikely to foster tenant involvement as their emphasis is on specialisation of tasks. They are likely to lack the depth of community involvement in decision making that would be required to promote fully inclusive community regeneration. There is therefore a continuum of positions that need to be looked at in considering the potential for the CHMM to promote community regeneration. Levels of participation and empowerment are infinitely variable and can range from tokenistic procedures to full tenant empowerment. At the top of the 'ladder of participation' (Arnsteins 1969) lies full resident control which is most often realised in patterns of collective or mutual ownership. Ownership, in the form of co-operatives is considered in the following section.

4.5 Co-operative housing and community regeneration

4.5.1 The discussion of the impact of tenant participation brings into focus the question of full tenant control, as opposed to models of mere participation, in the achievement of community regeneration objectives. Housing Corporation guidance from 1999 in England notes the examples of tenant participation that are thought to be central to RSLs developing better services. This builds on a 1992 strategy that set out to:

- Improve accountability to tenants and opportunities for participation.
- Promote tenant control, where appropriate (Housing Corporation 1992).

The Housing Corporation also notes three distinct themes with regard to the level of Tenant Participation that can be entered into:

- Consumer Accountability, including information, consultation and redress for service delivery problems;
- Tenant Participation, including involvement in local service decisions, management decisions and management structures;
- Control and Ownership, including Tenant Management Organisations (TMOs), co-operatives and tenant-majority RSLs (Housing Corporation 1998: 5).

4.5.2 Implicit in this hierarchy of tenant empowerment is the notion that the ultimate level of tenant participation is achieved where residents control or own the housing stock. Many community regeneration activities fail to achieve such levels of resident involvement, and impose tenant participation and consultation without building the necessary structures of empowerment and control. Community regeneration evaluations suggest that where the community is not fully engaged, the impact of community regeneration activities is limited to a relatively small element of the population. Baker (2002) notes several problems with currently-existing community regeneration strategies:

- They often cover areas that are much larger geographically than many people would relate to;
- They are professionally driven, giving limited control to ordinary community members, who become disillusioned and vote with their feet, which can

lead to the representativeness of community nominees being called into question;

- Even where representatives are genuinely representative of the wider community, they struggle to get their voices heard around a table with professional workers unused to working with local residents;
- Most of the activities are time limited and cease when the programme comes to an end.

4.5.3 As a result, there is an imperative to ensure that there is full engagement with the community, and that engagement leads to full participation in the community regeneration process. One mechanism that has gained credence is tenant control or ownership, which is also offered by the co-operative models of ownership. Baker (2002) suggests that the co-operative housing model has the potential for greater community regeneration than RSL Housing Plus or local authority models, due to the organisational model of co-operatives. He notes:

Community development happens as a matter of course in co-operatives not as an add-on with extra workers as is often the case in traditional management models. People on low incomes don't have to pass their days isolated in impersonal estates but can be part of a community, with support from neighbours when it was needed. They don't have to sign on at the local benefit office for special programs but can build their own confidence and self-assurance, both individually and as a whole community and invariably receive real training as they go (Baker 2002).

4.5.4 Co-operatives and Tenant Management Organisations and Resident Controlled Housing Associations, by their very nature as participatory structures, have one of the essential elements of a successful community regeneration venture. However, the purpose of much of this report is to demonstrate how such co-operatives are able to enhance both their housing management role, and to feed into broader community regeneration. An early examination of six Scottish Community-Based Housing Organisations (CBHOs) over the period 1988-1991 suggested that:

At least in the short term, the CBHOs were largely very successful as housing developers and housing managers, and were effective at generating resident involvement. The evaluation also noted that the scheme had a very positive impact on the feelings of the community in the areas in which they operated, and that their committees were keen on using the basis of the CBHO to address problems other than housing which were prevalent in their areas, such as lack of employment and a lack of facilities. Some organisations had made some limited progress on those social, economic and environmental issues (Clapham et al 1998: 31).

The examination of the literatures, many of which draw on case studies from across the UK, therefore suggest that co-operatives allow the integration of people into community regeneration activity more effectively than tenant participation models that rely on a more typical non-co-operative housing management style. Evidence suggests that tenants involved in tenant-controlled organisations, “feel that they are either solving the key issues faced

by their community, or that their organisation has given them a sense of control over their neighbourhoods and future that makes other issues [such as social exclusion] irrelevant” (Clapham et al 2001: 3). Clapham et al also note that tenant-controlled organisations score highly against the criteria of what constitutes a good community outlined in PAT 9. The co-operative model is therefore able to help create community regeneration in three potentially different, although interrelated, ways that relate to the aspirations of PAT 9:

- The social impacts of interaction and ownership which may be created through involvement in the housing management process;
- The knock-on effects of creating a safer and more environmentally sound neighbourhood;
- The potential economic benefits from the creation of jobs in the locality.

4.5.5 The first of these, positive social interaction, is perhaps the most easily created form of community regeneration associated with tenant-controlled or co-operative housing models. By allowing a neighbourhood to gain control of its housing as a resource, there is an imperative to become involved in the management of that housing, since decisions that are made can be seen to directly affect the residents. There is therefore an impetus for collective action, with the knock-on effects of the development of bridging social capital, a concept introduced by writers such as Coleman (1988) and Putnam (1993). This may be the product of positive interactions where people work together to produce

solutions to common problems. This may not only create physical regeneration but also a social cohesion and community regeneration as people get to know their neighbourhood and their community better. As Baker (2002) states, “simply in the way they run, housing co-operatives make housing socially sustainable by encouraging the growth of community, by creating opportunity through the structure of the management body for people to come to know their neighbours and work out common solutions to common problems together” (Baker 2002: 3).

4.5.6 Secondly, the tangible social impacts of the co-operative model can lead to achievement of some of the quality of life issues identified by PAT 9; namely a caring, green, safe and welcoming community. Such aspects may be met in practice by a number of schemes such as landscaping, gardening help, neighbourhood watch and warden systems, which all help tenants engage with each other and give collective benefits to the neighbourhood. The results of such schemes may be the improvement of the environment, a reduction in crime and the fear of crime, and non-quantifiable shifts in the feeling of belonging as social interactions become more frequent.

4.5.7 Thirdly, community regeneration initiatives can create local jobs by developing building, repair and maintenance co-operatives. Such developments have the potential to provide both jobs and training which capitalise on local expertise, skills and energy to meet the needs of the community. Intermediate Labour Market Actions developed in this way have strong track records in channelling long term unemployed into local provision and

onwards into the mainstream labour market (Adamson and Byrne 2003, McGregor et al 1997).

4.5.8 Baker (2002) notes the potential of a number of job creation and training schemes that have been successfully piloted by housing co-operatives, such as:

- Credit unions;
- Health and fitness clubs;
- After school clubs;
- Care for the elderly;
- Food co-ops;
- Workspaces.

4.5.9 A secondary effect deriving from job creation and local provision of services is the retention of funding expenditure within the community. Multiplier effects emerge from local circulation of expenditure, and projects often seek to minimise ‘leakage’ of money externally.

4.5.10 However, the benefits outlined above are not automatically achieved by housing co-operatives promoting initiatives. Clapham et al (1998) are cautious in their assessment of the advantages derived from Scottish CBHOs noting:

The CBHOs have been relatively unsuccessful in widening their spheres of operation beyond housing. While their small size gives them advantages in housing administration and community development, it conspires against other activities such as business development and employment projects, which are increasingly taken

on by other larger, local organisations. This may prove to be a problem in the longer run as services to meet community needs and aspirations once again became fragmented, and run by professional bodies (Clapham et al 1998: 38).

4.5.11 Housing co-operatives are not the panacea for all the economic problems of disadvantaged neighbourhoods. However, co-operatives and greater tenant empowerment offer a means to significantly improve the chances of a regeneration initiatives succeeding in the development of economic and employment outcomes, given the right external support and institutional arrangements.

4.5.12 This section has demonstrated the potential of each of three broad housing ownership and management models to produce community regeneration outcomes through tenant participation. All offer insight to the potential of CHMMs to build a broad regeneration agenda from the basic pattern of housing management which will be established by the creation of the CHMM. The next section will examine the specific opportunities provided by the CHMM, and the barriers to achievement of local community gain which has been illustrated by the review of UK experience so far.

5. The Community Housing Mutual Model

5.1.1 Previous sections have outlined the potential of different housing ownership models to facilitate good management practice, to procure the involvement of tenants in decision-making, and to promote positive community regeneration outcomes. This section seeks to compare these models with the features of the proposed CHMM and to note similarities and differences in the policy and delivery mechanisms.

5.1.2 The CHMM shares some characteristics with tenant/resident owned or controlled housing organisations in the UK. The legal framework of the CHMM offers tenants a nominal financial stake, and as such also has a similarity with par value co-operatives. As a result, there is a potential to learn a great deal from these models of housing. However, the CHMM also differs in a number of ways in the manner in which it is to be implemented. These key differences, and their implications, will now be outlined.

5.2 The distinction between tenants, residents and members

5.2.1 Geographical areas that will be transferred from local authority control will include housing that does not change tenure, i.e. former council properties bought under the Right to Buy. It is currently unclear from the model rule set who could benefit from the community regeneration efforts that may emerge from the creation and implementation of a Community Mutual. The precise remit of any individual Community Mutual will dictate who should benefit from its actions and who should pay for them. It is also unclear from the CHMM rule set how the voices of residents of a neighbourhood who are not tenants of a Community

Mutual, such as those who have bought their housing, may be integrated properly into the community regeneration actions of a Community Mutual.

5.3 Ownership and control of Community Mutuels

5.3.1 Ownership and control within a Community Mutual are not as clearly defined in the interests of tenants as they are in an ownership co-operative model. The CHMM rule set (Cobbetts Solicitors 2002) notes that tenants would not, on their own, be able to amend the constitution. Consequently, whilst the CHMM is likely to deliver a greater degree of local accountability and control, it also preserves local authority influence and the local authority's role representing wider community interests beyond those of the tenants (Bransbury 2002). While in many ways a useful safeguard, this restricts the decision-making autonomy of any Community Mutual, so that the benefit of a co-operative style of management that is suited to member decision-making is limited.

5.4 Board composition

5.4.1 The composition of the board is expected to reflect the 'three thirds' model of representatives, of which a third should be tenant representatives, a third local authority representatives and a third independent. Such representatives would not be imposed, but would be chosen by the tenants of the Community Mutual by ballot. However, even through such a process, the board composition is still a trade-off between the idealised model of tenant-controlled co-operative management and conventional RSL models, that have brought tenants into enhanced

decision-making roles. As a result, further analysis of how tenants would react to this board structure is required before a proper judgement may be made about the potential of this model to produce real tenant participation in decision making.

5.5 Professional management of Community Mutuals

5.5.1 There is a continuing role for professionals in the day-to-day management of the housing stock, and as such some decisions may be made autonomously by those professionals, with reference to a schedule of delegated authority approved by the board. This offers a sensible model for housing management, but could lead to two important issues. First, even though the housing will be ‘owned’ by the tenants, board and management procedures will not vary significantly from that of an RSL which has a tenant participation remit. Therefore, the CHMM may not offer significantly greater participation for tenants, particularly in everyday management tasks, leading to less impact on community regeneration initiatives than is seen in some co-operatives. Second, the commitment to local neighbourhood management is again little different to the kinds of mechanisms that are possible without the creation of a Community Mutual. As a result, while the CHMM may present a slightly more involved form of tenant participation, it may be possible to create such impacts without the need to transfer ownership and responsibility to the community. These will be crucial questions that will have to be answered for tenants if the process of transfer to Community Mutuals is proposed by a local authority.

5.6 The scale of proposed transfer RSLs and Community Mutuals

5.6.1 The evidence outlined in Section Three from tenant management organisations, ownership co-operatives, and resident-controlled housing associations, comes from organisations that tend to operate at a small scale, typically up to 500-1,000 homes, but sometimes much smaller. The scale of transfer to a community mutual may be much larger than this; with up to 16-17,000 local authority-owned houses in a single local authority area (e.g. Cardiff or Swansea). The scale of Community Mutuals to be created is therefore considerably larger than the scale of housing co-operatives. Even the smallest local authority stock of roughly 2,500 in Ceredigion remains very large for a housing co-operative or TMO.

5.6.2 This potential scale of transfer creates problems in terms of the representation and accountability of the tenant board members. The ‘direct democracy’ associated with some of the smaller-scale organisational models considered above may have to be replaced with a more structured form of tenant involvement that may not be as effective as the very direct forms of tenant involvement identified earlier (Ward and Lupton 1998; Davies and Gidley 1998). It may also limit the potential of broad scale tenant participation and the development of an individual feeling of influence on the decision-making process. If this does not occur, some of the crucial management and community regeneration benefits outlined in the evidence from Section Four may not be transferable. Walker (2001) notes that such larger transfers are “unlikely to

achieve [community regeneration] outcomes, and continue to remain focused upon core property business unless funding opportunities are made available to undertake this diversified form of activity” (Walker 2001: 692). One way of countering this problem is the creation of federated group structure with smaller, localised organisations under a parent body. This option has proved more convincing for tenants in focus groups associated with this study. For them, the prospect of a single stock transfer vehicle with indirect tenant involvement mechanisms appears no more attractive than current tenant compacts and other models of Local Authority engagement with tenant groups.

5.7 ‘Top-down’ mutuality?

5.7.1 An important difference is evident between the CHMM and the pattern of resident/tenant involvement in the co-operative and mutual housing movement as a whole. As Clapham et al (1998) note in their study of community-based housing organisations, “local residents’ groups who were campaigning to improve their housing conditions and wanted more influence over housing in their areas” were important (Clapham et al 1998: 31). This essentially involves a voluntary participation in a movement to achieve these aims, reflecting one of the central principles of the co-operative movement, that of open and voluntary membership. However, the CHMM in contrast is an externally derived process of participation, which emerges from a national policy rather than local motivation. To use conventional terminology, most co-operative housing schemes emerge from a ‘bottom up’ process in contrast to the ‘top down’ nature of the CHMM.

5.7.2 The CHMM supposes a first-stage transfer which is largely similar to other LSVTs. This effectively involves the imposition of a co-operative framework (albeit with a tenant vote required to legitimise the transfer), rather than this emerging as a local response to perceived need. This creates a tension between the notion of ‘mutuality’ in the CHMM, and the way it is expressed in more traditional housing co-operatives. There may be subsequent problems with the branding of the CHMM as a ‘mutual’ model when its evolution does not reflect this. There may also be problems in attracting tenants to this model in any transfer vote if they perceive it as effectively an external imposition, and are unable to distinguish its mutual characteristics from the standard transfer option.

5.7.3 However, in drawing comparisons with other national and internationally based housing co-operative models, it is the organisational similarity which offers a potential for comparison and the identification of the potential advantages of the CHMM. However, it should be noted that the management of the transfer to the CHMM will need to emphasise and constantly re-iterate its differences from the standard transfer model.

5.8 Rural Issues

5.8.1 Questions emerge as to the operation of the CHMM in rural areas in which the co-ordination and targeting of community regeneration activities is more likely to happen across a number of communities, with differing problems and needs. This will introduce greater complexity in meeting the needs of individual communities. There are also critical issues involved in the much lower

densities of local authority housing in rural areas where the opposite problem to the large scale transfer identified earlier may occur. Many rural council estates consist of less than 40 properties and the general stock may be dispersed over a wide geographical area in counties such as Powys.

5.8.2 This can create key barriers to the implementation of greater tenant involvement and to the development of community regeneration activities on the back of stock transfer. Transport difficulties are a simple example of the barriers which exist in rural communities, and may critically affect the ability of mutual members to attend management meetings and critical constitutional events such as AGMs. More isolated areas may be able to circumvent the problems by deploying communications technology, although this will also require significant investment.

5.9 Capacity issues for the Community Housing Mutual Model

5.9.1 To fully replicate the lessons from other co-operative housing models, there is a need to address the skills of tenants, and their willingness to participate in Community Mutuals, as well as the support they receive from external agencies. In many of the models identified above there is an ‘organic’ growth of skill and capacity as the ‘bottom up’ process extends the range of activity and responsibility embraced by active members. In contrast, the stock transfer route to a mutual organisation is immediate and requires functioning tenant members from inception. Consequently, capacity development actions are a pre-requisite of the CHMM implementation. Capacity development in this context extends far beyond the narrow definition of capacity building as training courses, to one which

emphasises the needs of tenants to be informed, confident, and capable to act in their individual and collective interests, and to influence the decisions made about their housing.

5.9.2 Capacity building should offer both a depth and breadth of opportunities to allow the successful participation of tenants within the management process of a Community Mutual. In terms of depth, this means addressing the training needs of the individuals who have made an active choice to become part of the decision-making process of a Community Mutual. Such training will allow the participants to understand in detail the processes of management and strategic planning, to ensure that they play a full and responsible role in the management of a Community Mutual. This can operate both at the level of understanding specific duties by an individual as part of the management team, and at a more regulatory level by which the tenant member is able to understand and hence question the actions taken by members of staff. In addition, there is a breadth of knowledge that will be required by the majority of tenants to enable them to make informed decisions as tenants within a mutual housing management environment. As well as the formal skills which might be identified there are wider processes of confidence building, challenging low aspiration in relation to housing quality and the development of people and team skills which are often absent in low trust and conflictual disadvantaged areas.

5.9.3 At every stage of any housing transfer process, there is a need to establish the specific training needs and the resources associated with that stage. This begins with the appointment of an Independent Tenant Advisor (ITA) through

to pre and post-ballot stages and the final training for board members of a Community Mutual. Some of these training issues will be shared with Communities First processes of capacity development and, where this is the case, activities to improve local capacity may be generic or shared across these related policy streams.

5.9.4 The jump from landlord-tenant relationship to active tenant control is a significant one. Tenants may have no previous experience of management, or be naïve when it comes to negotiating skills, yet these are precisely the kinds of skills that must be employed on a daily basis if tenant management of co-operatives is to be successful. This need is recognised within training programmes such as the National Tenants' Training Programme (NTTP). The DETR commissioned Evaluation of National Tenants' Training Programme found that the majority of tenants who had undertaken NTTP training felt that the training was essential and suggested that it should be delivered on a national basis (DETR 2000).

5.9.5 Recent work by the Consortium for Community Regeneration Training (2003) recognises a consensus amongst training providers that community capacity 'learning' must provide community members with 'soft' entry points with a low learning threshold. Learning progression should involve easily completed stages and stepped progression to higher levels. Fundamentally, learning opportunities must be presented within the community. It should be noted that the report also identifies a dearth of community regeneration training opportunities in many parts of Wales as well as an absence of national standards and endorsement processes for existing provision. These difficulties are also likely to affect the

development of training for tenants, although it is noted that the Welsh Assembly Government is currently commissioning the development of a guide and training resource for local authorities to use with their tenants as they move towards transfer.

5.9.6 As well as training and education, guidance from housing professionals and agencies must be forthcoming to provide technical assistance to tenants' groups. This will facilitate the options appraisal process and devolution of decision-making to local areas. The level of professional input required will vary depending on the stage of evolution of a Community Mutual, but it is essential that professional experience should only guide, and must be careful not to dominate. Otherwise, community dependence will merely switch name and format. Housing professionals will themselves need to develop their capacity to work in community-sensitive ways where their expertise is placed at the service of the community. There are clear advantages of long-term professional involvement in management boards and the partnerships that will emerge to manage transferred housing stock, and it is essential that the procedures and frameworks in which this occurs are sensitive to community models of service delivery.

5.10 Capacity building for tenant participation and community regeneration

5.10.1 The vision of a Community Mutual is of a housing provider that develops into a process of, or structure for, community regeneration. However, achievement of the maximum community regeneration benefits will require the active participation of tenants in a wide range of housing management and community regeneration

activities. Such activities are dependent on a set of skills that may be lacking within the tenant and resident population. Social housing has to some extent been residualised in Wales, with those who remain in social housing disproportionately represented by unemployed people, older people and lone parents. The result, therefore, is that social housing tends to house significant numbers of people who are educationally disadvantaged and socially excluded, and who may lack the skills or confidence to participate fully in the decision-making process of a co-operative or tenant-controlled housing organisation or associated community regeneration activities. Moreover, the relative transience of the tenant population in such areas means that individuals with the skills to take an active role in community regeneration may be resident only long enough to make a short term contribution. As a result, the basic building blocks of community regeneration and tenant participation are often lacking in highly disadvantaged and marginalised communities.

5.10.2 Despite these observations it is also true to say that communities often possess considerable pools of skills, although often not expressed as formal qualifications or competencies. Harnessing these latent skills is one key element of a community regeneration process, and presents a clear role for the Community Mutual to develop motivated communities which can help renew neighbourhoods in a broad and effective manner (Baker 2002; SEU 1998).

5.10.3 Two further features of capacity building are key to achieving the potential benefits of the CHMM: participation, and related to this, empowerment.

5.10.4 The participation of individuals within a community is vital to any community regeneration and tenant management process. It may be possible to physically improve a locality, but it is unrealistic to expect that communities can grow socially and economically without engaging the community directly. Engagement of community members is the central challenge of any community centred approach. History of powerlessness and the social experience of exclusion militate against community involvement. There may be a simple disbelief that things can be changed. Overcoming such attitudes requires skilled intervention by community regeneration teams and the provision of some factual evidence that things can change. In Communities First areas in Wales, such actions will be in place within the next year as Community Action Plans are delivered. Clearly, any Community Mutuels delivered in such communities will benefit from this approach to tenant and resident participation.

5.10.5 In involving communities it is also essential that everyone in that community be engaged. Often, the wider 'community' is reached through the action of a small group of residents. If this small group is effective and truly interested in the regeneration of the wider community, then there is no reason why they cannot initiate a process of education and empowerment with the help of wider support networks. However, there is a risk that within any given community some members may be overlooked as others are targeted specifically. It is widely recognised in community regeneration literature that there are 'hard to reach' groups in any community, and that minority and

unrepresentative groups can dominate the regeneration process (Adamson et al, 2001). There is also a particular risk of not engaging black and minority ethnic groups in a community.

5.10.6 A key to encouraging communities to become involved is to promote community responsibility. Once a community realises that it has the power to change its future directly, it is more likely to involve itself in the running of that community. This is empowerment. The issues involved in a discussion about the concept of empowerment are beyond the scope of this study, but involve providing residents with opportunities to make decisions, allocate resources and effect change. This can be achieved directly by resident participation on management boards and partnership committees, or less directly through community visioning events, and participatory consultation (Adamson et al 2001). As Right-To-Buy empowered people to take the necessary steps to buy their homes, so co-operatives and Right-to-Manage (such as the right to manage under section 16) can empower people to engage with the management of their housing in order to improve it. Using ideas from human rights has an empowering effect and as such it may be worth considering using this tool in the future. This notion of key social and political rights has received increasing attention in the wake of the adoption of the 1998 Human Rights Act. A rights

discourse is informing community perceptions of their entitlement to quality housing. Such discussions may in the future be an important component of the empowerment equation.

5.10.7 The discussion of capacity development suggests the CHMM cannot be implemented overnight, and that significant lead in times will be necessary to secure the community involvement and the required levels of community capacity. There are significant areas of work to be undertaken, particularly in the field of preparing the relevant communities for the task of taking ownership of decision-making processes. While there are specific capacity building requirements for the CHMM, most aspects of capacity building are applicable to all forms of skills development for tenant participation in housing. Capacity building should therefore not be confined to promoting skills for the CHMM option. Broader attempts should be made to generate tenant and resident involvement in housing issues and other community regeneration-related activities. Efforts to build capacity and tenant empowerment into the everyday workings of all social housing providers should be continued, both through incentives to undertake this, and through regulatory requirements. Alongside this, it is important to acknowledge that, even if a capacity building exercise does not produce tenant management, it is not a wasted process.

6. Concluding Comments and Policy Considerations

6.1.1 This report has examined the potential for the CHMM to offer both effective tenant management, and to promote community regeneration in Welsh communities. Section Two of the report outlined the policy context in which the CHMM is being considered as a possible mechanism for housing stock transfer. The Welsh Assembly Government has committed itself to achieving the WHQS by 2012, despite the council housing stock in Wales suffering from a £3bn repairs shortfall. To address this, the options of Prudential Borrowing, ALMOs and PFI were outlined as possible mechanisms of housing investment. However, the scale of resource input needed in many local authorities in Wales is large enough to require investment subsidised by private borrowing. This has brought stock transfer (LSVT) onto the agenda, and one particular mechanism outlined by the Welsh Assembly Government in the Community Housing Mutual Model.

6.1.2 In order to assess the potential of the CHMM, Section Three examined models of social housing including Tenant Management organisations (TMOs), Ownership housing co-operatives, and Resident-Controlled Housing Associations (RCHAs). The evidence presented suggests that these housing management models have a record comparable or better than local authorities and housing associations. This has been attributed to four key factors:

- Greater involvement of residents in the management of the housing stock;

- Improved accountability and information flows, including improved repair services;
- Continuing capacity development opportunities for tenants and residents;
- A sense of community and a desire to improve the condition of the stock through common ownership.

Section Four outlined the community regeneration prospects of the three broad management options for social housing - council housing, housing associations and co-operatives. This concluded that community regeneration is more likely to happen as a matter of course in a co-operative or other management option where tenants feel empowered and have an influence over the decision-making processes concerned with their housing. The results concur with the argument that the co-operative housing model “is the most effective in tackling the underlying causes of urban decline” (Baker 2002: 3).

6.1.3 Section Five located the conclusions derived from Sections Two to Four in a discussion of the Community Housing Mutual Model. This discussion identified the similarities and contrasts between the Community Housing Mutual Model and the other housing models identified. In this concluding section, the implications of the analysis presented are developed as a series of issues and themes, which implementation of the CHMM will have to address. The principal issues are identified as:

- The design and function of the CHMM rule set;
- The social context of the model;
- The policy and funding context of the model.

6.1.4 These issues will now be examined in detail to provide a series of considerations for the Welsh Assembly Government and other organisations engaged in the implementation of the CHMM. A number of subsidiary issues can be identified in relation to the design and function of the CHMM

6.2 Scale and the Community Gateway Model

6.2.1 The first of these relates to the scale at which the CHMM will operate. Under current proposals, the initial stock transfer to Community Mutuels will be far larger than the typical UK co-operative housing models explored in earlier sections of this report. This introduces risk that the model will be initially less responsive to the needs of the tenants, less accountable to tenants, and less effective in ensuring participation. The scale may also challenge the community regeneration potential of the model.

6.2.2 The CHMM addresses this risk by allowing a further devolution of management functions to local groups, each managing smaller 'communities' of housing. It is suggested here that this localised approach to participation in the CHMM will be an essential ingredient to its success. Early indications from tenant groups suggest that failure to localise the CHMM will present a major barrier to community engagement, even in communities with very active community and tenant organisations.

6.2.3 However, there is little explicit detail in the CHMM of how this localisation might be achieved. Although there is an obligation to establish a tenant empowerment strategy, there is a need to further detail the routine systems of tenant consultation, tenant participation and general mechanisms for identifying collective community objectives. For example, The CHMM model rule set (Cobbetts Solicitors, 2002) currently states that a 'body of opinion' could initiate management change within the Community Mutual. This notion of a 'body of opinion' requires further 'constitutional' definition. Moreover, there should be legal safeguards to ensure that such a 'body of opinion' does not represent narrow, sectoral interests that may be divisive. This should include guidance on the integration of established black and minority ethnic policy introduced by the Welsh Assembly Government, to ensure equal and open access to housing within the community.

6.2.4 In contrast, the Community Gateway Model (CIH 2003) outlines a tenant empowerment strategy and ongoing options appraisal process. This supports the notion that communities, which should be as far as possible self-defined, should be able to determine their own housing ownership and management choices. The Community Gateway Model seeks to create a continuing, ongoing process of information dissemination and options appraisals by the neighbourhood or community in question. This understanding then allows for the full range of options from RSL control through to full local management groups operating under the auspices of the original 'gateway' association. This offers the most appropriate course of action to generate the benefits of co-operatives as outlined in the literature reviewed in this report. The

CHMM may benefit from this more proactive approach and it is suggested here that a 'gateway' approach will significantly contribute to the achievement of both the housing and the community regeneration objectives of the CHMM.

6.3 The Model Rules for the Community Housing Mutual Model

6.3.1 The CHMM rule set as it stands is unable to guard against significant problems that may occur from the implementation of Community Mutuels. Several issues stand out, which are outlined in the following paragraphs.

6.3.2 Review of mutual status: Should there, for whatever reason, be a problem with the functioning or financial stability of a local Community Mutual, there is no fall-back position evident to allow transfer of control to a statutory agency, a transfer RSL or to a different form of RSL. This situation requires consideration by the Welsh Assembly Government to ensure that safeguards are provided.

6.3.3 The devolution of powers to local Community Mutuels: There needs to be consideration of the mechanism through which devolution to local groups will occur. Using existing community regeneration groups as the organisational framework for devolved mutual management may raise issues of accountability and representation in that it cannot be guaranteed that such organisations wholly represent community interests and sections within the community. Two further points emerge here:

- A process of validation of any local organisation should be provided to ensure that it conforms to the objectives of the CHMM and is able to deliver the management of the

Housing Mutual and the effective community participation and representation required.

- While localised housing management groups may be formed under the auspices of the wider Community Mutual, their relationship with the 'parent' organisation should be carefully defined to ensure accountability at both ends of the management chain.

6.3.4 Membership of Community Mutuels:

There is a further need to define and formalise the membership rules of the CHMM. For example, whether joint tenants should be considered as joint members. Membership rights of other members of that household are also currently undefined, as are the membership rights of local homeowners who have exercised the Right to Buy. Membership by corporate bodies also requires further elaboration in that there is a need to address tenant concerns that these bodies will be operating in their own corporate or private interests.

6.3.5 Complaints procedure: There is a need to ensure that a proper complaints procedure is implemented, to provide tenants with continued rights and protection from unreasonable treatment.

6.3.6 Training for board membership:

There is a need to ensure balance between the requirement of board members to be properly trained, and the notion of equal and open membership of boards. Therefore, the requirement to produce a written statement outlining suitability for board membership before election (article 54) ought to be reconsidered in case it acts as a deterrent. If not, help must be forthcoming to produce this written

statement. Similarly, the potential for misinterpretation of article 55.6 into a requirement of tenants to have had training before standing for election must be addressed, otherwise this may act as a deterrent or disqualification for standing.

6.3.7 Election of board members: The election of tenant board members every 3 years may be problematic, as it may be the case that there are not enough people wishing to be (re)elected. As such, the 'election' process may be meaningless and wasteful and be presented as a routine element of general meetings. There must be a clear rule set to ensure adequate dissemination of nomination and election information so that as wide a number of potential candidates are courted.

6.3.8 Potential for decisions to be taken by tenant majorities: The CHMM rule set limits the potential of tenant control of the key decision-making process, by stating that no resolution can be passed by a majority of tenant board members. Consequently, the power of tenants is limited by the board structure and this may create tension where there is a difference of opinion between board representatives. If tenants feel that their interests are not being addressed, it may impact on the level of participation on the Community Mutual Board and the level of participation in any community regeneration initiatives associated with the Community Mutual.

6.3.9 Tenant empowerment strategy: The CHMM obliges a Community Mutual to have a tenant empowerment strategy. However, little detail is given on how this process may occur. This may lead to diversity in the quality and scope of these strategies. The tenant empowerment strategy could be crucial in determining how thoroughly and how far devolution to

local areas could be carried out under the CHMM. The current rule set presents management devolution as a reactive process to a 'body of opinion' rather than one that is pro-actively pursued by a Community Mutual. Therefore, it would be beneficial to incorporate guidance as to the format of a tenant empowerment strategy into the CHMM rule set. Alternatively this could be regulated by the Welsh Assembly Government.

6.3.10 The CHMM rule set provides a significant degree of flexibility in the way it operates to help develop locally appropriate policies. However, this flexibility could, in some cases, lead to problems where the rules are interpreted in ways which do not maximise the benefits for tenants. There may also be problems where tenants, prior to transfer, want detailed guarantees as to how the Community Mutual will operate. Therefore there is a need to either address these concerns within the rule set itself or to ensure greater regulatory control over the quality of locally determined outcomes.

6.4 The social context of the Model

6.4.1 The discussion of the capacity building requirements in Section Five of this report suggests that there is a need to develop community capacity and interest before the CHMM can be brought into operation. As outlined, this process of capacity building should consider both capacity building for the management of housing, and for tenant participation in community regeneration activities.

6.4.2 To fully integrate this capacity building process with the implementation process of the CHMM, it is essential that the level of education is front-loaded within the transfer process to ensure that this is an integral part of the creation of a

community mutual. This will encourage broader recognition of the issues and hence greater community involvement in the process of implementing the CHMM. In this way both the breadth and depth of knowledge and skills can be addressed to ensure that the creation of local Community Mutuels is able to replicate as closely as possible the benefits of co-operatives as outlined in Section Three.

6.4.3 Many (if not the majority) of communities are not ready to take on management control of their housing. Focus groups with community organisations in two highly active communities have revealed significant apprehension on the part of tenants and community members about the implications of them adopting the CHMM. As a result, a wider process of capacity building for all tenants and residents, which may or may not be directly related to a goal of creating a community mutual, should be implemented. The Communities First programme may be a suitable vehicle for these generic capacity building activities. Without such preparatory actions it is difficult to envisage communities being persuaded to follow the CHMM option in their stock transfer choice.

6.4.4 There is also scope for Community Mutuels to link with Communities First and its community regeneration activities. However, if such a synthesis of housing and community regeneration is to occur to the greatest benefit in Wales, there is a need to discuss how each programme will fit together as part of one holistic, joined-up housing and regeneration programme. The assessment of the Communities First literature suggests that there is significant scope for Communities First to be the key vehicle for any community regeneration

activities that emerge from the tenant involvement within a Community Mutual.

6.4.5 In some cases, there may never be suitable levels of capacity and skills to facilitate a successful second-stage devolution of power in a Community Mutual. Therefore there is the need to ensure that the tenants are satisfied with a situation in which an independent community mutual is the end product of the transfer process. This may be done through an ongoing process of options appraisal for tenants.

6.4.6 The Communities First programme and other community regeneration programmes should be able to support areas that are seeking to devolve management control. However, these programmes should also continue to fully support, and even focus efforts on those areas which seem less likely to move directly towards devolution of control, indicating a need for even further community regeneration activity.

6.5 The policy and funding context of the Model

6.5.1 There are far wider policy objectives, particularly those related to tax, benefits and public services, which ought to be reviewed at the UK level to address the wider policy context for the CHMM. In particular, issues of poverty and social exclusion require vital macro level interventions in the tax and benefit systems. These are beyond the scope of this review, and in many cases the policy remit of the Welsh Assembly Government. However, it should be recognised that these structural opportunities and constraints on the economic and social wellbeing of neighbourhoods may dwarf the impact of a change of housing tenure.

6.5.2 Within the remit of the Welsh Assembly Government, there is a need to integrate far more closely the developments in the CHMM, and broader community regeneration and community regeneration programmes. This may be done effectively at the all-Wales level with the Communities First programmes and its objectives.

6.5.3 Housing renewal has been seen as a key potential driver for community regeneration and the creation of more sustainable communities. However, housing providers should not be given the responsibility for community regeneration without funding and political support; previously existing regeneration policies should also be able to fit into this housing-centric policy. Most importantly, this potential shift in policy towards RSLs and Community Mutuels as a driver for community regeneration, albeit with significant gaps and some duplication, leads to questions of whether new and existing RSLs and Community Mutuels are ready and have the capacity and skills to meet this responsibility.

6.5.4 The co-ordination of housing renewal and community regeneration hinges on the scale at which stock transfer and community regeneration activities take place. Community Mutuels, if created, would have to mesh with the already existing community regeneration strategies. Communities First operates mostly at the ward-level, with some sub-ward pockets and non-geographical communities of interest. However, Community Mutuels may be operating at a far wider scale than this. Therefore, some key issues must be addressed:

- **support agency scales:** the scale at which support agencies operate, and

their flexibility to be able to support both small and large scale mutual housing organisations;

- **funding scales:** the scale at which funding is made available (sub-ward to local authority-scale and above), and whether these scales are appropriate to fund the community regeneration activities of mutual housing organisations;
- **funding mechanisms:** the mechanisms of application for funding and the accountability criteria - are these suitable to allow access from both large and small-scale mutual housing organisations?
- **strategic funding aims:** whether housing-related community regeneration activities fit within the strategy of the funding partner.

6.5.5 To fully benefit the communities where Community Mutuels operate, private finance that is brought in through borrowing must be additional in two senses:

- it should not replace sources of funding which come from central government and would be used otherwise;
- local authorities should ensure they maintain their statutory duties of service delivery and community regeneration in all areas.

6.5.6 The new transfer Community Mutuels and devolved management groups must be fully integrated with existing budgetary streams and community regeneration strategies. There is significant potential for the Community Mutuels to

work with the Communities First programme through its ward and sub-ward targeting.

6.6 Concluding Comments

6.6.1 The Welsh Assembly Government and other policy makers should not put too much emphasis on Community Mutuals as a panacea to the problems of housing and community regeneration in Wales. The model may be part of the solution, but it is just that: one part of the jigsaw that includes statutory and local authority activities being carried out efficiently and equitably, central government tax and redistributive social policies and housing policies. While the Welsh Assembly Government may be taking a step in the right direction by bringing housing firmly onto the community regeneration agenda, and vice versa, this move is still within a broader policy context that needs to be addressed.

6.6.2 There is a potential problem in the way social housing is regarded by the UK and Welsh Assembly Governments, as well as by tenants and the broader population. Housing ownership has increasingly become an aspiration for tenants, as shown by the level of right-to buy completions since 1980. At the same time, social housing has evolved from a housing choice for a significant number of people across a range of social and economic circumstances to housing of 'last resort'. When people have been adequately resettled or circumstances improve, there is a general assumption that they will move into home ownership or the private market. As such, the social housing sector has a challenge to convince its tenants that social housing is a genuine housing choice for a wide number of tenants.

6.6.3 To create this change, there is a need for political backing to establish the conditions where those who are tenants can cherish social housing. Without this there could be a continuation of the 'escalator' approach to social housing whereby "many...housing policies encouraged those who had improved their lot to move out of social housing estates rather than remaining there as stakeholders and act as role models for those still struggling" (Evans 1998: 723).. Where such outward flows emerge, the hoped-for benefits of the CHMM will not accrue. The CHMM seeks to create stable communities, and a reduced turnover is both a facilitating process and a desired outcome from the mutual model. This requires significant support to assist the ongoing community regeneration process to promote population stability.

6.6.4 Involving tenants and residents in local issues, including housing, is a crucial element in community regeneration. This therefore provides a compelling reason for the Welsh Assembly Government to offer the CHMM programme to local authorities and to provide support. It enables the Welsh Assembly Government to further promote one of its core policy activities. The evidence has shown that co-operatives are able to create tenant participation and sustain this reasonably well in the medium term. If the CHMM is to achieve these tenant participation and community regeneration outcomes, continued research into the pilot schemes set up under the Community Gateway Model will offer some insight into how this may be achieved most effectively.



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GLOSSARY

Some key terms are used in the report. For clarity, the distinction between similar terms is outlined here. The report seeks to use as few technical terms as possible.

Housing Association refers to an independent, not-for-profit organisation run on a voluntary basis in order to provide homes for those in need. The 1996 Housing Act widened the scope of organisations able to claim state funding and created the term Registered Social Landlord (RSL) of which housing associations became just one category, albeit the most numerous (Malpass 1999). This report will refer to both housing associations and RSLs where appropriate.

Social housing is used within the report to refer to all council and RSL-provided housing.

The **Community Housing Mutual Model (CHMM)** refers to a stock transfer option facilitated and developed by the Welsh Assembly Government. The option has developed from initial work by Mutuo (2001), which also led to the parallel creation of the Community Gateway Model in England (CIH 2003). The CHMM is based on a co-operative ownership model and legal framework, although it offers a hybrid which retains many of the management features of more traditional RSLs.

Community regeneration refers to a process of revitalisation of the economic, social and environmental conditions of a community. 'Community' in this sense normally, though not exclusively, refers to a geographical concept. Community regeneration is used in preference to community development, which refers more accurately to the social and economic development of a community, with less emphasis on physical regeneration.



KEY INTERVIEWEES

A number of interviews were carried out in the process of compiling this report. The interviews were conducted in order to add further depth to the review of literatures, indications of further reading to be carried out, and to indicate further avenues for the research.

The key interviewees included:

Name	Organisation
Susan Crookston	Blairtummock Housing Association, Glasgow.
Archie Thomson	Chairperson, Cordale Housing Association
Keith Edwards	CIH Cymru
Rita Stenhouse	Communities Scotland
Dewi Llwyd Evans	Community Projects Manager Cymdeithas Tai Eryri
Nic Bliss	Confederation of Co-operative Housing
Stephen Gibson	Director, Cordale Housing Association
Walis George	Director, Cymdeithas Tai Eryri
Ashley Williams	Glyntaf Estate Resident
Barbara Castle	Independent Consultant
Eilidh Jones	Independent Consultant
David Tomlinson	Powys County Council
Peter Deacon	Preston City Council 'Gateway' Pilot Initiative
Jonathan Morris	Rhondda Cynon Taff County Borough Council
Michael Clarke	Rosehill Housing Co-operative, Glasgow
Gerlayn Lewis	Scottish Federation of Housing Associations
Arnold Phillips	Swansea City and County Council

David Evans	Swansea City and County Council
Greg Brown	Tenants Information Service, Glasgow
Carol Kay	TPAS Cymru
Professor David Clapham	University of Cardiff
Dr Joyce Liddle	University of Durham
Dr Keith Kintrea	University of Glasgow, Urban Studies Department
Douglas Robertson	University of Stirling
Mary Taylor	University of Stirling
Howard John	Welsh Federation of Housing Associations