



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

# Housing Research Summary

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

### **Introduction**

The Welsh Assembly Government is committed to ensuring that all Welsh social housing meets the Welsh Housing Quality Standard (WHQS) by 2012. Those Local Authorities, which are faced with major problems of disrepair and the need of modernisation, are unlikely to be able to meet the cost of improvements through Government funding alone. To raise the necessary investment a number of options are available, including prudential borrowing; Arm's Length Management Organisations (ALMOs); the Private Finance Initiative (PFI); and Large-Scale Stock Transfer (LSVT). To help facilitate the investment process, the Welsh Assembly Government has also developed the Community Housing Mutual Model (CHMM), as set out in Better Homes for People in Wales in 2001.

The CHMM involves the transfer of housing to not-for-profit organisations, called Community Mutuels, whose management boards have at least one third community representation. Community mutual organisations are able to borrow the investment necessary from private markets to improve housing quality and, through adopting legal frameworks similar to co-operatives, commit to allowing communities to take a stronger role in decision-making processes affecting the provision and management of their homes. Through stimulating and harnessing local interest in the strategic direction of the organisation, community mutuels aim to act as a driver for community regeneration.

To identify and evaluate the potential of the CHMM as a tenant management option and to promote community regeneration, the Welsh Assembly Government funded the Wales Co-operative Centre and University of Glamorgan to conduct this research study. The research will help inform how the CHMM could be best implemented and outline what the Welsh Assembly Government can do to help Community Mutuels succeed.

## About the study

The potential of the CHMM is gauged through a review of similar housing ownership models. Much of the evidence comes from England and Scotland and, whilst there are many similarities in experience, the historical development of housing provision in Wales has created a distinct policy and social environment.

It is not possible to directly compare the CHMM 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.

## THE FINDINGS

### Mutuality in housing management

To understand the potential benefits of the CHMM, the advantages and disadvantages of Tenant Management Organisations (TMOs), Ownership Housing Co-operatives, and Resident Controlled Housing Associations (RCHAs) (also known as tenant-controlled housing associations) are assessed. The following conclusions are made:

- Each of the co-operative housing models offer management of the stock that is comparable to or better than other local authority or housing association providers. This positive outcome derives from a number of factors, including greater involvement of residents in the management of housing stock and a

desire to improve the stock condition through common ownership.

- Tenant satisfaction is generally greater in each of the co-operative housing models than in comparable local authority or housing association housing. The review outlines a number of factors beyond legal and organisational framework as contributing to this, including the commitment within the models to tenant training and capacity building.

### Housing and community regeneration

Housing organisations are more likely to successfully link housing and community regeneration issues where community and tenant involvement forms an integral part of their core operations. The degree of tenant involvement is dependent on the managing organisation:

- Local authority controlled housing communities appear to offer relatively few genuine tenant participation opportunities that would be helpful in contributing to sustainable community regeneration.
- Housing Associations have been keen to involve their tenants, realising that they cannot simply deliver quality-housing services without addressing some of the background social issues faced by their tenants, and have generated modest community regeneration benefits to their neighbourhoods.
- Co-operatives and TMOs encourage tenant participation through tenants either owning and/or having a control

over the organisation. Community regeneration is more likely to be an integral part of co-operative working practices, rather than an add-on with extra workers as is often the case in a conventional housing management model.

The findings offer an insight into the potential of CHMM to build a broad regeneration agenda from the basic pattern of housing management, on which they are based.

### Comparing the CHMM to best practice in housing co-operatives

The characteristics of the CHMM distinguish it from the other key models of co-operative and resident-controlled housing in the UK:

- Under current proposals, the scale of Community Mutuels to be created is considerable larger than typical housing co-operatives. This will present a number of challenges in ensuring the representation and accountability of tenant board members.
- The CHMM board composition is likely to deliver a greater degree of local accountability and control, together with preserving local authority influence and the local authority's role representing wider community interests beyond those of the tenants.
- The CHMM does not allow tenants to change the constitution of a community mutual, limiting the powers compared to a co-operative. A 'three thirds' model

of board membership also limits tenant influence.

- The CHMM emerges from national policy in a 'top down' manner, rather than the locally motivated, 'bottom up', formation of co-operative housing schemes. This presents the CHMM with a number of potential difficulties in engaging tenants and distinguishing its mutual characteristics from the standard transfer option.
- The most acute difficulties with engaging tenants could occur in rural areas, where barriers such as transport might inhibit members from attending management meetings and important constitutional events.
- Increasing the knowledge and skills of local communities and thereby, their ability to become involved in the management of their homes, will be key to achieving the potential benefits of the CHMM.

## POLICY CONSIDERATIONS AND RECOMMENDATIONS

### The CHMM rule set

- The CHMM rule set, as it stands, is unable to guard against some problems that may occur from the implementation of community mutuels. The review highlights several potential problems surrounding: the devolution of powers; membership; complaint procedures; training; election of board members; tenant empowerment; and the decision making process.

- 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 lead to problems where the rules are interpreted in ways which do not maximise benefits for tenants. Addressing these concerns within the content of the rule set or by putting in place regulatory controls are crucially important to ensuring the quality of locally determined benefits.

### **The social context of CHMM and capacity building**

- There is a need to develop community capacity and interest before the CHMM can be brought into operation. The process of capacity building should consider both capacity building for the management of social housing, and for tenant participation in community regeneration activities. Training and education will help tenants take on decision-making responsibilities. Adequate support networks must accompany any increases in tenant responsibilities.
- To ensure greater involvement in the process of implementing the CHMM, it is important that adequate levels of education are provided at the start of the transfer process.
- There should be a wider process of capacity building for all tenants and residents, which may or may not be related to the goal of creating a community mutual. Without such preparatory actions, communities are less likely to vote for the CHMM, and to undertake further devolution of decision-making that forms a key feature of the CHMM..
- There is scope for Community Mutuals to link with Communities First and its regeneration activities. From an assessment of Communities First literature, it is suggested that there is potential for Communities First to be a vehicle to deliver any community regeneration initiatives emerging from tenant involvement in Community Mutuals.


### **The policy and funding context of the model**

- Structural opportunities and constraints on the economic and social wellbeing of neighbourhoods, such as tax and benefit systems, may dwarf the impact of change of housing tenure.
- Housing providers should not be given the responsibility for community regeneration without funding and political support. If there is a shift towards Housing Associations and Community Mutuals becoming the drivers of regeneration, their skills and capacity will need to be built to ensure they can meet their new responsibilities.
- The co-ordination of housing renewal and community regeneration hinges on the scale at which stock transfer and community regeneration activities take place. A number of key issues, central to the overall impact of a Community Mutual are outlined, including: the scale

at which support agencies operate; the amount of money made available; funding mechanisms; and strategic funding aims.

- The new transfer Community Mutuals and management groups must be fully integrated with existing budgetary streams and community regeneration strategies.

- Funding brought in as the result of a transfer though the CHMM must be additional. It should not replace sources of funding which come from central government and would be used otherwise, nor should it replace local authority statutory duties.



The report [Housing, Mutuality and Community Renewal: a review of the evidence and its relevance to stock transfer in Wales](#) and further copies of this summary can be obtained from:

Helen Wyatt  
Housing Directorate  
Cathays Park  
CARDIFF  
CF10 3NQ

Telephone: (029) 20821718  
E-mail: [Helen.Wyatt@Wales.gsi.gov.uk](mailto:Helen.Wyatt@Wales.gsi.gov.uk)

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