

# **A Guidenote for Community Groups on Community-Led Housing and the Role of Housing Associations**

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## **Purpose of the guidenote**

This guidenote<sup>1</sup> is for people, who are interested in setting up or becoming part of a community-led housing<sup>2</sup> project and who would like to understand and consider the role that a housing association might be able to play in supporting or enabling such a project.

The guidenote assumes that you have already considered the benefits of community-led housing and that you already have some ideas about the type of community-led housing that might meet your needs. You may have thought about funding in general terms or whether you might pursue the project through a Community Right to Build Order for example

The guidenote also assumes that you have shared your ideas with other people and that you have either formed a community group to pursue your project or you are thinking about doing so.

If you haven't developed your thinking along the lines set out above, then you probably need to do some more work and to access general guidance on community-led housing before you approach a housing association (or indeed any other organisation) as a potential partner.

Having said that, it is hoped that this guidenote will provide some useful information and guidance for anyone, who is thinking about community-led

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<sup>1</sup> This guidenote is based on work on community-led housing and the role of housing associations undertaken by HACT working with Locality between 2012 and 2015. This work included; a survey of housing associations that were supporting community-led housing projects; a series of case studies; and four different events and consultations

<sup>2</sup> *Community-led housing* (or CLH) is a term used to describe housing that is developed and/or owned and/or managed either by the people that will live in the housing or by a local community that has commissioned the housing.

*Community-led housing* takes various forms including; housing co-operatives, cohousing communities, community land trusts, tenant management co-operatives, self-help housing, community self-build and community-controlled housing associations. It should be noted that these terms are sometimes used interchangeably

housing and the housing needs that can be addressed in this way and who wants to understand how housing associations might fit into the picture. The guidenote addresses the following questions.

- *What are housing associations and how do they vary in terms of their purpose, size and ethos?*
- *What types of housing association might be interested in supporting community-led housing and why?*
- *What roles and functions might a housing association undertake in supporting a community-led housing project/s?*
- *What are the main things to consider when deciding to approach a housing association as a potential partner?*
- *How might you find and select a suitable housing association partner?*
- *What are the keys to successful partnerships between community groups and housing associations?*
- *What are the pitfalls and how might they be overcome?*
- *Sources of information and advice and guidance.*

### **About housing associations**

Housing associations are independent, not-for-profit organisations, whose primary purpose is to provide good quality housing for people on low incomes; often described as *social housing*. They are sometimes referred to as Registered Social Landlords (RSL's) or Registered Providers (RP's). Most of the housing that is developed, owned and managed by housing associations is built using a mixture of government grants and private loans and it is rented at below market level rates. Some associations specialise in providing housing for older people or people with disabilities of one kind or another. Other associations are active in regeneration and in providing various local services.

There are 1500 housing associations in England and they vary greatly in terms of their size, with the largest owning over 140,000 homes and with others owning fewer than 50 homes. In recent years, many housing associations have grown rapidly, primarily through mergers and following the transfer of Council housing to associations in certain localities. The larger housing associations generally operate across several regions or even the whole of the country and they often provide a wide range of housing and related services. Inevitably, as their businesses have expanded, they have developed a more commercial ethos. Medium and small housing associations operate more locally and most would say they retain stronger community links.

However, it should be stressed that each housing association is different and size may not be an indicator of how community focused they might be. In approaching any housing association, therefore, it is important to undertake

some research about their activities and priorities; rather than making assumptions based either on their size or history.

### **Why some HA's are interested in supporting community-led housing**

Over the last ten years there has been an upsurge of interest in community-led housing projects of all kinds. These projects take different forms, such as co-operatives, community land trusts, cohousing schemes, tenant management co-operatives, community self-build and self-help housing. What they have in common is that they are all based on the principle of community control of housing.

Many (but not all) housing associations started life this way, forty or fifty years ago as small organisations seeking to solve a local housing problem. But as we have seen, most associations have grown significantly since then and few retain their original local roots and connections. Nevertheless, given the origins of many associations, you would expect some of them to have a continuing interest in the idea of community-led housing. At the present time, however, the number of associations that are involved in actively supporting community-led housing projects remains comparatively small (probably no more than fifty).

Those involved seem to fall into three broad groups.

Firstly, there are some associations that still see community-led housing as an integral part of what they do. This may be because they are community-led associations themselves<sup>3</sup>, it may be because this is how they started off and it remains part of their 'organisational DNA' or it may be that they have developed a strategy to support community-led housing as a way of distinguishing themselves from other associations.

Secondly, there is another group of associations, who will support community-led approaches to housing in certain circumstances. This is often where securing 'community buy-in' is particularly important; it applies to many rural/village housing schemes (of which there are quite a few examples) and it can apply to local regeneration projects (of which, currently, there are fewer examples).

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<sup>3</sup> Community-led housing associations are generally defined in two ways. Firstly, they have a membership that is open to all their residents and sometimes to members of a defined wider community. Secondly, residents and community representatives are either a majority on their board or they make up the largest group. Around a dozen housing associations meet these criteria.

Finally, there are associations that will support community-led housing projects on a one-off basis, as and when the opportunity presents itself or when it has a particular business logic.

It is important to note that, at present, the great majority of housing associations are not involved in supporting and enabling community-led housing and, of those that do, most have limited experience of this type of work.

### **The roles that housing associations can play in supporting community-led housing**

Housing associations can play a variety of roles in supporting and enabling community-led housing. The roles they take on depend on various factors including, of course, the needs and requirements of the community group promoting the project, but also the capacity and interests of the association itself and external factors, such as the expectations of a local authority or of a funding body such as the Homes and Communities Agency.

#### *An initiator*

Some schemes that offer community ownership and/or management are developed directly by housing associations themselves. There are many successful examples of community-based housing projects that have been established for and on behalf of local communities by associations. Currently, there is a significant programme of co-operative housing in Wales promoted by the Welsh Government via a number of lead housing associations. This way of doing things is currently less prevalent in England but in future it could re-emerge as a significant way of creating community-led housing.

People, who are interested in community-led housing, could do well to find out if there are already projects in their area that are being promoted by associations which they could sign up to.

#### *A source of advice and guidance*

In the early stages of any project, when individuals and groups want to explore and understand the main factors to consider when developing any housing project, there will be some associations that are prepared to give some initial advice and guidance. It can be helpful to test ideas out in this way and to explore the opportunities that might be available and the hurdles to be overcome. Such advice and guidance is likely to be given informally by a friendly individual rather than through official channels.

### *A capacity builder*

Going on from this, associations may be prepared to offer some more extensive information sharing and training on a range of relevant topics such as developing a viable housing scheme, working with the local authority, developing a business plan, funding options, partnership working and so on. Sessions of this kind can be a useful prelude to more formal partnership working and the learning can be very much two-way, in which the association gains knowledge and understanding about local housing needs and priorities and about the aspirations of the group as well as the group learning about the practicalities of undertaking a housing development.

A programme of this kind may require specific funding of or it might be incorporated into a wider options or feasibility study.

### *A development agent*

Once a viable idea for a housing scheme has materialised, there will be several stages leading to the realisation of the project. These will include detailed design of the project, land acquisition, site investigations, obtaining planning permission, securing funding, appointing contractors and so on. A housing association can be appointed to manage the development process on behalf of a community group, acting as their development agent. In some instances, they may also fund the scheme over the development period (covering the risk) prior to the scheme being handed over to the community group on completion. By which time, the group will need to have put in place long-term funding arrangements, which is normally easier for a completed scheme.

When a housing association acts as a development agent for a community group, there needs to be a formal agreement between. And within this agreement there should be a clear understanding between the group and the association as to how the group will be involved in the development programme and, importantly, how they will be consulted if there are any difficulties or changes needed (which may have cost implications). Associations are used to managing the development process without consulting with the eventual users/residents and in arrangements of this kind both parties need to learn how to work collaboratively.

The work, which an association undertakes as development agent, is normally funded as a percentage of the total scheme costs, known as the on-costs. There needs to be a clear understanding at the outset as to how these on-costs will be accounted for.

Finally, it should also be noted that using an association in this way may not be the most economical option, but it may offer wider benefits, especially for groups who are 'learning the ropes'.

### *A funding channel*

Two of the biggest challenges facing any project are acquiring land and financing the whole development. Associations have expertise in doing this for their own developments and they may be able to assist a community group in several ways.

To begin with, they understand the process of land acquisition and they have experience in negotiating with land owners, local authorities and other public bodies, private developers and so on. However, it should also be pointed out that many community groups, using their local knowledge and connections, have been able to access land and buildings in ways that large housing associations might have found difficult or impossible. And community-led groups can sometimes secure land at a discounted rate, when the use of the land is tied to a development that will have particular value in that community (ie. affordable housing for low-paid local workers). Community land trusts are often established to acquire land in this way and to ensure that the housing built upon it remains in community ownership 'in perpetuity'.

When raising development funding, if the scheme is for affordable or low cost housing, then it may be desirable or indeed necessary to obtain capital grant funding from the Affordable Homes Programme (AHP) administered by the Homes and Communities Agency. Grant funding of this kind can only be accessed by HCA Investment Partners (IP), with the resulting affordable housing managed by Registered Providers. Some established community groups have sought to become Registered Providers and Investment Partners in order to access such grant funding directly but this is not an easy or straightforward process. So, normally, if a community group wants to access funding from the AHP, then working with a housing association with IP status may be the only option (although such funding often comes with strings attached, see below).

Government grant funding is never sufficient to cover all of the costs of a scheme. Almost all schemes require loan funding and there are various ways of assembling such funding (which go beyond the scope of this guidenote) but a housing association may be able to assist with putting together a funding package and, in some circumstances, may be able to extend its own borrowing capacity to the scheme through what is known as on-lending (although this may come with further strings attached).

Currently, there is development funding available for community-led housing projects using either the Community Right to Build or traditional planning permission. See <http://mycommunity.org.uk/programme/community-housing/>  
*A development partner*

Some community-led housing schemes are developed jointly with a housing association as a development partner. This is often the case where the association is the means of accessing government grant funding and where further borrowing has to be secured against the value of the development. All of this means that the association needs to have what is called an interest in the property. In arrangements of this kind, the community-led group may hold the freehold of the housing development with the association having a long lease which can be as long as 125 years.

Arrangements can be seen as unduly restrictive from the point of view of the community group but there are ways in which a group can still have significant influence over how the housing is allocated, managed and maintained. This can be set out in a management agreement along the lines of the agreements used by tenant management co-operatives. And where the community group is the freeholder they will receive ground rent; the amount of which have to be negotiated and agreed with the association as leaseholder.

#### *A management agent*

Some community groups, whose prime interest is in influencing the nature, form and general use of a housing development, may decide to use a housing association as a management agent for the housing. In other words, the association will let or allocate the houses according to agreed guidelines and will then have full management responsibility for the housing. In arrangements of this kind it is important that there is at least an annual review of the agreement and that the community group ensures that both the communities long term interests and the residents interests are being addressed effectively.

#### *Considering partnership options; a partnership framework*

As we have seen, housing associations can support and enable community-led housing in a wide variety of ways. When a community group is seeking to promote and develop a housing scheme, it needs to consider the various roles, which a housing association (and indeed other partners) might play as part of the business model for the project. In doing this nearly all community groups

benefit from external advice and guidance<sup>4</sup> on the various approaches and options available to them for developing their project.

Part of this will be an evaluation of the roles, which various partners - including housing associations - might play in facilitating the project. This can be developed into what might be called 'a partnership framework' which includes a statement setting out why partners are likely to be needed to support the project, the functions they might perform, at what stage they might be brought on board and the criteria for successful partnership working from the group's perspective.

When it is decided it makes sense to approach housing associations, this broad partnership statement should be refined into a more detailed partnership brief which describes what exactly the community group is looking for in a prospective housing association partner. At the same time it should be understood that a brief of this kind is unlikely to be definitive; once discussions take place with prospective partners the basis for working together is likely to evolve.

### **Finding a housing association partner**

Finding a housing association partner for a community-led housing scheme may not be an easy task, as many associations are not interested in small-scale development projects of this kind and others may lack the kind of local knowledge and connections that might be needed.

Currently, there isn't any kind list or register of associations that have an interest in and experience of working on projects of this kind. So unless members of a group already have knowledge of a suitable association/s, it will be necessary to undertake some research.

#### *Researching potential housing partners*

A good starting point is probably to contact your local authority, who will have list of associations active in your area and this may also contain some detail about them. And they might be able to suggest some potential partners. You should also contact the Homes and Communities Agency's regional office (details on their website). They will have a lead officer for community-led housing projects and they will be able to tell you of projects involving associations in your vicinity.

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<sup>4</sup> The national organisations listed in the final section can advise on sources of advice and guidance. Locality...**details of new support services**

The various national networks that support community-led housing (see the list in the final section) will also know of similar projects that have worked with a housing association. These projects can then be contacted and their views on the association they worked with ascertained.

Once you have a list of possible housing associations, it is useful to look at their websites to get an idea of the work they do, whether they have a commitment to working with communities (sometimes known as a community investment policy) and which department or section might be approached in the first instance.

### *Initial approaches*

At this point, association/s can be approached directly for an exploratory discussion. A list of one or more associations that might make suitable partners can be developed. After these approaches, it will be useful to ask them to provide the group with general information about the association, whether they have experience of supporting community-led housing projects and what they might bring to the project under consideration and an indication of their 'terms and conditions'.

### *Selection procedure*

Based on this information the group should seek to identify one or more suitable housing association partners. In reality most groups are currently unlikely to be spoiled for choice but in some areas of the country where community-led housing has gained momentum more associations are coming forward. Even if there is only one association under consideration, it is important that the group should interview any potential partner/s in an open way that ensures that the group as whole is behind the process.

### *Initial engagement and appropriate agreements*

Hopefully, a process of this kind will identify a suitable partner. Both partners should then get to know each other prior an initial 'exchange of letters' setting out the basis of the partnership.

And as the partnership develops, more formal agreements will be put in place in which respective roles and responsibilities are clearly set out so that the potential for any misunderstandings and confusion is minimised. Although it goes beyond the scope of this guidenote, the importance of such documentation cannot be overemphasised and specialist legal advice is likely to be required at some point.

### *Finding the right partner/s is not easy*

As has already been pointed out, there are not many housing associations with the experience or the inclination to work on community-led housing projects. Finding the right association partner is not an easy process and it pays to be careful and systematic in finding the right partner and in investing time in building an effective partnership.

And if a suitable housing association is not at hand (or even if there is), groups should weigh up alternative ways of implementing their project as part of their initial examination of the options.

### **Effective partnership working**

Given the history of many housing associations and their origins as community-led housing organisations, you would envisage that there would be a natural synergy between them and newly formed community groups wanting to develop housing. However, given the significant growth that most associations have experienced and the very different market conditions they now operate in, the parallels are not as strong or as obvious as might you might think. And even where there is a strong inclination for associations to engage at the local level, their organisational culture and ways of working can be at odds with those of small informal community groups that rely heavily on voluntary effort.

Nevertheless, as associations begin to respond to the growing interest in community-led housing of all kinds, there is a growing number of examples of successful partnership working between associations and community groups

What do such partnerships look like?

#### *Developing a shared vision*

All successful partnerships are based on a shared vision and on agreed and mutually understood ways of working together. This rarely happens immediately; rather it develops over time through productive engagement between the partners and by learning from each other.

#### *Building understanding and capacity*

Building understanding between two parties is a process, which needs to be worked on by both 'sides'. It is about developing knowledge and understanding, particularly among and between the key people involved, and it is about listening to the other person's viewpoint. Embracing differences of approach and alternative perspectives is part of this and, when handled properly, it creates a

positive and creative dynamic for both parties. Strong partnerships tend to be 'learning partnerships' in which everyone gains understanding and capacity. In this way, through a process of 'give and take', a common position can be achieved.

### *Developing an agreed delivery plan*

Having a shared vision and a strong understanding between the partners provides the foundation for putting in place a clear and mutually agreed delivery plan; with inputs from the various partners clearly stated and with a process for implementing the plan that will ensure that the community group is able to make key decisions.

### *A commitment to deliver*

Designing and building houses can sometimes be a lengthy process with unexpected delays and set-backs. It is important that all parties maintain a strong commitment to deliver throughout. This can be difficult; for the group the project is likely to be their sole or main preoccupation, whilst for the association, it is likely to be one project among many and one that might be seen as quite demanding of the association's time and energy. Both sides need to be alert to this and to be sensitive to the other's position.

### *Effective communication and managing expectations*

Given all of the above, it is essential that communication between the partners is clear and open at all times. It is helpful if the association appoints a lead contact, who can be assigned to the project throughout; but there will also need to be effective links across all of the sections of the association that might be involved.

Community groups often operate in ways that can be difficult for an association to adjust to and vice versa. For example, groups need to consult with members and to secure community support before proceeding and this can lengthen the decision-making process initially. By way of contrast, associations may be able to move relatively quickly to start but, at a later stage, decisions may take time because of detailed internal procedures, risk assessments etc. And, of course, external factors will often delay and obstruct projects, which associations may be used to but which will frustrate community groups.

Differing understandings and expectations over how a project should progress will need to be managed and good communication is part of this.

### *Dealing with conflict*

From time to time, things will go wrong and there will be disagreements and conflict between individuals and partners. Difficulties need to be dealt with openly and honestly and it is better to air and resolve them as and when they arise. However, where formal arrangements are being brought into question, there will need to be mutually agreed arbitration procedures. And if this fails then there needs to be an agreed process for terminating any agreement.

### *Trust and mutual respect*

Successful partnerships grow and develop and if care is taken by all parties then generally trust and mutual respect will grow. In this way, both parties will be able share in the success of the project or to adjust to its failure and be able to move on without any recriminations.

### **What could go wrong?**

Projects can and do go wrong and partnerships can fail for many different reasons but it is well to be aware of some of the main 'fault lines'.

### *Cultural differences and misunderstandings*

Small voluntary community groups that operate in an informal and sometimes unstructured way tend to have a very different organisational culture from large, multi-departmental housing associations that operate to set policies and procedures within an external regulatory framework. These cultural and operational differences have to be understood and worked through if any partnership is to succeed. Many partnerships struggle to get off the ground because such differences are not properly understood or acknowledged on either side resulting in misunderstandings and conflict later on.

### *Unrealistic expectations and varying levels of engagement*

Members of most community groups are likely to be impatient to make progress on their chosen project. But they will need to have realistic expectations of their association partner and an understanding that projects of this kind take time to get off the ground and that they can be subject to delays; delays that are often due to external factors rather than backsliding by the association. Similarly, groups will need to be mindful that their project is only one among many that an association is pursuing at any one time.

### *Confusion over roles and responsibilities*

Clarity over who does what and who needs to be consulted about what is essential. Decision-making can become impossible if the boundaries are not agreed and understood. Once a project is underway there is sometimes a danger that an association acting as delivery agent or partner can be seen to take over. On the other hand, community groups sometimes need to recognise that many tasks and functions should be left to their partner organisations and consultants, they should avoid trying to micro-manage projects.

And, where both partners have a relationship with another important stakeholder, such as a local authority or the HCA, then it is important be clarity which issues (generally strategic) should be dealt with by the group and which (generally operational) can be delegated to the association.

### *Organisational changes and the nature and extent of any agreements*

Changes in the form and make up of a community group and, more typically, changes in the structure of an association and the loss of key personnel can undermine partnership working.

This poses particular dangers when a partnership is based primarily on personal relationships. This is why more formal understandings and agreements are important as without them projects can founder when a key member of staff leaves or when the association reorganises or merges with another association.

Furthermore, it is essential that any understandings and agreements are adopted and recognised by the whole organisation. This has been problematic for some associations, where projects have been initiated by a 'community investment' team, but where the expertise and resources needed to take the project through to implementation sit in other sections of the association that don't see themselves as being 'signed-up' to the project.

Several partnerships between community groups and housing associations have foundered when an association has undergone significant organisational change and where people have moved on.

### **Concluding remarks**

Community-led housing is a growing area of activity. Many community-led projects have involved housing associations as partners in various roles. Some of these projects have been very successful and have led to further joint projects.

Others have experienced difficulties. This guidenote is intended to help community groups to form successful and productive partnerships with housing associations.

The guidenote contains general advice and at various points groups and projects will require more specialist and technical advice, which is beyond the scope of the guidenote.