

Local housing, community living: prospects for scaling up and scaling out community-led housing

Summary report by Smith Institute

Community-led housing provides an attractive and affordable alternative to conventional housing. Yet despite some growth and several award-winning projects the sector has yet to move from the margins to the mainstream. Indeed, its achievements are often under-recognised and much of the sector's potential remains unrealised. What is holding community-led housing back and is the sector a solution to the housing crisis?

About the report

This new 62 page report, authored by the Institute's housing expert Andrew Heywood and published in January 2016, is a comprehensive and independent study of where the sector is headed, based on the latest research and interviews with those involved with community-led housing. It examines the viability of the different community-led housing models and identifies the barriers and prospect for growth. With reference to best practice (highlighting 22 examples), surveys and interviews with practitioners, campaigners, funders and policy-makers, the report captures the energy and passion that drives community-based projects. It shows how the sentiment is generally positive about doing more and spreading best practice, at the same time as highlighting the difficulties in rapidly expanding the sector.

Against the backdrop of a growing shortage of affordable homes, cuts in housing grants and devolution of housing policy and greater localism, the report offers a package of forward looking recommendations. These seek to challenge both the sector and central and local government.

Background

Community-led housing activity has expanded rapidly over the past decade, assisted by schemes like the recently scrapped Empty Homes Community Grants Programme (EHCGP). The sector currently provides around 173,000 homes, of which the vast majority are co-operatives. There has been an increase in the number of community land trusts and cohousing groups, although collectively they still provide less than 1,000 homes.

What is Community-led housing?

- Housing designed to meet the needs of particular groups of people or to meet the needs of a particular locality; and housing shaped and controlled by a group that represents the residents and/or the wider community that will be served by the housing.
- This includes: community land trusts, co-operatives, cohousing groups and self-help organisations (which are focused on bringing existing empty homes back into use rather than on new development).

The sector can point to real achievements, not simply in expanding the numbers of homes built or renovated but in engaging with local people and catering for different markets – from mixed-tenure award-winning housing projects for specialised housing for young and older people. Furthermore, the sector in its different forms has begun to attract the attention of other social housing providers and new social investors – not least because of the additional community benefits they offer. The sector is more advanced in Wales (where it more generously funded by the Welsh Government), but remains small compared with many other EU countries.

Challenges ahead

The nature of the sector itself places limits on the rate of expansion. Community-led housing activists make an important distinction between "scaling up" (growing existing organisations and expanding outputs) and "scaling out", which involves horizontal expansion through the creation of new groups while maintaining the small scale of individual groups to preserve their local responsiveness and accountability. The sector is mostly committed to the latter path, which favours quality rather than volume and which places limits on the speed and degree of expansion in order not to increase excessively the burden on volunteers.

Barriers to growth

The sector faces a number of specific challenges including:

- Low public awareness of what the community-led housing sector is and what it offers.
- A lack of understanding of the benefits of community-led development among key stakeholders, such as local authorities and some housing associations.
- A need for focused support (particularly for nascent groups) as well as access to professional help and advice. Local authorities and housing associations play a part here, but are under-resourced and do not always understand what is required.
- Chronic shortage of seed-corn funding for some new groups and projects. Also concerns about the capacity of existing lenders to support rapid expansion.
- Self-help groups made good use of EHCGP funding, not just to rehabilitate empty homes but to lever in additional funds for wider community benefit. Loss of this funding will adversely affect the sector.
- The planning system can be an impediment to when community-led housing groups lack adequate support and guidance.

How is the sector responding?

Whilst the majority of community-led housing groups would accept that public funding and support will be reduced, there is also a greater willingness, if not necessity, among some groups to put a higher priority on developing strategies that do not rely on enhanced financial or other support from government. The call from some quarters is for a greater reliance on private or charitable funding. This could mark a sea change and perhaps bring the sector more in line with funding arrangements in the USA. However, there are worries that from a simple commercial standpoint many of the new schemes may not stack up. Indeed, funding new social housing developments is proving extremely difficult for large housing associations, let alone for small community-led housing groups.

The community-led housing movement is proud of its diversity. Practitioners prefer to speak of flexibility and local aspirations and of preferences, rather than catch-all policy ideas. As such, there is clearly a much greater need to gain the allegiance of existing communities to the concept of community-led housing activity. However, local people (and councillors) are often unaware (rather than antithetical) and need convincing of the achievements, as well as the merits, of community-led housing. Furthermore, the lack of public awareness places limits on the potential to recruit volunteers and puts pressure on those already actively involved, which in turn reduces the capacity for expansion.

Recommendations

Based on the evidence gathered, the report recommends that:

- The sector should set up a national network offering local support. Such a network could offer guidance, peer-to-peer support and mentoring. It could also develop a sector-wide communications and PR strategy aimed at the public and key stakeholders.
- The sector should press the case for dedicated, long-term public funding to support new community-led housing schemes. A new funding settlement should include guarantee schemes, low-interest loan funding and seed-corn grants.
- Consideration should be given to exceptions for community-led housing groups to the recently announced redeployment of social housing grant for shared ownership rather than sub-market rent.
- The government should reinstate the grant funding used by community-led housing groups to bring empty properties back into use.
- The sector should investigate alternative ways in which start-up funding might be accessed. Potential sources might include the philanthropy sector and charitable institutions.
- The sector should work more closely with the retail mortgage industry to try to standardise restrictions on resale and make them compatible with lender requirements.
- The sector should work with local authorities on how to make planning more accessible to community-led groups, bearing in mind their more limited access to support and resources.
- The government should include explicit guidance on the role of community-led housing groups in securing affordable housing and community services (including to housing associations and local government) in a revised National Planning Policy Framework.
- The sector should work with local authorities to identify the circumstances in which section 106 agreements may offer opportunities for community-led initiatives. The results of this work should be communicated to local planners and to community-led housing groups.
- The government should review the neighbourhood planning process, with a view to simplifying the process and promoting community-led housing groups as affordable-housing providers.
- Guidance to local authorities under the Self-Build and Custom Housebuilding Act 2015 should give more attention to community-led housing.
- The UK government should learn from the successes of community-led housing activity funded by the Welsh Government and co-ordinated by the Wales Cooperative Centre.

Despite the tough operating environment, the mood across the sector is far from negative. The sentiment among community groups is that the sector is resilient and adaptable. With public and government support (as exists in some countries of Europe) it can grow faster, but expansion is likely to be organic. For many groups scaling up or out is not about complying with local housing targets, but about meeting the housing needs of a particular place and offering wider community benefits.

Further information

The research was informed by a variety of community-led organisations, including the Building & Social Housing Foundation, UK Cohousing Network, Confederation of Co-operative Housing, self-help-housing.org, National Community Land Trust Network.



The Smith Institute is an independent think tank which provides a high-level forum for thought leadership and debate on public policy and politics. www.smith-institute.org.uk



The Nationwide Foundation is a registered charity with a strategic vision for everyone in the UK to have access to a decent home which they can afford. enquiries@nationwidefoundation.org.uk