

Headlines from Smaller Social Landlords Think Tank 24th-25th September 2018

- 1. Smaller housing associations play a valuable role in local communities where they operate, in spite of their small stocks and slow growth.** Of the 1459 non-profit registered providers of social housing in England, 1045 are small HA's with less than 1500 housing stock, representing 71% of the sector. However, 400 larger housing associations (29% of the sector) have a total stock of nearly two and a half million homes – much more than all the combined stock of smaller associations. In the year 2017-18, small housing associations built or acquired an extra 300 homes in total. There is a “long tail of non-developing small housing associations” as a result of cuts in grant funding and smaller organisations with smaller reserves being more risk-averse
- 2. Small housing associations offer many advantages and direct benefits to tenants:** accessible staff; a personalised service; familiarity with tenants; known faces and recognisable voices on the phone; close community links; tenants in these organisations are more than numbers on a spreadsheet. Smaller housing associations develop direct ways of working with tenants that encourage tenant responsibility for the condition of their property and for rent payments. Smaller housing associations find more opportunities to give residents a direct say, as contact is more direct and more local. Small housing associations prioritise the local community because that is the basis for their existence.
- 3. Overcoming the barriers to the growth of small housing associations, using small sites, small builders, and small professional organisations** has the potential to add much needed homes within low income communities. Through its L&Q Foundation, London and Quadrant Housing Association (with 95,000 homes) has set up a fund of £100 million to support the building of small clusters of low-cost homes on small sites to sell on at cost (i.e. nil profit) to small housing associations wanting to grow. They will do this in close collaboration with partner “smalls”. So far, 12 “smalls” are working with L&Q's dedicated team, having registered an interest, taking on small grounds of property to rent. This includes nine housing associations from the London BME Network. L&Q does not have a tradition of building small developments of 5-30 homes, nor for acquiring small sites or working with small contractors.
- 4. Small scale development with small housing organisations will help build capacity and skills across a whole range of organisations, in addition to the small housing associations, including small groups of architects, surveyors, builders, lawyers, suppliers, etc.** Experience of working on small sites to produce small amounts of infill housing can facilitate a process of capacity building across a whole chain of key actors. It will also help larger supporting housing associations such as L&Q to adapt their development and delivery skills to new needs.

5. **The Greater London Authority is encouraging the expansion of smaller housing associations and the development of smaller sites.** It is also supporting L&Q's initiative. Hopefully, Greater Manchester and other combined city authorities will do the same. Birmingham has set up an alliance of small housing organisations. In Glasgow there is a big network (59 in all) of small, community based housing associations, which the City Council actively works with. The same is true in Greater Manchester.
6. **Smaller housing associations, wanting to develop new homes and grow, face some key challenges.** Planning is a particular problem for small sites, which often present awkward challenges. An inner London borough recently turned down a planning application from a small housing association on the grounds that there was "no demand for more social housing in the area" – a claim that was patently untrue. An alternative approach by "smalls" is to build on "air space" above existing buildings. There are other barriers besides planning, including lack of technical expertise, financial strength, development experience, etc. Sometimes it is possible for consortia of small housing associations to strengthen their capacity to develop by joining together, making borrowing easier, and allowing the pooling and sharing of expertise. It is potentially extremely helpful, given these barriers, for larger housing associations to help and support smaller ones.
7. **There are many complex technical issues that need to be handled with care and competence in order to deliver new homes. This applies not only to small but to all sites.** It is essential to secure the right skills and knowledge, experience and resources. Building is a slow, complex and technical process that carries significant risks. The Hackett Review made this very clear. Developing housing associations need to have mastery of and capacity to deal with:
 - planning and design processes;
 - contracts;
 - loans;
 - negotiations;
 - risk assessment and provisional sums;
 - engineering requirements;
 - legal documentation, etc.

The risks are many, and difficult to handle. This can drive smaller, less well equipped organisations away from development, impeding growth.

8. **Some small community-based housing associations operate in low demand areas where the problems are intense in order to restore and fill existing properties.** A personal approach to lettings – interviewing applicants and explaining tenancy conditions and services – can attract tenants and reduce turnover, repairs, damage, and anti-social behaviour. Personal contact changes the reputation of an area and attitudes to living in it. In areas of "surplus" housing it is important to "court working tenants" to help fill empty properties at relatively low cost. Recruiting young people as trainees to restore and renovate properties can bring homes back into use quite cheaply. Government backing for this type of

upgrading, while training young people in construction, would help a lot. Low demand affects large areas of the country outside the South East.

9. **Small housing associations can grow through acquisition of existing homes rather than new build.** Some local authorities for example transfer empty or hard-to-let property to local housing associations. Government policy should incorporate the value of empty property as a way of increasing supply, alongside the push to build more homes. It is not logical to think only of numbers of new homes built, particularly as in many areas there are many empty homes needing upgrading. Sometimes larger housing associations want to dispose of small clusters of property that are isolated from areas with larger concentrations of their stock. Small locally based housing associations can help stock rationalisation and grow by taking on property no longer wanted by larger housing associations.
10. **Smaller and larger housing associations have many different characteristics, even though their core housing purpose is similar.** Building up trust, developing relationships and creating partnerships between larger and smaller housing associations can help to strengthen smaller associations by adding to their stock and strengthening their viability. It can help larger housing associations can become better at connecting with local communities and strengthening their local connections, as well as learning to break down their functions to match the capacity and needs of smaller partners.
11. **Black and Minority Ethnic associations – almost all small –make a special contribution.** Several recent tragedies and troubles, including the Grenfell fire disaster, the Windrush scandal, and the 2011 riots, have raised the profile of racial and ethnic exclusion, and highlighted the benefits that specialist BME housing organisations can bring. They are keen partners in the new programme of growth that L&Q is supporting. On the other hand, there are serious threats to their survival as one-third have been absorbed into bigger housing associations in recent years. They are therefore worried about their future and keen to strengthen their viability by adding small, manageable increments to their stock.
12. **Some small housing associations have not registered with the Regulator BUT formal registration is encouraged and does bring some benefits.** For example, it may help a small housing associations become eligible for care and support funds; and there is a special fund for doing up empty property. Several smaller housing associations are now going ahead and registering. Homes England is encouraging small and community-led housing providers to register under a “fresh start” approach to regulation. This will help smaller housing associations meet standard performance criteria, allow them to benefit from funds such as the Community Housing Fund, and make them more solid partners for larger housing associations such as L&Q.
13. **Some small, community based housing organisations provide much wider services than simply providing homes.** For example, they can encourage sharing in under-occupied, owner-occupied homes where the owners are older and have too much space, and some care needs; local groups may provide homeless night shelters; work with private landlords to improve private renting conditions; and make private renting more affordable and secure;

explore tenant management with social housing tenants on larger estates; work with existing local housing associations to develop homes, etc.

14. **Community based and community-led housing needs time to embed and grow so the pace of government agendas can be too fast.** This certainly appears to be the case with the Community Housing Fund. Small housing associations grow community roots over a long period. These roots can be reinvigorated and strengthened especially if they continue to grow incrementally. This will then strengthen communities. **One of the strongest arguments for “smalls” to grow is that over time gradual, they need to be able to house the next generation and other community residents.** Organic, gradual expansion is part of the natural cycle of successful communities. So as demand to live in community-based, rented housing rises, it is actually possible to meet that demand and strengthen the local organisation through gradual expansion.

Debate: “You need to be big to get loans, land, and recognition- staying small doesn’t work”

Key Points

1. Small housing associations easily create a “community feel” where residents have a sense of belonging
2. We shouldn’t set big against small – rather they should cooperate and complement each other
3. In-kind help and “professional generosity” can help to close gaps – as L&Q is aiming to do. Cross-learning is very significant
4. Bigger developments need and can afford to provide or attract additional services. Infill clusters of new homes simply fit into existing services
5. It is possible for larger organisations to become too big and be forced to break down into smaller units, e.g. banks and lending
6. If you’re working at a small scale, you’re more likely to identify small sites. It’s better to develop lots of small sites (5-15), so that each small association takes direct responsibility, rather than bigger sites to share between organisations
7. Community based housing organisations have a responsibility to grow to be able to help house their children and neighbours
8. Bigger organisations can break down what they do and deliver via smaller units. For example, the Priority Estates Project set up estate based management with some of the biggest local authorities in the country, Tenant Management Organisations usually evolve on council estates as a small neighbourhood organisations in response to large scale, remote management

9. Small organisations must recognise their own limits. They can be dynamic in serving the public interest and there are many things can do, and do well. But they can't do everything and it is good to encourage bigger housing associations to help
10. At the end of the debate, positions were much more evenly split with a majority favouring a third option of working together to grow, rather than polarising what happens between big and small