

A View from the Foothills

Pioneer housing co-operatives in Wales

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Contents

- 1. Acknowledgments**
- 2. Introduction**
- 3. Key Findings**
- 4. Themes and Actions**
 - Securing Commitment
 - Co-operative Government
 - Hosts and Incubators
 - Co-operative Councils
 - Active Co-operators
 - Co-operative Contractors
 - Promoting and developing the co-operative
 - Changing policies and practices
 - Resources and Support
- 5. Comparative learning points**
- 6. The Future**

1. Acknowledgements

*“Co-operatives are good for building communities
and wonderful places for people to live in”*

Co-operative member

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2. Introduction

'There is still a lot of misunderstanding about what a housing co-operative actually is one co-operator said their friends and family thought they had joined a cult!'

Housing association support worker

In 2011 the Welsh Government established a Co-operative Housing Project (CHP), managed by the Wales Co-operative Centre (WCC) and supported by the Confederation of Co-operative Housing (CCH) and other consultants and solicitors. Since then the project has worked with dozens of local groups and housing organisations to explore mutual and co-operative options including supporting the six pioneer schemes that are the subject of this report.

Co-operatives can be developed in both new or existing housing, cover a full range of tenures and be adapted to meet local needs and priorities. Their unique features are that they are owned by members which gives them varying degrees of control over their homes and community, depending on the precise nature of the co-operative.

All of the pilots have developed in contrasting ways, adopted different models or variants and have other unique and defining characteristics. This included the different ways in which individuals came to be involved, the size and nature of the housing co-operative, and how they engaged and identified who would eventually live in and run the housing co-operative.

There are some commonalities however. Each pioneers has been 'hosted' by a housing association, and all six were based on partnership working between the association, local authority, contractors, the CHP and, of course, residents who formed the co-operative.

The aim of this piece of work was to engage with key people in each of the pioneers – co-operators and representatives and partner organisations – to identify the lessons learnt to date and to inform the process of developing more co-operative homes in the future. We hope it will also provide a useful perspective for policy makers.

Interviews and a partner focus group helped identify a number of clear themes and these are set out and discussed in some detail below, together with a series of action points that aim to help the development of future co-operatives. In all but two instances, partners were new to the concept of co-operative housing and all agreed that it had been a steep learning curve. There had been real challenges, particularly in the beginning. There was also a general acknowledgement that the support and advice offered by the CHP as well as the strong backing of Welsh Government were greatly valued.

Unsurprisingly, developing the pioneer co-operatives has led to a range of positive as well as negative experiences and everyone agreed that lessons can be learnt from both. The majority of interviewees felt that the plusses of the co-operative they were involved in outweighed the minuses and the enthusiasm of all partners was a stand out feature.

3. Key Findings

“CCH and WCC have been absolutely invaluable – they know what they are talking about and are always happy to provide advice and support”

Co-operative member

Securing Commitment

The Co-operative Housing Project (CHP), including the support of individual officers, was valued by all partners and recognised as being a critical factor in the success of pioneers.

The support of a ‘host’ housing association at the highest level played a very important role in instigating the co-operative.

The support of individual ‘champions’ within associations and councils in maintaining momentum was seen as crucial.

Co-operative housing, whilst an ethically driven model, also had to be financially viable in the long term.

There was evidence that costs were reducing and performance improving in the pioneers compared to the association generally or in relation to the previous ‘use’ of the homes.

Giving the community more responsibility for delivering services also presented opportunities for long term savings to the landlord as well as for many residents as their incomes came under pressure through changes to benefit entitlement.

In two instances, co-operatives had been successfully developed in existing homes where demolition was otherwise being considered as one option

Co-operative Government

The commitment of ministers through support for the CHP and making capital grant available was a major impetus behind increased interest in co-operative housing and establishing the pioneers.

The stakeholder group established by Welsh Government was viewed as very important to the partners as it allowed practice to be shared and personal contacts to be made.

Clarity on the regulatory implications of associations setting up co-operatives was needed in relation to their status and any regulatory impairment in, for example, transferring ownership of homes to a co-operative.

Hosts and Incubators

Although housing associations had been critically important to success so far it had largely been a 'top-down' exercise that needed to be done in tandem with group capacity building and a commitment by the association to letting go of control.

Supporting co-operatives meant a new way of working and this needed to be embedded in all parts of the association and regularly reinforced.

A residual role for associations had proved essential in some areas in providing services and short term financial support.

Lenders were happy with co-operative housing initiatives provided they were informed early and kept up to date on developments.

In shared ownership co-operatives, fears that individuals would be unable to access mortgages had proved to be unfounded.

Co-operative Councils

The active support of local authorities had been crucially important and this required the council to step outside of the norm, be prepared to take risk and back innovation.

Having political champions, even at a senior level within councils, did not always translate into initial support from officers, but once on board they often became strong advocates for co-operatives.

There were difficulties encountered in making public land available for co-operative housing in relation to state aid rules and pressure from treasury departments to secure the best price for land.

Active Co-operators

"I wanted to have the security of long term affordable housing in an area I love"

Co-operative member

It was important to be open and upfront with potential co-operative members that joining meant a long-term commitment to collective ways of doing things.

Delays in the process, especially the building programme, led to frustration for co-operators eager to move into their new home.

Most co-operators were motivated by a desire to live in supportive neighbourhoods and communities

Getting support from and maintaining the active interest of co-operative members was a constant challenge.

Living in a co-operative contrasted favourably with the previous experience of some residents, particularly in the private rented sector.

Co-operatives that had adopted a wider, community development approach had generally gelled better as a group and were more optimistic about the future. They were also performing better in terms of collecting rents, reducing void turnaround times and reducing arrears

The ethos of co-operation is extending into other aspects of community life including social activities and sharing care responsibilities

Involving residents early enough in the design process was problematic but co-operators did have more opportunities than was usual to have their say on internal fixtures and fittings

The support of individuals working for the association, contractors and the CHP was valued by co-operators.

Residents were generally optimistic about the prospects of success for their own co-operative with some seeing co-operative housing as being more important in meeting future housing need.

Co-operators themselves should be in control of how the co-operative develops in the future whether this means reducing, maintaining or increasing responsibilities

Access to local meeting places was seen as a positive factor in developing the co-operative.

Spreading the responsibilities amongst co-operative members was essential so that there was always someone else able to step-in if a key individual moved on.

Co-operative Contractors

Contractors acknowledged that co-operatives challenged traditional ways of working and required more resources to support engagement and day to day liaison.

Once committed, the process was more rewarding because it broke down traditional barriers and led to mutual understanding and respect, even when dealing with difficult issues.

Contractors were capturing positive lessons from working with co-operatives and adapting this to other new developments.

There were some concerns about working with two clients – the association and residents – and a desire for clarity about roles and responsibilities.

Celebrations and ceremony at set points in the process helped bring people together, commit them to co-operative ways of working as well as engaging the wider community.

Contractors also felt that pressure from clients to start programmes too soon, perhaps because of the need to use up funding quickly, didn't help in terms of properly engaging with residents.

Promoting and Developing the Co-operative

“it’s very difficult to plan when there are so many unknowns”

Local authority support worker

It was important in advance of developing a co-operative to build-up robust evidence about the local area, demand for housing and potential co-operators.

Having an up to date affordable housing register made identifying potential co-operators and where they were much easier. Information then needed to be made available to potential residents on what a housing co-operative is and how this differs from other housing provision.

Delays and the changing housing circumstances of potential co-operators led to significant numbers of those originally interested falling away.

Promotion of co-operative opportunities, as well as through traditional means such as contacting individuals by letter and articles in local newspapers, also embraced social media to advertise schemes and properties.

One local authority and housing association targeted major local public and private sector employers to raise awareness amongst employees of co-operative opportunities.

Demand for co-operative homes was often high and selection criteria included whether the person wanted more community engagement or had a track record of volunteering.

Engaging with the surrounding community was important as there was often resistance to new development.

Some of the more active co-operative members were frustrated that the burden of running the organisation fell to them whilst others were less interested.

Starting too early was a potential problem and doing ‘softer’ market research before seeking out active volunteers could help.

Developing a co-operative had taken anywhere from 18 months to more than two years although there was hope that the experience of the pilots could truncate this in the future.

There was no consensus on when best way to recruit potential co-operators with some seeing the advantage in getting everyone on board from the start, whilst others thought an incrementally phased process would work best.

Co-operators used social media – particularly Facebook - to keep group members in regular touch between meetings.

Occasionally the nature of social media meant that sensitive comments could be posted to the detriment of group cohesion.

A number of co-operators stressed that face to face personal contact was usually the most effective way of communicating and keeping people involved.

Regular communication and commitment to the co-op group development proved to be an essential part of the process.

Changing Policies and Procedures

Making a commitment to co-operative working as a criterion for allocating a home represented a major change to traditional policy for local authorities and associations.

Including questions about co-operative housing on application forms would both raise awareness of the option and help identify future co-operators.

The scarcity of affordable housing means that any resources diverted away from those defined as in the greatest need inevitably means fewer could be housed and there is legitimate concern about this.

There is a perceived danger that co-operatives themselves might be restrictive and overzealous in who they allocate homes to in the future and exclude people in the process.

Resources and Support

The amount of staff time needed to support the pilot co-operatives had been significantly more than estimated and originally allocated although there was an expectation that the experience would reduce this for future development

The importance of training was recognised although there were different views on the experience and what might work in the future.

Simple guidance should be made available on WCC and CCH websites.

Welsh Government as well as Community Housing Cymru, Welsh Local Government Association, Tenant Participatory Advisory Service (TPAS) Cymru and Chartered Institute of Housing Cymru should have information on their websites on co-operative housing with links to on-line resources.

Case studies of co-operatives or particular initiatives and approaches deployed in their development should be available on WCC and CCH websites.

As well as developing their own networks, co-operators could link into existing ones such as those facilitated by TPAS Cymru.

Comparative learning points

Although there are still relatively few new housing co-operatives and the longest established of these is barely two years old, there are lessons to be learned when comparing and contrasting different approaches, models and the experiences.

Each pioneer scheme was uniquely shaped to reflect local needs and circumstances. A key lesson is not therefore to simply graft on templates that have worked elsewhere.

The pioneer projects fall into three categories. There are three *new build* schemes, two based on *remodelling existing homes* and one based on an *area regeneration* initiative with housing at its core.

All three new build co-operatives chose different models. Charter opted for a shared ownership co-operative for Loftus Village. Cadwyn decided to lease the properties to the Home Farm co-operative on a seven year renewable lease. Old Oak was established as a tenant management organisation adapting model rules.

All three new build co-operatives have taken on housing management responsibilities with an option to increase or decrease the range of areas covered.

The two schemes based on proposals by associations to remodel existing homes – Taf Fechan and Shakespeare Gardens – focussed on a specific problem: how to increase demand and reduce costs of previously unpopular blocks of flats.

The option to incrementally take on responsibilities has been included in both Taf Fechan and Shakespeare Gardens.

The co-operative that can best lay claim to being community driven is the West Rhyl Co-operative. This is part of a long-term urban regeneration project that includes delivering affordable housing where residents have a strong sense of ownership and control.

There are a number of key learning points that apply across all six pioneers and are therefore likely to be useful to any group or organisation embarking on the housing co-operative journey. These cover all stages – from the original concept through to deliver; and all partners – Welsh Government, local authorities, housing associations, contractors and co-operatives.

The Future

The vast majority of respondents were optimistic about the future of their co-operative.

Co-operatives that had adopted a wider, community development approach had generally gelled better as a group and were more optimistic about the future. They were also performing better in terms of collecting rents and reducing arrears. There was agreement on the potential for co-operative housing to make a positive contribution to wider community cohesion.

Opinion was divided among host housing associations on whether they would instigate a new co-operative scheme at this point.

The factor identified more than any other in determining future success was the availability of resources including the CHP as well as access to capital finance.

Suggestions for innovative finance included ring fencing funding via the proposed Wales Investment Bank and giving existing co-operatives direct access to development funding.

It was important to recognise that building sustainable communities might entail higher specification homes, lower density schemes and community development support.

Whilst co-operatives offered a potential housing solution in a wide range of scenarios, some groups will need significant additional support. This needs to be factored in and provided for in, for example, supporting people funded programmes.

4. Themes and Actions

“The most eloquent and authentic voices for housing co-operatives are the co-operators themselves”

Housing association support worker

Securing Commitment

The support of a ‘host’ housing association was in all cases one of the most important factors in instigating the co-operative. This meant that backing at the highest level of host housing associations – Chief Executive and board - was essential in starting up, engaging partners and keeping the process going. It was important to not be too prescriptive and that each scheme developed to its own ‘speeds and needs’. Nevertheless, some simple and adaptable resources to help engage partners and for them to understand commitments and responsibilities could be useful.

Action: Primary Agreement

A simple primary agreement should be drawn up for all partners – associations, councils, contractors and co-operative group - to be adapted to reflect local circumstances.

The role of other key individuals as ‘champions’ in maintaining momentum also came through time and time again. Conversely where no such champion existed in a partner organisation, progress could be slow, causing frustration and delays.

Action: Co-operative Champions

The host association should identify champions in each key partner organisation and the relationship developed and maintained.

Co-operative housing was widely seen by those interviewed as a ‘head and heart issue’ and that the case for both had to be made. That is, whilst it was an ethically driven model that sought to empower residents, it also needed to be financially viable in the long term. Evidence to support the latter included improvement in performance on rent arrears and void turn-around times, allocation of hard-to-let properties and therefore increased rental income, fewer repairs and lower maintenance costs as well as the preservation of a significant capital asset that would have been lost had the homes been demolished, a serious option in at least

two of the pilots. One outcome therefore might be preserving affordable homes that might otherwise have been lost.

Action: Option Appraisals

Social landlords should be encouraged to explore co-operative housing as an option when estate remodelling or demolition is being considered and Welsh Government should encourage this approach

For existing properties, maintaining current arrangements could mean continuing to bear excessive management and maintenance costs. In two instances the co-operative were based in flats in low demand areas with a constant high turnover of tenants. Unsurprisingly, this often led to tenants having little commitment to their local area and lifestyle issues sometimes led to anti-social behaviour which impacted on the wider community. This then led to increasing pressure on housing management and maintenance teams.

Action: Promoting New Co-operatives

Champions should be encouraged to 'spread the word' to peer organisations considering supporting new housing co-operatives.

Whether refurbished or new homes were involved, giving the community more responsibility for services also presented opportunities for long term savings to the host landlord and residents. For example, by taking over responsibility for maintaining open spaces costs could be reduced and service charges could be lower. This was felt to be particularly important as a significant number of resident incomes came under pressure through changes to housing benefit entitlement for the under 35s and the linking of housing benefit to local housing allowance rates. For one association, embedding a co-operative approach to empowerment was a priority for new developments, even if the end destination might rarely be setting up a co-operative.

Action: high level support

The CHP should engage with CHC, WLGA and Housing Leadership Cymru to secure high level cross sector buy-in for expansion of the programme on the back of the recent Housing Pact commitment to co-operative homes.

Co-operative Government

“The product and community we’ve produced is now one to be very proud of – that’s what motivates us – giving people the opportunity to lead lovely lives”

Contractor manager

The commitment of ministers – past and present – particularly through support for the CHP was recognised as the major initial impetus behind increased interest in co-operative housing and establishing the pilot projects, together with making capital grant available to some of the schemes. The consequent support of individual officers of WCC and CCH was widely acknowledged and valued.

The stakeholder group established by Welsh Government was viewed as very important to the pilots particularly as it allowed practice to be shared, personal contacts made, and generally encouraged a ‘*learn as we go*’ approach. This also led to a number of site visits which were particularly valued.

Action: Sharing Practice

The CHP should organise regular case study visits for current and potential co-operative housing schemes and their partners.

Because associations are regulated by Welsh Government there have been some concerns about implications for co-operatives. This included uncertainty around the status of the co-operative and consequently, depending on the model, whether it might need to be an independently registered social landlord. Clarification is needed also on the authority of the host association to give up ownership of the homes and if there are any regulatory impairments.

Action: Regulation

The Regulator should produce guidance on the regulatory implications for housing co-operatives developed and supported by housing associations.

The Social Services and Well-being (Wales) Act 2014 required local authorities to ‘*promote social enterprises, co-operative organisations, co-operative arrangements and third sector organisations to provide care and support and preventative services in their area*’.

Action: Planning

Planning guidance should be amended to make it a requirement to consider co-operative housing as a component of any affordable or mixed use developments.

Hosts and Incubators

“We normally only know tenants four weeks before handover – we were involved with the co-op four months before completion”

Housing association development officer

The role of housing associations as hosts and incubators of the co-operatives was recognised as having been essential, but to date, with one exception, it could be seen as a top-down exercise, with the initial momentum clearly not coming from grassroots co-operators. Success to date had only been possible through putting a great deal of effort and resource into capacity building and empowerment and a genuine commitment by the association to incrementally letting go of control.

Even the most progressive associations have sometimes taken a paternalistic approach to housing management and wider service delivery. A number of officers pointed out that developing a co-operative was completely different approach with a lot more discussion about *‘what can and can’t be offered and what the co-operative members wanted’*. One officer concluded that a key benefit of the project is that it challenged *‘we do it this way because we’ve always done it this way’* thinking.

Although the focus for associations was quite often on developing and nurturing relationships with external partners, the need to secure the support of colleagues within the organisation was seen as equally important. A co-operative way of working needed to be embedded in all parts of the organisation, especially *‘front facing’* roles such as housing officers and maintenance staff. It also needed to be regularly reinforced through refresher briefings and new staff induction.

This wasn’t always straight forward as co-operative housing often challenged existing roles and systems as well as the culture of the organisation itself. The key, according to one senior manager, was to adopt a community development approach where local people come together to take collective action and generate solutions to common problems, rather than a traditional housing management approach. It was recognised that this was a very different way of working and that parts of the organisation as well as individual workers might need to be convinced that the effort was worth the potential reward.

By definition, as this was the first time and people were *‘learning on the job’*, there was a lack of hard evidence that this new approach would work. Collecting any information on outcomes and impact, not just in terms of housing, but wider social, economic or environmental impacts could help convince sceptical colleagues of the benefits. In terms of the effect on staff themselves, interviewees cited a gradual change to a more *‘can-do’* attitude by some staff as their confidence grew through direct contact with co-operative members.

There are some areas where a residual role for associations proved essential. For example, in one small co-operative where people changed jobs frequently, delays in housing benefit payments could have meant the co-operative failing were it not for the support of the association.

One concern raised within associations was that setting up the co-operative would require – and possibly not receive – the support of lenders. This proved not to be the case as long as lenders were informed early and kept up to date on any significant developments. Where the model was shared ownership, fears were expressed that individuals would not be able to access mortgages. This also proved to be unfounded with loans secured with six different providers and individual residents sometimes having a choice of more than one to opt for.

There were some additional pressures because of the extent residents were involved before moving in to their new homes including negotiating changes to internal fixtures and fittings with workers on site without the association or contractor managers knowing. Other problems had an amusing side to them: *‘With hindsight we would have staggered handover. The residents were so excited that the day they were able to move in the estate and the streets around were blocked with removal vans – it was an amazing scene that I’ve never seen anything like before’.*

Co-operative Councils

“The co-operative has re-energised the estate”

Co-operative member

In all cases the active support of local authorities – members and officers – was crucially important. This required the council to step outside of the norm and to be prepared to take risks and back innovation. Support included changing allocation policies, giving access to housing registers and other data, making land available and providing loans at attractive rates.

In one instance cited there was high level support, with the leader of the council and cabinet member for communities (who also happened to be a local member) taking an active role as champions of the scheme and co-operatives in general. In another there was early and on-going engagement with the local councillors as well as the local Assembly Member.

It is clearly important to engage local members as they often come under pressure from constituents to oppose new housing developments. Conversely all major parties tend to support co-operatives and social enterprises, and it was pointed out that Labour Party councillors were often also members of the Co-operative Party, whose manifesto for the 2016 Assembly elections included a commitment to new co-operative housing.

Having political champions did not always translate into initial support from officers although it was recognised that this was down to a combination of having to radically change the way things were done and time pressures. However, once on board local authority officers often became strong advocates for co-operatives.

A number of difficulties were encountered in making public land available: firstly, there was concern that simply gifting land to an association contravened state aid rules; secondly, within authorities themselves there was a potential conflict between the housing department wanting to reduce the price so that more affordable homes could be built, and treasury departments wanting to maximise the sale value of land.

Action: Public land

Welsh Government should update guidance on local authority land disposal for affordable housing. The CHP to identify examples of good practice.

Active Co-operators

“From the time we started out to where we are now we have come on leaps and bounds - thats down to us all putting in all the hard work”

Co-operative member

It was important to be open and upfront with potential co-operative members that joining was likely to be a long term commitment to a collective way of doing things. One means of making sure that people fully understood what would be expected of them before they committed was to organise ‘taster’ sessions with members from existing co-operatives. The key was seen by some as ‘recruiting for the long term’.

Interviewees recognised that because the initial six schemes were ‘pioneers’, there were mistakes made from the outset that it was important to learn from. There had quite often been delays in the building programme which in turn meant frustration for all concerned, especially the co-operators who were waiting to move into their new homes. This wasn’t such an issue where there was a pre-existing group of people interested or where the engagement processes had resulted in identifying people who really wanted to live in a co-operative, and there were cases where people turned down other offers because of their desire for a different way of living.

There needed to be early and on-going commitment from all partners - the contractor, association, council, the co-operative and any other key partners to work together. There should also be clarity around expectations, roles and responsibilities as well as information on how liaison and communications would be handled.

Motivation for co-operators was very broad, although there were some commonalities, most notably a desire to live in supportive neighbourhoods. One

resident said they got involved because they wanted to be *'part of a community that was friendly, safe and secure for me and my young daughter and near friends and family'*

Getting support from and maintaining the active interest of co-operative members was a constant challenge and in the words of one resident *'we have to work hard as a governing body to encourage and support people to participate fully and out of their own free will'*. Simple, often symbolic actions played a part in building a co-operative spirit such as members choosing the name of their community.

The contrast with previous housing experiences in the private rented sector were highlighted, including by one resident who said it was great to have *'an affordable house without having landlords, agents and high prices that are involved with private renting'* and that *'this house feels like home and I don't need to worry about landlords putting the rent up or selling the property'*.

Evidence is emerging from a number of co-operatives that the ethos of co-operation is extending into other aspects of community life. One co-operator expressed this in the following way: *'Pooling our skills and resources we are creating a sustainable community... growing our own food in a community garden, holding regular social events and celebrating seasonal festivals, purchase of community tools, and our energy as a group to benefit from discounts. Other plans include converting a garage into a space to use as an office as well as storage space and to be able to run workshops in gardening and governing the co-op for and by members.'*

One co-operator felt that the strong community spirit was having a very positive impact on children in the community in their formative years.

Co-operatives that had adopted a wider, community development approach had generally gelled better as a group and were more optimistic about the future. They were also performing better in terms of collecting rents, void turnarounds and reducing arrears

One association CEO describing performance on void turnarounds and rent arrears as 'stellar' when compared to association wide performance.

Although no residents to date have been involved at scheme design stage, they had more opportunities than was usual in affordable housing developments to have their say including on *'the plot, kitchen interior and bathroom'*. The difficulty in involving residents earlier – plus the additional wait this would mean before moving into their homes – could drive an alternative approach, such as capturing the experience of current co-operators through design workshops before plans for new schemes are finalised.

Action: Involvement in design

The CHP should identify a potential host association partner to involve existing co-operators in a workshop to capture design lessons to be fed into a planned development.

Residents appreciated that they were kept informed and involved even when – perhaps especially when – there were snags and delays. The support of ‘committed’ individuals working for the association and contractors were recognised as being very important too.

As well as being generally optimistic about the prospects of success for their own co-operative, some residents saw co-operative housing as being more important going forward because there will be *‘less resources going to housing associations to be able to manage their stock (and) something has to shift and people who are able will have to manage their own communities in the future’*

The added value of living in a co-operative, whilst hard to quantify, came through in an number of comments, perhaps best summed up by the following quote: *‘The co-op has been very inclusive with different people coming together including some with support needs – I didn’t know it would work this way but this has been a real positive’* For people working directly with the co-operative, actual contact with co-operators in their community was invaluable as it was a ‘feel, see and touch’ concept.

There is an aspiration amongst residents and some of the champions within organisations to involve potential co-operators at an earlier stage including the design of homes and estate layout, although recognition that this had been difficult to achieve to date. One option might be to draw on the knowledge of existing co-operatives.

Allowing co-operators to *‘staircase down’* as well as up in terms of responsibilities was also seen as important. An example was cited where the co-operative was working towards managing its own repairs within 12 months but in the end decided that this was too big a commitment at that stage and were happy for the association to continue to deliver the service.

Co-operators themselves should be in control of how the co-operative develops in the future. In some cases this might mean simply maintaining existing responsibilities at the same level or even stepping back from some. However, it might involve an increasing role for the co-operative in, for example, housing management or even moving towards full mutual ownership. Host landlords need to be clear with co-operators what the range of options might be and if there are any ‘red lines’. Within these limits, associations should operate on the principle of ceding as much responsibility as the co-operative has the desire and capacity to take on and in the words of one officer ‘learn to let go’. Where there is a desire to take on increased financial responsibilities up to and including full ownership, advice and support to ‘unravel’ financial ties should be given by current landlords.

Whilst some co-operatives have access to local meeting places, others didn’t and felt they would have benefitted from having somewhere including a room or facility as an integral part of the scheme itself.

There can be an overreliance on key individuals so, as well as spreading the responsibilities across members, it was also important to *‘succession plan’* so that there was always someone else able to step in if a key individual moved on. More

than one support worker felt there had an over-reliance on the host association in training workshops rather than the co-op group becoming more independent.

Links between co-operatives and TPAS Cymru, as the Welsh Government funded national tenant support organisation, should be developed with groups being encouraged to join as this would offer some support and opportunities to network with other resident groups

One interesting aspect of this piece of work is that all bar one of the 8 co-operators who either took part in the interviews or focus group were female. This may be a coincidence but it might be worth exploring this issue further.

Co-operative Contractors

Building contractors – particularly those who specialise in affordable housing or mixed use housing schemes – acknowledged that co-operatives challenge traditional ways of working and required more resources to support engagement and day to day liaison. One developer said that they didn't know until they had won the contract that it was a co-operative. However those interviewed also felt the process was more rewarding because working closer with residents broke down traditional barriers and led to mutual understanding and respect, even when dealing with difficult issues such as delays in completing schemes.

One contractor had initiated a series of *Expectation Exchanges* throughout the building process where frank and open discussions took place between the contractor, the client association and co-operators. This had proved so successful that this approach has now being used in other developments by the contractor in England.

One issue for contractors was that they felt they had two clients; the association who let the contract and co-operators who they liaised with daily as their homes were being built. Specifying and publicising roles and responsibilities up front would help bring clarity.

Celebrations and ceremony at set points in the process helped bring people together and commit them to co-operative ways of working. In one scheme each tenant was invited to lay a brick in their own home at the start of building, in others publicity around handing keys over and moving into a new home helped make all the partners who had been part of the journey very proud.

Engaging the wider community – particularly during the disruption of the building phase – was important with one contractor helping to organise a community tea party to which neighbours of the co-operative were invited; another paid for a large Christmas tree in the centre of the community and supported the co-operative in organising carol singing attended by over 100 people from the local area.

Contractors also felt that pressure from clients to start programmes too soon, perhaps to use up funding quickly, didn't help in terms of engagement and communication activities.

Promoting and Developing the Co-operative

The importance of gathering information and building a robust evidence base about the local area, demand for housing and potential co-operators was stressed a number of times. Data held by local authorities was a key source of information. In one instance, the fact that there was an affordable housing register that included people who either had no aspiration to live in social rented housing or had little prospect of qualifying made identifying potential co-operators and where they were much easier

Action: Affordable housing registers

Welsh Government should review guidance and encourage a move towards Affordable Housing Registers

The initial market research carried out for Welsh Government and the CHP by CIH Cymru in 2013 was very helpful in establishing what local demand there was for co-operative housing in the three original pilot areas – Newport, Cardiff and Carmarthenshire. However due to delays and the changing housing circumstances of potential co-operators, a large percentage of those who originally showed interest fell away and in one instance a completely different site fifteen miles away from the original was selected.

The opportunity of co-operative housing was promoted through tried and tested means such as writing letters to people on housing registers, articles in local newspapers and association newsletters, brochures in public places and marketing materials in show homes and sales offices. In addition social media was deployed, particularly Gumtree and Facebook to advertise schemes and properties. One local authority and association also targeted major local public and private sector employers to raise awareness amongst employees who weren't eligible for social rented housing but couldn't afford to buy.

Demand for co-operative homes once advertised was sometimes very strong. The process of then selecting co-operators varied, and in one pilot criteria included whether the person wanted more community engagement or had a track record of volunteering. Once selected, capacity building would begin which as well as formal training included encouraging socials and other informal activities. Engaging with the surrounding community was also seen as important given that there can quite often be strong resistance to new development, especially affordable housing.

Although not exclusively a problem for co-operatives, some of the more active members were frustrated that the burden of running the organisation fell to them whilst others were less interested.

Starting too early was a potential problem with a suggestion that it would be better to do some 'softer' market research before seeking out active volunteers so that the process and timetable can be mapped and barriers removed.

Developing the co-operative – from initial engagement to moving in – had taken anywhere from 18 months to more than two years. There was a wide range of experiences – and viewpoints – on the process of establishing the co-operative from project inception to tenants moving in. By definition the pilots involved new way of doing things and, inevitably, as there was no template to follow, some teething problems. Most interviewees said they had learnt from the experience and therefore timescales would be shorter in future. However there was no consensus on when best to ‘recruit’ potential co-operators – some saw the advantage in getting everyone on board from the start, whilst others thought an incrementally phased process would work best.

A key feature of all the pilots was the use of social media – from advertising opportunities to potential co-operators to keeping group members in regular touch between meetings. Whilst there were a number of positive experiences, others pointed out that not everyone was on Facebook, for example. Occasionally the nature of social media meant that sensitive comments could be posted to the detriment of group cohesion. One group was moving away from Facebook and instead had set up emails with a common co-operative address. Many people stressed that ultimately there was no better way of communicating than by face to face personal contact.

Changing Policies and Procedures

“The council took a while to get their head around changes to allocations – but once they did we developed a very good relationship”

Housing association support officer

Factoring in whether people would commit to co-operative ways of working as a pre-requisite for allocating them a home represented a major change to traditional policy for local authorities and associations. In one case this was described as virtually ‘*developing an allocation policy from scratch*’. Including questions about co-operative housing on application forms, it was suggested, would both raise awareness of the option and help identify future co-operators.

A key difference was that housing need was no longer the single most important criterion in the process. One association said the aim was that allocations would be made ‘*not just to unemployed tenants – we wanted a balanced community approach*’ and this was an aspect of at least three of the pilots. In one instance applying intermediate ‘affordable’ rather than social rents was the key to making the scheme financially viable and the ability to pay rent was taken into account. This demonstrates how different this process can be from traditional housing management and the need for all partners to understand and be supportive of this difference.

This presents a number of challenges. Firstly, the scarcity of affordable housing means that any resources diverted away from those defined as in the greatest need inevitably means fewer will be housed. Local authorities in particular had – and in at least one instance, continue to have – concerns about this. Secondly co-operatives themselves might be restrictive and overzealous in who they allocate homes to in the future. In the words of one local authority officer: *‘by changing allocations are we in danger of excluding people?’*

Resources and Support

In every case landlords said that the amount of staff time needed to support the co-operative and individual co-operators was significantly more than estimated and originally allocated. However, those who were considering further schemes expected this to be less in the future as they had learned a lot about what worked and what wasn't so successful first time around.

The support and training provided to potential co-operators served to inform and engage them in co-operative principles, build awareness and skills in relation to actually operating a co-operative as well as creating the community. Again, this support was really valued. There was learning however around timing – the training on operational issues was most useful when delivered close to the time when these responsibilities would be taken on. Whilst everyone recognised the huge importance of training – both to gain the necessary skills and to build the co-operative team – there were clearly different views on the experience and what might work in the future.

Action: Training

Future training should be designed by the co-operative group, drawing on CCH modules but allowing for bespoke sessions that were relevant to the particular scheme.

CHP branded case studies of particular co-operatives or particular initiatives and approaches deployed in their development should be drawn up and made available on WCC and CCH websites.

Action: Case studies

CHP branded case studies should be developed to include:

- The six pilot co-operatives with co-operators having a leading role in their production
- New techniques such as the *Expectations Exchange* approach pioneered by one contractor
- Areas of improved performance eg reducing rent arrears and better void property turnaround times

Simple, relevant and acceptable guidance was identified as an important source of support and this should be made available on WCC and CCH websites. Welsh Government as well as CHC, WLGA, TPAS Cymru and CIH Cymru should be encouraged to develop information on their websites on co-operative housing with links to on-line resources.

Action: Guidance notes

CHP branded guidance notes should be produced including:

- securing buy in from all external partners from the outset including a model protocol
- securing buy-in from other departments and colleagues within the organisation
- getting the best out of social media
- defining the roles and responsibilities of all associations, contractors and co-operators during the build stage
- tips for staff working with co-operatives

As well as developing their own formal and informal network, co-operators could link into existing ones such as those provided by the TPAS Cymru.

5. Comparative learning points

“There is no ‘one size fits all’ to the pilot schemes– it is very much dependant on the group formed and how they want to run their homes and community with support where required”

Housing association support officer

Bespoke approaches

The interviews conducted as part of this project were based on strict confidentiality and the focus group operated under the *Chatham House* rule. This means it is not possible – or indeed fair - to attribute comments to an individual. We also need to be cautious in reaching hard and fast conclusions; there are still relatively few new housing co-operatives and the longest established of these is barely two years old. Nevertheless, there are clearly lessons to be learned when comparing and contrasting different approaches, models and the experiences so far.

The lead organisation for pioneer projects in every case applied the ‘form follows function’ rule. Whilst they may have had some initial thoughts on the variety of co-operative models available they realised the need to be flexible and follow the dictum that ‘what matters is what works’. Key to this would be the development process, particularly enlisting and building support for the co-operative. In that sense changing mindsets was seen as more important than choosing blueprints.

Flowing from this is a fundamentally important point for others considering co-operative housing options in the future, emphasised a number of times during the project: although there is a value in understanding the pros and cons of models developed by pioneers, each was uniquely shaped to reflect local needs and circumstances. There is therefore a danger in simply grafting on templates that have worked elsewhere. The co-operative journey is at least as important as the destination.

Three basic scenarios

The pioneer projects fall into three categories. There are three *new build* schemes, two based on *remodelling existing homes* and one based on an *area regeneration* initiative with housing at its core.

New build co-operatives have been established in Newport, Cardiff and Carmarthen with the respective support of Charter, Cadwyn and Gwalia housing associations. A prime impetus behind the new build co-operatives was the setting of a 500 home target by Welsh Government in the 2012 *Homes for Wales* white paper. Whilst Cadwyn was already working with a co-housing initiative (although this partnership ultimately ended) the other two associations were new to co-operative housing. All

three schemes were able to take advantage of social housing grant (SHG) made available by Welsh Government and the local authority concerned.

All three co-operatives eventually chose different models. Charter opted for a shared ownership co-operative for Loftus Village but had to spend considerable time and effort adapting the existing model. Cadwyn decided to lease the properties to the Home Farm co-operative on a seven year renewable lease. The co-operative then issued assured shorthold tenancies that transfer to assured tenancies after twelve months. Old Oak was established as a tenant management organisation adapting model rules. All three co-operatives have taken on housing management responsibilities with an option to increase or decrease the range or areas covered.

Action: Learning points for new build co-operatives

Partners in future co-operatives should consider:

- Securing capital investment including social housing grant
- Working with public authorities to secure land for development
- Identifying the earliest and ongoing opportunities for tangible involvement including scheme design, selecting internal fixtures and fittings, designing communal areas and landscaping

Whilst new build co-operatives were helping to address the shortage of affordable housing, the two schemes based on remodelling existing homes – Taf Fechan hosted by Merthyr Valleys Homes and Shakespeare Gardens hosted by Newydd Housing Association - were trying to fix a different problem: how to increase demand and reduce costs of previously unpopular blocks of flats. Again the option to incrementally take on responsibilities has been included in the models.

Action: Learning points for remodelled homes

Partners in future co-operatives should consider:

- Carrying out a robust option appraisals including long term viability of homes
- Securing high level buy-in to the concept that reusing exiting homes can play a cost effective role in meeting housing need
- Securing early council approval for changes to allocations policy
- Considering adopting co-operative principles as part of a wider commitment to tenant empowerment

Of all the pioneers, the one that can best lay claim to being community driven is the West Rhyl Co-operative, embedded in the West Rhyl Community Land Trust and supported by Denbighshire County Council and North Wales Housing. This is a long-term urban regeneration project where delivering affordable housing where residents

have a strong sense of ownership and control has been identified as an important priority. Homes were allocated to people who live, work or volunteer in Rhyl. The co-operative accounts for roughly half of the properties of the community land trust with the remainder housing people from the council waiting list.

Action: Learning points for area regeneration

Partners in future co-operatives should consider:

- Securing the long-term commitment to the area masterplan from key stakeholders
- Adopting an incremental, long term approach and exploring a number of ownership and management models
- Building on the skills and commitment of existing community groups
- Linking co-operative development into wider environmental improvements

Finally, there are a number of key learning points that apply across all six pioneers and are therefore likely to be useful to any group or organisation embarking on the housing co-operative journey:

Action: Learning points for all pioneers

Partners in future co-operatives should consider:

- Adopting a 'form follows function' bespoke approach – determining what you are trying to achieve before deciding on the type of co-operative you want to support
- Identifying local housing need and matching this to people keen and willing to commit to co-operative models and ways of working
- Utilising existing or establishing new affordable housing registers
- Accessing available data to identify potential co-operators
- Securing early buy-in from the highest level within the local authority
- Developing and adopting a headline protocol for partnership working with all key partners
- Including local Assembly Member and councillors from the start and keeping them informed at every stage
- Ensuring that host associations secure the support of internal partners across all departments and that this is ongoing
- Adopting a community development approach from the outset that seeks to empower co-operators rather than seeing them as recipients of services
- Streamlining development and build processes to minimise delays
- Engaging early with Welsh Government regulator to clarify the status and regulatory implications of the co-operative model selected
- Interweaving the development and build process with building the skills and capacity of the co-operative
- Determining in advance the optimum time to recruit co-operators so as to avoid too long a process and the risk of high dropout rates
- Ensuring training is bespoke to the co-operative, incorporating elements

required (eg legal, finance) as well as those identified by co-operators

- Ensuring sufficient staff resources are invested to establish, nurture and continue to support co-operators.

6. The future

“It will take time to build up a sustainable community and it’s a continuing learning process. What is important is that we work in a way that is respectful of one another and can accept one another’s foibles and differences and include everyone, while understanding and accepting our legal responsibilities and duties. Hopefully it will be one model that we can share with others who wish to do something similar”

Co-operative member

Interviewees were asked about what they felt the future for the co-operative they were involved with would be. All respondents were optimistic about this and there were many examples of unanticipated positive impacts. As has been noted this included setting up other initiatives such as food co-ops, and providing services such as gardening and child care. There was agreement that there was real potential for a positive contribution to wider community cohesion. With two exceptions, there was considerable support from all partner groups for building on the learning from the pilots and taking forward new developments. The co-operators from one pilot who contributed to the focus group were very keen to be involved in promoting the concept and supporting the development of others.

Opinion was divided on among host housing associations on whether they would instigate a new co-operative scheme at this point; some were very keen and already planning to do so; others wanted to let the current scheme bed-in before deciding whether to repeat the exercise.

Not surprisingly the factor identified more than any other in determining future success was resources with continuing Welsh Government support for the CHP as well as access to capital investment. More radical ideas around finance include ring fencing funds for co-operative housing in the proposed Wales Investment Bank and giving existing co-operatives direct access to development funding to support expansions. It was also pointed out that if the aim is to build genuinely sustainable communities then this may entail higher specification homes, lower density schemes and community development support– but this too has financial implications.

Whilst co-operatives offered a potential housing solution in a wide range of scenarios, some groups will need significant additional support. This needs to be factored in and provided for in, for example, supporting people funded programmes. In the words of one association manager *‘It’s important not to extrapolate the idea of a co-op solution into other housing problem they have in their in tray’*

Despite the unique nature of each pilot, there were some commonalities in the early stages that could be addressed in future developments including the need to:

- understand and be committed to the model and working co-operatively from the outset

- understand the need for flexibility depending on the type of co-op formed, the people & type of involvement desired
- commit to their particular role and understand the role of others
- have a shared understanding of and commitment to the ultimate goal
- understand and accept that it can be a long process and be committed to resolving any resulting tensions in a co-operative manner
- make sure the wider organisation they are part of is informed and supportive of this different way of working
- ensure the leadership of their organisation continues to be fully committed and supportive in removing any possible barriers within the organisation and in its work with partners
- secure the commitment of key partners and nurture and maintain long-term relationships

A number of other innovative ideas arose during discussions that merit further consideration:

- exploring opportunities to build links between co-operatives and other mutual housing organisations including the five mutual stock transfers
- considering any potential to link in with charitable objectives of groups such as Church in Wales and Faith in Affordable Housing
- mapping out a 'three pillar' process – building the homes, establishing the co-operative and securing resources and support – that could be flexible and developed locally with a realistic start to finish timetable of 12 months
- exploring the potential of local authorities to be 'hosts and incubators' for co-operatives in their existing homes or in any new developments
- including exploration of co-operative options in any estate remodelling or selective demolition for existing homes
- exploring whether a co-operative approach to resident engagement is a possibility when developing all new homes even if the end destination was not setting up a co-operative
- exploring opportunities to link housing co-operatives with asset transfer and job creation