



More than Markets

Mutual and Co-operative Housing in the UK

Kevin Gulliver, Chris Handy and John Morris

Foreword by Ed Mayo, Secretary General of Co-operatives UK and
Nic Bliss, Chair of the Confederation of Co-operative Housing (CCH)

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Dedicated to
Terry Edis MBE
1945 to 2011
&
Ursula Barrington
1963 to 2013

For their unique & immense contribution
to resident and community-controlled housing

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Nic Bliss, Chair of the Confederation of Co-operative Housing (CCH)

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Foreword



Ed Mayo, Secretary General
Co-operatives UK



Nic Bliss, Chair
Confederation of Co-operative
Housing

Bringing democracy home was the core idea of the 2009 Commission for Co-operative and Mutual Housing. While everyone has a place that they think of as home, our housing and neighbourhoods, more than any other part of the UK economy, reflect the inequalities and lack of voice that so many people face.

Since the work of the Commission, the good news is that we have seen more interest in co-operative and mutual housing in the UK than at any period since the 1970s. Politicians of all hues have supported the sector. In England, for example, the Coalition Government has ensured that some of its housing capital finance has been available to develop community-led housing, and is now in discussion with the sector about providing revenue funding to develop schemes. Homes & Communities Agency officers have worked in partnership with the sector to help develop opportunities, and have particularly supported the Commission's recommendations on work to explore how to raise finance to develop the sector.

In Wales, the Welsh Assembly Government has made a public commitment to develop co-operative housing and is supporting the development of a set of pioneer projects. Many local authorities have had dialogue with the sector about how to develop co-operative and mutual housing strategies. And most importantly, many local communities are exploring co-operative housing options right for them.

These initiatives have led to the development of a wide array of mutual housing schemes - Community Land Trusts (CLTs), where local communities develop homes or other assets that meet local housing and other needs, such as at Lyvennet Community Trust in Cumbria, High Bickington Community Property Trust in North Devon, and East London CLT in London; cohousing schemes, such as at Threshold in Dorset; co-operatives and mutual home ownership schemes such as the ground breaking Lilac in Leeds; and community self-build schemes, such as the Ashley Vale estate in Bristol.

This mosaic of innovation is also leading to more concerted and ambitious action for co-operative and mutual housing. The representative bodies - the Confederation of Co-operative

Housing, the Community Land Trust Network, the Cohousing Network, the National Self-Build Association and others - are working together through the new Mutual Housing Group in partnership with decision-makers to help develop a viable movement.

With community action and interest in co-operative solutions on the rise, it is welcome that 'More than Markets' takes us back to the social housing roots of co-operative and mutual housing in the UK.

Since the 1980s, all Governments, including the Coalition Government have continued to support the development of Tenant Management Organisations in social housing. The National Federation of TMOs has continued to work in partnership with Government to expand the sector, and the development and success of WATMOS Community Homes has been exciting and pioneering. Since the CCH developed the Community Gateway model in the early 2000s, it is welcome that Community Gateways and Mutuels have sprung up in England and Wales and now the ground breaking tenant and staff owned Rochdale Boroughwide Housing has expanded the model further. It is now particularly welcome to see some of the Welsh Community Mutuels responding to the Welsh Government's co-operative housing agenda to develop new mutual models.

As the overarching body that speaks for the co-operative and mutual housing sector, the Mutual Housing Group has set realistic targets for development of new mutual homes and schemes. But the current considerable interest and activity could result in a snowball effect that sees many more mutual homes in the future. The message from the co-operative and mutual housing sector to local communities, local authorities and housing associations is – we are here to work with you. Tell us what sort of mutual housing you want, and we will help you develop it!

This is more than markets. It is about people, community, democracy and homes.

SUMMARY

Headline Recommendations

- ***Extending the UK's 1 per cent co-operative housing up to European Union norms of 5 to 15 per cent with at least 500,000 social homes moved into co-operative ownership over the coming decade.***
- ***Creating a Tenants Mutual Finance Initiative operating in similar ways to the Children's Mutual, providing savings and borrowing opportunities for tenants. The Tenants Mutual would not only enable expansion of co-operative approaches in social housing but would fund new affordable housing development and aid renewal of community infrastructure, while providing tenants with affordable credit opportunities.***
- ***Developing a new form of 'co-operative tenancy' to replace the current provider-consumer relationship between social landlords and tenants.***

Research Aims & Methodology

1. The research for the report was undertaken by the Human City Institute (HCI) and aimed to establish the nature and extent of mutual housing in the UK (covering mainly housing co-operatives, community housing mutuals and gateways, tenant management organisations (TMOs), co-housing schemes and community land trusts (CLTs)).
2. The research sought to compare the performance of housing co-operatives with that of the social housing sector overall, especially the more comparable small housing associations mainly. It attempted to place mutual housing within the key contexts of the wider co-operative economy, the evolving 'mutual state', and the international scene.
3. It also explored the social value of mutual approaches in housing and how the 'asset effect' might operate in mutual housing to improve personal well-being and reduce tenure-based inequality.
4. The report is built upon mapping mutual housing organisations nationally and regionally in the UK, establishing housing management performance baselines, comparing the role mutual housing organisations play in meeting need and combatting social exclusion, the extent of their added value services in comparison with other housing sectors, and undertaking case studies of organisations in mutual housing sub-sectors.

Why Mutualism Offers Housing 'More than Markets'

5. There is strong and growing evidence of the existence of a 'co-operative imperative'. This, evolutionary psychologists tell us, goes hand-in-hand with our more widely-publicised competitive instincts and is an equally strong human drive.

6. In recent times, however, many alternative ways of doing business and organising society, running public services and creating and developing companies, including co-operative alternatives, have been crowded out by market approaches, which, conventional wisdom says are more cost-effective and offer choice. This is now being seriously contested.
7. Harvard philosopher Michael Sandel casts doubt on our acquiescence to market thinking, arguing that the dominance of a narrow form of economic thinking as a relatively recent trend. He contends that the last few decades have witnessed the remaking of social relations in the image of market relations with social goods changing their nature when supplied through the market. Sandel further shows that the limits to markets cannot be circumscribed by economic reasoning alone.
8. Sandel argues that policy-makers and the general public have been mesmerised by the ability of market systems to deliver greater cost-effectiveness and choice, concluding that we need to be more sceptical about market approaches and have greater confidence about our own judgements and in older ways of 'doing business' such as co-operation which have proven track records of sustainability.
9. Charles Leadbeater asserts that humans have a deeply hardwired need to co-operate and that we are capable of greater levels of co-operation than other species, being prepared to co-operate with strangers, over large distances, times and cultures: the skills which are required to create shared solutions to complex problems such as global warming, financial regulation, world hunger and demographics.
10. Co-operatives UK put forward three key reasons why co-operation works in the economy:
 - *It allows communities and groups to take responsibility for their own needs and enables such groups with a common interest or aspiration (such as saving a village pub or shop, running a football club) to work together.*
 - *Co-operatives have trusted values and principles including commitment to ethics, community and governance. So co-operatives are trusted to provide sensitive services to vulnerable people, such as funeral care.*
 - *They creating extra value for business and members by enabling provision for the best possible services for members allowing the advantages of co-operation to shine through.*

Context: Evolution of Mutual & Co-operative Housing

11. Mutual housing has evolved through a series of 'waves' of formation. This is shown chronologically below with the remaining organisations today:

| Waves of Creation | | Number Today |
|--------------------------|--|---------------------|
| • Late 19th/early20th: | Co-partnership Housing | 0 |
| • 1960s: | Co-ownership Housing | 3 |
| • 1970s to 1980s: | Housing Ownership Co-operatives | 575 |
| • 1980s to1990s: | Tenant Management Organisations | 231 |
| • Late 1990s Onwards: | Co-Housing Projects | 54 |
| • 2000s Onwards: | Community Housing Mutuals and Gateways | 11 |
| • Mid-2000s Onwards: | Community Land Trusts | 100 |
| • 2013 | <u>TOTAL REMAINING TODAY</u> | <u>974</u> |

Context: The Mutual Economy

12. The UK's mutual economy has seen a significant revival as part of a successful global movement. Across the UK there are almost 6,000 co-operative enterprises with an annual turnover of £38 billion with a membership approaching 13 million and employing 240,000 people.
13. In contrast to actual decline in the UK's Gross Domestic Product by almost 4 per cent between 2008 and 2013, the mutual economy has grown by around one fifth. Membership of mutuals is up 15 per cent over the same period.
14. Grouping together co-operative enterprises with other mutuals in the financial and insurance sectors, such as building societies, which have been generally more durable than the mainstream financial sector since the Credit Crunch hit, reveals that the UK mutual sector now has an annual turnover in excess of £100m, or 8 per cent of UK GDP.

Context: The Mutual State

15. The discovery of the value of mutualism by the Conservative Party in relation to the 'Big Society' and the rekindling of interest by the Labour Party, especially in Scotland and Wales, have opened up a space into which existing and fledgling co-operative enterprises can expand.
16. Internationally, public services co-operatives are well established in many countries, especially in the fields of health, social care, and housing. Mayo and Moore in 2001 called for a 'mutualising of the state' and recommended new models for delivery of public services including a participation audit, decentralisation of service management, a recognised status for mutuals, conversion of selected public services to mutual status, and re-imagining the state as a guarantor, funder and regulator of a plethora of mutual service providers.
17. The growth in the 'mutual state' from 2002 saw a range of organisations including the New Economic Foundation, IPPR, the Fabian Society and the Public Management Foundation recommending the creation of a Mutual State Toolkit to enable mutualisation of public

services which embraced co-production, social enterprise, new models of community finance and multi-stakeholder governance.

18. Multi-stakeholder focussed organisations have grown to extend models of mutualism. These include Foundation Trust Hospitals, Co-operative Trust Schools, Health and Social Care Co-operatives, and Community Interest of Public Interest Companies with their own regulator.
19. Since election of the Coalition Government in May 2010, interest in mutualising public services, partly as an element in the 'Big Society' initiative, has grown. The Mutuels Taskforce, convened in 2011 aiming to create more public service mutuels, has published its report 'Public Service Mutuels: Next Steps' which highlights the progress and achievements made to date and sets out recommendations for Government to further increase the size and scope of the agenda. Co-operative Councils and community shares are also new developments within the 'Mutual State'.
20. To date, around 70 mutuels have been formed through the government's Mutual Support Programme. However, there is some disquiet that these are not truly mutuels and could undermine the rest of the mutual sector unless changes were made. Alack of a controlling stake for staff in some organisations is a concern. Cooperatives UK has published a best practice guide with the Trades Union Congress after fears were raised that some mutualisations were 'forced through' against employees' wishes. Among the recommendations, staff should always have a majority stake in the new firms, Mayo told Public Finance.

The Shape of the Mutual Housing Sector

21. Across the sector a little over 195,000 homes are managed of which 54 per cent are owned and the remaining 46 per cent managed on behalf of others. However, this still only equates to around 1 per cent of all UK housing compared to norms of around 5 to 15 per cent across the European Union.
22. Ownership is most common amongst housing co-operatives and community gateways and mutuels and management on behalf of others amongst TMOs, which have agreements on service delivery with mainly local authorities; only a small number of TMOs exist within housing associations however, of which 11 are within WATMOS. This should be a cause for concern for housing associations if they are to engage more actively with direct resident and community control of housing.
23. Organisational size varies from less than 10 homes in management to more than 15,000. The average size of organisations is 203 homes in management but 75 per cent manage less than 100 homes and 85 per cent less than 200. EMBs (at 471 homes) tend to larger than TMOs (at 450 homes) which in turn are larger on average than TMCs (at 192) with ownership co-operatives the smallest of all on average (at 57 homes).

24. Organisations managed by tenants in the social housing sector account for 28 per cent of the total number (or 231) but are sub-divided into TMOs (at 34 per cent of this sub-sector and 9 per cent of total resident and community controlled organisations in the UK), TMCs (at 50 and 14 per cent respectively), and EMBs (at 16 and 4 per cent respectively).
25. There is some variation in emphasis between organisational forms with the key difference between TMOs/EMBs and TMCs being the level of control of operational management activities as identified by the ODPM study although there are only minor differences in operational practice. Perhaps greater variation can be observed between individual organisations.
26. What also emerges from is that the community gateways and mutual housing organisations in Greater London, Preston, Liverpool, Rochdale and Wales - a relatively recent addition to the co-operative housing sector - manage just over two fifths of mutual and co-operative housing. And of course, Scotland has long cherished co-operative housing.
27. Rochdale Boroughwide Housing is the most recent stock transfer of local authority housing but to a unique employee and tenant owned vehicle.
28. These organisations have an annual turnover in excess of £531m have shareholder capital of £494m and have in excess of 200,000 co-operating members.

The Cost-Effectiveness of Mutual Housing

29. There is growing evidence that mutual housing organisations are more than competent housing managers with rent arrears, vacancies and re-let times lower than national social housing norms. For example, housing co-operatives take 34.4 days on average to let a home compared to 80.2 days for small housing associations. They also compare favourably on repairs performance and housing 'indecentry' is dramatically lower (at 4 per cent compared to 10 per cent for small associations).
30. These findings are confirmed by the Tenant Services Authority's research which showed that housing co-operatives outscored all other landlord types on customer service, repairs and maintenance, dealing with complaints, looking after communal areas, helping with housing benefit, health and safety and neighbourhood safety.
31. Satisfaction among tenants of housing co-operatives runs ahead of that in the social housing sector overall. In housing mutuals, satisfaction among tenant co-operators is in the high 90s per cent.
32. Mutual housing offers some potential answers for growing housing and community problems. It both meets needs and fulfils aspirations. For example, 20.7 per cent of applicants housed by housing co-operatives were homeless compared to 20.5 per cent for small associations.

33. Approaching 27 per cent of housing co-operative lettings went to applicants living in poor or overcrowded housing which is a greater proportion than for small associations (at 22.6 per cent), all associations (at 20.2 per cent), and community gateways and mutuals (22.1 per cent).
34. Some 28.3 per cent of those housed by co-operatives were economically inactive, which is slightly below the 29.9 per cent of those housed by small associations and considerably below that for all housing associations (at 36.5 per cent) and for community gateways and mutuals (at 34.4 per cent).
35. The average weekly gross income of those housed by co-operatives was £196.20 with 20.1 per cent having incomes below £100.00 per week and 58.2 per cent below £200 per week. The average income for those moving into accommodation managed by small housing associations (at £196.71) was slightly above the co-operative average.
36. Close to half (45 per cent) of those housed by co-operatives had no savings in contrast to 54 per cent of those housed by small associations. However, of those who did, the average level of savings (at £357) was far less than that for small associations (at £2,233).
37. Whether by providing a mutually supportive environment for elderly people that values their on-going contribution, or housing for young people who stand little chance of getting onto a receding housing ladder, or housing for families trapped in poor private renting, or different ways to provide housing for the vulnerable, homeless disempowered and disenfranchised, the sector offers numerous possibilities.

The Social Value of Mutual Housing

38. Mutual housing organisations provide added social value beyond other forms of social housing. There is some preliminary evidence that controlling assets by tenants and low income groups has positive effects on personal and community wellbeing, as well as self-esteem, health, employment access and progressions, and life chances. Control of assets, as in mutual or co-operative housing, rather than being the recipients of services provided by a social landlord, is likely to create greater levels of social value and promote well-being and community cohesion.
39. There is also now considerable case study evidence to infer that many non-housing benefits are offered to residents and the wider community by housing organisations managed by them - tackling anti-social behaviour, fostering community well-being, developing social capital and providing pathways out of poverty being just a few.
40. Mutual housing organisations also outperform other social landlord types on dealing with anti-social behaviour, looking after local neighbourhoods, providing community facilities, and helping residents gain skills and obtain employment, from the viewpoint of residents. It is the local control and intimacy of many resident and community-led housing organisations that is most valued by members and contributes to community cohesion.

Conclusions and Recommendations

- a. Mutual values offer much to the economy and society. So the report recommends that social landlords import mutual values. There is considerable scope for extending mutualism in this way: Social housing comprises 4.6 million homes with an estimated asset value of £120 billion and an annual turnover of £35 billion. Enabling transfer of ownership of some of this housing, its management or simply greater involvement in decision-making about services could make a real difference to local communities.
- b. There are a number of models to choose from including TMOs, which are massively under-represented in the housing association sector. All social landlords could be required by regulators to adopt community gateway principles whereby flexibility of involvement allows all residents to become members and to determine their level of involvement at their own pace through a range of localised participative vehicles including TMOs, co-operatives or community development trusts, within the overall social landlord governance structure.
- c. Importing greater democracy into social housing as part of a far-reaching strategy to improve the quality of services, regenerate neighbourhoods through investment in people, and to help ameliorate the effects of reductions in public spending, welfare reform and austerity, which fall disproportionately on tenants. The aim over the next decade or so would be to offer mutual housing options across the UK.
- d. There is already an infrastructure within social housing to devolve control of existing housing to tenants and communities, and to provide new co-operative and mutual housing through innovative finance packages; not expensive in the scheme of things but requires a deep-seated reorganisation of the way in which housing assets are managed and services are delivered.
- e. Mutual housing provides considerable advantages to social housing in terms improved cost-effectiveness, value for money and additional social value. The 'asset effect' is of considerable importance in improving well-being and self-esteem. Tenants have been left behind by the home ownership market since the 1970s with the wealth gap between tenants and owners now more than £1:£100. The introduction of a Tenants Mutual Finance Initiative, which would operate in similar ways to the Children's Mutual, providing saving and borrowing opportunities for tenants backed by a progressive government. The Tenants Mutual would not only enable expansion of co-operative approaches in social housing but would fund new affordable housing development and aid renewal of community infrastructure.

1.

About the Report

Backdrop

There is little doubt that mutualism and co-operative enterprise have both moved to the top of the political agenda in the last ten years. Mutualism has been extended considerably in the UK, the birthplace of the co-operative movement, both in terms of the state and public services, including housing, and the economy. The recognition of mutualism as a dynamic force for change is now recognised in the economy and wider society as well as in housing. In the last twelve months, the UK's co-operative economy grew by 4.4 per cent while the wider economy flatlined. According to Co-operatives UK, there are now 6,000 co-operative enterprises with an annual turnover of £37bn employing 250,000 people and sustaining a membership of 13m.

Beyond the economic sphere, the 're-discovery' of the value of mutualism by all political parties has opened a space into which co-operation can potentially expand. Politicians across the political spectrum are now calling for more community-controlled and collaborative approaches. The work of the Mutuals Taskforce, the introduction of localism and the advent of the 'Big Society' are supportive policy strands. Alongside, the growth in the 'co-operative councils' movement is exploring mutual ways of delivering services locally and in ways that provide added benefits to the public.

Mutualism stretches back even to the feudal period when access to large tracts of common land met a variety of needs. The onset of enclosure of common land was opposed by groups such as the Diggers and Levellers who argued for the value of common and communal forms of ownership since individual wealth acquisition was considered a sin (Birchall, 1988). The creation of mutual and co-operative organisations throughout the 18th and 19th Centuries, exemplified by the Rochdale Pioneers weavers co-operative and the 'villages of co-operation' established by Robert Owen, was mirrored by the growth of finance and industrialised capitalism. Although these organisations and their formation continued into the 20th Century, rising inequality and social problems called for state and municipal intervention, including massive investment in public housing, which became increasingly prominent, especially after the two World Wars, and tended to crowd out mutual approaches although many strands from the past continued. Today, mutualism is back on the rise in the private, public and third sectors.

Yet housing remains the Cinderella element of the co-operative movement although this is beginning to change in the wake of the completion of the work of the Commission on Co-operative and Mutual Housing (CCMH) in 2011. Today, community mutuals and gateways are becoming more common in social housing, epitomised by the transfer of Rochdale Boroughwide Housing to resident and employee control in early 2012.

About the Report

The report's title refers to how the potential scope of mutual housing organisations in the UK offers 'More than Markets' in the face of marketization of social housing. The mutual housing sector is in fact more extensive in the UK than has previously been recorded although remaining a relatively small part of the UK housing scene in international comparison.

Research Aims & Methodology

The research for the report was undertaken by the Human City Institute (HCI) partly for the Commission on Co-operative and Mutual Housing but now updated and extended considerably since the Commission concluded its work and completed its final report '*Bringing Democracy Home*'.

The key aims of the research were to:

- *establish the nature and extent of mutual housing in the UK (covering mainly housing co-operatives, community mutuels and gateways, TMOs, CLTs and co-housing schemes);*
- *compare the performance of mutual housing with that of the social housing sector overall (in practice small housing associations mainly);*
- *explore the social value of mutual approaches in housing and how the 'asset effect' might operate in mutual housing to improve personal well-being and reduce tenure-based inequality;*
- *place mutual housing within key contexts particularly the wider co-operative economy and the 'mutual state', and in terms of international development.*

The report is built upon a number of interconnected research methods including:

- *mapping mutual housing organisations nationally and regionally based on a new database recording;*
- *establishing baselines around housing management performance, lettings activity, and added and social value services of mutual housing organisations in comparison with other housing sectors;*
- *undertaking case studies of mutual housing organisations.*

These three research approaches have been set within the context of a literature review exploring the mutual economy, the 'mutual state' and mutuality in the UK with linkage to current and likely future housing policy concerns.

The research has been built on a HCI-designed database of resident and community controlled housing in the UK integrating information from the Housing Corporation and Scottish and Welsh regulators, Co-operatives UK and the National Federation of Tenant Management

Organisations (NFTMO) which provides not only the most up-to-date information on the sector but also the most comprehensive.

The database includes information about fully mutual housing organisations and tenant ownership co-operatives, resident and community controlled housing organisations such as TMOs, TMCs and EMBs, as well as the small number of community gateways and community mutuals that have emerged in the last five years but which make up an increasingly large segment of the sector in housing stock ownership and management terms.

Baseline data for some housing management indicators of performance, such as vacancy rates and rates of 'indecency' have been provided by the NHF for 239 of the 243 housing co-operatives registered with the regulators in England as at 31st March 2012, alongside comparative data for small housing associations in England (with less than 500 homes in management). Continuous Recording (CORE) lettings data for the April 2002 to March 2012 period was analysed by HCI. These data include lettings characteristics, previous housing circumstances and property characteristics.

It should be noted that these data sources are more comprehensive in terms of coverage of the co-operative and mutual housing sector than those in the CURS report (Rowlands, 2012) which was based on a partial analysis of returns from self-selecting housing co-operatives only. However, the CURS findings are still valid and they should be used for some KPIs not covered by the HCI report.

Defining Terms

Mutual housing is defined as that either owned or managed by groups of residents, usually via co-operatives including common ownership or par value co-operatives and co-ownership societies or through management (like TMOs or community mutuals and gateways). They are often community-based (that is, locally focussed) with a defined narrow geography although the more recently created community mutuals and gateway organisations are based around boundaries often coterminous with the local authorities from which they sprang via stock transfer.

Mutual housing was created in series of 'waves':

| Waves of Creation | | Number Today |
|------------------------|--|--------------|
| • Late 19th/early20th: | Co-partnership Housing | 0 |
| • 1960s: | Co-ownership Housing | 3 |
| • 1970s to 1980s: | Housing Ownership Co-operatives | 575 |
| • 1980s to1990s: | Tenant Management Organisations | 231 |
| • Late 1990s Onwards: | Co-Housing Projects | 54 |
| • 2000s Onwards: | Community Housing Mutuals and Gateways | 11 |
| • Mid-2000s Onwards: | Community Land Trusts | 100 |
| • 2013 | <u>TOTAL REMAINING TODAY</u> | <u>974</u> |

2.

Why Mutualism Offers 'More than Markets'

This first contextual section of the report seeks to set the scene for the remainder by exploring whether the trend towards marketization (and more recently commercialisation) of social housing can be combatted by a new vision incorporating mutualism that offers 'more than markets'.

The Marketisation of Social Housing

The marketisation of social housing over the last twenty-five years is reaching its apogee under the Coalition Government. Creeping commercialism in the sector since 2010, encompassing regulation, governance and social purpose, mirrors that in other sectors of the welfare state; especially health. Yet social housing is very much a welfare service despite having a foot in the market and an eye on the community: 60 per cent of homes managed by housing associations come from historic public subsidy and around two thirds of rents and other service costs are taxpayer supported in the main through the housing benefit system (TSA, 2012).

Competition between social housing providers since the late 1980s and the normalcy of market terminology - calling tenants customers for example and aping private business practices such as call centres - has had profound implications for how social housing operates including framing debates about what social housing is actually for. Much of this has been driven by social housing's place between 'state, market and community' and relatively recent emphases on efficiency and value for money. As Mullins (2010) has identified, a long-standing emphasis on regulation and performance management of housing functions and financial management was ramped-up by the Best Value regime in the early 2000s.

The efficiency agenda exemplified by the Gershon Review in 2004 when housing associations were asked to offer up savings measured by Annual Efficiency Statements and the Operating Cost Index, reached a new height under the Coalition Government's Value for Money regime. Housing associations are being pushed further towards the market by the majority of state funding going into the Affordable Rent Programme, which seeks to develop housing with rents closer to market levels rather than traditional social housing developed under a variety of previous funding regimes. And they are being tasked with further diversification into market activities such as private renting.

Some in social housing are calling for new governance models where housing associations are managed by more professional Governing Boards: a practice shown to be limited by the cost-rent experiments of the 1960s. This move will mean that social landlords may forget their place as third sector agencies equidistant between the tripartite system of state, market and community (Mullins, 2010; Gulliver, 2012). As Bishop of Dudley and founding chair of the Housing

Justice charity David Walker commented recently it is difficult to see how a vicar could obtain a place on a housing association Board these days.

The 'transparency' debate, which seems to have faded since Grant Shapps MP laid down the Government's housing brief, was set within the market parameters of a service provider-consumer relationship and relegated other, and it could be argued more powerful, means of making social landlords more accountable - through direct control of housing and neighbourhoods by tenants for instance, as in much of Europe, where mutual models are more dominant; rather in contrast to the Thatcher-inculcated individualism in the UK. The greater movement of social landlords into the provision of market, or sub-market, housing, and diversification into increasingly commercial activities, threatens to relegate their historic core mission of meeting housing needs and improving the lives and life chances of those living in disadvantaged communities: a constituency set to grow as austerity and welfare reforms bite deeper into the quality of life of those at the bottom of the pile (Gulliver & Smith, 2013).

What Money Can't Buy

The social sector might usefully digest the lessons of *'What Money Can't Buy: The Moral Limits to Markets'*, by Harvard philosopher Michael Sandel (2013) who argues against the dominance of a narrow form of economic thinking, unfortunately deeply embedded in the current Government's ethos and echoing that of its predecessor:

'To a remarkable degree, the last few decades have witnessed the remaking of social relations in the image of market relations. Knowing the price of everything but the value of nothing springs to mind.'

Sandel has identified that not only do social goods change their nature when supplied through the market but that the market crowds out other ways of providing social services that may be more efficient. The comparison between the higher quality of blood supply in the UK health care system through altruism - Titmus' 'gift relationship' - and the poorer quality donations provided through cash payment in the USA is a telling example. Sandel further argues that policy-makers and policy actors, like social landlords, have been mesmerised by the supposed ability of market systems to deliver greater cost-effectiveness and choice despite evidence in practice to the contrary. He concludes that we need to be more sceptical about market approaches and have greater confidence in other ways of living and doing.

Sandel further casts doubt on our acquiescence to market thinking, arguing that the dominance of a narrow form of economic thinking is a relatively recent trend. He contends that the last few decades have witnessed the remaking of social relations in the image of market relations with social goods changing their nature when supplied through the market. Sandel further shows that the limits to markets cannot be circumscribed by economic reasoning alone. He argues that policy-makers and the general public have been mesmerised by the ability of market systems to deliver greater cost-effectiveness and choice; the banking cartel setting the LIBOR interest rate and the inability of G4S to service Olympic security are examples of two different 'market' failures. Sandel concludes that we need to be more sceptical about market approaches and have greater confidence about our own judgements

and in older ways of 'doing business' such as co-operation which have proven track records of sustainability.

Alongside, there is strong and growing evidence of the existence of a 'co-operative imperative' from evolution illustrated by Game Theory (Restakis, 2010). This, evolutionary psychologists tell us, goes hand-in-hand with our more widely-publicised competitive instincts and is an equally strong human drive. In recent times, however, many alternative ways of doing business and organising society, running public services and creating and developing companies, including co-operative alternatives, have been crowded out by market approaches, which, conventional wisdom says are more cost-effective and offer choice. This is now being seriously contested by the 'resilience imperative' (Lewis & Conaty, 2012) in relation to the international financial crisis and climate change. The strength of common endeavour and institutions has been championed by others (Ostrum, 2003)

Charles Leadbeater (2012) asserts that humans have a deeply hardwired need to co-operate and that we are capable of greater levels of co-operation than other species, being prepared to co-operate with strangers, over large distances, times and cultures: the skills which are required to create shared solutions to complex problems such as global warming, financial regulation, world hunger and demographics.

Co-operatives UK (www.uk.coop/advantage) puts forward three key reasons why co-operation works in the economy:

- It allows communities and groups to take responsibility for their own needs and enables such groups with a common interest or aspiration (such as saving a village pub or shop, running a football club) to work together.
- Co-operatives have trusted values and principles including commitment to ethics, community and governance. So co-operatives are trusted to provide sensitive services to vulnerable people, such as funeral care.
- They creating extra value for business and members by enabling provision for the best possible services for members allowing the advantages of co-operation to shine through.

3.

Mutualism in Context

The Football Connection

Football is perhaps a strange way to start a section of a report on the mutual context for housing. But consider how in the last thirty years privatisation of key industries, marketisation of public services, and the invasion of civil society by 'free market' models has crowded out debates about alternative ways of managing enterprises. Now reflect upon the management of two of the largest and most successful football clubs in the world - FC Barcelona and Manchester United - especially their development ethos and how they are managed. The first - FC Barcelona - is a mutual owned by 130,000 members worldwide which pays Unicef to have its logo on the Barcelona strip. Compare this with Manchester United, with its strip emblazoned with private sector sponsors, owned predominantly by one American family which loaded the club with £600m of debt to support other ventures.

The contrasting approaches of the two clubs illustrate that there is more than one way of achieving success, even in such a competitive sport as European football; the mutual route enables at least equal success in sporting and business terms while ensuring that ownership and direction stays with those who most care about their club - the supporters. In fact, there are now 169 football supporter clubs in the UK with 100,000 members, suggesting that there is considerable potential to change the nature of the Premier League.

The 'Big Society' - Mutualism Rising?

Beyond football, a significant opportunity is emerging to extend mutualism in the UK and to come into line with other European countries where co-operative enterprises and approaches are part of the mainstream. Despite the UK's historical role in leading the way from the Rochdale pioneers onwards, mutualism is now relatively under-developed here despite recent expansion led by Co-operatives UK in the follow-up to the Monks Commission in 2000.

The overarching political context in which mutual housing operates has evolved significantly, however, in recent years. In opposition, the Conservatives created their own Conservative Co-operative movement. In government, the Coalition has made mutuality part of its 'Big Society' initiative and has created a Mutuality Taskforce to explore how public services might be more effectively delivered by co-operatives along the lines of the 'John Lewis' model. Emergent policies around asset transfer, the community right to build and localism all chime with a push for greater mutualism. The Open Public Services White Paper also contains statements of mutual intent in England.

At the other end of the political spectrum, Jonathan Freedland has argued in a Guardian article (20th July 2010) for Labour to re-examine some of its own roots as part of Labour's recovery in opposition and future direction:

'It's worth digging into Labour's roots. There you will find the co-operative movement, friendly and mutual societies, as well as trade unions, out of which Labour was forged. The ethos of collective organisation and self-help predated the Fabian emphasis on central government and the later obsession with state ownership. What those Labour pioneers understood was that more was at stake than providing services efficiently; that there was an extra, human value in people coming together and working for the common good. The sociologists speak of 'social capital' that accrues when people form such connections with each other. There is, as Cameron argued, a 'passivity' that can result - and has resulted in Britain - when people habitually look upward for solutions....Labour will make a great mistake if they put themselves on the wrong side of the idea at the heart of the 'Big Society'....Instead, Labour needs to seize this idea....reclaim its Labour origins and then improve it'.

Much of this suggests that the current Labour leadership needs to build on the growth in the 'mutual state' apparatus under developed by New Labour including co-operative trust schools, health and social care co-operatives and community interest and public interest companies, although there are significant departures from the policies of the previous government (Mayo & Moore, 2001).

The space has opened up partly because of the Credit Crunch. Many progressives are now calling for more community-controlled and community-focussed financial institutions to be created or expanded. John Lewis-style partnerships and similar mutual options seem to be supported by all sides. Labour, while still in government, published its 'Mutual Benefit' prospectus, although many felt that this was too little too late, which saw the role for an 'active state' (echoing the 'social investment state' of Third Way guru Antony Giddens) to facilitate grassroots mutual approaches to management in the NHS and Social Care for example.

Since the General Election, David Cameron's has advanced his vision for a 'Big Society', building on the ideas of Phillip Blond and Jesse Norman including devolving public services to smaller-scale social enterprises and asset transfer to disadvantaged communities. Despite the 'Big Society' being used by the media as a euphemism for volunteering and which has become entangled with debates about the pros and cons of 'free' schools, progressives need to support a potentially radical way of transforming public services. Despite some falling out between Blond, Norman and Cameron, there still seems to be a significant place for co-operatives and mutuals supported by initiatives such as the 'Big Society Bank', using dormant bank accounts to provide financial support to new co-operatives, mutuals, charities and social enterprises, and the recent consultations on tax relief on social investment.

This section of the report, then, briefly reviews the key elements within the current 'mutual society' in the UK, starting with the economy.

The Mutual Economy

The co-operative economy in the UK is seeing a significant revival as part of a successful global enterprise. Globally there are 800m members of co-operatives, or around 9 per cent of the total world population. Internationally, co-operatives employ 100m people, which is more than all the world's multi-national companies combined.

Across the UK there are around 6,000 co-operative enterprises with an annual turnover of £37bn with a membership approaching 15m people and employing over 250,000 people. In contrast to the anaemic growth in the wider economy, and an actual decline in Gross Domestic Product in 2008 to 2010, the co-operative economy has grown by one quarter since 2008. Membership is up 15 per cent over the same period.

Grouping together co-operative enterprises with other mutuals in the financial and insurance sectors, which generally performed much better than the mainstream banking sector and demutualised Building Societies during the credit crunch, shows that the UK mutual sector now has an annual turnover in excess of £100m, or 8 per cent of UK GDP. The performance of the co-operative economy in the wake of the Credit Crunch further underlines the growing confidence of advocates of mutualism. In the last twelve months, the UK's co-operative economy grew by around 4 per cent compared to the 'flatlining' wider economy. Since the Credit Crunch hit in 2008, it has grown by 21 per cent while the economy overall shrunk by 4 per cent.

The Mutual State

A number of commentators have remarked upon the growth in what has become known as the 'Mutual State' and its benefits (Moore & Mayo, 2001; the New Economics Foundation). Internationally, public services co-operatives are well established in many countries, especially in the fields of health and social care, as housing of course. Mayo and Moore in 2001 called for a 'mutualising of the state' and recommended new models for delivery of public services including a participation audit, decentralisation of service management, a recognised status for mutuals, conversion of selected public services to mutual status, and re-imagining the state as a guarantor, funder and regulator of a plethora of mutual service providers. In 2002, a range of organisations including the New Economic Foundation, IPPR, the Fabian Society and the Public Management Foundation recommended the creation of a 'Mutual State Toolkit' to enable mutualisation of public services which embraced co-production, social enterprise, new models of community finance and multi-stakeholder governance. To a large extent, multi-stakeholder focussed organisations have grown in recent years to extend models of mutualism. These include Foundation Trust Hospitals, Co-operative Trust Schools, Health and Social Care Co-operatives, and Community Interest or Public Interest Companies with their own regulator.

As Moore and Mayo (2001) observed, recent decades have seen a battle for the control of public services. On the one hand was the post-war tradition of state-owned, state-run services. On the other was privatisation, the idea that monopoly public services should be subject to market forces. The battle has yet to be resolved but it is clear that without fresh inspiration or ideas, the welfare state could face death by a thousand cuts.

They propose that mutualism can re-energise public services, being an ancient way of managing and predating the more modern public, private and third sectors in the UK. It involves running organisations with the close co-operation or control of key stakeholders. Involving users in the delivery of public services makes them more efficient and responsive. It also offers, at a time of political disengagement, the prospect of a wide-ranging and participatory civic renewal.

The current Coalition Government has recognised the transformative power of public service mutuals in changing the way public services are delivered. Via the Mutuals Taskforce, it has identified that much more needs to be done to turn an ambitious target for one million public servants to be working in mutuals by 2015 into a reality. The rationale behind the public service mutuals agenda is that such organisations have the power to unleash entrepreneurial spirit leading to innovation and reductions in the cost of services to the public purse. This is supported by a growing body of evidence which suggests redesigning services in this way offers greater job satisfaction, more motivated staff, more efficiency, higher levels of productivity and, perhaps above all else, better outcomes re-designed around the needs of service users and communities. (Scholfield, 2012).

Some (including Mayo in the Guardian, 3rd May 2013) contest whether the public mutuals that emerging are authentic in every case. His chief concern is that there is no vote for staff in this version of mutualisation. And that it is not really a new model but rather a new form of privatisation. At present, Mayo believes, they are not genuine mutual businesses. In a series of essay for ResPublica, Mayo puts forward what he terms are 'good' forms of co-operation:

'Good co-operation can enhance consumer and market outcomes and should be at least understood and at best enabled by government and regulators. In work I am exploring on the economics of co-operation. There are six forms of good co-operation that I would identify: 1. Co-operation in the firm 2. Co-operation between firms 3. Co-operation and innovation 4. Co-operation and culture 5. Co-operation and well-being 6. Co-operation and the future.'

The growth in the number of self-styled 'co-operative councils' in the local government sector and the community shares movement to rescue under threat community assets, such as pubs and local shops, are the most recent examples of mutualism spreading throughout the state apparatus and community sector.

International Mutual Housing Perspectives

The International Co-operative Alliance (ICA) for housing (2013) advocates the benefits of mutual housing across the world. Although mutual housing is widespread and has an impact on the quality of life of millions of people, the housing sector is still relatively little-known. There are different co-operative housing models in different countries, but what characterises housing co-operatives compared to other housing providers is that they are jointly owned and democratically controlled by their members, according to the principle of 'one person, one vote'. This has clear implications for the way they operate compared to other actors in the housing market.

The co-operative housing movement has a long history. The first independent housing co-operatives were formed in the mid-19th century, when Viktor Aimé Huber initiated the construction of several dwellings in Berlin. Many co-operatives which are over 100 years old still exist today and are increasingly widespread in Europe and beyond. In some countries, co-operative housing has been historically, and still remains, an important part of the housing market. For example, housing co-operatives manage over 2.5 million dwellings in Poland, approximately 20 per cent of the total housing stock in the country, 17 per cent in the Czech Republic and Sweden and 15 per cent in Norway. In many others, such as Canada and the United Kingdom the co-operative housing sector is relatively small but is an exemplar of the benefits which flow from resident-member control of housing and the neighbourhood.

On average, 10 per cent of Europeans live in housing co-operatives. They show that living in a housing co-operative provides many advantages in terms of economic, social and environmental sustainability. Housing co-operatives often manage to provide housing at costs that are below the price of a similar home in the open housing market.

4.

The Shape of the Mutual Housing Sector in the UK

Today mutual housing organisations in the UK are represented by the overarching Mutual Housing Group comprises the CCH, NFTMO, CLT network and the co-housing network, presenting a united front to the wider housing sector and promoting a range of models of co-operative development and management. However, even bringing these various representative bodies together, the mutual housing sector remains relatively small in terms of housing stock ownership and management. Although still likely to be an under-estimate, the UK has just 974 mutual housing organisations of which 505 are ownership housing co-operatives of various types, meeting a variety of needs and from a variety of origins. Of these, 62 per cent are registered with various regulators throughout the UK.

Values & History

Mutual housing organisations are bound together by the co-operative principles set by the International Co-operative Alliance (ICA):

1. ***Voluntary and open membership.***
2. ***Democratic member control.***
3. ***Member economic participation.***
4. ***Autonomy and independence.***
5. ***Education, training and information.***
6. ***Co-operation between co-operatives.***
7. ***Concern for community.***

Historically, mutual housing organisations have developed via a series of waves (Malpass 2000). Rowlands (2012) identifies three phases of development starting with co-partnership housing in the 19th and early 20th centuries, followed by co-ownership in the 1960s and common ownership and tenant management from the 1970s onwards, although there are many subdivisions. A fourth phase began relatively recently with the emergence of community mutual and gateways, community land trusts and mutual home ownership, and co-housing projects. Woodin et.al. (2010) identify common and customary ownership, community ownership, co-

operative and mutual ownership, charitable and municipal and state ownership as distinct strands in mutual housing development.

A final way of looking at the mutual housing sector is through the prism of resident and community involvement. Jones (2010) has developed a classification system [see table (1)] over the page] which explores the roles of these various resident and community representative bodies and their size, scope, range and impact. The table reveals yet another layer of complexity in an already complex historical development and current shape of the mutual housing sector.

To simplify, research for this report has identified a series of historical epochs and the surviving mutual housing organisations today:

| Waves of Creation | | Number Today |
|--------------------------|--|---------------------|
| • Late 19th/early20th: | Co-partnership Housing | 0 |
| • 1960s: | Co-ownership Housing | 3 |
| • 1970s to 1980s: | Housing Ownership Co-operatives | 575 |
| • 1980s to1990s: | Tenant Management Organisations | 231 |
| • Late 1990s Onwards: | Co-Housing Projects | 54 |
| • 2000s Onwards: | Community Housing Mutuals and Gateways | 11 |
| • Mid-2000s Onwards: | Community Land Trusts | 100 |
| • 2013 | <u>TOTAL REMAINING TODAY</u> | <u>974</u> |

Some 974 organisations have been identified of which the growing elements are community mutual and gateways, community land trusts and co-housing schemes. Other models are more relics of the past although still playing an important if small role in the mutual housing sector.

Organisational Types & Sizes

Across the sector a little over 185,000 homes are managed of which 99,000 or 54 per cent are owned and the remaining 46 per cent managed on behalf of others. However, this still only equates to around 0.6 per cent of all UK housing compared to norms of around 5 to 15 per cent across the European Union.

These organisations have an annual turnover in excess of £531m have shareholder capital of £494m and have in excess of 200,000 co-operating members.

Ownership is most common amongst housing co-operatives and community gateways and mutuals and management on behalf of others amongst TMOs, which have agreements on service delivery with mainly local authorities; only 8 per cent of TMOs exist within housing associations however, of which 11 are within WATMOS Community Homes (see case studies later). This should be a cause for concern for housing associations if they are to engage more actively with direct resident and community control of housing.

TABLE (1) -

Resident & Community-Controlled Housing Organisations in the UK by Sub-Sector

| Types | Numbers | Geography | Roles |
|---|--|---|--|
| Tenants & Residents Associations (TRAs) | 1,000s | UK-wide but mostly recognised and funded by social landlords | Campaigning, representation, recognised, constituted role in monitoring and wider community agenda. Most are affiliated to umbrella federations of TRAs |
| Tenants & Residents Federations | 100s | UK-wide, usually district/borough-wide (wider in rural) | Can take instrumental or ideological stance. Often vehicles for training, recognition of TRAs and grant funding |
| Federation of Private Residents' Associations | Over 500 (incl Right to Manage Companies) | England-wide | Lobbying around leaseholders issues and green agenda. Campaigns include fuel poverty and credit crunch and service charges |
| Tenants & Residents Organisations in England (TAROE) | Founded in 1997 with 238 members (32 federations and 113 TRAs) | England-wide | TAROE aims to secure equal rights for all tenants, to improve the quality, accessibility, affordability of social housing, and to improve/protect the quality of community life, social and environmental conditions |
| Welsh Tenants Federation | 312 affiliates | Wales-wide | Rights- based 'bottom up' role promoting collective participation and collaboration |
| Scottish Regional Tenants Networks | 10 regionally | Scotland-wide | Encouraged by Tenants Involvement in the Islands Grampian, Highlands Rural Areas (TIGHRA) ⁷ (supporting rural areas) now merged with TPAS Scotland |
| The Tenants Information Service | Founded in 1992 with 200 TAs & landlords | Scotland-wide | Information, advice and training and generally support efforts of the tenants' movement |
| Confederation of Co-operative Housing | Founded in 1993 with 200-300 members | UK-wide | Represents members and campaigns on behalf of expansion of UK co-operative and mutual housing; good practice |
| National Federation of Tenant Management Organisations (NFTMO) | Founded 1992 with 232 members | England-wide | Represents management co-ops, estate management boards and other forms of tenant management organisations |
| Co-operatives UK | 600+ housing co-ops (over-lap with CCH) | UK-wide | Campaigning, representation, recognised, constituted role in overseeing co-operative organisations in the UK (incl. housing) |
| Community Land Trust National Network | Small membership as CLTs relatively new in the UK | England-wide but predominantly in the South-West and North-West | Represents members and campaigns on behalf of expansion of CLTs; goods practice |
| Tenant Participation Advisory Service (TPAS) | Landlord & tenant bodies | Separate orgs for England, Scotland, Wales | Training and information sharing; good practice |
| Community Associations & Groups | 400,000 | UK-wide | Generally project or issue focus at neighbourhood level. Sometimes affiliated to TRA Federation or Community Network |
| Community Anchor Organisations (CAOs) | 626 new & emerging | England-wide | Each CAO creating a cluster of community organisations to promote social cohesion |

Source: Adapted & Updated by HCI from Jones P.A. (2010) Briefing Paper 18. TSRC

Organisational size varies from less than 10 homes in management to more than 15,000. The average size of organisations is 203 homes in management but 75 per cent manage less than 100 homes and 85 per cent less than 200. EMBs (at 471 homes) tend to be larger than TMOs (at 450 homes) which in turn are larger on average than TMCs (at 192) with ownership co-operatives the smallest of all on average (at 57 homes).

Organisations managed by tenants in the social housing sector account for 28 per cent of the total number (or 231) but are sub-divided into TMOs (at 34 per cent of this sub-sector and 9 per cent of total resident and community controlled organisations in the UK), TMCs (at 50 and 14 per cent respectively), and EMBs (at 16 and 4 per cent in each case).

There is some variation in emphasis between organisational forms with the key difference between TMOs/EMBs and TMCs being the level of control of operational management activities although there are only minor differences in operational practice. Perhaps greater variation can be observed between individual organisations although modular Management Agreements used in the TMO sector tend towards fairly standard management approaches.

Community Mutuals & Gateways

The eleven community mutuals and gateways - five in England and six in Wales - control just over one third of all the sector's housing. Created from the mid-2000s onwards, they are of a different scale from the rest of the UK's resident and community controlled housing sector.

The Community Gateway in Preston, the Watford Community Housing Trust, the Phoenix Community Housing Association in Lewisham, the Greenfields Community Housing Association in Braintree, and Bron Afon Community Housing in Torfaen, Wales, manage 35,000 homes between them with a combined turnover of more than £200 million. RCT Homes in Pontypridd and Liverpool Mutual Homes manage 11,000 and 15,000 homes respectively. The two newer community mutuals in Wales manage 9,200 (in the case of Tai Calon in Blaenau Gwent) and 6,200 (by NPT Community Homes in Port Talbot). Rochdale Boroughwide Housing is the latest in England with a unique constitution enabling joint ownership by employees and tenants.

At the heart of the community gateway approach, developed by the Confederation of Co-operative Housing, is flexibility of involvement allowing all tenants and communities to become members but to determine their future at their own pace. This entails establishing a range of participative vehicles, including tenant management organisations, housing co-operatives or community development associations, within the overall social landlord structure.

The community mutuals and gateways are proving to be attractive ways of transferring council housing where elected tenants often form the majority of management board members. A high degree of involvement, sometimes through a community gateway committee and/or devolved area-based resident committees, around business planning, design, neighbourhood development, as well as housing service delivery, is part-and-parcel of the organisational ethos from the outset.

TABLE (2) -

Mutual Housing Organisations in the UK by Type & Region

| Country/ Region | Co- owner- ship Societies | TMOs | TMCs | EMBs | Owner- ship Co-ops | Comm- unity Gate- ways & Mutuals | All Organis- ations |
|--------------------|------------------------------------|-----------------|-----------------|-----------------|--------------------------|---|---------------------------|
| | No. Orgs (%) | No. Orgs (%) | No. Orgs (%) | No. Orgs (%) | No. Orgs (%) | No. Orgs (%) | No. Orgs (%) |
| London | 4 (17) | 55 (71) | 87 (75) | 16 (43) | 251 (50) | 1 (20) | 414 (54) |
| South-East | 3 (13) | 7 (9) | 0 (0) | 2 (5) | 46 (9) | 2 (40) | 60 (8) |
| East of England | 0 (0) | 0 (0) | 0 (0) | 0 (0) | 19 (3) | 0 (0) | 19 (2) |
| South-West | 0 (0) | 1 (1) | 2 (2) | 1 (3) | 28 (6) | 0 (0) | 32 (4) |
| West Midlands | 10 (43) | 5 (6) | 10 (9) | 4 (11) | 35 (7) | 0 (0) | 64 (8) |
| East Midlands | 0 (0) | 0 (0) | 2 (2) | 1 (3) | 18 (4) | 0 (0) | 21 (3) |
| North-West | 2 (9) | 7 (9) | 8 (7) | 10 (27) | 64 (13) | 2 (40) | 93 (12) |
| Yorks & Humbs | 2 (9) | 2 (3) | 2 (2) | 2 (5) | 21 (4) | 0 (0) | 29 (4) |
| North-East | 2 (9) | 1 (1) | 5 (4) | 1 (3) | 23 (5) | 0 (0) | 32 (4) |
| ENGLAND | 23 | 78 | 116 | 37 | 505 | 5 | 764 |
| England | 23 (100) | 78 (100) | 116 (100) | 37 (100) | 505 (88) | 5 (45) | 764 (91) |
| Scotland | 0 (0) | 0 (0) | 0 (0) | 0 (0) | 42 (7) | 0 (0) | 42 (5) |
| Wales | 0 (0) | 0 (0) | 0 (0) | 0 (0) | 25 (4) | 6 (55) | 31 (4) |
| Northern Ireland | 0 (0) | 0 (0) | 0 (0) | 0 (0) | 3 (1) | 0 (0) | 3 (<1) |
| UK | 23 | 78 | 116 | 37 | 575 | 11 | 840 |

Source: Human City Institute database based on original spread sheets provided by Co-operatives UK and the NFTMO, and information taken from the websites of the regulators in England, Scotland and Wales.

NB - does not include Community Land Trusts or co-housing schemes.

Co-Housing Schemes

Cohousing started to develop in the UK at the end of the 1990s. The movement has gradually built up momentum and there are now 14 built cohousing communities. A further 40+ cohousing groups are developing projects and new groups are forming all the time. Cohousing communities in the UK range from around 8 households to around 30 households. Most communities are mixed communities with single people, couples and families but some are only for people over 50 and one is only for women over 50.

The communities themselves range from new developments built to modern eco standards to conversions of everything from farms to Jacobean mansions to former hospital buildings and are in urban, rural and semi-rural locations. Some have very large land holdings as part of the community, others very little. Increasingly, communities are working in partnership with other agencies or are using innovative legal and financial structures to enable them to offer a range of tenure types including rental options. (www.cohousing.org.uk)

Community Land Trusts

Community Land Trusts are examples of communities taking control and transforming the future of their local community. They are non-profit, community-based organisations run by volunteers that develop housing, workspaces, community facilities or other assets that meet the needs of the community, are owned and controlled by the community and are made available at permanently affordable rent levels.

CLTs range in size - it is estimated there are currently around 100 established or under development - can be rural or urban and provide a variety of housing tenures as well as other community facilities, including workspaces, energy generation, community food and farming.

CLTs are setup by the community with members controlling the assets, which can only be sold or developed in a manner that benefits the local community. Asset sales are protected by an asset lock and are re-invested for the benefit of the local community. CLT communities, including occupiers of the properties that CLTs own, must have the opportunity to become members. CLTs actively engage members of the community in their work and ensure that they remain engaged in the development, operation and management of CLTs across the country. (www.communitylandtrusts.org.uk)

Geography

England has by far the largest number of resident and community controlled organisations (at 91 per cent) followed by Scotland (at 5 per cent) and Wales (at 3 per cent). More than 88 per cent of ownership co-operatives are located in England. Some 414 (or 54 per cent of all organisations in England) are located in Greater London (71 per cent for TMOs and 75 per cent for TMCs).

This points to tenant management being largely a London-centred activity. The North-West, West Midlands and the South-East are home to 11, 8 and 7 per cent of organisations respectively. While the resident and community controlled housing sector is truly national with

organisations found from Northern Scotland to the Scilly Isles, outside of London the major stock holdings are to be found in Midlands and Northern cities like Birmingham, Liverpool, Manchester, Preston, Leeds, and Oldham, as well as in Glasgow.

The Scottish Scene

In Scotland, housing associations and co-operatives provide homes for more than one in ten of all of Scotland's households. Scotland has 161 mainly community-based housing organisations of which around 45 are housing co-operatives. They range in size from large to small, rural and urban-based, with many built on distinct geographical communities. Some cover a wide area and some focus on people with particular needs.

As McKee (2010) has discovered, community-controlled housing associations first emerged in Glasgow in the 1970s, working to renovate older tenements in their own communities. They were influenced by communitarian ideas, with tenants and community-representatives heavily involved in their management. By the mid-1980s, this community-controlled model was adapted in Glasgow to deliver a programme of small-scale, neighbourhood-level stock transfers to associations and co-operatives under the banner of 'community ownership'.

Post-devolution, community ownership was used rebrand a programme of whole stock transfers at a much larger scale. The Scottish model is locally focused, being based within the community that it serves, with management committees comprised of a majority of local residents, in stark contrast to housing associations in England. Community housing is particularly strong in urban areas in Glasgow and the west of Scotland where it first originated, and where the ideal of community ownership of social housing has firmly taken root (McKee 2010).

Welsh Development

Mutual housing has seen a major revival in Wales in the last ten years through the creation of a range of community housing mutuals via stock transfer from Welsh local authorities. As Stirling (2009) reports, transfer to more tenant and community-controlled housing unblocked transfer of social housing from local authorities to these new mutual bodies at a time when existing social housing in Wales required significant investment. Since the 2000s, the Welsh Government has led the way in promoting mutual housing as a partial solution to Welsh housing problems.

In the Welsh Government's 2011 paper 'Meeting the Housing Challenge', Housing Minister Huw Lewis AM, identified new models of housing, such as co-operative housing and new ways to finance housing development as one of six strategic aims. As Bliss et. al. (2013) have attested, the paper cited co-operative housing as a potential and distinct tenure both in a rented and a new form of affordable home ownership. The Welsh Government White Paper 'Homes for Wales' (2012) set an overall housing supply target of 7,500 affordable home of which up to 10 per cent could be mutual housing units.

The following charts and maps illustrate the rich tapestry of the mutual housing sector. However, they also point-up that mutual housing options are now evenly distributed.

CHART (1) - Mutual Housing Organisations by English Region

[Source: HCI Database (2012)]

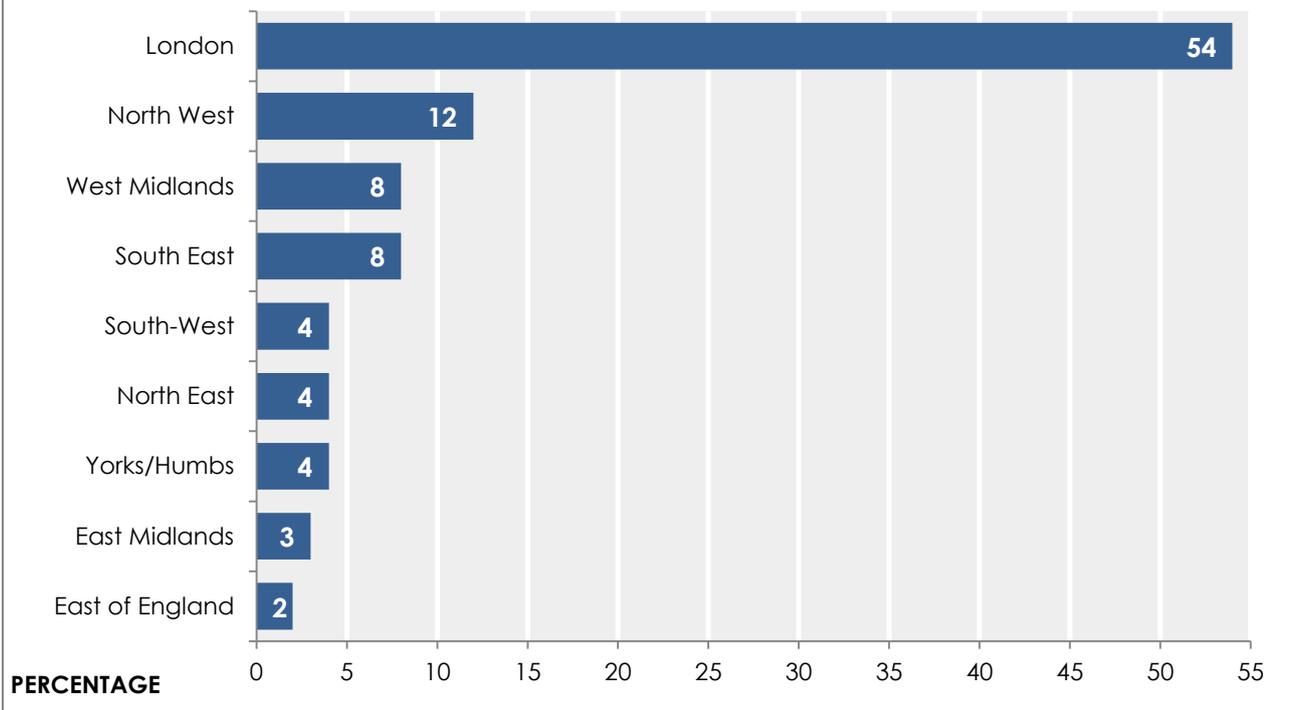
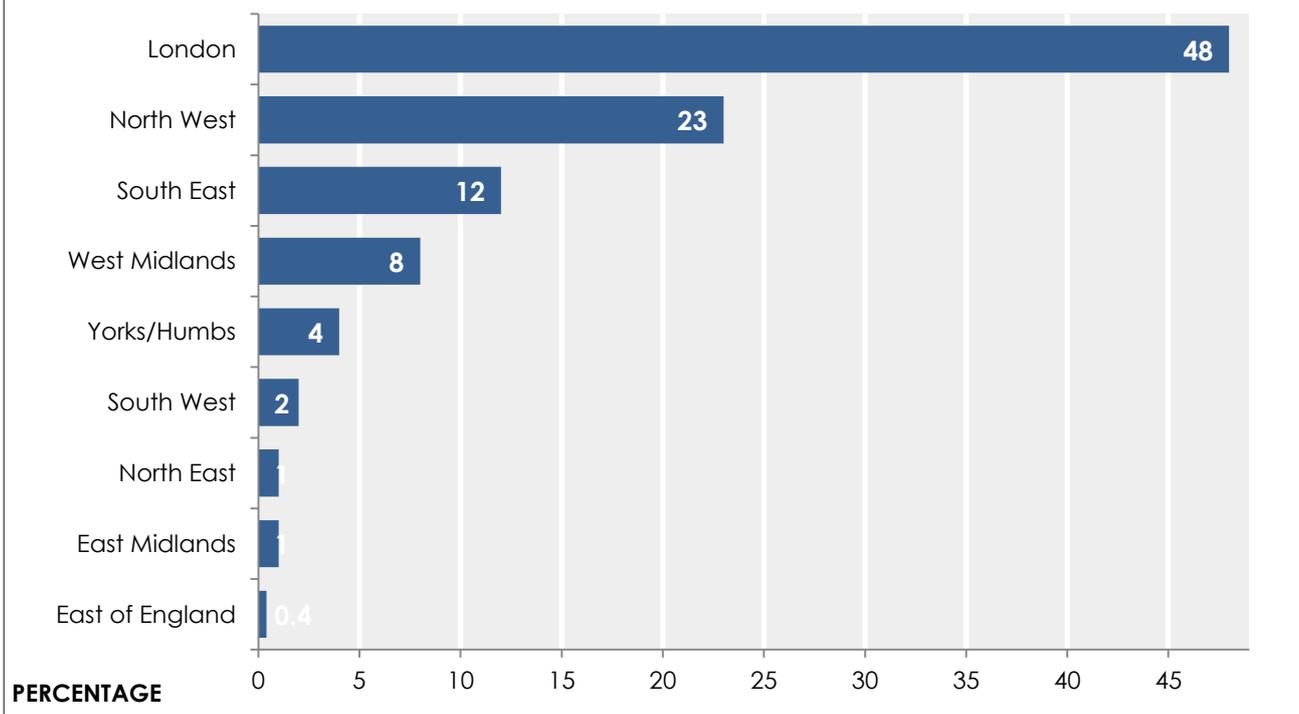
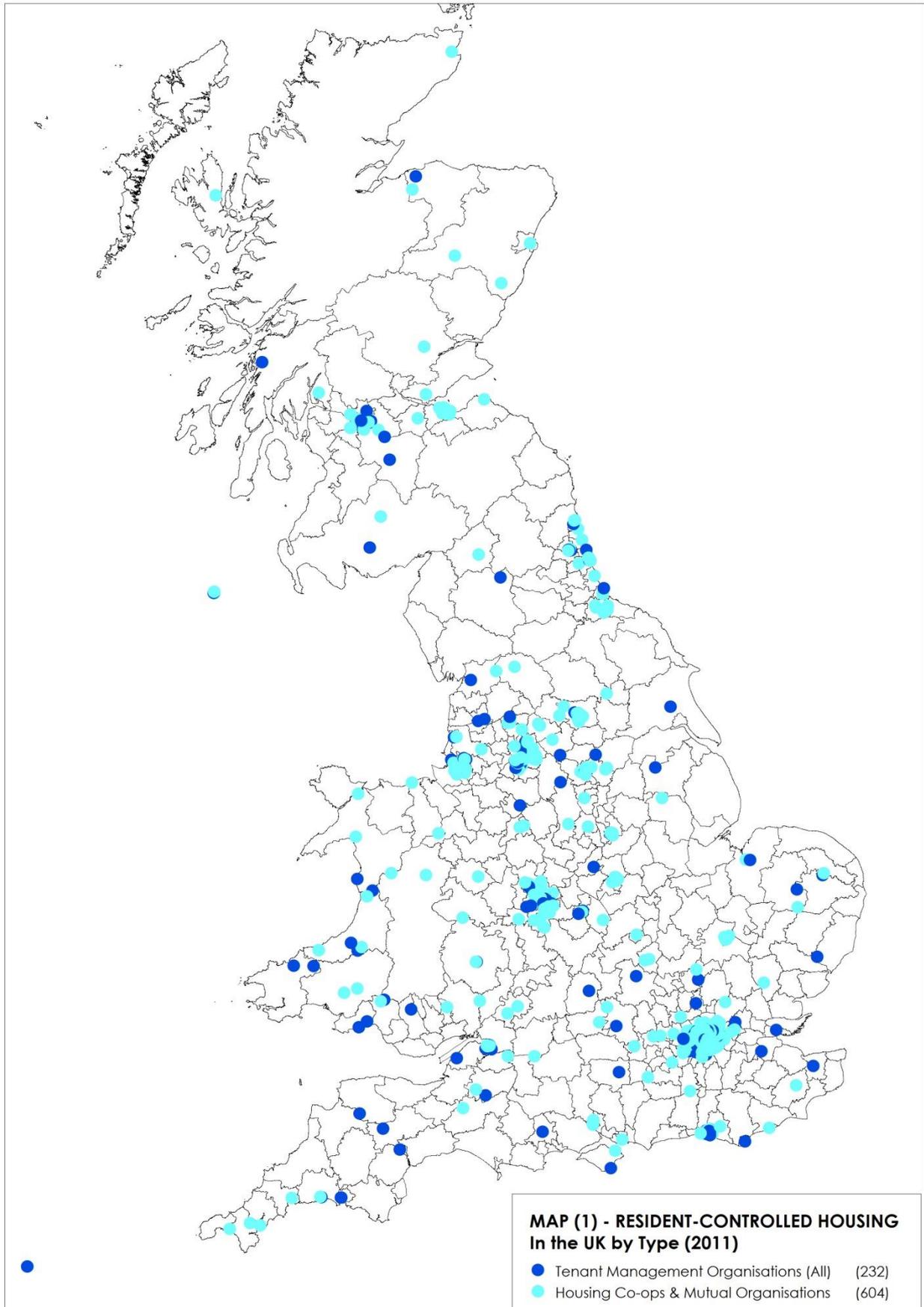
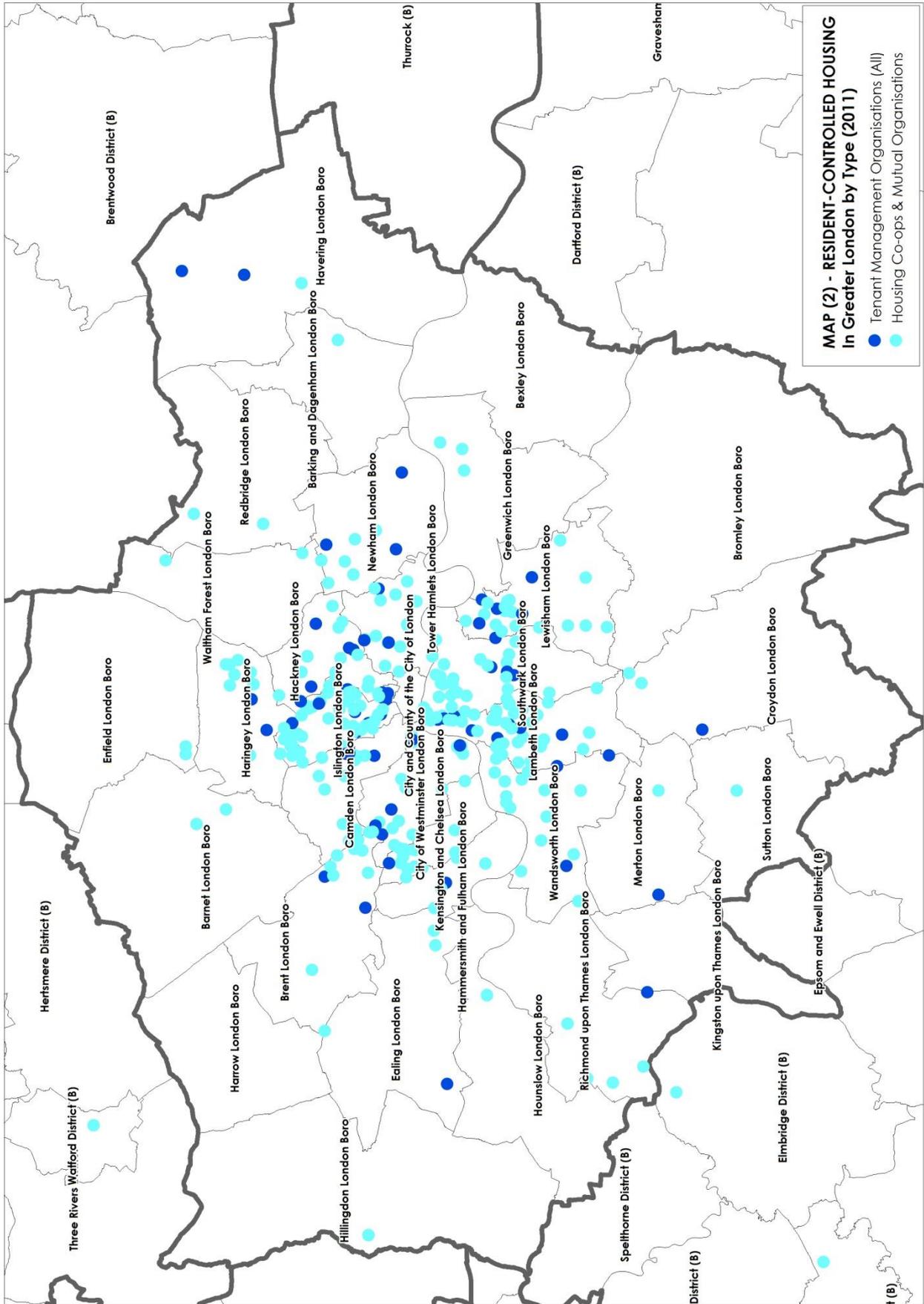


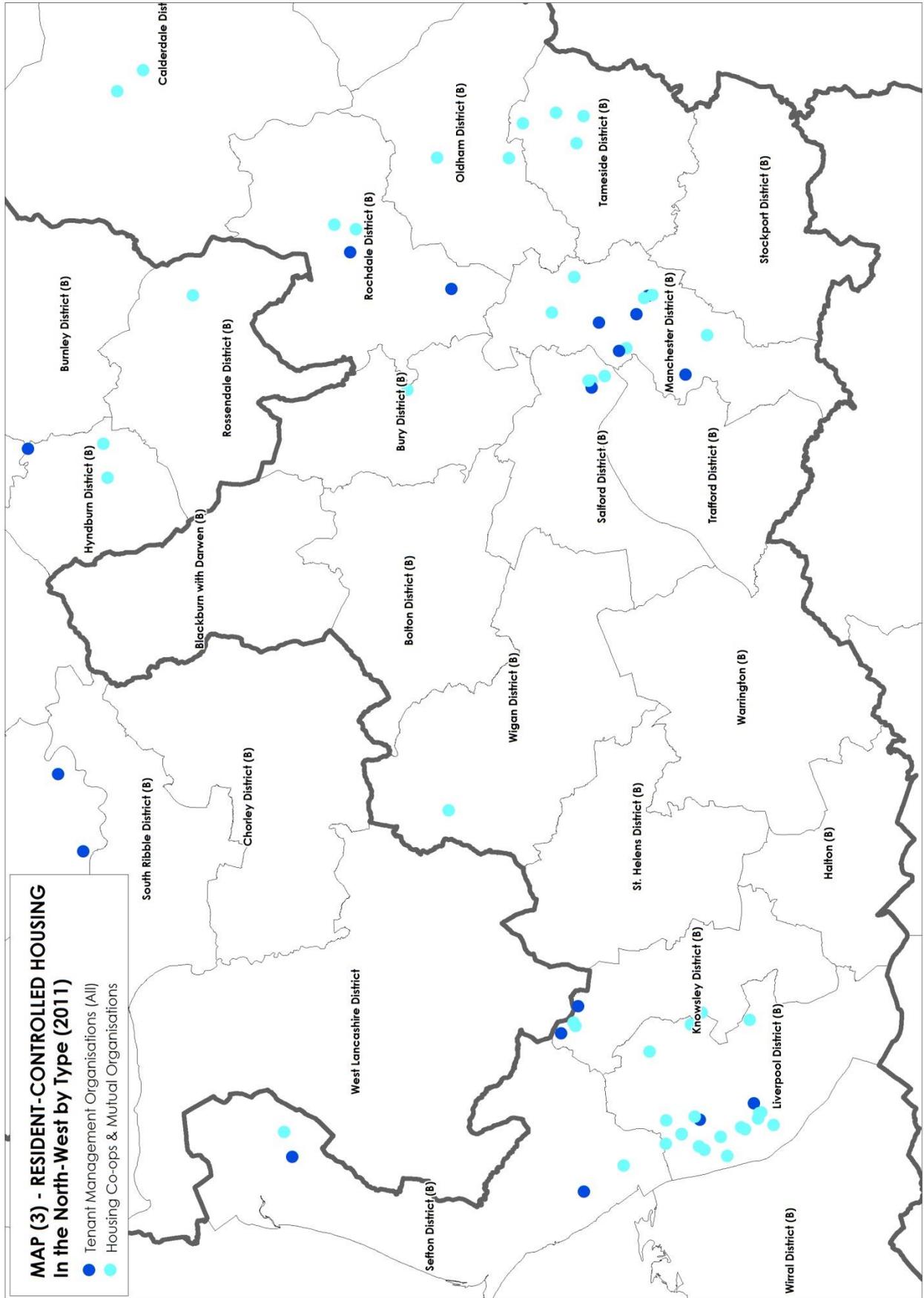
CHART (2) - Mutual Housing Stockholding by English Region

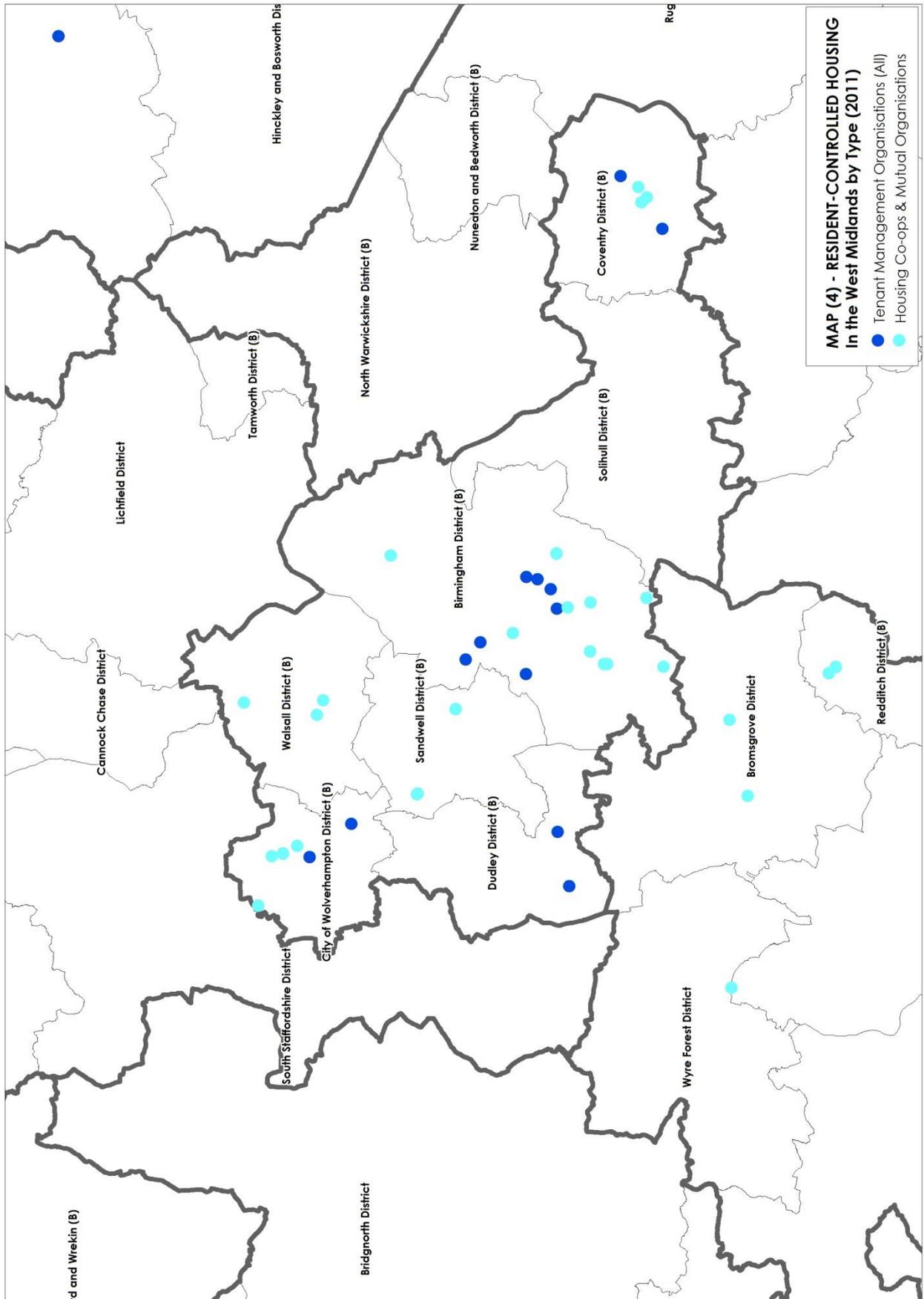
[Source: HCI Database (2012)]

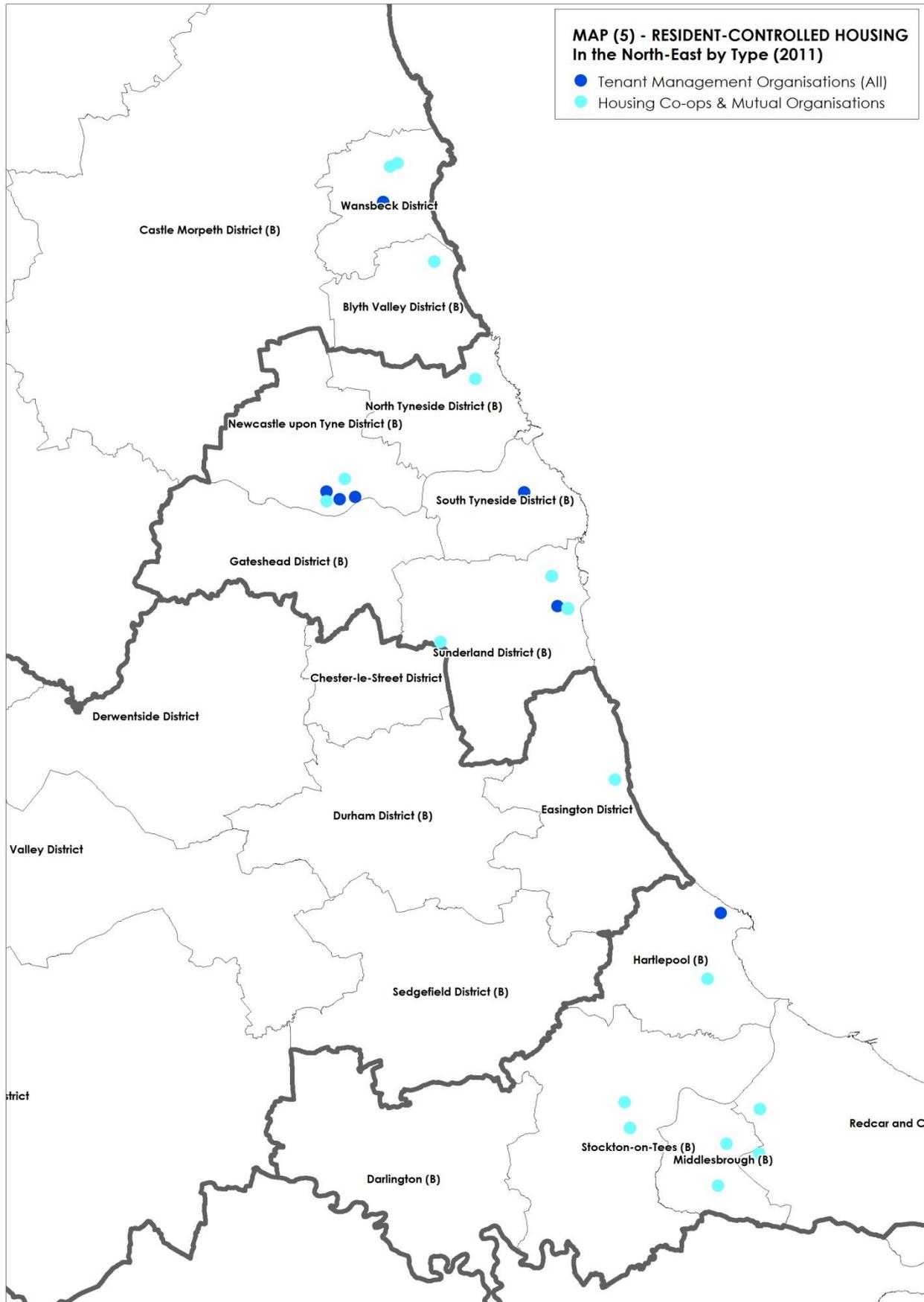


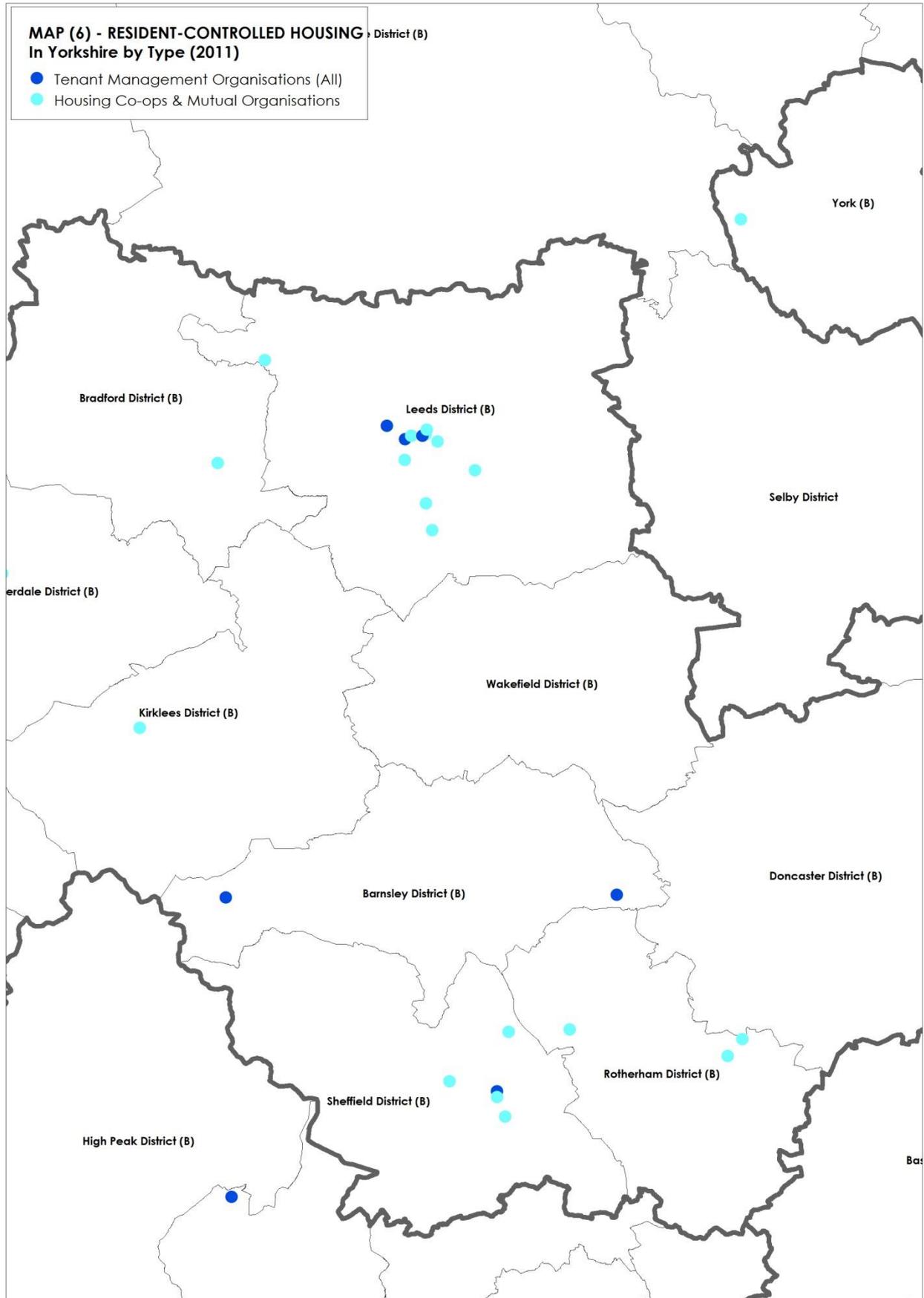


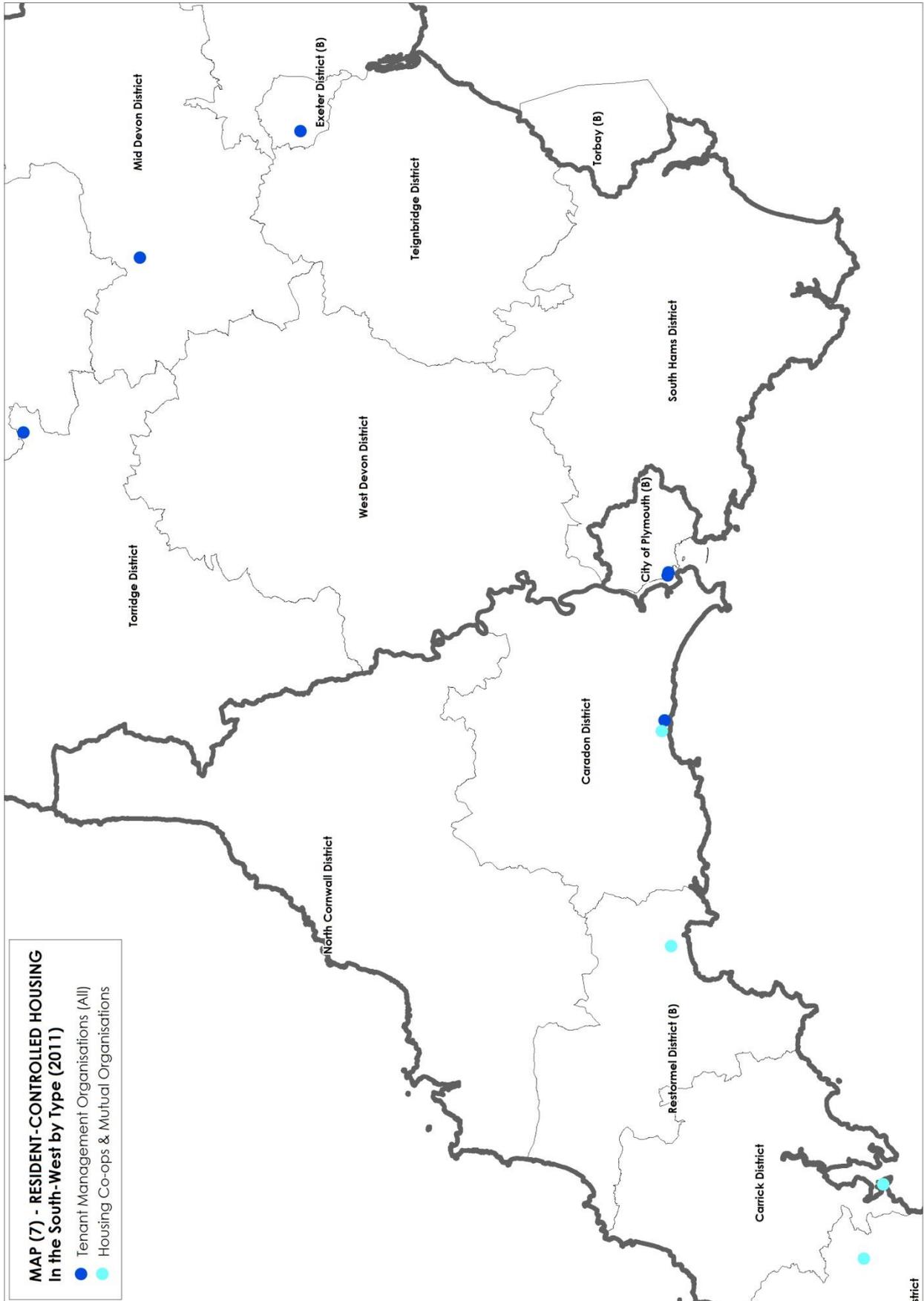


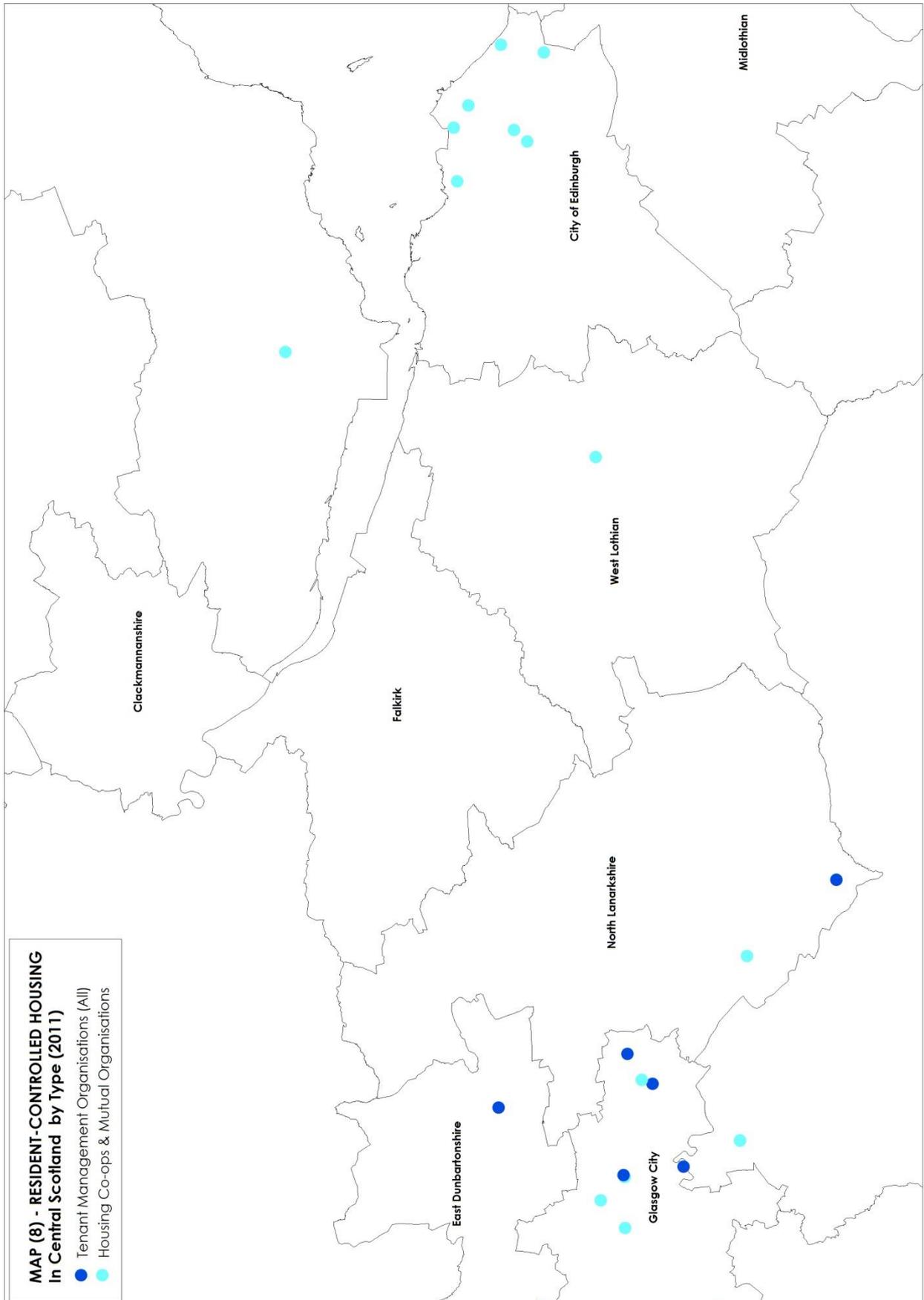


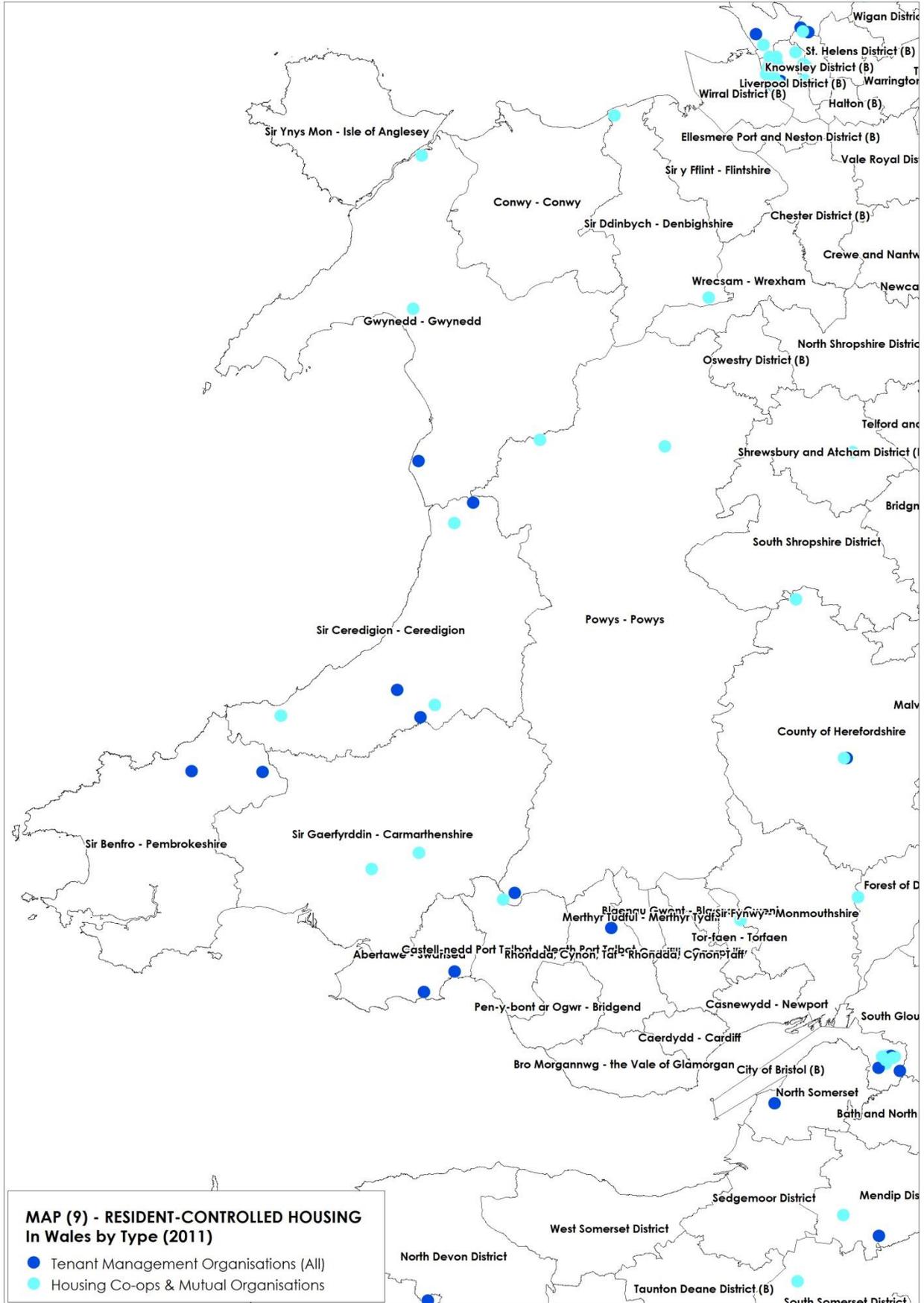












5.

Meeting Needs & Tackling Disadvantage

Evaluating how well mutual housing organisations meet needs and tackle disadvantage has been undertaken through a review of key literature, via case studies and through analysis of Continuous Recording (CORE) lettings data. This latter approach provides a range of instances in which the openness to diversity of mutual housing organisations, in terms of access to housing by BME applicants, homeless households, those with long-term illness or disability, by main gender, different age groups, and household types, can be compared to mainstream social landlords. The following presents the results from these analyses.

Meeting Needs

A series of statistics were generated from the CORE database for England only so that comparisons between housing co-operatives, small housing associations all housing associations (and to some extent community mutual and gateways) on access to housing for diverse groups could be carried out. These are presented below in table and graphic form accompanied by a commentary.

Ethnic Origin

Comparing lettings by ethnic background [see table (3) overleaf], shows that they offer as a sector greater access to the housing they manage to BME applicants. Almost 32 per cent of lettings made by housing co-operatives went to BME applicants during and approaching 27 per cent were made by community gateways and mutuals. Lettings to BME applicants by small housing associations stood at 20 per cent and for all associations 17 per cent. Housing co-operatives are particularly successful at housing applicants of all Asian origins (at 12 per cent) and Indian origin especially (at 7 per cent). Around 1 in 9 lettings by both housing co-operatives and the community gateways and mutuals were made to Black applicants.

Disability

The proportion of lettings made by housing co-operatives to those with a self-defined disability was somewhat below that for small associations and associations overall (at 9, 17 and 18 per cent respectively). The proportion made by the community gateways and mutuals is somewhat higher (at 24 per cent). Lettings to wheelchair users show a similar pattern; 1 per cent for housing co-operatives, 3 per cent for small associations and 4 per cent for all associations. Three per cent of lettings were made to wheelchair users by the gateways and mutuals.

TABLE (3) -

Lettings Made by Mutual Housing Organisations by Type in England by Ethnic Origin of Heads of Households Accommodated

| Ethnic Groups from the CORE System | Housing Co- operatives Registered with the Housing Corporation in England | Community Gateways & Mutuals in England | Small Housing Associations in England | All Housing Associations in England |
|---------------------------------------|---|--|--|---|
| | % | % | % | % |
| White: British | 64.3 | 73.5 | 79.5 | 82.8 |
| White: Irish | 1.2 | 1.4 | 1.5 | 0.7 |
| White: Other | 3.2 | 4.9 | 3.3 | 2.8 |
| ALL WHITE | 68.7 | 79.8 | 84.3 | 86.3 |
| Mixed: White & Black Carib | 1.5 | 2.2 | 1.1 | 1.3 |
| Mixed: White & Black African | 1.2 | 0.4 | 0.4 | 0.5 |
| Mixed: White & Asian | 0.8 | 0.6 | 0.4 | 0.3 |
| Mixed: Other | 2.0 | 0.8 | 0.6 | 0.5 |
| ALL MIXED | 5.5 | 4.0 | 2.5 | 2.6 |
| Asian: Indian | 7.1 | 0.6 | 0.7 | 0.7 |
| Asian: Pakistani | 0.6 | 2.2 | 1.7 | 1.1 |
| Asian: Bangladeshi | 2.1 | 0.0 | 1.1 | 0.8 |
| Asian: Other | 2.1 | 1.4 | 0.9 | 1.0 |
| ALL ASIAN | 11.9 | 4.2 | 4.4 | 3.6 |
| Black: Caribbean | 3.8 | 5.0 | 3.1 | 2.6 |
| Black: African | 7.7 | 5.0 | 3.7 | 3.5 |
| Black: Other | 1.2 | 1.3 | 1.0 | 0.6 |
| ALL BLACK | 12.7 | 11.3 | 7.8 | 6.7 |
| Chinese/Other: Chinese | 0.3 | 0.2 | 0.3 | 0.2 |
| Chinese/Other: Other | 0.9 | 0.4 | 0.7 | 0.6 |
| ALL OTHER | 1.2 | 0.6 | 1.0 | 0.8 |

Notes:

Data for Housing Co-operatives, Small Housing Associations and all Housing Associations relate to April 2002 to March 2012).

Data for Community Gateways & Mutuals relate to 2007/08 to 2010/12 only for organisations in Preston, Liverpool MH, Greenfields, Watford and Phoenix

Source: National Housing Federation (2012) Continuous Recording (CORE)

Gender

The split between gender of heads of applicant households was about the same for housing co-operatives, small housing associations and housing associations generally (at about 55:45 in favour of women). The community mutuals and gateways are the exception (at 40:60).

Age

The client group moving into housing managed by co-operatives tends to be much 'younger' than that managed by housing associations, probably reflecting the nature of housing managed by each sector and the greater proportion of housing for older people managed by associations compared to mutual organisations.

To illustrate this, the average age of those being housed in the study period by housing co-operatives is 36.5 years compared to 45.3 years for small housing associations. Only 8 per cent of lettings by co-operatives were made to applicants aged 60 years and over compared to 28 per cent for small associations and 12 per cent for all associations.

Household Types

Charts (3) over the page shows lettings by housing co-operatives and small housing associations, showing that single adults under retirement age are the primary client group housed by co-operatives (at 44 per cent) in contrast to 29 per cent for small associations (36 per cent for all associations). Some 35 per cent of lettings by community gateways and mutuals went to singles. Lone parent families are the second major household group housed by co-operatives (at 21 per cent) which is broadly similar to associations generally (at 24 per cent), community mutuals and gateways (at 23 per cent) and small associations (at 18 per cent). Multi-adult households are also a key client group for co-operatives (at 17 per cent) and community mutuals and gateways (at 17 per cent), which is a little above those for small associations (at 14 per cent) and all associations (at 15 per cent).

Homelessness & Other Needs

The extent to which social purpose housing organisations meet need is key to assessing their contribution to the overall housing system, especially at a time of economic austerity and housing shortages. It is especially important for housing co-operatives to demonstrate that they meet comparable to other parts of the social housing sector to ensure that they are not viewed as isolated and inaccessible to the wider community. Table (4) shows the variety of needs met by the various housing sectors.

Some 7.4 per cent of total lettings were made to statutorily homeless households by housing co-operatives while the proportion for small associations and associations overall was 9.7 and 17.6 per cent respectively, and for community gateways and mutuals 21.5 per cent. That having been said, excluding lettings via transfers and mobility schemes to leave just those to new applicants, and including non-statutorily homeless households, provides a different perspective; for example, on this measure 20.7 per cent of 'new' applicants housed by housing co-operatives were homeless compared to 20.5 per cent for small associations.

CHART (3) - Lettings: Household Type & Organisation

[Source: NHF CORE System (2012)]

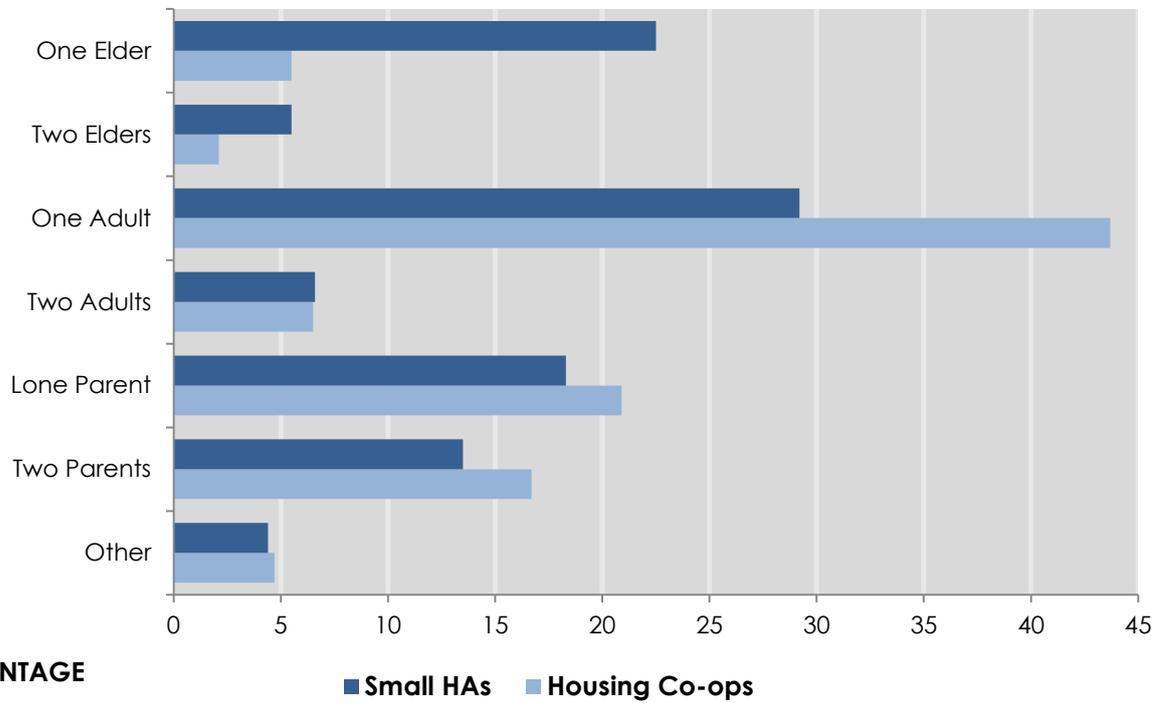


CHART (4) - Lettings: Economic Status & Organisation

[Source: NHF CORE System (2012)]

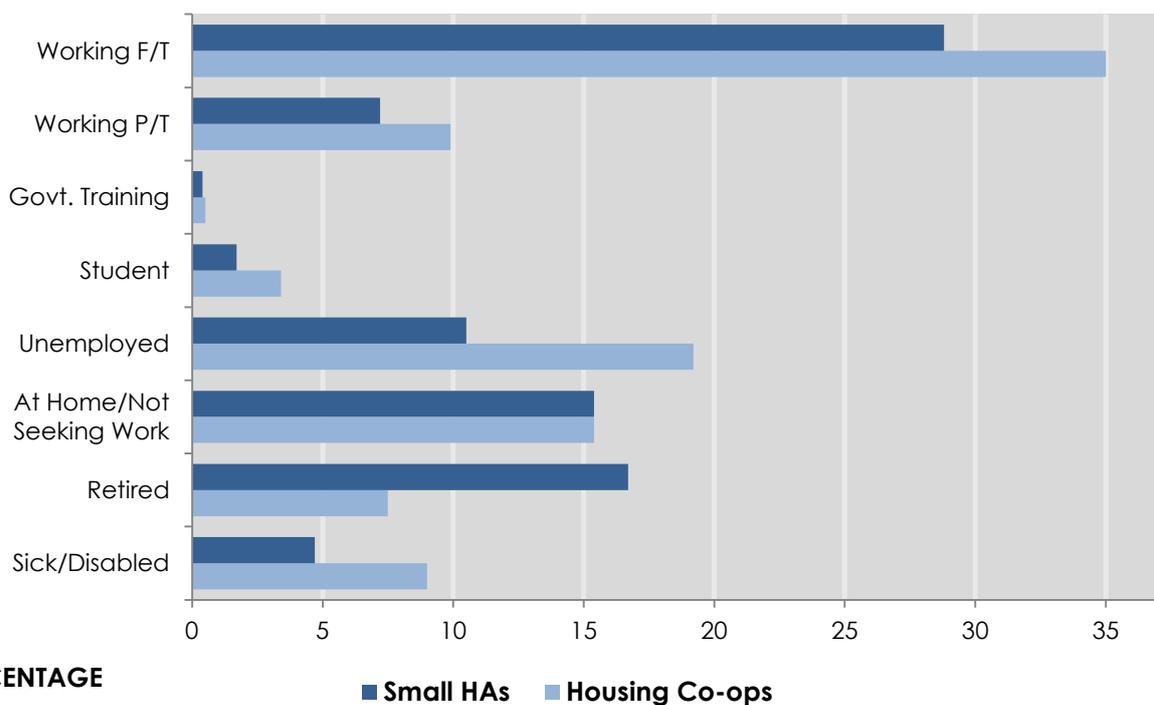


TABLE (4) -

Housing & Related Needs Met by Mutual Housing Organisations in England by Type of Organisation

| Selected Major Housing & Related Needs Categories | Housing Co-operatives Registered with the Housing Corporation in England | Community Gateways & Mutuels In England | Small Housing Associations in England | All Housing Associations in England |
|---|--|---|---------------------------------------|-------------------------------------|
| | % | % | % | % |
| Statutorily Homeless | 7.4 | 21.5 | 9.7 | 17.6 |
| Non-Statutorily Homeless | 9.6 | 3.8 | 7.9 | 5.7 |
| Evicted/Asked to Leave | 14.0 | 10.8 | 12.6 | 14.3 |
| Overcrowded | 21.7 | 18.9 | 15.3 | 16.8 |
| Poor Housing Conditions | 5.0 | 3.2 | 7.3 | 3.4 |
| Health/Medical Needs | 6.2 | 8.8 | 8.8 | 8.4 |
| Relationship Breakdown | 4.5 | 3.6 | 5.5 | 5.4 |
| Domestic Violence | 1.2 | 3.1 | 1.8 | 3.3 |
| Financial Difficulties | 2.4 | 5.8 | 2.0 | 3.2 |
| To Be Nearer Family/Friends | 4.2 | 2.7 | 6.4 | 3.9 |
| To Be Nearer Work | 1.1 | 0.3 | 1.0 | 0.6 |
| Non-Racial Harassment | 4.0 | 2.4 | 2.7 | 3.4 |

Notes:

Data for Housing Co-operatives, Small Housing Associations and all Housing Associations relate to April 2002 to March 2012).

Data for Community Gateways & Mutuels relate to 2007/08 to 2010/12 only for organisations in Preston, Liverpool MH, Greenfields, Walford and Phoenix

Data totals do not equal 100% as selected characteristics only are shown.

Source: Gulliver & Morris (2009) (from NHF Continuous Recording CORE Data)

Poor & Overcrowded Housing

Approaching 27 per cent of housing co-operative lettings went to applicants living in poor or overcrowded housing which is a greater proportion than for small associations (at 22.6 per cent), all associations (at 20.2 per cent), and community mutuels and gateways (22.1 per cent).

Economic Status

As shown in chart (4) above, 28.3 per cent of those housed by co-operatives were economically active, which is slightly below the 29.9 per cent of those housed by small associations and considerably below that for all housing associations (at 36.5 per cent) and for community gateways and mutuals (at 34.4 per cent). The proportion of full-time workers amongst co-operatives (at 22.5 per cent) is above that for small associations (at 19.5 per cent) although still falling short of that for all associations (at 25.7 per cent) and community mutuals and gateways (at 23.8 per cent).

Income & Savings

The average weekly gross income of those housed by co-operatives was £196.20 with 20.1 per cent having incomes below £100.00 per week and 58.2 per cent below £200 per week. The average income for those moving into accommodation managed by small housing associations (at £196.71) was slightly above the co-operative average.

Close to half (45 per cent) of those housed by co-operatives had no savings in contrast to 54 per cent of those housed by small associations. However, of those who did, the average level of savings (at £357) was far less than that for small associations (at £2,233).

Tackling Disadvantage & Social Exclusion

Mutual housing offers some potential answers for growing housing and community problems. It both meets needs and fulfils aspirations. As Rodgers (2001) has observed, housing co-operatives unlock the potential of socially excluded communities to benefit those housed and in a way that is of benefit to wider society.

As Bliss (2009) concluded, mutual housing organisation meet needs at least as effectively as other parts of the social housing sector and offer lasting solutions: Whether by providing a mutually supportive environment for elderly people that values their on-going contribution, or housing for young people who stand little chance of getting onto a receding housing ladder, or housing for families trapped in poor private renting, or different ways to provide housing for the vulnerable, homeless disempowered and disenfranchised, mutual housing offers numerous possibilities.

6.

Comparative Performance & Creating Social Value

This section reviews how well mutual housing organisations perform compared with other elements of the social housing sector and the extra or social value created by these diverse organisations. Comparative performance is taken first followed by a review of evidence about social value. The section is built on a review of previous evaluations, data collected by HCI from the Continuous Recording (CORE) system of lettings and from aggregated information from regulatory returns.

Comparing Performance

Various evaluations over almost three decades have found that direct tenant involvement in housing management produces a performance dividend and higher tenant satisfaction levels than either local councils or housing associations (Price Waterhouse, 1995; Tenant Services Authority, 2009; Bliss, 2009; Rowlands, 2010). This has largely been confirmed by HCI's research.

The cost-effectiveness of housing co-operatives across a range of performance areas and higher levels of satisfaction compared to the social rented sector as a whole suggest that can compete in value for money. This is clearly shown in chart (5) over the page which summarises the findings of the Tenants Services Authority in 2009: both in terms of housing management performance and community-based social value.

Housing Management Performance

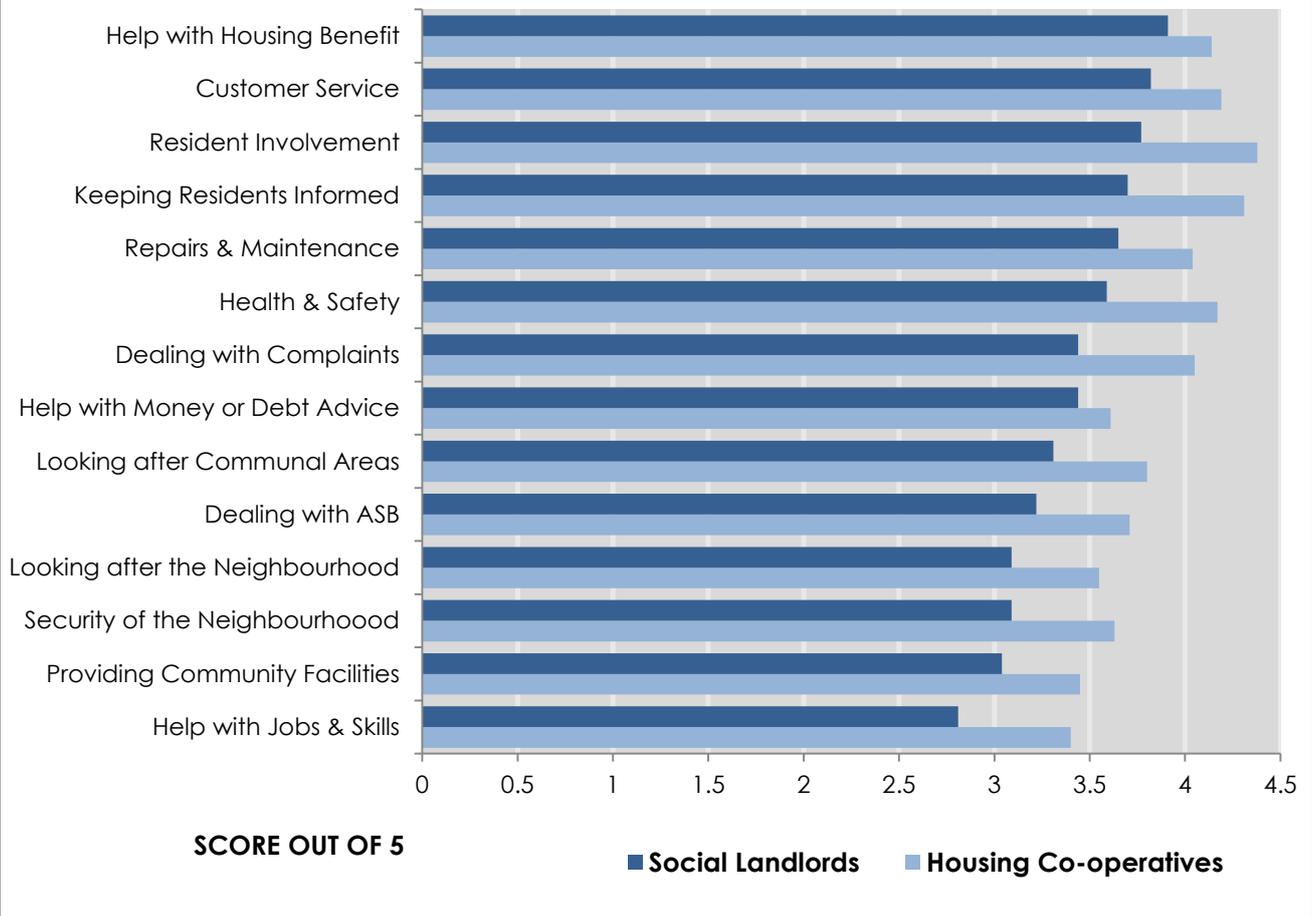
Tenants living in housing co-operatives tend to be more satisfied with the housing management performance, including repairs and maintenance, and how homes and neighbourhoods are looked after, than tenants living in the wider social sector. Rent arrears, vacancies and re-let times are lower than national social housing norms too.

HCI's research confirms that housing co-operatives take 34.4 days on average to let a home compared to 80.2 days for small housing associations. They also compare favourably on repairs performance and housing 'indecentry' is dramatically lower (at 4 per cent compared to 10 per cent for small associations).

Although it is difficult to draw firm conclusions from a comparison of the rents and services charges set by housing co-operatives and those set by small housing associations, the comparison at least reveals that, generally, housing co-operatives offer no poorer value for money. The average rent and service charge for the study period levied by housing co-operatives were £55.34 and £2.44 in each case in contrast to £63.10 and £6.71 for small housing associations.

CHART (5) - Comparing Performance of Housing Co-operatives & Social Landlords

[Source: TSA (2009)]



Creating Social Value

There is considerable evidence that living in co-operative housing confers ancillary benefits such as personal and community well-being, self-esteem, health, employment access and progressions, and life chances.

The TSA report (2009) and case studies provide some insights into the performance of housing co-operatives in contrast to other social landlords on dealing with anti-social behaviour, looking after local neighbourhoods, providing community facilities, and helping residents gain skills and obtain employment.

Perhaps it is the local control and intimacy of many resident and community-led housing organisations that is most valued by members and contributes to these effects. Other studies highlight the inclusive nature of the various co-operative housing organisations and their contribution to a cohesive and friendly community, highlighting their ability to develop high levels of bonding capital and contributing to making a place a community.

Housing co-operatives are in a unique position to combine political and economic democracy (Rowlands, 2010). Rodgers (2001) outlines the key benefits of co-operative housing as not only providing more cost-effective services but also wider social and community benefits. While resources are required in the short-term for set-up costs, the benefits arising from this initial investment produces long-term savings and benefits which more than outweigh set-up costs. The reason for this is that the prime objective of housing co-operatives is to provide good quality and affordable housing in the interests of their members, and not to maximise profit for developers or shareholders.

At the same time, as the International Co-operative Alliance for housing (2013) illustrates, real estate owned by housing co-operatives or associations is less subject to speculation and represents a long-term investment, which helps keep rents and prices for co-operative housing at relatively low levels. Therefore co-operative housing is important in maintaining more varied and balanced housing markets, and contributes to price stability and affordability.

The community based around a housing co-operative also offers various social advantages. Members of housing co-operatives appreciate that it is easier to find solutions to problems related to the maintenance of their buildings and the use of common space. Furthermore, they tend to have good relationships with their neighbours and are likely to become engaged in neighbourhood initiatives because they have a secure long-term perspective of their place in that neighbourhood. This can represent an important contribution to social cohesion and community sustainability.

Mutual housing organisations committed to sustainable development. In some countries in Central and Eastern Europe where the conditions of the housing stock call for extensive renovation work, housing co-operatives are strongly committed to reducing greenhouse emissions by increasing energy efficiency in their buildings.

In 2012, the members of the International Co-operative Alliance supported a resolution brought to its General Assembly by ICA Housing (2013) calling on all co-operatives to use only timber and other forest products from certified sustainable sources and adopt procurement policies and practices that honour the principle of sustainability in forestry management.

This social value in community and environment is supported in the following mutual housing case studies.

Case Study 1 - WATMOS Community Homes (Walsall and Lambeth, England)

Walsall's WATMOS Community Homes is a unique social landlord owning just over 2,700 homes for rent in Walsall in the West Midlands and Lambeth area of London. As a charitable social housing provider, its main role is to provide housing for people in need of housing. However, unlike many other social landlords, WATMOS was founded on the principles of inclusion and resident empowerment in a culture which values people's individual and collective contribution to their community.

WATMOS is based around eleven Tenant Management Organisations (TMOs) which have successfully managed their own estates for many years, providing local housing services on behalf of the WATMOS Group. The TMO's are run by elected resident committees who employ their own staff to provide housing services and take care of their estates.

WATMOS is built on the principle that the most effective approach to managing a social housing business is through tenants being best placed to work to set, scrutinise and deliver homes and services and to develop communities to maximise social capital. Evidence from WATMOS is the considerable growth in tenant satisfaction since transfer from their former local authority landlords.

Case Study 2 - Liverpool Mutual Homes (Liverpool, England)

On 1st April 2013 Liverpool Mutual Homes (LMH) celebrated its 5th birthday since the stock transfer from Liverpool City Council took place to a newly created mutual housing association. In the Transfer Agreement LMH committed to deliver 135 'promises' to tenants and leaseholders. The successful delivery of a comprehensive five-year, £400m home improvement programme, directly affecting all 13,000 homes was linked to neighbourhood regeneration and community initiatives to improve the lives of tenants.

LMH's governance model is based on tenants making decisions on a city-wide basis with the Management Board comprising a tenant majority. Local policies and management are guided by a series of regional boards in most parts of Liverpool. Tenant involvement and engagement is at the heart of the LMH approach is reflected in tenants having shaped the home improvement programme, choosing contractors, suppliers and products.

From the outset, LMH were determined to provide tenants with specifications and services that were unprecedented in the social housing sector with LMH introduced higher than government standards in home improvements, tenant support services and community regeneration initiatives.

Case Study 3 - Shahjalal Housing Co-operative (Birmingham, England)

Shahjalal, as one Birmingham's main housing co-operatives and one of only a few Bangladeshi-led housing organisations, began as a collective of small co-operatives formed in the mid-1970s in the Aston and Saltley areas. Shahjalal is a unique housing organisation, taking its name from the spiritual leader Shah Jalal who spread Islam through the Sylhet region of what is now Bangladesh in 14th Century.

Shahjalal was created to meet the pressing housing needs of Bangladeshi families who were faced with severe overcrowding in mainly older and poorer quality housing in Birmingham's core areas in the 1970s and 1980s, some of which still exist today. Overcrowding is the most severe housing problem faced by Birmingham's Bangladeshi community. Dampness and condensation, disrepair problems, and inadequate heating are key housing issues for the community too.

While Shahjalal is managed on behalf of the Bangladeshi community in the main, it has a track record of working with other communities, both old and new. It also has a wider role in developing community well-being and confidence. It is extending its provision beyond housing and housing services to help revitalise local communities. Facilities for old and young like, especially related to leisure and health, and for Shahjalal's women members, are high on Shahjalal's list of priorities.

Case Study 4 - Redditch Community Homes (Redditch, England)

Redditch Co-operative Homes (RCH) provides a wide range of affordable housing based in Redditch, supporting five neighbourhood co-operatives that are managed by tenants. RCH houses people who are registered with the council and who are prepared to take an active part in their housing and in building a strong community. RCH, which has been around for fifteen years, manages 300 properties including apartments, houses and bungalows to suit varied needs, from young single people and families to older retired people.

RCH comprises:

- Pioneer Housing Co-operative
- Riverside Housing Co-operative
- Winyates Co-operative
- Breedon Housing Co-operative
- Redditch Co-operative 2000.

All of RCH's co-operatives are run by tenants who have collective control over your housing and environment. RCH also places a premium on existing co-operators helping new co-operators with housing developments and service, and on housing sustainability.

Case Study 5 - Radical Routes Co-operative (mainly North of England)

Radical Routes is a network of co-operatives whose members are committed to working for positive social change. The network is made up mainly of housing co-operatives of various sizes - but none with more than 17 members - a few workers co-operatives and a couple of social centres. It is made up of thirty-seven housing co-operatives of which eleven are associates, and sixteen trading co-operatives of which seven are associates.

Radical Routes is committed to ethical investment and can make loans to member co-operatives through its ethical investment arm, Rootstock. Radical Routes made its first loan in 1991, and since then has lent out over £573,000 to member co-operatives without any bad debts from loans. Rootstock enables people to invest in grassroots co-operative projects while building on the unique track record of Radical Routes. It is the UK's 'mini-Mondragon' (the Spanish mutual conglomerate in the Basque area).

Radical Routes is equally a form of structured mutual aid, being based on people helping each other in organised ways. Radical Routes is about people taking control of their own housing, work, education and leisure activities. People set up co-operatives to manage these activities themselves, removing the need for managers, owners, employers or landlords.

Case Study 6 - Bron Afon Community Housing (Torfaen, Wales)

Walsall's Bron Afon Community Housing was created as a 'Community Mutual' Association following a large scale voluntary transfer of over 8,000 properties from Torfaen County Borough Council in 2008. It owns and manages general needs, sheltered, leasehold and shared ownership homes, along with a number of commercial properties located within Torfaen County Borough.

Bron Afon has just completed five years since transfer of homes and is delivering the 'transfer promises' it made to council tenants, as the basis on which the tenants were asked to consider voting to transfer. It provides repair and maintenance services through its own in house workforce, alongside a number of external contractors. Bron Afon has secured investment of around £500m over 30 years to bring homes up to the Welsh Housing Quality Standard by 2012 and in order to maintain them at this standard.

Bron Afon aims to run an open and democratic organisation with high levels of community involvement. It also seeks to use the resources it has to best effect in maximising other benefits to the community, including creating and sustaining local jobs, increasing skills and minimising negative impact on the environment. The organisation also helps with an imaginative programme to help tenants cope with the effects of welfare reform.

Case Study 7 - LILAC (Leeds, North of England)

LILAC (Low Impact Living Affordable Community) in Leeds is a 20-home mutual home ownership scheme in the Bramley area of Leeds built on the site of a former school. The scheme is owned by those who live in it with funding coming from small stakes up front (typically 10 per cent) and 35 per cent of net incomes paid into the Mutual Home Ownership Society that manages LILAC. Shareholding members of LILAC are granted 20-year leaseholds.

The total value of the project is divided into equity shares with members of the co-operative allocated share packages according to the size of their homes and incomes levels. Those members leaving the co-operative to live elsewhere can trade in their shares in the co-operative which in-coming members can buy. This ensures that equity in the project is 'locked-in'.

LILAC takes its name from both the 'affordability' aspect of the project in terms of housing costs and the 'low impact' element. This latter aspect entails a high level of environmental sustainability and low or no carbon footprint: Typically, the use of bales of straw for insulation and solar thermal panels for heating. A sense of community is fostered further by a range of communal facilities provided for members including cooking, eating, laundry, leisure and meeting facilities.

Case Study 8 - Tenants First Housing Co-operative (Aberdeen, Scotland)

With more than 1,400 homes across four local authority areas and offices in Aberdeen and Peterhead, Tenants First is one of the leading housing associations in the region. Created as a co-operative on the merger of six small co-operatives in the Grampian area and registered with the Scottish Housing Regulator in 2000, Tenants First became a registered Scottish charity in September 2012 and subsequently joined Sanctuary Group as a subsidiary on 28 September 2012.

Tenants First provides a range of affordable housing including general rented, sheltered and supported housing. The organisation is committed to community investment objective to support the development of sustainable communities by investing in the delivery of community-led programmes, projects and facilities which address the needs of tenants, and working in partnership to develop the capacity of communities to deliver and manage community-led projects. Key priorities for investment include:

- Financial inclusion, community facilities and infrastructure
- Health and wellbeing
- Environment
- Employment, skills, education and training.

7.

Mutualism & the 'Asset Effect'

Research by HCI (Gulliver, 2013) and others (Paxton et al, 2006) reveals that there is considerable traction in how the so-called 'asset effect' can be used to support the mutualisation of social housing to provide a range of benefits to tenants and disadvantaged communities and narrow the wealth gap with home owners. This section of the report explores how the 'asset effect' might be deployed in social housing on a macro scale and via community-based asset transfers via the 'localism' agenda.

Tenure Inequality

The growing divide between the wealth of home owners, despite declining house prices in recent years, and social tenants, and their consequent life chances, illustrates that tenure is now a metaphor for socio-economic inequality (Gulliver, 2013). The average home owner has more than £100,000 in unencumbered housing wealth (total monetary value minus mortgage and loans) and this quadruples for outright home owners (Hills, 2011).

The total net housing wealth in the tenure approaches £3 trillion. Yet the average social tenant with any savings at all has £1,000 in savings and seven in ten have below £3,000. Almost three quarters of tenants have no savings at all and are often dependent upon legal and illegal loan sharks at times of economic emergency. This is a growing issue.

The constant 'fetishising' of home ownership (exemplified by the media's concentration on 'make-over' and 'trading-up/down' TV shows) and the residualising of social housing through the Right to Buy for example, has non-monetary effects too. Home owners receive a psychological 'lift' from the act of ownership itself, irrespective of housing quality and location.

The opposite holds true for social housing tenants who are often portrayed in negative terms through coverage the lexicon of 'CHAVs', 'benefit cheats' and 'ASBOs'. The Coalition Government's policies towards social housing, particularly in relation to reducing the permanence of new tenancies and requiring tenants with higher incomes to move out, have unfortunately added to this negative portrayal.

The effects on the perceived lower status of tenants compared to home owners has well-documented material consequences in terms of poor health, crime, neighbourhood breakdown, anti-social behaviour, and, increasingly, a propensity to vote for extremist and/or nationalist political parties. This latter aspect has been picked-up by the Blue Labour movement.

Housing, Happiness & Assets

Research (Layard, 2008) shows that well-being and happiness, or subjective well-being as economists prefer, has been static in Britain since the 1970s, despite significant improvements in the absolute wealth and income of the majority of British citizens. Most have better homes and home-based possessions, jobs, holidays, and cars, and both health and education have improved markedly for the majority. These positive economic trends have had little effect on the overall happiness of Britons. Of course, citizens in richer countries like Britain tend to be happier than their counterparts in poorer countries, where increases in wealth and income taking people above subsistence levels produces greater happiness. However, economists show that once a target income has been reached in richer countries such as Britain, happiness flatlines.

What seems more important in richer countries is the inequality of wealth and income between higher and lower earners. Countries with relatively small wealth and income inequalities, like Sweden, tend to express higher levels of happiness than those with relatively high inequalities, like Britain. In other words, aggregate happiness and wellbeing cannot be moved positively by economic and social policy without tackling inequality. This is borne out by the major international study of inequality and its effects ('The Spirit Level') by Richard Wilkinson and Kate Pickett. The study showed that more unequal countries - typically the USA and the UK - performed more poorly across a range of socio-economic indicators (including health, education, crime) than more equal countries, such as those in Scandinavia and Japan.

The 'Asset Effect'

The 'asset effect' has been identified by a number of commentators with the work on asset-based welfare by the Institute of Public Policy Research (IPPR) and the LSE's Professor Julian Le Grand being primary examples. While the evidence remains patchy, confirmed by the most up-to-date research in 2011 by the LSE's Centre for Analysis of Social Exclusion (CASE), there appears to be a sufficiently robust case for the development of asset-based welfare; the major example being the universal Child Trust Fund (which has been wound down by the Coalition Government for all but the poorest children).

It is claimed by advocates, including HCI (Gulliver, 2013), that holding and accumulation of assets has positive effects on happiness and wellbeing, as well as self-esteem, health, employment access and progressions, and life chances. Controlling assets tends to change thinking and behaviour. It can lead to psychological and social effects that are not achieved to the same extent by an equivalent amount of regular income. For most disadvantaged people and communities, pathways out of poverty are not achieved through income and consumption but through saving and investing in education, enterprise and property. It also has inter-generational effects. The 'asset effect' also includes more long range planning by households, better care of the home, increased learning about financial affairs, and increased social and political engagement.

Additionally, there is a clear read across to ownership or control of property. Home ownership, despite the effects of the Credit Crunch and the housing market slowdown, is associated with

greater residential and social mobility, higher educational attainment, improved labour market performance and even health outcomes. Home ownership, and control of housing as in mutual or co-operative housing, provides residents with a 'psychological' lift that feeds into self-esteem, underpinning the development and realisation of life chances. The Commission on Co-operative and Mutual Housing (Bliss, 2009) for example, discovered that tenants of mutuals are more satisfied with their homes, more active citizens and greater contributors to the local community than the social housing norm.

This is supported by HCI's study of an inner city housing market in Birmingham (Gulliver, 2013) where satisfaction with the home is most closely correlated to tenure than housing quality: the difference in satisfaction between home owners and social housing tenants was 16 per cent whereas an index of property characteristics was virtually the same. One interpretation here is that home ownership has intrinsic qualities that create of themselves higher satisfaction among home owners.

Savings and assets play an important role in people's lives, providing them with security, independence and opportunity. People from all backgrounds benefit from holding financial assets; if only by avoiding loan sharks when a cooker breaks down. So-called 'asset-based welfare', of which the Child Trust Fund is the best example, reduces financial exclusion of the poorest and removes barriers to saving while avoiding a 'dependency' culture often resulting from more traditional welfare approaches. The aim is to enable citizens to build their capacity to cope better with periods of transition in their lives, like a divorce or moving elsewhere to take up employment, to take advantage of opportunities to improve their lives, and to build up a nest-egg for their old age or to pass on to their grandchildren.

Extending asset ownership can be achieved by improving savings schemes for people on low incomes, such as credit unions, setting-up stakeholder trusts to re-claim common assets, introducing land tax reform, providing low rate start-up capital to support small business development, and, of course, providing further opportunities for people to move into home ownership or shared equity housing schemes where viable. Greater support for mutual housing solutions or common ownership of assets may also be climbing up the political agenda.

Collectively, it is argued, these add to up a greater 'citizen's stake' that spreads the nation's wealth more widely and enables all people to take advantage of 21st Century opportunities.

A New Deal for Tenants - Creating a Tenants' Mutual

HCI's chief proposal is that social housing tenants need a 'New Deal' that attempts to rescue the tenure from its poor reputation via massively increased investment in housing quality and service delivery, and introduction of a range of new benefits (both monetary and social) to improve the status of those who live in the sector. A centrepiece would be an asset-based welfare approach whereby quasi asset/savings accounts would be established for every tenant (similar to the now defunct Savings Gateway and Child Trust Fund).

The public purse would allocate an initial amount and then transfer annual amounts based on the appreciation of social housing value nationally. The initial start-up costs would be an

average £1,000 per tenant equating to £4billion and £100 per year on average thereafter, or £500million per annum. The Fund would be topped-up by social landlords and tenants. Social tenants could save as much as they can afford, so fostering a greater savings culture in the social housing sector. Where tenants are wholly dependent upon state benefits for their income, a further small contribution could be made within the existing Housing Benefit totals.

Key benefits would be to reduce financial exclusion in the social housing sector and to provide more stable and sustainable tenancies. Considerable savings in the housing management costs of social landlords (e.g. via reductions in housing stock churn and vacancy rates) might equally be achieved. The proposal would equally enable social tenants to build-up assets for themselves or their children. Wealth inequality between tenures would be reduced too and enable social tenants a more equal stake in national wealth. The total amount generated would eventually amount to £9 billion over a decade.

This 'New Deal Fund' be controlled by a Social Tenants' Mutual which might have regional branches dependent upon localised contribution levels, lending money back to social landlords and other third sector agencies at lower than market rates of interest. The 'New Deal Fund' management and lending vehicle would be tasked with improving existing housing and community infrastructure, and supporting the development of new affordable housing. Consequently, social tenants' savings would be 'safe' with growth largely guaranteed, while social tenants would see over time more investment in their neighbourhoods, thereby creating a virtuous and ethical cycle of investment and representing considerable value for public money. Topped-up with private finance raised by social housing providers, this approach would produce a significant level of new investment in some of the country's most deprived communities and offer multiple outcomes in tackling neighbourhood poverty and inequality.

Other aspects of the 'New Deal' would encompass a realignment of the relationship between social landlords and social tenants, moving from current consumerist and 'top-down' approaches to enable social tenants to have more of a say in the management of their homes. This would involve establishing a new generation of Tenant Management Organisations (TMOs), co-operatives and community mutuels, adopting of Community gateway principles by mainstream housing associations and going beyond the current trend towards co-regulation between social housing providers and tenants to a more 'co-productive' style of management. In addition, existing and new tenants would have their right to a permanent tenancy and related positive measures ensured.

8.

Conclusions & Recommendations

A New Horizon?

So is there a new horizon for mutual housing for which to aim? Perhaps; the rhetoric of all political parties now 'tends towards the mutual' although how the UK is to become a more mutualised society and economy has yet to be put to the test. What is clear is that there are ample opportunities for the mutual housing sector to make its case to policy-makers from a mounting evidence base that such housing organisations can play a major role across emergent policy themes related to localism, the 'Big Society', delivery of public services via mutual models, asset transfer and neighbourhood management.

Conclusions

Several conclusions are drawn from the research.

1. The scope of the mutual housing sector in the UK is more extensive than previously estimated consisting of almost 1,000 organisations managing 200,000 homes (mainly for rent). This is likely to be an under-estimate although probably by not too much. However, only 01 per cent of the UK's housing is directly managed by residents and communities collectively, and so the UK lags behind many other countries where co-operative and mutual housing is more widespread with deep historical roots in many cases.
2. The development of the sector, and its constituent elements goes back many decades but the key waves of formation related to housing co-operatives in the 1970s and 1980, TMOs in the 1990s and community mutuals and gateways from the middle-2000s and community land trusts (CLTs) from the end of 2000s and beyond. Co-housing schemes are also gaining traction. Community mutuals and gateways have brought the greatest number of rented homes under resident control in recent times and seem to be a popular model for future development. While yet to prove themselves on a large scale, CLTs and co-housing schemes promise a potential way forward for people to manage housing assets and communities in a collective and safer financial environment.
3. Mutual organisations provide vehicles for meeting housing needs, tackling social exclusion, highly competent housing management and elevated resident satisfaction. They are also relatively good VFM in conventional terms. But beyond this, there is a prima facie case in favour of them adding value to community life beyond 'mainstream' social housing. This last finding chimes with contemporary policy themes with many social landlords now recognizing that the people they house are their chief assets and the bedrock on which to build the 'Big Society' locally. It appears that having more control over housing and neighbourhoods,

whether through ownership or management, provides a 'psychological lift' to tenants and residents which replicates the stated benefits of home ownership.

Recommendations

Looking forward, we propose three recommendations to expand resident-led housing.

1. Government should facilitate transfer of the UK's 4.6 million social homes, with an estimated asset value of £150 billion and an annual turnover of £35 billion, possibly via community mutuals or gateways. This would enable tenants, who have been left behind by the home ownership market since the 1970s, to control substantial assets and have a major say in shaping housing and community services. Such a policy would be as radical as the 1980s Right to Buy. However, to put the scale of the task in perspective, for the UK to achieve the EU average, more than 1 million social homes would have to be transferred to resident and community control. This will take about five to ten years if Government takes the lead in promoting the community mutual and gateway model. There are a number of models to choose from including TMOs, which are massively under-represented in the housing association sector. This should be supported by the creation of a 'co-operative tenancy'.
2. All social landlords could be required by regulators to adopt community gateway principles whereby flexibility of involvement allows all residents to become members and to determine their level of involvement at their own pace through a range of localised participative vehicles including TMOs, co-operatives or community development trusts, within the overall social landlord governance structure.
3. The existing mutual housing sector could be expanded by social landlords 'importing mutual values' (as above) as part of a resident involvement strategy within a localised context. There is already an infrastructure within social housing to devolve control of existing housing to tenants and communities, and to provide new co-operative and mutual housing. But this will need a deep-seated reorganisation of the way in which housing assets are managed and services are delivered. Transfer of housing and other community assets to tenants and communities within adapted governance structures of local councils and housing associations, would promote localism, ensure that the 'Big Society' is both meaningful and progressive and tick a range of desirable policy boxes.
4. Financing of new resident-led housing development will require a concerted effort by existing representative organisations, like the CCH, the NFTMO, the national network of CLTs, and the co-housing network via their representative body the Mutual Housing Group, supported by the CIH and NHF and committed social landlords to secure finance and land. A number of approaches have been identified, including CLTs, mutual home ownership, mutual retirement schemes through co-housing models, as well as resident-led rented organisations with rents at a range of levels from social to market. While finance for these options will probably remain piecemeal, some have argued for a special purpose borrowing and/or development vehicle which would seek to long-term bonds to support a range of resident-led options.

5. Mutual housing provides considerable advantages to social housing in terms improved cost-effectiveness, value for money and additional social value. The 'asset effect' is of considerable importance in improving well-being and self-esteem. Tenants have been left behind by the home ownership market since the 1970s with the wealth gap between tenants and owners now more that £1:£100. The introduction of a Tenants Mutual Finance Initiative, which would operate in similar ways to the Children's Mutual, providing saving and borrowing opportunities for tenants backed by a progressive government. The Tenants Mutual would not only enable expansion of co-operative approaches in social housing but would fund new affordable housing development and aid renewal of community infrastructure.

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About the Human City Institute

MISSION

The Human City Institute is a charitable research institute and educational 'thinktank' dedicated to investigating social and economic exclusion, social justice and inequality, sustainable communities, issues around faith and ethnicity, health, housing and urban policies, quality of life and happiness, so promoting more human cities that meet the future needs and aspirations of their residents.

VALUES

People-Focused

Human cities begin with putting people and their needs first.

Community Well-being

Wellbeing, happiness and quality of life are intrinsic to human communities.

Social Justice, Equality & Diversity

Enhanced social justice and greater equality foster fairer and more human societies.

No Community Left Behind

Community, ethnic and faith-based disadvantage is a core concern.

Sustainability

Sustainable environments are vital for the development of more human cities.

Evidence-Focused

Development of solutions and futures is based on research evidence.

Innovative & Informative

Solutions and their communication need to be innovative and informative.

Partnership

Working with others is fundamental to a human city approach.

Involvement

Involvement of communities and other stakeholders is central the research ethos.

RESEARCH THEMES

HCI has developed a vision for its work built upon a thematic research programme that incorporates six key themes.

These six themes not only relate to current and likely future policy concerns, but also have their roots in the historic work of HCI:

- **REALISING THE HUMAN CITY** ~ Overview of 'human cities' including measurement via indices and Incorporating longitudinal and case studies of human neighbourhood projects and approaches and their dissemination.
- **NO COMMUNITY LEFT BEHIND** ~ Including the geography of faith, BME and lifestyle groups and their relative socio-economic exclusion and inequalities between communities, and ways of aiding their progress within 'human cities'.
- **SOCIAL EXCLUSION, INVESTMENT & INNOVATION** ~ Covering the role of social investment approaches and development of innovative, social enterprises within communities to alleviate poverty and disadvantage via innovation.
- **SOCIAL JUSTICE & INEQUALITY IN HEALTH, WEALTH & LIFE CHANCES** ~ Exploring inequality impact on health, wealth and life chances and how to further social justice.
- **PUBLIC VALUE, MUTUALISM & THE BIG SOCIETY** ~ Involving comparative studies of public value, mutual and co-operative, community and neighbourhood-based approaches to realise the 'human city'.
- **NEW VISIONS FOR HOUSING** ~ Involving development of new perspectives on how housing in the UK might be made fairer, greener and more affordable with a flourishing social housing sector.
- **COHORT STUDIES** ~ Exploring the needs and aspirations of age and lifestyle cohorts such as young and old people, various LGBT communities.

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More than Markets

Mutual and Co-operative Housing in the UK

Kevin Gulliver, Chris Handy and John Morris

Foreword by Ed Mayo, Secretary General of Co-operatives UK and
Nic Bliss, Chair of the Confederation of Co-operative Housing (CCH)

This new report by the Human City Institute (HCI) explores the nature and extent of mutual and co-operative housing in the UK. Bringing together data sources about Housing Co-operatives and Mutuals, Tenant Management Organisations (TMOs), Community Gateways and Community Mutuals, and Community Land Trusts under the banner of resident-controlled housing for the first time, the report investigates and maps these diverse organisations across the country. The report not only concludes that mutual and co-operative housing is diverse in terms of scale, management, organisational objectives, history and location but also that its scale is greater than previous studies acknowledge. Research for the report was partly in conjunction with the Commission on Co-operative & Mutual Housing, and is published as just one element of the extensive dataset assembled by the Commission to support its final report, but does not necessarily constitute the views of Commissioners. The Commission's report 'Bringing Democracy Home' draws on HCI's research alongside that of other organisations and submissions from a variety of agencies and individuals.

HCI's report shows that there are almost 1,000 mutual and co-operative housing organisations in the UK, managing approaching 200,000 homes. Although a larger sector than previously quantified, these organisations still only constitute less than 1 per cent of the UK's housing stock in contrast to 5 to 15 percent across Europe. They vary in size from around 10 homes to 15,000, but large organisations are almost always the newer Community Gateways and Mutuals, the latest which is Rochdale Boroughwide Housing. Contrary to popular misconceptions in wider housing circles, resident-controlled organisations cater for a diverse client group and make a significant contribution to meeting needs and regenerating communities. They also register high tenant satisfaction, above average housing management performance and good VFM. The report concludes that further development would equip the UK housing system with more democratic options and that importing mutual values and approaches by 'mainstream' social landlords would provide opportunities for extending asset ownership to residents and a provide a much-needed greater say in how their homes are managed.

PART OF HCI'S 'PUBLIC VALUE, MUTUALISM & THE BIG SOCIETY' RESEARCH PROGRAMME. ISBN 978-1-906149-09-3



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