

Programme Legacy Impact
IMPACT BRIEFING 2:
ASSET BASED DEVELOPMENT
Middlesbrough June 9th 2016

**Professor David Mullins** 

Housing and Communities
Research Group

<u>University of Birmingham</u>





## **Empty Homes Community Grants Programme (EHCGP)**

'a bold departure from large scale procurement of affordable housing...'



#### **2011-15 Funding Programme**

- £50 million capital funding
- Non-registered providers (i.e. Community-led)
- 110 successful projects lease or buy and improve
- Over half groups not involved before the programme
- Filled in gaps in the map
- Peer support network through Self-help housing.org.

## **EHCGP Legacy Impact Project**











### Documenting the achievements of the programme

Identifying the scope for sustaining the contribution of community-led groups to empty homes work

Supporting new initiatives including:

- Financial sustainability and social investment
- Local Authority partnerships and support
  - Asset based development strategies

# So what are the Legacy options?

- to attract more private finance, including social investment (BSC on the case)
- to support asset based development strategies projects acquire and harness property assets to achieve financial strength and social impact (this briefing)
- to replicate successful local authority partnerships in more areas (aligning towards devolution and local priority setting espoused by the Northern Powerhouse and related agendas)



## Why an Impact Briefing?



- 88% of participants in EHCGP identified financial strength and capacity as a major benefit of the programme
- The magic of housing provides community- led organisations with an asset and income stream
- Future progress depends on harnessing asset strength
- Across the country projects are working up viable asset based development projects
- Impact Briefing aims to build on best practice

## Why now?

- This is an important time for projects involved in EHCGP which ended 12 months ago - unlikely to be new earmarked national funding before 2020
- Asset based development is a viable strategy to sustain and build on progress from EHCGP
- Empty properties and poorly managed rented properties are identified as local priorities by communities such as Big Local partnerships
- Some Local Authorities have transferred assets and extended leases to enable borrowing and further investment
- Some Housing Associations are disposing of assets
- Community-led groups well-placed for Socially responsible stewardship of these assets:
  - Empties into use Social lettings agencies



## What have we been doing?



- Survey of EHCGP participants 12 months on
- FOI request for Tribal survey and end of programme report
- Revisits to local organisations NE & Yorkshire
- Impact Briefings on Local Authority Support and Asset Based Development
- Support for case for grant programme in Scotland
- Engaging urban planning students in Amsterdam
- Continued partnership with University of Fukui,
   Japan study visit to Hull by Japanese architect

## The Magic of Housing

 "The magic of housing as both a physical asset and a source of rental income is being rediscovered as a basis for sustainable communityled action in a period in which organisations dependent on revenue support have found survival an increasing problem." (Mullins and Sacranie, 2015b p.3

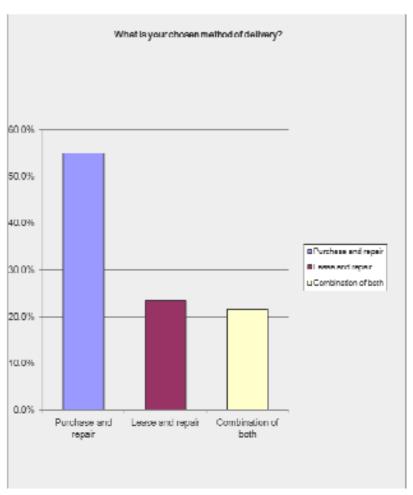


### How the EHCGP Grant was used

- Lease and Repair using EHCGP for capital expenditure for use in refurbishment cost; housing benefit and rent used to cover leasing costs
- Purchase and Repair- EHCGP funding to contribute towards the purchase cost of properties; additional private borrowing or reserves used to contribute towards both purchase and refurbishment costs



# Tribal Survey suggests over half chose lease and repair



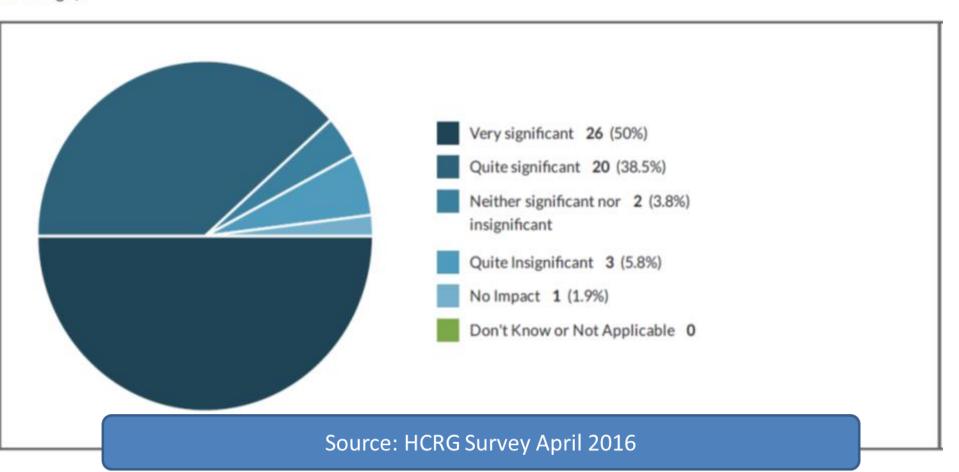
Before the programme
DCLG had assumed lease
and repair (with 5-25 year
leases) would be the
main model

'over the course of the programme lease and repair proved to be the least popular method.'

Source: Tribal End of Programme Report June 2015

# EHCGP Impact on Financial Strength -88.5% say significant or very significant

What impact has the EHCGP had on your organisation's Financial Strength and Capacity (e.g. Asset Base and Leverage)?



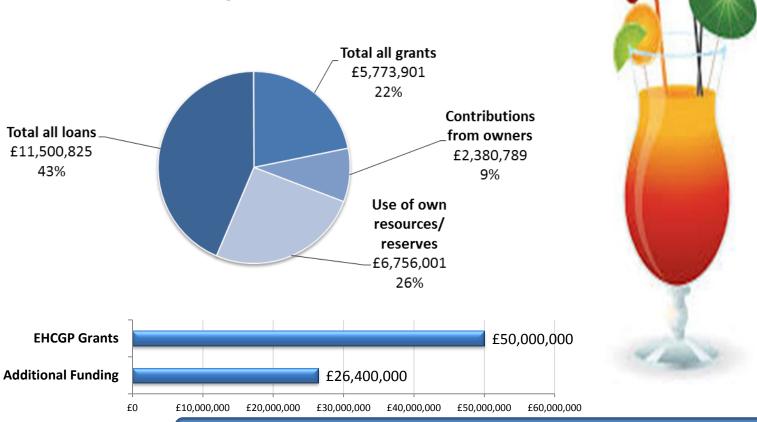
## Main Impacts of EHCGP

- 'It allowed us to lever in around 200% more funding on top of the grant to tackle a problem derelict building in a conservation area and provide much needed housing.' (26)
- 'Has enabled us to purchase assets and therefore anchored our organisation' (10)
- 'Building an larger asset base that enables the organisation to earn independent income and become more financially robust' (65)
- 'Enabled us to buy 14 properties, giving us an asset base, vastly improving our balance sheet and sustainability.' (15)
- 'It has helped to build up and improve our asset base in a much shorter space of time than we could have delivered by ourselves. This alone has helped us employ and train many more apprentices and volunteers and has increased the number of tenants requiring much needed support in the local community'. (43)

Source: HCRG Survey April 2016

## Groups have attracted a funding cocktail underpinned by public funding

Mix of grant, soft loans and interest bearing loans



Source: SHH HACT Survey 2015

## Making the Grant Go a Long Way

2.5 properties will be delivered for every one funded from EHCGP and total funding secured for empty homes work is equivalent to 4.5 times the original EHCGP grant.

**EHCGP £1.3 million HCA** Grant Organisation £1.7millon Reserves £0.7 million **Other Grant** £1million **Borrowing** £3.8million 125 homes for clients

Work for construction team

of 5 tradesmen, 6 trainees,

and 1 apprentice

Changing Lives, Gateshead

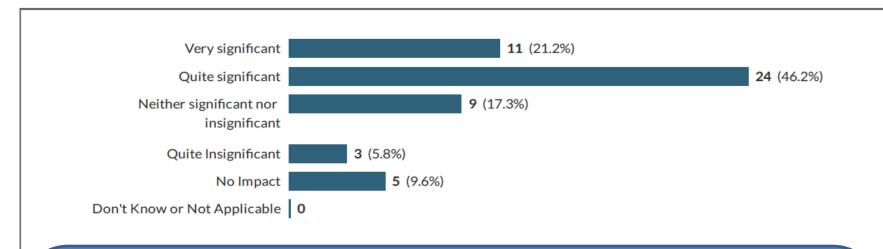
Source: Changing Lives Case study 2015

### **Legacy Impact Survey**

- Survey of 52 organisations who received EHCGP funding
- 46% organisations identified local authorities as most important partner during the programme and 53% after the programme
- 21% identified housing associations as key partners during the programme and 18 % since programme ended
- 21% identified other charities as key partners during the programme and 6% after

## Non-Financial Impacts of asset investment

What impact has the programme had in promoting street level regeneration in your area?



67% say significant impact on street level regeneration,

59% on training and employment 44% on anti-social behaviour and crime

'As a local community trust; it opened our eyes to the huge impact investing in property can have in a deprived area: Creating quality homes for local families Significantly improving the quality of life of neighbouring residents, whose lives had been blighted by living by a vermin ridden, dangerous property. It demonstrated our commitment to the regeneration of the area (201)

### Tackling Abandonment, Blight and ASB



# Future options for Asset Based Development



- Asset Transfers
- Extending leases
- Purchase from HAs disposing of street properties
- Using grants to acquire substantial assets
- Partnering with builders to bring assets back
- Partnering with LA area based strategies

### **Asset Transfers**

 Free or below market value disposal of empty properties to community-led organisations





Morrison Hall, Hartlepool NDC Trust: asset swap for car park!!

### **Asset Transfers**



Middlesbrough

First new homes in Gresham (Middlesbrough) since Housing Market Renewal: Made possible by £1 asset transfer by Middlesbrough Council

### **Extending Peppercorn Leases**



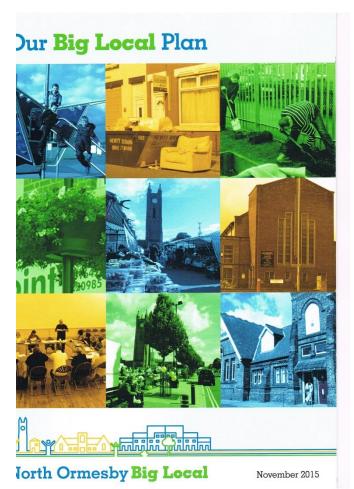


Canopy Houses Leeds: Leases at peppercorn rents extended to 99 years by City Council enabling borrowing against these assets to provide capital for further works

# Buying Properties from HAs disposing of street properties



North Ormesby Big Local buying five houses from Accent HA through local Development Trust



Tackling rented housing one of residents' top 5 priorities

## Socially Responsible Stewardship

- North Ormesby Big Local ideally placed as community steward of these housing assets
- Cultures CIC, Stockton taking on end of lease flats above shops from Thirteen Group for BME clients
- Granby Five Streets CLT model of stewardship



The social housing regulator

FORM DC6 Version of 1 April 2015

APPLICATION FOR A DIRECTION THAT A SPECIFIED SOCIAL HOUSING DWELLING IS TO CEASE TO BE SOCIAL HOUSING

HOUSING AND REGENERATION ACT 2008, SECTION 76

Should there be a social responsibility test by HCA in event of sales of housing association stock?

Some HAs disposing of street properties that do not meet their asset management strategies-currently often sold at auction to private landlords

# Using Grants to acquire substantial assets



East Cleveland Youth – using grant from Northern Rock to refurbish Crown pub into four two bedroom flats and training /employment opportunities

## Partnering with builders to bring unused assets back into use



Methodist Action, Preston; partnering with local builder to bring funeral parlour and pub back into use through its own Social Lettings Agency

## Some Future Scenarios

1. Viral Expansion

### 2. Consolidation

3. Social Value Growth

#### New public funding drives sector

- New entrants local charities and SEs diversify to fill the gap
- Where from? Big Local, faith sector, Generation Rent?
- Partnership approach
- Vibrant sector

#### Asset strength and leverage drives sector

- Existing strong SHHOs
- Regional and local clusters
- Asset transfers and purchases
- Leasing and Management contracts
- Social Lettings Agencies
- Mainstream HCA Programme?

### Social Value and community benefit drives sector

- Charitable Foundations & social investors Power to Change?
- Grants and Soft Loans
- Demonstrating social value
- Getting paid for social return
- Strengthening sector recognition and reward

## June 14<sup>th</sup> Leeds Launch Event – Leeds Town Hall 12.30-5.00

- Showcase successful initiatives with local authorities in Leeds, Hull Liverpool & Rochdale
   during and since EHCGP
- contribution of social investors and trusts &
  - foundations
- what works best and what's needed from the point of view of community organisation
- : Encourage similar steps by other authoriti

### THANK YOU

#### For more information:



### **Housing and Communities Research Group**

http://www.birmingham.ac.uk/social-policy/housing-communitie

Prof David Mullins – <u>D.W.Mullins@bham.ac.uk</u> Dr Halima Sacranie - <u>H.Sacranie@bham.ac.uk</u>

**Next Impact Briefing Event Leeds June 14th**