

BME Housing Associations and their involvement in LA stock transfers

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Front cover and publication details

Black and Minority Ethnic Housing Associations and their involvement in local authority stock transfers

June 2004

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Published by the Office of the Deputy Prime Minister. Printed in the UK, June 2004 on material containing 75% post-consumer waste and 25% ECF pulp.

Product code 04HC02273

Introduction

Stock Transfers are an important part of Government Housing Policy, with significant numbers of local authority stock having been transferred to new landlords, with many more in the pipeline. However, at the Office of the Deputy Prime Minister (ODPM) we are concerned that Black & Minority Ethnic Registered Social Landlords (BME RSLs) do not so far appear to have derived as much benefit from these transfers as might have been expected. Hence we commissioned, in 2003, a review of issues relating to the black and minority ethnic housing associations in local authority stock transfers. The aim of the project, carried out by MDA, a specialist research and diversity consultancy, was to provide a snap-shot of relevant issues, concerns and potential ways forward. These are outlined in this report, which also contains a number of case studies that provide examples of good practice.

It is important to emphasise that this is a preliminary study. Case studies used in the report show, it is still relatively early days in the active involvement of BME housing associations in large scale stock transfer programmes and lessons will continue to emerge over the coming months, from the success or otherwise of the innovative approaches currently being developed. We are also engaged in other initiatives in this area, including progressing a number of pilot projects between BME housing associations, local authorities and relevant partners.

In carrying out this project we are especially grateful for the time given by staff in a number of BME housing associations, local authorities and a range of national organisations. These are too numerous to mention, but the organisations who assisted us are listed at Appendix A.

Finally, we see this report as a starting point and as fuller good practice develops we intend to ensure that this is widely distributed and that lessons learnt in one area can be replicated elsewhere.

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January 2004

Summary

Introduction and background

This report is concerned with carrying out an initial review of issues relating to the active involvement of black minority and ethnic (BME) housing associations (HAs) in local authority stock transfers. The aim of the project, carried out by MDA, and commissioned by the ODPM was to provide a snapshot of relevant issues, concerns and potential ways forward, which can be added to in the coming months. The following points provide a summary of the main report.

It is important to emphasise that this is a preliminary study. As case studies used in the report show, it is still relatively early days in the active involvement of BME HAs in large scale stock transfer programmes and lessons will emerge over the coming months, from the success - or otherwise - of the innovative approaches currently being developed.

Context

The context of the project included:

- Stock transfers; their background, variations and potential options for BME HAs.
- The background in respect to BME tenants involvement and participation in the stock transfer process.
- BME HAs role and the added value that they can bring to the above factors.

What is a BME HA?

Black minority and ethnic run housing associations are a movement that primarily developed in the 1980's and through the 1990's. They were originally community-based organisations that aimed to meet particular communities unmet housing needs. A BME HA is defined as an HA where 80% or more of its governing body is chosen from BME communities.

Why the project is important

Stock transfer is a key government policy, with significant numbers of local authority stock having been transferred to new landlords and many more in the pipeline. At the same time, the ODPM is concerned that BME HAs do not appear to have derived as much benefit from these transfers as might have been expected. Potential barriers include such issues as:

- Local authorities not involving BME HAs in the process.
- Local authorities and HAs concerns about the size of BME HAs and views about their viability and competences.
- Fear of potential tenant backlash.
- Costs and input required, which can potentially be off-putting to small organisations.
- Sidelineing of BME HAs by larger mainstream HAs.

Added value

The project found that in some areas, there is confusion about what BME HAs do. Many of the BME HAs that form part of the project wanted to rectify this and also to emphasise the added value they can bring to the stock transfer process.

The project revealed the following about BME HAs

In broad terms, the project found that the added value that BME HAs can provide includes:

- They have a strong community base and can bring solutions to particular issues, perceptions and problems of BME communities that mainstream HAs and local authorities cannot reach.
- Many BME HA initiatives are aimed specifically at utilising and developing housing as a means of combating multiple deprivation and discrimination. They can assist and support mainstream equality initiatives made by local authorities and HAs, using their contacts and knowledge. They can represent and act as a conduit between particular communities 'hard to reach' groups, local authorities and mainstream HAs.
- BME HAs have developed many innovative schemes across the UK. They are active providers of new houses as well as having extensive portfolios of housing stock via partnership with some stock transfers. Approaches they have taken on particular initiatives are models for others, including, for example, specialist design and allocation issues.
- They provide BME people with opportunities for new jobs, training, experience, and are a potential role model for other BME led organisations. BME HA employment approaches and leadership have impacted positively on housing generally and the HA movement in particular, (although arguably there is still some way to go).
- BME HAs initiatives are potential models in terms of wider policy initiatives, addressing issues around social exclusion, community cohesion and regeneration.
- BME HAs should not just be seen as assisting/supporting themselves, but should also be seen as an important source for enabling others involvement in new initiatives consultation and participation programmes.

Themes and ways forward

The project was primarily concerned with looking at a number of practical examples of BME involvement in local authority stock transfers.

There were a number of models utilised as reflected in the case studies including various partnership arrangements and these individual case studies, (ten in all), are a major part of the report; BME HAs used in a consultancy role; their involvement in a management role; in secondary transfers; and managing and developing their own stock. Overall themes that emerged included:

- Many individual local authorities recognise BME HAs potential added value. For example, a community based BME HA can have a distinct advantage over a larger organisation, because it knows and works closely with the relevant communities. BME HAs possess specialist skills (for example, language skills and cultural sensitivity). Many larger organisations cannot compete with this.
- It has been recognised that BME HAs create a demand. Several examples were identified of BME HAs generating demand for previously un-lettable properties.
- What has been revealed is that "small can be beautiful" and that BME HAs advantage in local community based organisations was in being able to generate confidence amongst local tenants.
- Some local authorities recognise how BME HAs could help them to develop a local BME strategy and identify BME communities' needs. Examples were found in the North of England, for example, where local authorities with relatively small BME communities, found working with BME HAs particularly helpful.

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- BME HAs were also used on a consultancy basis as part of a stock transfer process. For example, BME HAs can provide a number of services, including interpretation translation and providing workshops, targeted at particular communities and residents. However, it is important that such consultation is properly factored by the local authority and paid for. It was found that early involvement of a BME HA in the stock transfer process could also lead to the development of positive partnerships and possible arrangements to work with a BME HA once a stock transfer has been successful.
- A point that was emphasised, was the myth that BME HAs could only manage properties in inner city areas and not 'white' areas. Case studies revealed that BME HAs can be part of managing stock in such areas, which potentially give BME communities, a wider choice of areas where they may live. Such initiatives relate to the themes of community cohesion and the potential breaking down of barriers between communities.

Other points that emerged from the case studies included:

- The need to be flexible and pragmatic. This view was taken by many BME HAs. A number of BME HAs recognise there needs to be a strong business case for any particular project. The project includes how some projects are part of an estate which could fit into a BME HA portfolio. As with the agencies they work with, they recognise the need to be flexible, pragmatic, retain diversity in the community and be seen to be a viable option to wider groups of tenants.
- A crucial issue frequently raised, was the leadership given to a potential stock transfer process from all relevant agencies. The project found that where there was local leadership, particular individuals or groups of individuals wanting stock transfer to happen, BME HAs could work creatively in conjunction with a local authority or mainstream HA. There are many ways for BME HAs to play an important role in stock transfers, size, expertise, commitment and leadership need to be taken into account in order to make things happen.
- A BME HA can achieve substantial rates of growth within a large group structure. The vast resources that a smaller HA within the group can call upon (financial and expertise/skills) are a tremendous advantage. In areas with large BME populations with diverse unmet needs, a BME HA in a group can provide delivery of housing and improved solutions.
- Management before full transfer into ownership can enable the new (potential) landlords to demonstrate that they can develop services. This enables them to build a relationship of trust with the tenant. Tenants are more likely to vote for the potential landlord if they are happy with the service delivery.
- Effective partnerships are crucial. When the local authority and the HA(s) are not working together, a lack of communication can lead to mistrust. A shared vision and commitment is necessary for a successful outcome, supported by full knowledge of strategies, commitment to share information honestly and to work together to achieve success.

Overall it is clear that BME HAs can play an active role in the stock transfer process. Some key points for local authority and mainstream HA to consider:

- BME HAs should be part of the consultative process in stock option appraisals. Their role should be defined at the beginning of the process, along with a possible consultation role (and how they will more broadly be part of the formal stock transfer process). This may include immediate involvement or later direct and indirect involvement possibly in a partnership or secondary transfer role.
- In addition, local authorities should consider how they can promote more partnership approaches between BME and mainstream HAs. BME HAs should form part of any 'partnership protocol'.

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- More generally, local authorities, as part of their BME process, should involve BME Has as part of the strategy. Part of this will be predicated on the number of BME Has operating in their area and what they do. Where appropriate, local authorities and Has should involve them in capacity building programmes.
- Local authorities should also, where appropriate, consider developing a specific BME HA strategy, and also consider involving BME HAs as part of a targeted programme, whereby a proportion of properties are earmarked to be potentially developed or managed by BME HAs.
- Any stock transfer process being developed by local authorities should include an impact assessment (in compliance with the Race Relations Amendment Act). The active potential involvement of BME HAs should form part of any such assessment. As part of this process, information and background in the BME HA should be available for local authority staff. This should include an outline of the added value that such organisations can bring to the process.

The ODPM and the Housing Corporation, as part of the stock transfer process, intend to keep the role of BME HAs under review along with the identification of good practice. As part of this, ODPM are currently undertaking a number of detailed pilot studies with BME HAs and local authorities involved in the stock transfer process.

Background

This project (commissioned by the Office of Deputy Prime Minister: ODPM) involved carrying out a preliminary review of issues relating to the active involvement of black and minority ethnic (BME) Housing Associations (HAs) in local authority stock transfers. Its aims were twofold: to identify good practice, experience, where it exists and use this as a basis for potential guidance. Also, to identify any barriers or shortfalls and use these to recommend alternative strategies.

This was a small-scale project undertaken over the first part of 2003. It complemented two other wider, longer-term studies currently being carried out in this area. These include the following:

- A study by the Centre for Urban and Regional Studies at Birmingham University on the involvement of black and minority ethnic tenants and communities in tenant participation structures. The study is related to decisions being made by local authorities on various housing investment options and is due to report at the end of 2003.
- A pilot scheme, spread over two years (to May 2005), which will evaluate good practice lessons to be developed from the involvement of BME HAs in the stock transfer process in specific initiatives. Examples of such transfers will include direct transfer to a BME HA; indirect transfer via a mainstream HA; trickle transfer and management transfers.

The aim of this project was to provide a snapshot of relevant issues, concerns and potential ways forward, as a source of guidance, which can be added to other information. It is important to emphasise that this is a preliminary study; as case studies used in the report will show.

The core audiences for this study are local authorities, HAs - both general and BME - and various related agencies. We assume that not all of them will be expert in all the areas being reviewed, including, for example, stock transfers and the BME HA movement. We have therefore included some information to set the scene and explain the background.

Context

The context to the project includes:

- Stock transfers: their background, variations and potential options for BME HAs;
- The background in respect to BME tenants' involvement and participation in the stock transfer process; and
- BME HAs' role and the added value that they can bring to the above factors.

What is a BME Housing Association?

Black and minority ethnic run housing associations (are a movement that) primarily developed in the 1980s and through the 1990s. They were originally community-based organisations that aimed to meet particular communities' unmet housing needs and formed part of a number of specific strategies developed by the Housing Corporation. A HA is defined as a BME HA where eighty percent or more of its governing body is chosen from BME communities. They are now an important part of the HA sector.

Why the project is important

Stock transfer is currently a key government policy, with significant numbers of local authorities stock having been transferred to new landlords, and many more in the pipeline. At the same time, BME HAs do not appear to have been as involved in transfers as might have been expected. Barriers include such issues as:

- Local authorities not involving BME HAs in the process;

- Local authorities' and HAs concerns about the size of BME HAs and views about their viability and competencies;
- Fear of a potential tenant backlash;
- Costs and input required, which can potentially be off-putting to small organisations; and
- Sidelining of BME HAs by larger mainstream HAs.

The ODPM and the Housing Corporation have produced regulatory and policy guidance to encourage local authorities to be more pro-active in involving BME HAs in the stock transfer process. Agencies such as the National Housing Federation (NHF) have provided advice. There is also the important legal context of the Race Relations Amendment Act (RRAA 2000), and some other relevant government initiatives, referred to below.

Our approach

This study was by its nature small-scale and exploratory. It included an extensive literature review and a significant number of interviews with a range of stakeholders and BME HAs. Stakeholders included the Housing Corporation, the Federation of Black Housing Organisations, the ODPM, the NHF and a number of BME HAs, along with some local authorities and related organisations. Further details are given in Appendix A.

Context

Over the last 20 years local authority stock has been reduced by about forty per cent. This has been due to such factors as Right to Buy, Trickle Transfers/Small Transfers and the sale or demolition of properties, along with large-scale transfer of stock to new landlords.

These changes have had some impact on the profile of social housing tenants, with existing tenants now likely to be older than average, and new tenants increasingly likely to be younger, poorer, unemployed or vulnerable.

The Green Paper '*Quality and Choice: A Decent Home for All*' was aimed to address some of these changes and develop potential solutions. One driving force was to try to improve the management and quality of social rented housing. Also, to make it less of a tenure of last resort and more an option of choice.

Local authorities were also to be encouraged to focus on managing the local housing markets and take on an 'enabling' role, while other organisations/landlords would increasingly be responsible for hands-on management. This would be provided by HAs and other arrangements, including 'Arms-Length Management Organisations' (ALMOs). There was also a commitment to support a stock transfer programme.

By the beginning of the 2003/04 financial year, some 738,000 local authority properties in England had been transferred to new landlords since the initiation of the stock transfer process. Current programmes may add a further 280,000 by the end of 2003/04, if current planned transfers proceed.

However, not all proposed transfers have succeeded. There have been a variety of outcomes. For example, Birmingham Council recently voted 'No', with Bradford and Glasgow voting 'Yes'. Overall, to date there have tended to be three 'Yes' votes for every 'No' vote. However, this pattern may change. There are also strong regional variations. For example, fewer London boroughs have decided on large-scale transfers than other parts of the country.

A recent report by the National Audit Office (NAO) has shown that, in general, HAs have largely delivered the expected benefits of stock transfers to tenants. The NAO found that typically transfer organisations have exceeded the promises they make to tenants at transfer. Their survey found that:

- 85% of tenants were satisfied with their transfer landlord after transfer.

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- 91% of tenants believed their transfer organisation had delivered all their promises.
- 100% of transfer organisations were on schedule or had exceeded their major repairs promises to tenants.
- 72% of properties had benefited from improvements since transfer.
- 100% of transfer organisations had kept their rent promises to tenants.

Stock Transfer 'Models'

There are several models and approaches for stock transfers and no definitive model has yet emerged. While approaches differ in their size and complexity, they all have the capacity to involve BME HAs in some way. Options include:

Whole stock transfers (Large-scale Voluntary Transfers - LSVT)

In this model the potential ownership and management is transferred to a HA or a HA 'partnership'. An important selling point is usually harnessing Private Finance Initiatives to refurbish homes to bring them up to the Decent Homes Standard. A majority of tenants have to vote in favour by ballot. In practice, the actual management of the transferred stock can vary with stock transfer. For example, a number of groups managing properties on a geographical basis reporting to a corporate structure.

The size, scope and timescales of such transfers can work against smaller organisations in general. However, a consortium of BME HAs can be involved in the direct ownership, leasing/managing part of the stock, or a BME HA can be part of a group structure involved in the actual transfer. More realistically, individual BME HAs can be involved at an early stage with the potential landlord, with commitments being made to subsequent or secondary management/development, and possible ownership being arranged. BME HAs can also be involved in a consultancy role.

Stock retention

Local authorities continue to own and manage the majority of its stock. In this case initiatives with BME HAs can be continued or newly developed. They may include continuing Trickle Transfers, joint developments, partnerships, or a range of other initiatives.

PARTIAL TRANSFERS (SMALL-SCALE VOLUNTARY TRANSFERS - SSVTs)

These are smaller transfers, involving particular estates or groups of properties, which may be hard to let, poor quality or in need of refurbishment. Again, the size and scope of these transfers, means there are significant opportunities here for direct transfers to individual BME HAs or a consortium of BME HAs. It may also be possible for BME HAs to have a secondary management or leasing role for part or all of the transfers.

Arm's-length Management Organisations (ALMOS)

Here the local authority retains ownership. Management is by a local authority and controlled by a company, with new investment opportunities available. Tenants are balloted and have a significant input into the role of the company.

There is significant potential for BME HAs' involvement here, in terms of developing or continuing involvement and representation and via Trickle Transfers and secondary transfers (see below) or management/leasing arrangements.

Trickle transfers

This is a traditional method of transfers to BME HAs, which includes voids (empty properties) and tenanted properties or groups of properties. It is especially effective where the properties are void. This type of arrangement can also be built in to a stock transfer arrangement, either before or after the transfer.

Secondary transfers

There may be potential for secondary transfers, after initial transfers, to BME HAs on a management/leasing arrangement or on an eventual ownership basis.

Community gateway

This new model emphasises greater tenant influence and control and a greater say in local decision-making. Its benefits have been described as:

- Structuring business plans around communities;
- Carrying out community option studies (over time) in each local community so tenants can decide to what extent they want to get involved;
- Giving each community a range of options for involvement, from consultation to tenant management. Ultimately, tenants would be supported in seeking to take on ownership, possibly by a group structure or through leasehold transfer, as long as it would not put viability of the Community Gateway approach at risk; and
- Enabling residents to develop capacity for involvement and control, and increase or decrease involvement over time.

This model has potential for BME communities in general, and BME HAs in particular.

There are various permutations within and between these models. BME HAs are involved in stock transfers in a range of ways, usually through partnerships or secondary transfers. The case studies in the report refer to some of these approaches, although it is important to remember that it is still early days, and many outcomes of initiatives are unknown.

However, what can be emphasised at this stage, however, is that with leadership, goodwill and some imagination, all the above options can include BME HAs.

Changes to 2003 stock transfers may also potentially make the situation easier for BME HAs, in that the transfer of large stock to a single HA will be discouraged, as will the growth of dominant regional landlords. A driver of the new approach is encouragement for diverse communities. The ODPM guidance states that:

'ODPM believes that it is not desirable, in areas with large amounts of housing, to replace one monolithic landlord with another ... landlords should be small enough to enable Boards and Senior Managers to remain in touch with tenants, yet large enough to attract good quality staff, be financially viable and benefit from economies of scale.'

Stock Transfers and Race Equality: Guidance and Regulatory Framework

Stock transfers provide an important opportunity for the HA sector to grow, by taking on the ownership of local authority housing. There have recently been increasing numbers of transfers in inner city and large metropolitan areas where sizeable BME communities are located. This is an important opportunity for local authorities and other organisations to ensure that BME communities are actively involved in the transfer process.

To support BME Communities, there is already a very considerable amount of guidance and advice provided to local authorities and HAs, some within a regulatory framework. The aim has been to ensure that public policy is followed through in practice and that it takes account of the race equality dimension.

Involving and engaging BME communities and the special contribution BME HAs can play in reaching out and working with disadvantaged communities, are crucial factors. The aim is for the transfer process to take full account of the diversity dimension. Key guidance and frameworks include the following:

The Office of the Deputy Prime Minister

The ODPM's action plan '*Addressing the Housing Needs of Black and Minority Ethnic People*' includes detailed housing and race equality guidance. It outlines the department's expectations in respect of a range of housing policy and BME issues. In respect of stock transfers, the ODPM undertakes to:

- 'Work... with all partners in the transfer process to ensure that the needs and aspirations of all BME communities are addressed throughout the stock transfer process...
- Raise awareness of the need actively to engage the BME community and BME HAs in developing options...
- Require local authorities and tenants' groups to work actively with BME HAs, who will offer expertise in identifying issues within BME communities and help to deliver practical solutions for the benefit of the whole community.'

This general advice has been followed up in the 2003 Housing Transfer Guidance (see Appendix E). This makes specific recommendations on meeting BME communities' needs.

The guidance requires:

'transfer proposals to reflect needs and aspirations of any BME communities affected by them, particularly where these communities experience disproportionate levels of deprivation and discrimination. We also expect successor landlords to ensure the ongoing participation of BME communities in their work after transfer and local authorities to produce BME Housing Strategies as part of their strategic enabling role.'

The ODPM also expects:

- Authorities to consider ways they can enable BME RSLs to compete to acquire housing through transfer;
- BME RSLs to be involved in initial stages when options are being considered;
- Authorities to consider how they can promote more partnership approaches between BME and mainstream RSLs;
- BME RSLs to be used to help address under-representation in tenants' organisations and general development work within the BME community;

- Transfer proposals to look specifically at secondary transfers from mainstream RSLs, or look at ways small blocks of flats may be transferred;
- Stock rationalisation plans to include ways that BME RSLs can take advantage of transfers;
- BME RSLs to be able to develop sites where new development is planned to address the housing needs of the area; and
- Direct involvement, through the consideration of transfer to existing BME RSLs (indirect involvement may be through using existing BME RSLs to support transfer proposals to non-BME RSLs).

The ODPM has also produced further guidance in '*Amended Stock Transfer Guidance: Involving BME Communities in the Transfer Process*'. This provides good practice advice on BME community involvement in the transfer process.

Finally, the ODPM's "sustainable communities" programme forms an important context to this area. This emphasises the Government's commitment not only to the delivery of additional housing, but also to creating communities. This includes the assessment of current plans and their impact on existing communities with any growth aimed at achieving tangible social objectives with the integration of: "economic progress with protection of the environment and the promotion of improved livability and cultural and social inclusion."

Housing Corporation

The Housing Corporation has delivered a range of good practice advice over recent years. Two important initiatives have included the development of the BME led HA strategy (see the following section) and the Race and Housing Challenge Inquiry Report (led by the NHF in partnership with the Housing Corporation, CRE and FBHO). This report, co-produced with a number of national agencies, has led to a revitalisation and a refocusing of efforts to ensure that HAs implement practical action in relation to race equality considerations.

A core policy produced by the Housing Corporation continues to be the 1999 Black and Minority Ethnic Housing Policy. The policy recognises that "there is a need for a vibrant BME RSL sector that brings diversity, consumer choice and added value".

A number of more detailed commitments are also made to support the work and approach on BME HAs. These include the commitment to identify and disseminate examples of good practice, including a commitment to assess any business that may exist in relation to stock transfers to BME HAs. To complement the Challenge Report, the Housing Corporation produced a Regulatory Code and Guidance, which also takes account of the Housing Corporation's obligations under the Race Relations Amendment Act (RRAA). The Code and Guidance includes a section dealing with BME HAs. Specific identified outcomes include:

- Increasing evidence of partnership working between BME led and other housing associations in the planning, delivery and review of housing and other services for black and minority ethnic communities.
- Increased diversity in landlord consortia and partnerships bidding in the large-scale voluntary transfer process.
- Diversity in the way in which services are delivered to BME communities and subsequently managed. This could mean an increase in the number of stock transfers or management arrangements occurring between mainstream associations and BME led associations, or an increase in the number of sub-contracting arrangements developed between associations."

One of the standards attached to the outcomes includes developing, regularly monitoring and reviewing protocols with partner associations on how best to deliver best value services to BME

communities. This includes making arrangements for the provision of new housing by BME housing associations.

Community cohesion

The Community Cohesion report (Home Office, 2001) looked at the events that lay behind the riots in Bradford, Oldham and Burnley. The report portrays a disturbing picture of what happens when communities are divided and segregated in different forms of housing tenure.

It describes the communities in the towns as living a 'series of parallel lives', reflected in their different access to housing, employment and education. Guidance has subsequently been produced and aimed at seeking to "translate our understanding of issues raised into practical action to improve the situation on the ground... such action needs to tackle the causes that can lead to conflict and to guard against circumstances that lead to the fracturing of communities".

Local authorities are seen as having a key role in taking this agenda forward and the guidance makes a number of recommendations. Key areas include action on effective and meaningful community consultation and involvement as well as the impact of housing on community cohesion. Here 'choice' and available options are a key factor.

BME HAs are part of the potential solutions in this area. Their knowledge base, experience in meeting specific needs, the trust and support they have from particular communities can all make an important impact.

For example, some of the BME HAs in the north of England have played an important role in helping particular communities to live in areas they would normally not have considered because of fears about their safety. Stock transfers can also be an opportunity for imaginative local authorities and partners to address some of the issues raised in the analysis of the riots in Oldham, Burnley and Bradford (see case studies).

Race Relations legislation

The Commission for Racial Equality (CRE) has produced a Code of Practice for social housing (and a separate one for the owner-occupied/private rented sector). All authorities need to take account of this when developing their policies and practice. However, effectively the Code has been superseded by the requirements of the Race Relations Amendment Act (RRAA), legislation introduced following the Macpherson Report, which aims to address the challenge of institutional discrimination.

The RRAA, which came into effect in 2001, is potentially amongst the most radical and challenging equality legislation in the world. As well as imposing general duties on public authorities, it also applies a number of specific duties to most public authorities, including local government, the Housing Corporation and the OPDM (as part of central government). It also indirectly applies to housing associations.

The core part of the specific duties relates to the development of a Race Equality Scheme (RES). Such a scheme is effectively a strategy and action plan for employers to put into place a number of detailed requirements on authorities in respect of service delivery. In its guidance the CRE indicates that: "such a scheme should summarise your approach to race equality and your corporate objectives. It should also say how you plan to meet each part of the duties and what your arrangements are for assessing, consulting, monitoring and training".

A core part of the scheme for local authorities (and other agencies) in relation to issues and policies on stock transfers, relates to the requirement to consult with BME communities at different stages of specific policy development and 'action planning'. Related to this is the need to carry out 'impact assessments'.

An 'impact assessment' is a "systematic way of finding out whether a policy affects all racial groups equality" - and if not, why not? A driving force behind such an assessment is that authorities may not

be aware that their policies and services are affecting different groups in different ways and such assessment will help them to be better informed.

A full impact assessment must include the results of external consultation with BME communities and the potential impact of proposed policies. Any policies introduced must also be part of a continuing monitoring process to assess impact over time (see Code of Guidance: www.cre.gov.uk).

Local authorities in developing stock transfer initiatives will therefore need to carry out impact assessments, not only as a part of their consultation process but also to gauge the impact on BME communities of any particular policy and approach. BME HAs, where they exist locally, should be included as part of this process.

Such assessments in an area as complex as a large-scale stock transfer process may need to be broken down into phases, including, for example:

- The option appraisal
- Consultation on the preferred option
- Implementation of the preferred option
- Successor landlord

Local Government Standards

As well as meeting the requirements of the RRAA, local authorities also have to meet the performance indicators of the **Local Government Equality Standard**, which include the need to consult with relevant communities. Ideally, this should complement work carried out on a race equality scheme. The standards also encompass gender and disability issues.

The Housing Corporation and the RRAA

The Housing Corporation has developed its own RES. This sets out how HAs should reflect the requirements of the RRAA and ensure that race equality is promoted and any discrimination is dealt with. One important part is ensuring that BME communities have equal access to services, including, for example, monitoring satisfaction levels. The Housing Corporation has therefore effectively cascaded the requirements of the RRAA to HAs by making compliance a regulatory requirement. HAs are also encouraged to develop their own race equality schemes, although this is not a regulatory requirement. However, it is in the HAs' interest to develop such schemes, as they work closely with local government.

There is therefore a strong regulatory and legal framework for local authorities and all HAs to take account of these equality considerations in any stock transfer process as well as a range of guidance on the subject. BME HAs' potential role and work form part of this regulatory regime and guidance. Reference to further guidance is provided in Appendix B.

Race equality code of practice for Housing Associations

Although the new race relations duties do not apply specifically to housing associations, the approach adopted in a voluntary code is consistent with the legal duties. *'The Race Equality Code of Practice for Housing Associations'* was developed as a result of an inquiry (led by the Housing Corporation, the NHF and the CRE) which set out to challenge housing associations and their partner organisations to drive improvements on race equality in the sector.

The code is made up of a series of race equality outcomes covering key business activities, with corresponding standards to enable the outcomes to be realised. It assumes race equality to be an integral part of business planning, service delivery and review for any organisation that is "committed to... providing good and responsive housing and related services and amenities for those whose personal circumstances make it difficult for them to meet their housing needs in the open market..."

Black and Minority Ethnic HAs

The role of the Housing Corporation

The BME HA strategies developed by the Housing Corporation with BME HAs in 1986 and 1991 (which the Housing Corporation is reviewing in 2004), have been innovative, empowering and involving BME communities directly in the provision of housing. The approach has met with considerable success and there is now a flourishing BME HA sector in the UK. The approach has become a model for other countries, especially in mainland Europe.

The strategy was based on the added value that such a movement could bring to meeting BME communities' aspirations and needs, including:

- Promoting and expanding BME people's opportunities for access to social rented housing;
- Promoting and expanding BME people's opportunities to have control over and take part in the running of housing associations, as committee members and staff; and
- An input into redressing the historic inequalities of BME communities in the social housing field.

The features of the last strategy in 1991 included:

- Aiming to have 40 BME associations becoming independent and effective organisations within five years, along with an investment of about £750m over a five-year period;
- An increase in revenue grants to assist BME associations to become fully independent; and
- Asking established HAs to transfer 2,400 homes to BME associations, with the aim of BME associations either owning or managing 16,500 homes at the end of the five-year period. Transfers from established HAs to BME HAs were seen as a cost-effective way to assist them in becoming independent.

Origin

A BME Housing Association must have at least eighty percent or more of its board derived from BME communities. The emphasis is on leadership, so the number of BME staff employed or the proportion of BME tenants housed is not a factor.

There is still some confusion, particularly in the local authority sector on BME HAs and their role. This was reflected in our discussions with a range of individuals. For example, BME HAs are sometimes associated with positive action or even positive discrimination and are sometimes seen as only interested in representing particular groups and communities.

However, BME HAs should be placed in a wider context, which connects them with the origins of housing associations. Most housing associations were at their inception, community-based organisations; representing specific local communities, their needs and particular groups such as homeless people. They were on the whole, driven by local people who were concerned about meeting the needs of neglected or forgotten groups.

In this respect, BME HAs are no different. They have also emerged from local roots and concerns, and aim to meet the unmet needs of particular communities. As they have grown, they have - as with larger mainstream HAs moved into new housing areas, broadened their remit and housed all communities. Indeed, they have had to do so to comply with equality legislation. However, the ethos of BME HAs, their principles and delivery of services remain associated with their origins and foundation vision.

Progress

In 1986, eighteen BME organisations were registered with the Housing Corporation. Ten years later sixty three were registered. There are a similar number today, but their ways of operating and their approaches have changed over the years.

The emphasis on new registrations was part of the Housing Corporation's first five-year strategy. A second five-year strategy, formed following a review in 1991, concentrated on achieving economic viability for more BME HAs. Since 1996 the Housing Corporation has shifted the emphasis of their support on meeting needs, rather than on the BME HAs themselves with the identified role of addressing and challenging disadvantage more widely.

Inevitably BME HAs have had a varied history and progression. Some are now established as large regional organisations; whereas others have grown at a slower rate and have remained small, meeting the needs of local communities. Some BME HAs have merged, and others have joined the group structures of larger HAs.

In fact, while there have been various reviews of aspects of the BME HA strategy and movement, relatively little has been written about the detailed movement itself - how it came about, its successes, its challenges, lessons learnt and prospects for the future. This is now being addressed in two new research projects being funded by the Housing Corporation.

BME HAs can currently be seen broadly as being in two groups. There are the BME HAs that increasingly provide similar properties to the majority of general needs housing (as mainstream HAs), but often with larger properties with particular services being provided for tenants. Then there are the smaller, newer associations that are more allied with a particular community, i.e. are culturally specific in terms of both housing and service provision. Many of the latter are unregistered and are working to establish a track record.

BME HAs also tend to be smaller than the average HA and therefore have all the related potential drawbacks in involvement in complex stock transfers. However, the housing regime is such that they need to be involved in stock transfers, not only because of their potential input and impact, but also in order to grow and survive. The remainder of this report looks at ways by which this can be achieved, factors such as the size and experience of the BME has been taken into account.

Added value

As mentioned above, we found that in some areas, especially local authorities, there is confusion about what BME HAs do. Most of the BME HAs we met wanted to rectify this and also to emphasise the added value they can bring to the stock transfer process.

They recognised that in the commercial world in which they operate there needs to be a strong business case made for BME HA involvement to partners and investors, as well as to potential tenants and residents. They would expect neither favours nor special treatment.

In broad terms added value that BME HAs provide include:

- They have a strong community base and can bring solutions to particular issues, perceptions and problems of BME communities that mainstream HAs and local authorities do not reach.
- Many BME HA initiatives are aimed specifically at utilising and developing housing as a means of combating multiple deprivation and discrimination. They can assist and support mainstream equality initiatives made by local authorities and HAs, using their contacts and knowledge. They can represent and be a conduit between particular communities and 'hard to reach' groups and local authorities and mainstream HAs.

- BME HAs have developed many innovative schemes throughout the UK, and are active providers of new housing as well as having extensive portfolios of housing stock via partnership and some stock transfers. Approaches they have taken on particular initiatives are models for others. For example, specialist design and allocation issues.
- They provide BME people with opportunities for new jobs, training, experience and are a potential role model for other BME-led organisations. BME HA employment approaches and leadership have had a positive impact on housing and the HA movement in particular (although arguably there is still some way to go).
- BME HAs initiatives are a potential model in terms of wider policy initiatives addressing issues around social exclusion, community cohesion and regeneration.

Other background factors

Research has shown that BME HAs have a better record of allocating housing to BME communities, even when mainstream HAs are targeted with doing so. Housing Corporation funded research into this area found that there were various reasons for BME led housing associations to be more successful than mainstream HAs in allocating 'targeted' housing to BME groups.

One example, was the traditional housing needs criteria, as reflected in points schemes, which can inadvertently discriminate against minority ethnic applicants. The research found that BME-led housing associations at the time of the study had refined point-based and broad-brushed banding systems to take into account different minority ethnic groups' culturally-specific needs. At that time white-led housing associations were less aware of cultural insensitivities within housing needs criteria.

Finally, although it is beyond the scope of this report to look closely at financial issues, there have been continuing financial factors. It is argued, that these have affected the growth of BME HAs. These relate to funding regimes, and include issues such as meeting guideline rents for new developments, problems relating to subsidies from earlier development, higher rents, and higher costs in respect of providing a broader service to tenants.

Other challenges include the disproportionate ownership of properties in locations where property values and local earnings result in low target rents and lower stock levels as smaller associations, which means problems in taking advantage of economies of scale. It is also argued that the funding criteria is less attractive for four or more bedroomed housing, which is an important part of BME HA stock provision.

While the financial climate and regimes continue to be of concern to BME HAs, the Housing Corporation and ODPM have recently addressed the issue of rent re-structuring. They recognised that some BME HAs would not reach target rents by 2012. "To attempt to do so would cause them to breach other elements of the regulatory code, particularly in relation to viability and stock conditions". To help BME HAs meet this problem £15m was made available in April 2003.

Case Studies

During the course of this project a number of case studies were developed that looked at various approaches taken in relation to the involvement of BME HAs in stock transfers. In terms of local authority stock transfers it is still relatively early days, with partnerships being developed and specific outcomes still to be decided. However, there are a number of positive initiatives that are potential models for other organisations. Below we outline some of these, along with comments and recommendation points from those involved.

London Borough of Newham - a strategic approach to BME HAs

Background

London Borough of Newham has a BME population of fifty six percent. As part of its approach to diversity the borough has developed a BME HA strategy to ensure that the sector is effectively represented in partnership.

BME HAs are now an integral part of Newham's preferred partner protocol. Key elements include:

- All housing developments must include partnership arrangements with BME HAs in delivering affordable housing.
- A BME housing strategy has been agreed, which defines the council's expectations of mainstream and BME HAs operating in the borough.
- At least thirty percent of mainstream developments are expected to be owned or managed by HAs catering for the needs of BME residents and be supported by Newham. This could be by way of direct development or through stock transfers.
- HAs are expected to build sustainable relations with BME partners in terms of stock transfers. Once this has been done the council expects a percentage of properties (agreed by the parties) to be transferred from the mainstream HA to the BME HA annually. Newham sees this as: "serving as a means of assisting viability and contributing to Newham's housing strategy. Stock should be transferred at a price below market value where this is possible to allow BME HAs to cover costs, redeem any outstanding loans, let and manage the stock within their rent policy."

Local BME HA Strategies

The BME HA strategy provides greater detail on how the above approach will work in practice.

An important part is the borough's recognition of the significant contribution made by HAs as the main providers of social housing in the area. Twelve of the thirty eight HAs operating in the borough are BME led.

Key parts of the strategy include:

- Mainstream HAs playing a more active role in ensuring that the needs of BME communities are identified and addressed by all HAs.
- Encouraging partnership working between mainstream BME HAs and local communities to address BME needs.
- Providing a framework for supporting BME HAs.
- Encouraging the participation of BME consultants, contractors, committee members and staff in mainstream HAs.

These themes are developed in further detail in the strategy. Of particular note are the borough's plans in respect of development and management arrangements. In particular:

- Newham plans to target thirty per cent of the Housing Corporation Approved Development Programme S106 sites and Local Authority Social Housing Grant (LASHG) for BME HAs. Criteria for Newham's support for bids from RESs will include a clear strategy for partnership work with BME HAs.
- Newham will also provide support for BME HAs as developers where they can demonstrate their ability to deliver schemes and provide value for money whilst meeting strategic objectives.
- Where HAs are unable to achieve the above, the borough will support opportunities for them to act as managing agents. The plans emphasise the fact that, over the last few years, HAs working on large development schemes in Newham have worked in partnership with one or two BME HAs with the intention of offering them the management of a number of the units on completion. Other options referred to include development agreements that allow an allocation made to a BME HA to be transferred to a larger HA, which would develop the units and transfer them to the BME HA at a fixed price on completion.
- There is also reference to unregistered BME HAs. Newham recognises their importance and intends to continue to provide support in a way that is sustainable in the long term.

Transfer of properties: ARHAG Housing Association

Newham has developed an initiative to lease sixty nine properties to the BME HA ARHAG Housing Association over the current year (2003/04). This follows a successful development programme between the council and ARHAG in 2002/03, which brought back into use forty five properties that had been derelict and empty for a considerable time.

The new programme addresses the issue of how to bring void properties back into use, retaining council ownership without being a drain on council resources. ARHAG's involvement suits its business development strategy and also meets the needs of its priority groups. ARHAG will undertake the following duties in the coming year:

- Properties will be transferred to ARHAG for two, four or fifteen years. ARHAG will apply for Housing Corporation grants to refurbish the properties to a high standard.
- The properties will be refurbished within a given time scale and all nomination rights will be granted to the council for the duration of the lease. ARHAG will undertake management responsibilities, maintain the properties to a high standard and bear the costs.
- At the end of the lease period (15 years) the properties will be handed back to the council in a good and well-maintained condition.

The advantages to the council are:

- The cost of securing and maintaining long-term development voids is avoided and properties which are currently eyesores will be refurbished and brought back into use.
- The council will have nomination rights, thereby allowing homelessness to be reduced and effectively all refurbishment and maintenance costs are met by ARHAG.
- The council is working to meet its requirements to support BME organisations.
- It is also proposed that short-term voids within the free development areas will be leased to ARHAG.

Lessons learnt and issues raised

Newham is undoubtedly one of the leading authorities in making a proactive commitment in working with BME HAs. The approach is based on successful past experience of working with such organisations. Its strategic approach and use of targets is a potential model both for other authorities and mainstream HAs.

To reiterate key points:

- Encouragement of mainstream HAs to play a more active role in ensuring that the needs of BME communities are identified and addressed by all HAs. BME HAs should form part of any partnership protocol.
- Encouragement of partnerships working between mainstream BME HAs and local communities to address BME needs.
- Consideration by local authorities to deliver a specific BME HA strategy and consider the involvement of BME HAs as part of a targeted programme.
- The encouragement of the participation of BME consultants, contractors, committee members and staff in mainstream HAs.

Tower Hamlets - Housing Choice

Background

Tower Hamlets has developed an innovative approach to potential stock transfers. 'Housing Choice', which involves residents and tenants encourages them to consider whether they would benefit from a change of landlord.

The initiative was launched after the Council's business plan showed that it did not have the money it needed to bring its housing up to the Government's Decent Homes Standard. A borough-wide referendum was held. Every estate in the borough voted to continue with the concept of Housing Choice and to look at options in more detail.

Other parts of the initiative have meant the dividing up the borough into over eighty defined areas that can potentially be included in the transfer of properties. These areas can be single estates or groups of estates. Some of the original housing 'packages' have changed marginally in the light of residents and tenants agreeing to work with other areas.

After the initial stage, HAs were invited to provide expressions of interest of being involved in the Housing Choice programme. Sixteen registered HAs have now been placed on the list for resident/tenant groups to choose from. Also, on the list is East End Homes, a community/social-led landlord set up by the council. All HAs had to be local or have a local presence. The three local BME HAs on the list are: Spitalfields, Labo and Mitali, along with some other relatively small HAs. Ujima HA, in partnership with the William Sutton Trust, is also included.

Each HA has been invited to provide a list of the 'top ten' estates for which it may be interested in bidding, along with reasons. However, this does not necessarily restrict HAs from bidding for more estates.

Tenant/resident steering groups

A steering group of tenants/residents has been set up on each estate. As far as possible these are based on existing organisations. New organisations have been set up where none exist. This approach reflects the driving force behind Housing Choice, which is trying to involve as many tenants as possible in the process to decide on whether to transfer its housing stock and to which Housing Association.

The council has carried out various training and capacity building programmes for the steering groups to help them deal with the considerable responsibilities involved under the Housing Choice programme.

A key consideration has been ensuring that the steering groups are represented and that they effectively reach out to all communities. This is important, as some steering groups have not been

sensitive to this area. For example, some have had to be persuaded that holding regular meetings in pubs, effectively excludes members of significant local ethnic communities.

The process has now started, with steering groups choosing their preferred partners. Each steering group prepares a customised questionnaire for completion by HAs, which is followed by presentations and meetings. There is no set format for steering groups to choose their preferred partner, but the council provides advice, and officers are involved at all stages. The council has also made clear to the HAs that the bidding process should be as 'formal' and as open as possible, and that lobbying particular steering groups is actively discouraged.

Inevitably, Tower Hamlets is keen for the Housing Choice programme to succeed, and is working to ensure that the first ballots will be successful. By May 2003, steering groups covering four estates had selected their preferred partners - none were BME HAs.

LESSONS LEARNT AND ISSUES RAISED

Tower Hamlets Housing Choice is a radical initiative, based as it is on working to transfer all the council's stock in a number of parcels of properties, and with residents and tenants making the decisions. It is early days in the process, and there will be a range of different results emerging over the next two to three years in respect of tenants' decisions.

Following discussions with a range of 'players', there are a number of observations in relation to the potential involvement of BME HAs. Many of the themes emerging are, relevant to BME HAs' more general involvement in stock transfers in England. Points include:

- The BME HAs are keen to be part of the process in Tower Hamlets and they want to grow, while retaining a local base and continuing to meet specific community needs. At present some of the BME HAs aim to become the sole preferred potential landlord for at least one estate or standalone grouping, while recognising that their main chance of success will be to work in partnership with a larger organisation. Hence, for example, Spitalfields HA is working in partnership with the Guinness Trust on some potential estates. Guinness is emphasising the strength of its financial management, size and experience, whilst Spitalfields emphasises the added value it brings in terms of specific skills and experience in working with particular communities.
- The BME HAs and other agencies are aware that, being small, they have a disadvantage in convincing tenants/residents of their viability. It is also important that they meet the Housing Corporation's concerns that they do not overreach themselves. On the other hand, BME HAs argue that all the large HAs started relatively small. They were given the encouragement and support to grow.
- One concern expressed by several organisations, was that most of the groupings of estates in Tower Hamlets are relatively large (500-600 to over 1,000), which makes it difficult for any small HA to win a potential bid. There was also a feeling that the council wants the early stages of the initiative to succeed. Inevitably it will want to see the larger organisations get the initial contracts. However, the BME HAs recognise that their main chance of success is obtaining more stock and thus growing with the demand for them to manage stocks. This is likely to be based on working in partnership, with the BME HA. (Initially often playing a purely management role.)
- There were also concerns expressed that some communities would vote against a BME HA simply because it was BME-led. At the same time, it was emphasised that the fact that they were small and possibly seen as marginal was as important a factor. It was also noted that BME communities would not necessarily vote for them simply because they were BME led. The BME HAs therefore emphasised the need to sell themselves to all residents and tenants, presenting a range of skills and experience.

- Tower Hamlets has set no target for BME HAs' potential success in the process and, indeed, it is difficult for it to do so given the system in operation. However, BME HAs are relatively optimistic that they will have some success in obtaining stock as part of the tenant choice programme. They believe this to be so, given their track records. The added value they bring to the process, and the potential support they receive nationally and locally.
- A frequent observation was that locally some HAs were keener to work with BME HAs than others (that is, generally working with them, with a commitment to their values and ideals, and not just for business reasons). Toynbee, Guinness Trust and Tower Hamlets Community Housing, are a few that were identified as being keen and active in developing constructive partnerships with BME HAs. Some HAs were seen to be not interested in working with BME HAs or with smaller organisations at all.
- Inevitably the process being developed in Tower Hamlets is both challenging and complex. Such community-led processes have a price tag. In order to involve communities closely in the process, there is an increase in cost in terms of consultation involvement, which is not cost effective. Given their greater reserves, large associations were seen to be likely to pick up most of the estates, and the smaller HAs were seen always to have a problem in terms convincing tenants/residents that they could manage large numbers of stock.
- Finally, a related point strongly made by several organisations and individuals, was that the smaller HAs based in Tower Hamlets need financial support in terms of having opportunities to expand and compete on a 'level playing field'. The use of 'dowries' or gap funding was recommended by several individuals who were interviewed, and the ODPM was asked to consider options in this area.

It is early days in the Housing Choice programme and although Tower Hamlets is supportive of BME HAs, it is possible that none will be in receipt of stock transfers - at least in terms of operating by themselves. Clearly, partnering mainstream HAs - where the added value of each organisation is identified - is the most likely avenue for success, along with potential involvement at a 'secondary' stage.

Nottingham City Council - stock transfer to Tuntum Housing Association

Background

This case study concerns two separate stock transfers on the same estate. Initially Tuntum took ownership of vacant stock of a Category 2 sheltered housing scheme on a very run-down estate. The properties were in dire need of refurbishment and the city council could not afford the cost, so decanted the properties and sold them to Tuntum for £200,000.

As well as taking on ownership of these properties, Tuntum also wanted to gain a presence on the estate, potentially with a view to achieving future transfers in the longer-term. This eventually paid off because, at a later stage, the council decided to transfer the rest of the estate, again because of the costs of refurbishment, Tuntum was invited to enter the partnership with Riverside Housing Association and achieved a further seventy eight units as a result. At the time this was at no cost to Tuntum.

Lessons learnt and issues raised

Points raised during discussions included the following:

- Any BME HA seriously interested in being part of a stock transfer programme must keep reminding relevant individuals and organisations about their existence. Also, that not only can they take on the challenge of regeneration but they also provide added value. BME HAs must sell themselves and argue a 'business case', otherwise they will be overlooked or be considered too small or inexperienced to tackle such transfers.

- Partnerships with other HAs are potentially an important part of the process. However, the respective roles need to be clear. There was a view that there is a tendency at times to patronise or simply use BME HAs as part of the HA growth plans. It is important that HAs working with BME HAs do so on the basis of equality and have a genuine commitment to the BME HAs' values. There are a sizeable number of HAs which are prepared to have a positive and constructive working relationship with BME HAs.
- Many local authorities, including Nottingham City Council, are unable to meet the Government's Decent Homes Standard without HAs being involved in stock transfers. BME HAs must be a part of this process if they are to grow. Apart from managing properties, they will also want to be part of development programmes. It is important that BME HAs sell themselves and become closely involved with their local authorities, or they will be left out. As part of this process, preparation of the transfer process is critical. Staff must be fully briefed and trained on how to handle the process. BME HAs should not step back and take a defeatist attitude. They should be there making the case for their inclusion.

Aksa Housing Association - Greenhill Terrace, Picton Square, Glodwick, Oldham

Following independent research by Salford University, which highlighted a dramatic shortage of large family housing in the Glodwick area of Oldham, Aksa Housing Association entered into discussions with Oldham Metropolitan Borough Council (MBC) to explore the possibility of stock transfer. Glodwick is an inner city ward in Oldham with a very large Pakistani and Bangladeshi communities.

Aksa Housing Association is a BME Association working throughout Greater Manchester but with the majority of its 630 property housing stock being located in Oldham. 131 family houses, (thirty percent of Aksa's properties in Oldham) are located in Glodwick. Working in partnership with Oldham MBC, an estate of two bedroom flats in the heart of Glodwick was identified as a possible stock transfer with the eventual conversion of two flats into a four bedroom house.

This estate had become run down largely through very low demand for the two bedroom flats that had resulted in many of the flats being long term void and boarded up. The project therefore achieved two key objectives for both partners:

- It provided Aksa with the opportunity to bid for ADP from The Housing Corporation and utilise stock transfer to provide much needed large family houses in the heart of Glodwick.
- It also provided Oldham MBC with the opportunity to greatly improve a run down estate and get rid of low demand properties by the strategic development of large family homes which the research had identified the need for. It would make a major contribution to neighbourhood renewal and the objectives of the SRB area.

Close partnership working was required to re-house the remaining tenants in the flats in order to get the 'vertical' conversions. The first phase of five properties started in mid 2000 and were handed over in early 2001. Two further phases followed totalling nine properties with the last handovers being November 2002. The final phase is currently on site for the remaining three properties which are due for handover in December 2003.

All the new vertical conversions to four bedroom houses provided excellent new homes which were let quickly and for which there is a healthy demand. Aksa offer fifty percent nominations to the Oldham for all new lets and subsequent re-lets.

Lessons learnt and issues raised

- The success of this three year project has been based on the close partnership working between Aksa, Oldham MBC and the Housing Corporation, particularly the relationship between Aksa and the local management office of Oldham Housing without whose co-operation the project could have faltered.

- More properties may come through this project but this will depend on the availability of further voids. One very positive aspect of the first three phases is that one whole square of properties has been developed thus, reducing the random pepper potting of individual houses that could have been more problematic.
- It is hoped that this project will act as a blueprint for other areas of the borough where there is a shortage of large family housing coupled with the availability of low demand out of date housing stock.

Presentation Housing Association - Havelock Estate, Ealing

Background

Presentation Housing Association (PHA) owns and manages over 3,000 homes in London and the South East. It is one of the oldest (i.e. longest registered with the Housing Corporation) and largest BME HAs in the UK.

PHA has been involved in two local authority stock transfer initiatives, one in partnership with two other HAs in the London Borough of Lambeth and the other a lone attempt at a Large Scale Voluntary Transfer (LSVT) in the London Borough of Ealing. This case study covers the latter. To date the Ealing initiative is the only attempt at an LSVT by a BME HA operating alone.

Havelock Estate

Havelock Estate is located in Southall, West London in the London Borough of Ealing. It comprises more than eight hundred homes, consisting of brick built houses; REEMA (concrete) houses, two and three storey walk-up (without lifts) flats. There are also two purpose-built blocks for older people. Havelock is culturally diverse, with over forty percent of residents coming from BME groups, the majority comprising of Punjabi Sikhs.

For over five years Ealing Council has been working with Havelock residents to address the serious renovation and community safety issues on the estate. Unfortunately for Ealing, a number of other estates in the borough had similar problems, requiring a radical approach to remedy them. However, the council did not have the necessary funds (or the ability to borrow the funds) to complete the work to bring the homes up to a decent standard. At one stage, Ealing considered transferring all its stock to other public landlords, but this turned out to be an extremely unpopular option. However, the residents of Havelock estate decided that a transfer would provide the major investment needed to improve all homes, address the security issues and improve the environment. They decided to pursue that option.

PHA was chosen from a shortlist of five HAs. The choice was made by a panel of residents, council members and council officers. There was close scrutiny of Housing Corporation performance indicators, management costs and depth of development capacity. PHA was chosen because it:

- had a track record of providing good quality homes and services;
- proposed an investment of £50 million over nine years;
- would be sensitive to residents' needs;
- would provide a responsive housing service; and
- showed a commitment to tackling wider environmental and social problems.

PHA was chosen in October 2001. Much of 2002 was spent consulting and working with the residents. During this time, residents were heavily lobbied by the pressure group 'Defend Council Housing'. A ballot on transferring control was held in 2002 and was lost by the very small margin of 18 votes.

Issues

The organisations and individuals involved in this case are still recovering from this disappointing result. The majority thought that the vote would be positive. Relations between the parties have been somewhat strained and there have been different views of 'what went wrong' and who was responsible. Following interviews with some of those involved some preliminary themes. Potential lessons learnt, include:

- There was disagreement about the effectiveness of the communication and consultation approach taken. One party considered that this had been done effectively, while another saw it largely as a failure. Overall, a key problem appeared to be the lack of an agreed communication and consultation strategy in the first place and the continuous monitoring of the approach taken over a period of time.
- The view was also taken that some residents did not have a lot to gain from the transfer. There was a particular problem with the residents in Phase I of the scheme. Their homes had already been improved, with new kitchens and bathrooms. Older residents were also unenthusiastic. Many of them were quite happy with the local authority and did not share the longer term (nine years to completion) vision of the estate. It seemed impossible to give these people what they wanted.
- The 'Defend Council Housing' group was seen to be a problem. It targeted Havelock and helped to create a climate of uncertainty. In retrospect, one party felt that another should have been more robust in countering the group's arguments.
- The whole stock transfer arena was highly political and in many areas transfers were being rejected. In the view of some staff, relatively few local authorities have the expertise in-house to deliver a successful transfer and the Havelock Estate was the first time Ealing had been involved in the transfer process.
- A number of issues had also arisen around the offer document and it was argued by some that leaseholder considerations had not been as fully considered as they might have been. Leaseholders potentially might not have been seen to get as good a deal as they wanted. Many wanted to be bought out. There were lengthy negotiations over service charges and rent levels. Overall, the consultation was not straightforward.

Lessons learnt and issues raised

Most of the problems in this case study occurred because of the lack of experience and in-house expertise around stock transfers. There was a heavy reliance on consultants. This highlights the need to provide easily accessible advice and support for partners involved in transfers.

The learning points from this case study include:

- The Partnership (LB Ealing-PHA) did not work as effectively as it should have done with mistrust between the parties becoming apparent very early on in the relationship. They did not appear to work collaboratively and communication was sometimes poor. A shared vision and commitment is necessary for a successful outcome. Supported by full knowledge of strategies, commitment to share information honestly and to work together to achieve success. This was not the case on Havelock and set a poor tone from the outset.
- It is important that the prospective landlord has a presence on the estate, with people skilled in 'community involvement', who can speak the relevant languages and are able to respond appropriately to residents' queries. Trust is a critical factor and residents need to see knowledgeable 'up-beat' decisive people, who are empowered to represent the new landlord properly.
- The HA must also have a communication and consultation strategy, but importantly, the right level of people with the skills to implement it properly.

- There should have been more attention paid to assessing risk in the planning of the project. This includes anticipating challenges and having solutions in place in case things do not go according to plan, for example, addressing the issues for people who do not have anything much to gain from the transfer.
- It was a mistake to avoid public meetings. Trust is a critical issue if you want people to vote for you and avoiding public debate only makes people think that you have something to hide. This gives additional weaponry to the opponents and anti-lobbyists. In this case, the dissenters called the only public meeting. Immediately the partners lost some control.
- In retrospect, the Chartered Institute of Housing's Community Gateway Model should have been considered and utilised.

HAMAC and Focus Housing Association - a stock transfer between HAs within a group structure

This case study concerns transfers between a large HA and a BME HA and the arrangements made between them. It gives some useful lessons, both for stock transfers generally and for partnerships between HAs. The proposed date for transfer is April 2004 and will be subject to the outcome of tenant consultation and final board approvals.

Background

Hamac is a newly merged HA, created by the merger of two BME HAs within the group structure of the Prime Focus Regeneration Group. Both Black Star (formerly Harambee HA) and Hamac (formerly the Handsworth Single Homeless Action Group) were independent black-led organisations operating in the Handsworth/Lozells area of northwest Birmingham, one of the most economically disadvantaged areas in England and Wales. Key deprivation factors include high levels of unemployment, low income, lone parents, free school meals and high mortality rates.

The area is rich in its cultural diversity. Sixty six per cent of its population comes from BME communities (twenty one percent Black, twenty four percent Indian, twelve percent Pakistani, five percent Bangladeshi and one percent Chinese). In some neighbourhoods, as much as 80% of the population are from minority ethnic groups. These communities live in the most deprived wards of North West Birmingham and many have lived there since the 1960s and 70s, when they arrived from the 'New Commonwealth' in search of work.

During the 1980s Handsworth was one of the focal points for the riots that spawned the Scarman Report. They have been so well documented and ingrained into local, civic and national memories that it is almost impossible to talk about Handsworth without mentioning them. This 'memory' has done little to enhance the area's image.

Black Star HA joined the Prime Focus Regeneration Group in 1999 as a remedial solution to the problems it was experiencing and had resolved its difficulties by the time Hamac joined the group in 2001. The two organisations merged in June 2003, with the longer-term aim of becoming a major player in the regeneration plans for the North West Birmingham corridor. From the end of June 2003, the new entity (called Hamac) has a stock holding in the area of some 1,000 units.

The transfer

The merger of the two HAs was considered to be an ideal solution, both financially and politically for the following reasons:

- A larger, stronger BME HA would potentially have greater capacity to become a serious and major participant in the area's regeneration and development plans.
- One larger organisation is more cost-effective with respect to the management costs (i.e. providing central services to one rather than two HAs saves £150,000 per annum).

- The 'Prime Focus' financial mechanism provided for borrowing at attractive and preferential rates (saving two percent) which made purchasing properties more viable.

A phased process

The longer-term plans for the new HA are even more ambitious, involving a series of phases. Focus Housing Association, which owns approximately 3,000 units in the North West Birmingham area, is also a subsidiary of the Group. The vision is that 1,000 units of Focus HA properties will eventually transfer into the ownership of Hamac. This will create a BME HA with a stock asset base of 2,000 units. It is proposed that the transfer will happen in two phases. Hamac will manage the properties initially before seeking transfer into ownership subject to tenant consultation and Hamac's ability to raise the required finance to purchase the stock. These phases are considered to be critical. A full transfer at one go is seen as potentially being seriously de-stabilising for both RSLs, with respect to capacity, internal re-deployment, change management issues and getting the tenants support for the transfer.

Management before full transfer is also considered to be an essential element of the plan. The procedures for stock transfers between HAs is less regimented than the local authority model but taking tenants' views into account remains critical - under the Tenants' Charter they must be consulted. Management by the potential new landlord gives that organisation an opportunity to demonstrate that it can provide a high quality and responsive service. In this case a service better focused to meet the diverse needs of the local (primarily BME) communities.

In this particular case, the fact that the HAs concerned are part of the same group guarantees a degree of consistency with respect to contractual arrangements and procedures and so the transfer is more likely to be successful.

Lessons learnt and issues raised

This case study is interesting and important for two reasons:

- It demonstrates the substantial rates of growth that a BME HA can achieve within a large group structure. The vast resources that a smaller HA within the group can call upon (financial, IT, HR, facilities management, asset management, development expertise and skills) are a tremendous advantage. A plan such as this, in an area with a large BME population with diverse unmet needs, enables delivery of the housing and related solutions to be better consolidated and focused.
- The political context within which these HAs are operating is important. Birmingham is currently a 'hot-seat of housing issues'. The local authority, Regional Development Agency and other bodies concerned with designing and delivering a solution are considering and implementing a number of issues.

Wakefield Council - stock transfers with Sadeh Lok HA

Background

Sadeh Lok HA operates in Rotherham, Sheffield, Wakefield and Kirklees, it is now the largest BME HA in Yorkshire and Humberside. It is ambitious to move towards becoming a mainstream BME HA but remain black-led and focused. Growth will change its customer base to mirror the make-up of the wider community and will offer a wider choice of location and property to all customers.

The HA has recently been working with Wakefield around a potential stock programme. Wakefield has a small BME community - 1.5% of the population - and there is very little take-up of council tenancies by BME people. The authority recognised it needed help in this area and approached Sadeh Lok to be a specialist partner on BME-related issues. The HA now owns and manages stock within Wakefield.

Of particular interest is the fact that Wakefield has a relatively small BME population, and also that Sadeh Lok has played an advisory role to the council in common with other BME HAs in the area.

It is early days in the proposed stock transfer programme. If tenants vote for transfer, Sadeh Lok could be looking at managing between 500 and 1,000 properties. There are various ways that Wakefield could work with the successor organisation, depending on the final format of the stock transfer arrangements. Currently Sadeh Lok is continuing to develop a good and close working relationship with Wakefield. It recognises that much of its growth is likely to be through stock transfers and has put in a bid to Wakefield for the innovation and good practice grant currently being considered by the ODPM.

Lessons learnt and issues raised

There are a number of points that arise from discussion with Sadeh Lok on its experience in working with Wakefield other local authorities, including the following:

- All local authorities entering the stock transfer programme should consider how they intend to involve the BME sector. In many areas in the country there is a view that local authorities can effectively ignore the BME community in most situations because they only need a majority vote for transfer. However, local authorities should be required to demonstrate that they have a strategy which takes account of BME communities' diversity. Ideally this should also include BME HAs, where they exist.
- Such a process should be mandatory and monitored effectively. It is not enough for local authorities to say they have involved the BME community in the stock transfer process by simply 'ticking a box'.
- The added value a BME HA can bring to the stock transfer process is a conduit for communication between the BME communities and the local authority. Often local authorities do not do this effectively and the help of a BME HA can be invaluable.
- Wakefield Council had been concerned about a possible backlash from its traditional customers, and that engaging with a BME organisation would set a bad precedent, because the council would be seen to be making special efforts to communicate with only one section of the community. The BME HA worked with the council to change its view on this.
- In order to overcome some of these misunderstandings and misconceptions, it is important for a BME HA such as Sadeh Lok to put a strong business case for BME HA involvement in the process and emphasise the added value it can bring. The expertise of an organisation such as Sadeh Lok is in capacity building and communication.
- Being involved in a stock transfer process is as much about the equality of the process and ensuring that BME communities are involved and empowered by the process, as it is about the number of properties transferred.
- Myths around BME involvement in stock transfer need to be challenged. For example, there is no reason why a BME HA should not be involved in a predominantly white area. If a BME HA does a good job of managing such an area, it may potentially give BME tenants more choice about where they can live. There have been several success stories where BME HAs have enabled various communities to move to areas where they would never previously have considered moving. They have achieved this successfully, with no harassment and with good inter-tenant relationships.

Trafford Council Stock Transfers - involvement of Tung Sing and Arawak Housing Associations

Background

Tung Sing and Arawak are two housing associations operating in north west England, primarily in the Manchester area. Arawak HA had specialist knowledge of the African Caribbean community and its cultural needs and Tung Sing the Chinese community.

Both organisations market themselves to their partner local authorities and HAs as being able to use their networks to reach BME communities that others are unable to access. They have a track record of sustaining demand for social housing and turning around unpopular estates.

The chief factors facing local authorities such as Manchester is the lack of demand for council stock and the high void levels. Trafford Council recently recognised that it needed help to address the needs of the BME community effectively and so developed a relationship with both housing associations. Trafford has now decided to go to ballot for a full stock transfer and has chosen Tung Sing and Arawak as its BME partners. They will help the council with its BME strategy, in consultation with the community. This is similar to the pattern adopted in Wakefield (see previous case study).

At this stage Trafford has said it wants its associations to retain a relatively low profile before the ballot. If there is a 'Yes' vote, it will work with the associations, potentially to hand on properties on a secondary transfer basis.

Lessons learnt and issues raised

Points arising from discussions with stakeholders about this initiative include the following:

- There was some cynicism about local authorities' commitment to working constructively with BME communities in general, and BME HAs in particular. The question was raised whether when local authorities said they wished to work in partnership with such organisations, this actually meant anything in practice. There was a feeling that some of the local authorities in the area were relatively ignorant about BME HAs' work and even about HAs in general.
- There was also a view that the value that BME HAs could bring to an area such as stock transfers was not always recognised, in part because of their relatively small size. Also, allowance was not necessarily made of the fact that they were relatively new businesses. Comparison was made with the positive support many community housing associations received when they were developing 20 or so years ago. There was a view that new small organisations were not being taken account of or catered for.
- Tenant choice was always an issue and mention was made of the negative views tenants might have about working with a BME HA. Some local authorities thought involving a BME HA in the stock transfer process would create too many problems and difficulties. There are also issues of financial viability and existing prejudices about BME HAs. In some areas there is relatively little understanding or appreciation of the type of work in which they are involved.
- BME HAs need to sell themselves and promote the added value they can bring to various situations. It is important for them to be seen to be working with existing and potential tenants and partners as part of a diverse cultural organisation, and eventually moving on to become a larger mainstream agency. They need to recognise cultural differences and offer a particular service to some groups but at the same time offer services to all tenants.

Nashayman Housing Association

This case study concerns a BME HA working closely with a mainstream HA and various local authorities on stock transfers. Nashayman HA will also be working with Manningham HA and Bradford Community Housing Trust.

Background

Nashayman HA, a BME HA, has five hundred and twenty properties in Calderdale and Bradford. The association works closely with Home HA, a mainstream HA, which has provided development expertise for new-build and redevelopment as well as transferring management under lease agreements of one hundred and thirty plus homes in the Bradford area.

The transfers included seventy tenanted properties, in both the city centre and in rural areas around Bradford. The partnership has been a positive one and Nashayman HA has even taken a decision formally to merge with Home.

Lessons learnt and issues raised

In terms of stock transfers and experience to date, observations made and lessons learnt include:

- Nashayman believes its success in growing through transfers is largely because it argued the strong business case for BME HA involvement. A key factor has been the positive relationship it developed with Home. For example, Home assisted in selling Nashayman to tenants and worked very closely with Nashayman's staff.
- About half of Nashayman's tenants are white and many were transferred as tenants of Home to Nashayman in areas of rural Bradford. The process has been managed very carefully with 12 months' lead-in time. Only one tenant resisted the transfer, and racism was not the issue here. In Nashayman's view, it is important not to make assumptions about white tenants being racist. In fact, they may have a sceptical view of their existing landlord and would positively welcome a new, more responsive service.
- Nashayman HAs actively addressed the issue of segregation by giving BME tenants the opportunity to move out of traditional BME areas in Bradford to rural white areas. There is no intensive marketing. The availability of housing is spread by word of mouth, and fifty percent of the scheme in north Bradford has been allocated to BME tenants. Tenants were rehoused from the private sector or from overcrowded households. In the first phase there was intensive housing support for these tenants. Most of the local housing officers are bilingual.
- Both HAs made sure that the transition went smoothly. For example, they worked very closely with the local authority to ensure that such areas as housing benefit and rent accounting were carried out effectively.
- The transfers have been very successful but for Nashayman, with a small number of staff, it was very time-consuming. Overall, Nashayman sees BME HAs' limited resources as potentially one of the greatest obstacles in the stock transfer process.

Manningham Housing Association and Bradford Community Housing Trust

Background

The local authority in Bradford has recently been involved in a major stock transfer programme with a sixty percent tenant ballot approval. The new organisation - Bradford Community Housing Trust (BCHT) - will comprise a number of trusts in various areas of Bradford.

A key driver of the transfer of stock was the fact that the local authority did not have the resources to repair stock, whereas the new trusts potentially would. The Trust has made firm commitments in terms of repair and development programmes. In the past Bradford District Council, and now the new Trust have made a strong commitment to race equality issues and in particular working with BME HAs in developing initiatives with its current stock.

There are significant opportunities for a BME HA such as Manningham HA to work with the Trust in the coming months and it will potentially be a model for others as the stock transfer process is developed. At the moment the Trust has given a commitment to developing a partnership with

Manningham HA and Nashayman HA to promote community cohesion. The partnership will include Joint Development Agreements and management support from the BME HAs to help BCHT provide more culturally sensitive services. Community regeneration, improving Asian access to social housing and investment appraisal of low demand stock to consider refurbishment, remodelling, demolition or transfe will also be considered. It will be important in the coming months to establish criteria for joint development, remodelling, management agreements and transfer. This will include issues such as demand, suitability of location and proximity of cultural amenities. The options will include whether refurbishment is viable and work will commence with existing tenants and other local stakeholders to ensure community cohesion is preserved or strengthened, taking account of guidance issued in this area. A core part of the process will be to ensure effective consultation with BME tenants and other tenants.

Lessons learnt and issues raised

In terms of the approach taken by Manningham HA in Bradford and its experience of stock transfers, views included the following:

- Manningham realised early on that it needed to have a pragmatic approach, working in partnership where possible. An essential discipline was to be business-like and be seen to be adding value to any particular project.
- As with some of the other BME HAs in the north of England, in terms of dealing with issues around segregation in housing, harassment and fear of moving to some areas, Manningham HA has had some success in helping to change the perceptions of Asian clients and other potential households about alternative areas that they would not normally consider. The fact that a BME HA such as Manningham HA is involved and it will continue to be their landlord, has been an important factor in encouraging BME communities to move to new areas.
- There is also a view that an agency such as Manningham should have a range of stock, including new, medium and poor stock. It should not just be seen as a potential vehicle for taking poor quality or hard to let stock. The comment was made "why would a BME HA want only the dross? We want to have a fair share of all types of stock and importantly development opportunities".
- Also raised was the issue of obtaining best value in terms of refurbishment arrangements and development costs. It was found that by working through the council, other large agencies and their procurement arrangements, a small agency like Manningham could obtain lower estimates.
- It was recognised that there is potential for a BME HA to be blamed if the ballots fail. In Manningham's view it is important to decide at what stage a BME HA should be proactively involved in the stock transfer process. This will be a matter of its size, role and local tactics. For it to be involved directly, it must be on an upfront basis, with all tenants engaged. The BME HA must be sold as a viable, vibrant and successful organisation. However, in some circumstances there may be advantages for the BME HA, which may be involved in secondary transfer or management arrangements, not to be involved overtly in the first phase and to work behind the scenes.
- Concern was expressed about the inadequacy of the funding regime in respect of large units. It was argued that the system continues to be Eurocentric and geared to smaller units (and not four plus, bedroomed property), which leads to increased costs. Manningham has a significant number of these large units, in fact they are the greatest proportion of its stock. They form part of its core business and is part of the reason for their success.
- Another stereotype Manningham has helped to counter in some ways is the movement of Asian tenants from owner-occupation to the social housing sector. This is a change to 'tradition' and a BME HA agency such as Manningham has been an important factor in showing that, in practice renting for potential BME tenants can be an attractive and viable option.

BME HAs and stock transfers: Themes

A number of themes and issues arose from our discussions in our case studies and our interviews with various stakeholders including local authority staff and national agencies. They include considerations relating to possible barriers for BME HAs and stock transfers, as well as examples of positive approaches, good practice and initiatives. These themes, along with the case studies and other background material in this report, also led to a number of recommendations.

Local Authorities

Local authorities by definition are key players in stock transfers and a range of issues arose from this research about their approach to involving and working with BME Housing Associations.

From all quarters, there was often a rather negative view of the role of local authorities and their involvement and work with BME HAs. In part, this related to broad issues of engagement and consultation with BME communities. There were, however, more specific concerns about BME HAs. For example, doubts were expressed about their capacity to be involved in stock transfers, given such transfers' size, scope, complexity and tight time schedules. In fact such a view can be seen to be in conflict with the Housing Corporations Annual Viability.

Review of BME HAs which indicate that they are in the top quartile for viability. There were seen to be risks associated with such transfers, including, for example, taking on low to negative property values, which only large organisations were seen to be able to bear. As one interviewee commented: "If you are going to triple in size overnight, you need the skills to cope with that expansion with ease; there is no space for learning curves."

However, BME HAs argued that, while recognising their own 'limitations', they were not naive, and were aware of what they could and could not do. They were concerned that sometimes they were effectively isolated from the process by local authorities, without being given the opportunity to argue the case for the added value they could bring to all or parts of the process.

There was also concern expressed about the impact BME HAs may have in relation to tenants. BME HAs were seen as too specialist and catering for only one group, potentially eliciting a negative reaction from white tenants and communities. Despite the fact that BME HAs in practice are multi-racial.

There was also a view expressed that involving BME HAs could be counter-productive to a potential stock transfer. As one BME HA chief executive said: "The local authority's concerned about a backlash from its traditional customer. Engaging with a BME association is seen to set a bad precedent by making special efforts to communicate with only one sector of the community." However, some also strongly expressed the view that care should be taken to avoid stereotyping tenants' and residents' groups. It should not be assumed that because tenants were not immediately favourable to transfer to any HA or a BME HA in particular, that this was necessarily driven by racist reasons.

It was also thought that many local authorities did not understand HAs, what they do and how the sector works. They tended to see housing in general very much from a local authority housing management perspective. It was argued they knew even less about BME HAs, and had assumptions that did not reflect reality. Some authorities simply did not consider BME HAs to have a significant role to play in the stock transfer process.

Some local authorities did not see the need to involve BME HAs because they already felt confident about their consultation mechanisms with BME communities. They did not see any particular added value a BME HA could bring to the process. A slightly different view made by one local authority was that working with a BME HA could be a way of 'offloading' significant work with BME communities generally. Hence working with just one BME HA could be seen as token gesture. However, more positively, there were many examples of open approaches by local authorities, and

positive work and initiatives, where both sides had put aside stereotypes and developed positive partnership arrangements.

Many individual local authorities recognised BME HAs' potential added value. For example, a community-based BME HA can have a distinct advantage over a larger organisation because it knows and works closely with the relevant communities. BME HAs have specialist skills (for example, language skills and cultural sensitivity), they have the trust of some groups that larger organisations cannot compete with.

It was also recognised that BME HAs can create a demand. Several examples were given of BME HAs generating demand for previously unlettable properties. One person commented that "BME HAs are able to create demand for housing by tapping into a customer base which other housing providers had forgotten about or do not see as existing". Many staff we interviewed recognised that "small can be beautiful" and that BME HAs' advantage in local community-based organisations was in being able to generate confidence amongst local tenants.

Some local authorities also recognised how BME HAs could help them to develop a local BME strategy and identify BME community needs. There are examples in the north of England where local authorities with relatively small BME communities found working with BME HAs especially helpful (for example, Wakefield).

BME HAs were also used on a consultancy basis as part of the stock transfer process. In Manchester, for example, Tung Sing was involved in one small stock transfer process, providing a number of services, including interpretation, translation and running workshops targeted at the Chinese community and residents. However, it is important that such consultation is properly factored in by the local authority and paid for. Early involvement of a BME HA in the process could also lead to the development of positive partnerships and possible arrangements to work with a BME HA once the stock transfer had been successful. One point that was emphasised was the myth that BME HAs could only manage properties in inner city areas and not in 'white' areas. As has been shown in some of the case studies, BME HAs can be part of managing stock in such areas, which also potentially gives BME communities a wider choice of areas where they may live.

Such initiatives relate to some of the themes of the community cohesion guidance and the potential breaking down of barriers between communities.

Capacity

There is a common theme, referred to above, that BME HAs were not seen to have the capacity to be involved in complex and large-scale stock transfers. Undoubtedly, for smaller BME HAs there is a problem of competing on an equal basis with mainstream HAs. BME HAs continue in the main to be more reliant on managed rather than owned stock and there is a need for them to have a significant asset base in order to obtain finance for housing development. Inevitably, this makes it more difficult for them to have large development programmes and be involved in the stock transfer progress.

In addition, BME HAs often cannot meet the criteria set by local authorities in the bidding process. Unless they develop a partnership with a mainstream HA, they are effectively left out of the process. Even if they were involved, being relatively small they would face challenges in finding resources for promotion and PR. Also, local authorities are keen to ensure that the process is properly competitive - "let the market decide" - and may be reluctant to take any measures to encourage agencies such as BME HAs.

Funding issues were also raised as a factor, as referred to elsewhere in the report. In part, this has been addressed by the rent re-structuring initiative taken by the ODPM and the Housing Corporation and the pledge to ease the burden of such restructuring for BME HAs. However, the argument was made frequently by BME HAs and by local authorities, that sufficient funding should be made available to such organisations. For example, the complexities of multicultural consultation and the cost of ensuring that such factors are included in the process should be recognised. The additional specialist

services that BME HAs provide should be recognised, especially the more culturally orientated BME HAs.

BME HAs do not have the same assets as large HAs. For example, where poor quality property is being brought back into use by a specific agency, such as, a BME HA, then possible dowry arrangements or gap funding should be arranged. For instance, one example was given where a number of street properties in poor condition were to be passed to a northern BME HA because of the organisation's good track record in successfully refurbishing such properties and its ability to let and manage such hard-to-let properties. However, top-up funding of a 'dowry' of £5,000 per property would have enabled the HA to have brought them back into use. At present they remain empty and vandalised.

All BME HAs involved in the project recognise that they had to grow in order to survive the current housing finance climate. Not to do so would end in their contraction or even closure or an enforced merger. Hence, obtaining stock via stock transfers was seen to be essential to their survival and growth.

However, unless specific steps are taken by local authorities and HAs, BME HAs will often be left out of the equation because of the nature of their business and often small size. Many local authorities and BME HAs we spoke to felt strongly that the way things were currently progressing. Only large organisations would gain from the stock transfer process and small organisations would be left out. They simply were seen not to be able to compete. It was argued that steps needed to be taken to develop a level playing field and innovative ways found to fund and support BME HAs. It is suggested that this was something that the ODPM should consider, as well as providing guidance and good practice advice. It should be noted that guidance will emerge from the 'pilot projects' currently being funded by ODPM.

Unregistered BME HAs

This report has been concerned with registered BME HAs. It is also worth noting that unregistered BME HAs also potentially have an important part to play. This could include consultancy and acting as a conduit for involving particular BME communities.

For example, the unregistered BME HAs we met with included the Sahil Housing Association, which operates in north and east London, namely Hackney. It has been established to meet the housing needs of the Somali community and provide advice and representation for this group. It has begun work to provide and manage housing, both directly and indirectly. As part of this programme and to make the case for more targeted housing for this group, Sahil has completed a study of the Somali community, including identifying their housing needs.

Local authorities, should where they can, support such organisations. Even where it may not be viable to provide support to any individual unregistered HA. The local authority or mainstream HA should see how it could work with them to consider various solutions. This could include seeing how they could work with or partner other BME HAs or HAs. Such a proactive approach is already taken by Newham.

The way forward and recommendations

Our case studies found that, although many BME HAs were very positive about potential opportunities via the stock transfer route, many were also disillusioned and cynical about the process. Some felt that they may waste a lot of time and valuable resources, which they could ill afford, in attempting to compete in an area where they felt they may be destined to fail. At the same time, however, they also saw that they had to take part in the process in order to grow and even survive. The complicated decision-making process was also seen to work against them. However, as we have seen from the case studies and from the information and views taken from stakeholders at national and local level, there are many options in respect of BME HAs' involvement in the stock transfer process. Key points include the following:

- The need to be flexible and pragmatic in the approach taken. This was emphasised to us by many BME HAs. They believe there are opportunities in stock transfer programmes, which had to be taken. BME HAs need to make sure they are up to speed on the process, and be confident about their strengths and what they can deliver. They need to be able to argue a strong business case for any particular project, including how some projects are part of an estate which could fit into a BME HA portfolio. As with the agencies they work with, they need to have flexibility, be pragmatic and, as well as retaining their community and diversity focus. They also need to be attractive and seen to be a viable option to wider groups of tenants.
- One crucial issue frequently raised was leadership given to a potential stock transfer process from all relevant agencies. This theme reoccurred - where there was local leadership, or a particular individual or group of individuals wanted it to happen, BME HAs could work creatively with, or in partnership with a local authority or mainstream HA. There are many ways for BME HAs to play an important role in stock transfers and taking account of their size and expertise, commitment and leadership is needed to make it happen.
- A BME HA can achieve substantial rates of growth within a large group structure. The vast resources that a smaller HA within the group can call upon (financial and expertise/skills) are a tremendous advantage. In areas with large BME populations with diverse unmet needs, a BME HA in a group can enable delivery of the housing and related solutions to be better consolidated and focused.
- Management before full transfer into ownership can enable the new (potential) landlord to demonstrate that they can indeed improve on services etc. and enables them to build up a relationship of trust with the tenants. Tenants are more likely to vote for the potential landlord if they are happy with the service delivery.
- Effective partnerships are crucial. When the local authority and the HA(s) are not working together, a poor tone is set and mistrust can become a problem. A shared vision and commitment is necessary for a successful outcome, supported by full knowledge of strategies and commitment to share information honestly and to work together to achieve success.

Several models and approaches are already in place and as we have seen from the case studies, a variety of approaches are currently being taken in involving BME HAs proactively in the stock transfer programme. These take account of the size of the BME HA and its experience, as well as the nature of the stock transfer process itself. As yet there is no perfect defined model, as the circumstances vary so much in each situation. However, it is clear that, in the majority of circumstances, BME HAs can play an active role in the stock transfer process. At this stage some principles and approaches can be summarised:

- BME HAs should be part of the consultative process of a stock option appraisal. Their role should be defined at the beginning of the process, along with a possible consultation role during the option appraisal process and especially, when a stock transfer is a chosen option. This may include immediate involvement and/or later direct and indirect involvement possibly in a partnership or secondary transfer role.
- In addition, local authorities should consider how they can promote more partnership approaches between BME and mainstream HAs. BME HAs should form part of any 'partnership protocol'.
- More generally, local authorities, as part of their BME consultative process, should involve BME HAs as part of the strategy. Part of this will be predicated on the number of BME HAs operating in their area and what they do. Where appropriate, local authorities and HAs should involve them in capacity building programmes.
- Local authorities should also, where appropriate, consider developing a specific BME HA strategy (see the Newham case study), and also consider involving BME HAs as part of a targeted programme, whereby a proportion of properties are earmarked to be potentially developed or managed by BME HAs.

BME Housing Associations and their involvement in LA stock transfers

- The ODPM and the Housing Corporation should keep the stock transfer process and the role of BME HAs under review and update this and other guidance with examples of good practice as they develop in the coming months. (For example, via the current pilot projects).
- Any stock transfer process being developed by local authorities should include an impact assessment (in compliance with the Race Relations Amendment Act). The active potential involvement of BME HAs should form part of any such assessment. As part of this process, information and background on the BME HA should be available for local authority staff, including an outline of the added value that such organisations can bring to the process.
- Funding initiatives and opportunities should also be kept under review and as referred to in the report. It is important that BME HAs are assisted where appropriate so that they can operate on a level playing field with other HAs. The use of "dowries" or gap funding should be utilised in relevant circumstances.
- The Housing Corporation and the ODPM should consider sponsoring the establishment of independent advice and support (possibly via a telephone service or online provision), for HAs seeking to become involved in stock transfer programmes. This resource should be knowledgeable/experienced about the particular barriers and challenges faced by BME HAs in the process, as well as having access to good practice advice.

Appendix A - Acknowledgements

This project included extensive desk research and review of relevant documents, reports and information. Key sources of information included extensive data from the ODPM, Housing Corporation, NHF and Rowntree Trust.

The main work of the project, however, was concerned with carrying structured interviews with national agencies, local agencies, and BME HAs. Key agencies involved included:

Arawak Walton HA

Ashiana

Aksa HA

Black Star/Hamac HA

BME Directors' Forum (London)

Bradford Community Housing Trust

Centre for Urban and Regional Studies (CURS)

LB Ealing

Federation of Black Housing Organisation

The Housing Corporation

Labo HA

The Longhurst Group

LB Newham

Manchester City Council

Manningham HA

NashaymA HA

National Housing Federation (all officers working on stock transfers including in the regions)

Presentation HA

Prime Focus

Sahil HA

Salford Council

Spitalfields HA

LB Tower Hamlets

Tower Hamlets Community Housing

Trafford Council

Tung Sing HA

Tuntum Housing Association

United Churches HA

BME Housing Associations and their involvement in LA stock transfers

We are grateful for the assistance and information provided by these agencies.

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Printed in the UK June 2004 on paper comprising 80% post consumer waste and 20%

ECF pulp.

Product code 04HC02273