

Introduction

Balsall Heath Community- led Housing Alliance

1. Purpose of report

- 1.1 To seek support from council members for the proposal to establish the Balsall Heath Community-led Housing Alliance, which will explore and develop ways that assets can be used to support organisations that focus on community interests.
- 1.2 The initial objective of the alliance will be to deliver a community led housing project within Balsall Heath on two parcels of land currently occupied by St Pauls Community Development Trust and Balsall Heath Forum to kick start a process of sustained neighbourhood regeneration. This could see further phases of development within the area defined by the Balsall Heath Neighbourhood Plan both through the alliance and in partnership with others.

2. Setting the scene

- 2.1 St Pauls, Jericho and Balsall Heath Forum are located within Balsall Heath which sits within the Sparkbrook ward in the constituency of Hall Green on the south side of Birmingham.
 - The ward sits in the bottom 5% within England with the highest levels of deprivation.
 - 31% of the population is under 15 years of age
 - 62% of the population are from the Asian continent
 - 38% of 16-64 adults do not work for a variety of reasons
 - 18% of adults work in elementary occupations
 - 31% of adults have no qualifications
 - 9% of people are determined as having bad or very bad health
 - 42% of 16-64 year olds first language is not English
 - Income deprivation over double the national average
 - Child poverty over double the national average
 - Older people in deprivation three times higher than national average
- 2.2 Research shows that twice the average of the population will have a mental health illness with poverty being a key factor. The statistics above demonstrate that there is likely to be significant numbers of the Balsall Heath community affected by mental health conditions (diagnosed and undiagnosed), and suffering from poor health and well-being.
- 2.3 There has been a lot written and published about the regeneration of Balsall Heath from the 1970's onwards . Balsall Heath Forum, St Paul's and Jericho as three long standing third sector organisations operating in the area all played a significant role in working with the community, helping to engender a sense of pride in neighbourhoods and worked with people to build resilience.

- 2.4 The Forum at its peak employed 20 staff and did everything from rubbish clearance, street warden services, good neighbour schemes and developing community capacity. Today it employs 1.5 staff who most of the time are not salaried. St Pauls has been in a deficit position for three years and this year with a new Chief Executive have made difficult decisions to ensure survival with one of the impacts being withdrawing from a number of community activities.
- 2.5 It is reasonable to state that particularly for St Paul's and the Forum there was an over reliance on public money and a sense that whenever times got tough the state could step in and support them (Jericho's business model is very different).
- 2.6 Over the last 7 years that situation has changed dramatically and consequently both organisations have suffered financially which has led to less and less work being done with the local community.
- 2.7 The effects of the last 7 years can be seen in Balsall Heath, the area is once again used as a dumping ground, crime has increased, drug use is more prevalent and neighbourhood pride has decreased significantly.
- 2.8 Both organisations have seen a change in leadership and have new thinking around the need for third sector organisations to develop new income streams and develop sustainable business models that ensures sustainability.
- 2.9 This Members will help to do create much needed housing in the area but equally important will provide an income stream to support anchor third sector organisations' in the area, and long term will provide employment opportunities that will once again mean that work can take place to build community capacity, develop street champions and bring the area back to the neighbourhood that is proud and strong.

3. Summary

- 3.1. To set up a Community Development Trust within Balsall Heath to deliver sustained neighbourhood regeneration including new ways of using assets.
- 3.2. To explore innovative ways of meeting housing requirements and creating community benefits across a defined neighbourhood that is co-terminus to the Balsall Heath Neighbourhood Plan.
- 3.3. To provide a vehicle to support, strengthen and sustain the long-standing third sector involvement in Balsall Heath.
- 3.4. To develop new innovative ways to build and manage much needed housing within that provides maximum benefits for the local community and the organisations that operate within the area.
- 3.5. To enable ongoing financial sustainability for Balsall Heath Forum and St Pauls Community Development Trust, two of the historic anchor organisations providing community benefits.
- 3.6. To use local community businesses, (Jericho) to deliver the proposed housing project.

4. Background

- 4.1 Balsall Heath has a strong history of community engagement and a wealth of social capital, which is well documented in a range of case studies, academic and professional.
- 4.2 Balsall Heath Forum, and St Pauls Community Development Trust are both long standing community organisations within the area – they have a wealth of knowledge regarding the local community and are involved in multiple activities that contribute to building community capital, and are regarded as vibrant anchor organisations and community hubs. However, both are reliant on multiple short-term funding streams to ensure their sustained success.
- 4.3 Jericho is also an anchor organisation within Balsall Heath and delivers services via a social enterprise model – their services including apprenticeships, grounds maintenance services as well as building and construction.
- 4.4 ¹The Balsall Heath Neighbourhood Development Plan has identified a number of pieces of land within the boundaries of the plan that could be used for potential development.

5. Proposal

- 5.1. Two pieces of land owned by BCC and are currently tenanted by Balsall Heath Forum and St Pauls Community Development Trust (the forums Nursery site and old school site), With the support of BCC via the Hall Green Connecting Communities and Assets steering group the potential for the development of the areas through the creation of an alliance that delivers community led housing is proposed.
- 5.2. The two sites, if developed, would provide both family housing and flatted community led housing within the area.
- 5.3. The project would be delivered via the newly formed Balsall Heath Community led Housing Alliance, which will be made up of the three key anchor organisations, Balsall Heath Forum, St Pauls Community Development Trust and the Jericho Foundation, with additional support being offered through various stakeholders and partners.
- 5.4. The proposed development of the trust and the delivery of the first phase of community led housing would help to support, strengthen and sustain the existing community infrastructure.
- 5.5. The preferred model for the governance of the alliance and to take the project further would be a Community Development Trust.
- 5.6. The trust will be set up with the initial aim being to deliver the proposed housing project; but will also allowing for future phases of delivery.
- 5.7. The income received for the properties once build, both through the outright sale and the ongoing receipt through rental and service charges would be used to provide a cash injection and long term financial support via the Community Development Trust.
- 5.8. The financial return (rental and sales) will sustain, support and strengthen both Balsall Heath Forum and St Pauls Community Development Trust.

1

- 5.9. The income will ensure that both organisations can focus more activity on building community capacity and developing a volunteer network that works for the community.
- 5.10. The private rented model element of the proposal would provide employment opportunities through apprenticeships (Jericho currently run apprenticeship schemes) for general maintenance, grounds maintenance and cleaning, with the idea that these will be delivered in partnership with Balsall Heath forum thus giving them a stable future income stream.
- 5.11. The Community Development Trust, once established, would aim to develop other, both asset, and non-asset based community business ventures that upskill people and provide training and employment in an area that has high unemployment and a low skills base.

6. The Community Development Trust

- 6.1. The Trust will be an organisation within its own right with the anchor organisations holding positions on the board as directors. There would also be scope of member engagement on the Board.
- 6.2. The company will be named the Balsall Heath Community Lead Housing Alliance Development Trust, and will be a company “limited by guarantee”, meaning that the liability of the Directors and Members is limited to a nominal sum of £1.00 and shall therefore be registered with the Charities commission
- 6.3. The company will have a Board of Directors made up of the three anchor organisations the critical friend (Pioneer group) and a representative from BCC. The Member Directors may appoint further Co-opted Directors to assist their business these ideally being community representatives (both political and residential). There shall be an elected chair, vice chair and treasurer.
- 6.4. The constitution for the trust will lay out the purpose, aims and responsibilities of the trust and the directors (see appendix 3).
- 6.5. The trust will initially be supported through resources provided by the anchor organisations and the critical friend arrangements with the Pioneer Group, with alternative funding for its continuation being explored once the initial project has started.
- 6.6. The Trust is being created in order that funds can be raised for projects, which will be for the benefit of the whole community. Initially this will focus on providing housing as identified within the development plan for the area, however as per the purpose detailed within the constitution the trust can undertake other activities and projects that fall in line with its principles and purpose.

7. Finance

- 7.1. Jericho Construction (JC) are members of Central Housing Investment Consortium (CHIC) which is organised by ARK Consultancy in Birmingham. This allows Jericho to take benefit of improved purchasing power because of the CHIC supplier network but also to use the standard house types in conjunction with Stewart Milne.
- 7.2. Jericho have ‘in principle’ arrangements with several equity and debt development finance brokers. Whilst every feasible, proposed development is individually checked and agreed, the basic ‘rules of engagement’ are well established.

- 7.3. Alternative funding in terms of grants for specialist housing projects will also be investigated as a way of not only were possible part funding the development but also to ensure that sufficient resource is available to finance the administration of the project.
- 7.4. The financial modelling that has already been carried out provides options in terms of both size and tenure type, once the proposal is agreed further work will be done to agree the best use of land both in terms of providing homes but also to achieve the purpose of raising both short and long-term funding to enable the continued viability of the anchor organisations.

8. Risks, opportunities and considerations

- 8.1. The development of the two pieces of land will provide much needed community led housing both in terms of rented and home ownership, and will also ensure the long-term sustainability of two iconic organisations that operate in the area.
- 8.2. Both organisations provided vital services and have proven track records of working with the local community to build community and social capacity.
- 8.3. BCC has historically supported the forum to enable it to continue to operate in the area,, however for the forum to be able to continue longer term options for sustainably need to be developed and without a sustainable financial strategy in place the future of the forum is not guaranteed. The proposal will ensure that the long standing rental deficit will be resolved via the dividends generated via the project.
- 8.4. BCC's own development vehicle BMHT could develop the land as part of its own development programme. Alternatively, the proposed model offers an exciting and innovative combination of a housing development project that meets local housing requirements that is community led; whilst also creating a sustainable approach to community regeneration supporting and strengthening the two existing third sector organisations in the area.
- 8.5. ²The development of Community led housing would generate both a small cash receipt as well as an on-going income paid via the rental income as well as the payment for services that the anchor organisations would supply.
- 8.6. St Pauls though not benefitting in terms of the creation of an ongoing funding stream would benefit longer term in respect of future opportunities that the creation of the trust would potentially generate.
- 8.7. To enable the neighbourhood regeneration as described, one pre requisite is that the freehold for the land is gifted to the alliance.
- 8.8. The pieces of land in question will be used to provide housing, if not by BCC directly via BMHT, via a developer.
- 8.9. Though in these circumstances BCC would receive a large cash receipt for the land the added value and ongoing community investment of the proposed option would mean that the capital receipt is received as community benefits, creating increased social and community value and capacity.
- 8.10. In these circumstances the alliance proposes that a social return on investment agreement be entered into to enable the proper accounting of the value of community benefit generated.

² CVCH are currently piloting a new approach to delivering communal services, learning from this can be used to support the forum in delivering a similar model

- 8.11. ³The proposal currently focuses on the two sites, however if successful the model could be used to develop further sites within the boundaries of the development plan.
- 8.12. Further consultation with the community will need to be carried out regarding the proposed development prior to start on site both in terms of required planning applications and consultation but also to ensure that there is long term support from the community for the proposed development.
- 8.13. Balsall Heath Forum currently still occupy the nursery site, therefore an alternative operating base would need to be identified in the short term to allow them to continue.

³ The proposal currently focuses on the 2 aforementioned pieces of land however if successful there is scope to use the same approach on other areas of land identified within the development plan

