



## **British-American Affordable Housing Exchange London Meeting in April 2008 and Plan for Moving Forward**

### **SUMMARY OF LONDON EXCHANGE**

Leaders from 15 Network member organizations held a three-day exchange in London in April with chief executives of 11 British housing associations. Additional participants from the U.S. included Debra Schwartz of the MacArthur Foundation, Bill Kelly, president of Stewards of Affordable Housing for the Future, Bob Whittlesey, and three Network staff. Other U.K. participants were David Orr, the chief executive of the British National Housing Federation; Richard McCarthy, director general for housing and planning at the Department of Communities and Local Government; Ken Walker, who coordinates the exchange on the British side; and two consultants. In addition, the president of PowerHousing Australia, a recently-formed Australian group modeled on the Network, participated as a special guest.

Discussion over the three days focused on areas that impact both the British and American affordable housing sectors. There was an extended discussion of the U.S. subprime mortgage crisis and its significant effect in England, where as a result securitization of mortgage loans has virtually stopped. Performance metrics and certification was also a key area for discussion, with a presentation of Britain's customer satisfaction certification system. There was also interest in organizational performance and benchmarking, with the British eager to learn about the work being done through the Strength Matters initiative in the U.S. Of major theme throughout the three days was sustainable development and operations. British housing groups have made great strides in green building and the government has set out very aggressive goals for zero carbon development over the next ten years. Finally, asset management, property management, and resident services were also discussed in some depth.

In addition to the roundtable discussions, which were held at the National Housing Federation's office, there were various site visits. These included a trip to the Gallions Housing Association's office, a tour of Ecopark, their urban regeneration development at Tavy Bridge, and a chance to see their 24-hour customer service center. There were also tours of the Peabody Housing Trust's BedZed (Beddington Zero Energy Development) project, and Newlon Housing Trust's Arsenal Regeneration Development around the Arsenal Emirates football stadium. Also, Labor Member of Parliament Stephen Pound hosted a reception and dinner for the group at the House of Commons.

### **BRIEF HISTORY OF THE EXCHANGE**

In 2003, the Network sponsored a visit by a dozen member CEOs to leading nonprofits in the Netherlands and England. The meetings significantly broadened the leaders' understanding of the respective housing systems and the participants identified many shared challenges, opportunities and perspectives. For the Network and its members, the trip stimulated new ideas about how the nonprofit sector can approach the capital markets to increase their impact. After some continued dialogue with many of the groups involved, in 2006 chief executives from six European housing associations the US to tour properties and have informal discussions with four of HPN's nonprofit members in

the Washington, DC, area. Following that trip, the Network and its counterpart in Britain—the National Housing Federation—agreed to host a more in-depth, three-day, bi-lateral exchange among US and British nonprofit leaders in April 2007. That meeting was very successful and both sides agreed that formalizing an ongoing exchange among the groups was of benefit to both, and the British groups proposed convening in London in April 2008.

### **Areas of Common Interest and Follow-Up Plan**

There is a desire among the American and British groups in working together on key issues of shared concern. A number were identified, but there was agreement to focus on three or four over the months ahead. Overall, there is interest in developing protocols for the exchange, with explicit goals and desired outcomes that would form the basis for long-term joint efforts. The British contingent, specifically Phil Gandy, CEO of the Liverpool-based Vicinity Group, which owns and manages more than 25,000 homes, have agreed to take the lead in drafting the protocols. The British planning group—made up of Ken Walker, Gallions CEO Tony Cotter, and Orbit Heart of England CEO Stewart Fergusson—has agreed to work with Network staff to establish working groups in various areas over the next year. There is also agreement to plan to hold the next face-to-face meeting of the exchange in the spring of 2009 in Toronto and to have it occur a day ahead of the Network’s spring membership meeting.

#### **Four broad areas have been identified for follow-up:**

- Environmentally Sustainable Property Development and Operations
- Performance Metrics/Benchmarking
- Shared Ownership/Equity
- Asset Management and Resident Services

#### **Environmentally Sustainable Property Development and Operations**

- Establish dialogue and learn more about the Treco Group, which was established to share best practices in sustainable development and provide voluntary peer review (and has a consulting arm) by bringing together eight organizations from eight European countries. Explore possibility of linking U.S. groups to the Treco Group either directly or by creating a Housing Partnership Network Treco Group for interested members.
- Among areas of focus: carbon neutral building technologies; lowering energy costs; financing tools needed to retrofit existing properties; phased efficiencies (gradual improvement of existing housing); capacity to build to higher standards; share information on policy constraints and initiatives; human capital (ensuring new technology can be appropriately used).
- Maintenance, operations, purchasing.
- Create shared protocols specifically around green efforts.
- Share experiences and successful models used to influence public policy
- Consider the creation of a developer/owner-based standard for green development, retrofit, and/or operations.

#### **Performance Metrics/Benchmarking**

- U.S. participants would like to learn more about QHS, the company created by British housing associations to evaluate and certify their performance around customer service, and KWH, the Dutch company that created the system

emulated by QHS. Ken Walker, a UK-based housing consultant, will facilitate this contact.

- British participants are very interested in the financial and organizational benchmarking being undertaken in the U.S. through efforts such as Strength Matters and the work of Network members with CoopMetrics. There is a British financial benchmarking product, HouseMark, through the National Housing Federation, that U.S. participants want to learn more about. Conversations will be arranged over the summer to gain more insight into HouseMark and how it, or its platform, can be applied/adapted in the U.S.
- British groups want to know more about the CARS rating system for CDFIs.

### **Shared Ownership/Equity**

- Britain has long had shared ownership and shared equity programs in place. There are various models, but essential premise is that a buyer buys a percentage share of a house developed by a housing association and pays rent on the balance. The nonprofit thus retains stewardship of the homes and allows for flexible “staircasing” of ownership by the buyer, which enables the ownership stake to change as the buyer’s financial circumstances change. Though similar programs have been tried in the U.S. sporadically, they have not really taken hold. In light of the foreclosure crisis and the resulting REO property disposition issue, this model could provide a better alternative to traditional rent-to-own programs. Fannie Mae is looking at shared ownership and NeighborWorks America has done some work in this area.
- U.S. participants and the Network are seeking to learn more about this type of program and the British groups have expressed willingness to share information, documents, and expertise.

### **Asset Management and Resident Services**

- British groups have strong asset management systems in place that can provide significant learning for U.S. groups. They have systems for evaluating and managing financial assets, commercial yield, and the social dimension of their housing. They have adapted an asset performance index created by the Dutch that U.S. participants are interested in learning more about.
- There has been increasing focus on asset management among the larger U.S. nonprofits, and some work has been done in measuring the impact on housing of resident services, such as studies conducted by the National Resident Services Collaborative and Mercy Housing. This could be relevant to British groups.
- The British also have an approach to property management and customer service, which may have some application to U.S. groups, although the differences in the regulatory environments (the British focused more on portfolios, while the U.S. regulations tend to be project-centered) could present a challenge.
- British groups would like to learn more about the work on resident services carried out by their American counterparts.

### **NEXT STEPS**

- Create working groups of Network members
- Develop plan for ongoing sharing of information
- Determine the value of and level of effort members want the Network to devote to international exchanges