

**International Housing Partnership
Summary of Berlin Exchange
October 19-23, 2010**

With a focus on energy efficiency and environmental sustainability, more than 50 CEOs and senior “green” staff from the leading housing nonprofits in the United Kingdom, Canada, Australia, and the United States, met in Berlin, Germany, in October for a two-day exchange. This was followed by two days of study visits to state-of-the-art new and retrofitted green housing properties. The Berlin meeting was the fifth in a series of exchanges since 2003 among international housing leaders. With the support of the British Government, which provided the venue, the International Housing Partnership (IHP) meeting was held at the British Embassy, located next door to the historic Brandenburg Gate, steps away from the old Berlin Wall.

Discussions throughout the meeting centered on two topics of keen interest to all participants – green and business transformation. The green sessions featured plenaries and small group discussions on organizational strategies and behavior change, utility data management and retrofit strategies, green technology and renewable/alternative energy, as well as a presentation on German social housing and its energy efficiency mandates. The business transformation topic had focused sessions but also was highlighted throughout the exchange, as participants reflected on their market and policy contexts and the drivers – both challenges and opportunities – that their organizations face across the four countries. Both areas were recognized as especially important for continued exchange.

The study visits to properties in Berlin and Potsdam took participants to prime examples of “passive house” approaches, demonstrated alternative energy sources in action (such as bio-mass and photovoltaics), highlighted advanced insulation and recovery ventilation practices, extensive use of solar heating, and major retrofitting of old East German housing into ultra energy-efficient modern apartments.

ENERGY EFFICIENCY AND ENVIRONMENTAL SUSTAINABILITY – A.K.A. GREEN

In the year leading up to the Berlin Exchange, each country held a series of meetings, conference calls, and web exchanges focused on key areas and elements of the work of participating organizations. Working with a common framework, the goal was to have effective comparison points to generate discussions and collaborative approaches. Each country produced a preliminary report summarizing their discussions to date.

In the opening session of the green discussion, it was very clear that this is an area of critical importance to IHP members -- from both environmental and economic perspectives. In a brief overview of approaches and progress in the UK, USA, Canada, and Europe, key themes that emerged were imperatives to reduce carbon emissions, the need to lower energy costs, and combating “fuel poverty” among residents (fuel poverty is defined in the UK as spending 10% or more of household income on heating costs).

Following the overview, there were three rounds (so that all participants could discuss all the topics) of dynamic breakout sessions on Organizational Strategies and Resident Behavior Change, Utility Data Management and Retrofit Strategies, and Green Technology/Renewable and Alternative Energy and Financing.

Highlights included:

- Several organizations include green in their overall mission statements
- Many have a staff person who is the designated lead on green
- Some provide incentives to their staff for green behavior
- Several have established partnerships with universities
- Several have dedicated staff working with residents on green, including energy savings and environmental and health issues
- A few have established tenant rewards programs
- Several US organizations, as well as Toronto Community Housing in Canada and the Orbit Group in the UK, are collecting and analyzing utility data and using that to drive some of their retrofitting strategies.
- There was much interest in a property scorecards system developed in the US that collects and benchmarks energy and water consumption data.
- Specific financing and funding issues are very different across the four countries
- Much of the retrofitting work to date has been based on specific funding streams available rather than an overarching plan
- Simple, pragmatic technology solutions that render quick results are the best
- Some high-visibility use of new technology has proven to be superficial – “beware of lipstick on a pig” factor.

Participants expressed real interest in continuing to work together and share information on energy efficiency and environmental sustainability. Beyond collaborating in the development of reports and sharing case studies, there is a desire to explore possible areas of business collaboration that can cut across two or more countries. Key items going forward:

- Complete national reports and share among members in the first quarter of 2011
- Produce combined internal report by the end of June
- Develop and maintain an electronic case study/exchange tool
- Closely link work on sustainability to international staff exchange being explored
- Consider possible areas of business collaboration in developing advice tools, consultancy support, and supply chain for products and services
- Quantify the collective impact of IHP members across the four countries on carbon emission reductions and energy savings
- Explore how the work of affordable housing organizations in energy conservation and reducing carbon emissions can be successfully promoted with the governments of each member country
- Investigate and encourage links between housing nonprofits and universities on green
- Agreement that the green agenda very possibly has high-impact policy value—important to collect information on international practices to communicate impact

BUSINESS TRANSFORMATION

With the stark backdrop of the global economic crisis which was at its low point at the time, IHP leaders at the Toronto meeting in May 2009 launched a discussion on the challenges and opportunities caused by the meltdown for IHP members striving to create sustainable business models that could succeed over time. The commonality of the crisis lent urgency to previous discussions around converging business models. As conversations continued following the Toronto meeting, significant changes took place in the operating environments of all IHP members. The Berlin session on what IHP is now calling “Business Transformation” occurred as UK leaders awaited the imminent announcement of austerity measures by the British government—which came the next day and called for deep cuts and major changes in housing programs, which threatened their current business models.

In the US, the UK, Canada, and Australia major changes are occurring in the way affordable housing is funded. Though the contexts vary in each country, it is indisputable that organizations will need to continue to find ways to be more efficient and effective in delivering affordable housing; therefore, a key goal for the discussions within IHP is to work together on creating new approaches that combine critical learnings and examples of improvements from each country.

Paul Tennant of the Orbit Group in England started the Berlin discussion with an overview of the work done over the past year within each country. Organizations identified the key drivers for change in their environments that pointed to the future direction of their businesses. Common drivers across all IHP countries include restricted debt financing, changing governance and leadership, public expenditure cuts, and governmental policy priorities focused on neighborhoods and local communities. Organizations also assessed their business direction (relative position in the continuum between traditional nonprofits on one extreme and entrepreneurial businesses at the other), the return on investment needed as they moved in a new direction (whether financial, social, and/or environmental), and the risk implications associated with the changes.

Participants agreed on the importance of continuing these discussions—both within their own networks and internationally. There was consensus on the critical importance of assessing the business models, determining the elements that most need to change to become even more efficient and effective (e.g., approach to customers, staffing and leadership, finances, systems and technology, and asset and portfolio management), as well as the means needed to qualitatively and quantitatively measure business impact.

As Stewart Fergusson of Orbit Heart of England put it, “the old economics that drove the last twenty years are dead.”

POLICY AND VISIBILITY

The various discussion threads throughout the meeting kept looping back to the ability of IHP members to impact policy and the need for increased visibility in order to accomplish this. There was agreement that clearly articulating an external mission/vision statement is an

important first step—we must define the model before branding. IHP organizations have not marketed themselves to the general public, but rather focused on their funders. The consensus was that the best approach is to deliver significant outcomes, which IHP members have been achieving over time, measure them appropriately and communicate them broadly. Many individual organizations have been successful individually in communicating their work, but the sector has failed to present a positive image because the message is not cohesive or yet compelling enough.

UK groups have not traditionally engaged in advocacy efforts, but noted that examples from the US have shown that it can be effective, particularly in communicating business-oriented models. Tom Bledsoe of the Housing Partnership Network pointed to the value of having UK and US housing leaders meet with a key legislator during the Washington DC IHP meeting in 2007. That meeting was a breakthrough for HPN in communicating the business model of HPN members to a powerful legislator on housing matters. Paul Weech of HPN noted that the international context is valued in the US. Jim Steele of Windsor-Essex Community Housing in Ontario said that working with policymakers led to significant investment of stimulus funding in Ontario. Jacqui DeRose of the Progress Group in England pointed out that this is a great opportunity to shape our industry in a period of major change, adding that there is a real desire for new ideas that work.

With the understanding that there may be significant differences in each country in policy priorities, there was broad agreement that sharing knowledge, experiences and accomplishments in the policy arena among IHP members would be tremendously valuable and would help enhance the messaging. Larry O'Brien of PowerHousing Australia highlighted the value of bringing in the international experience to influence and make recommendations to changing governments—IHP could drive this space internationally.

MOVING FORWARD

The Berlin meeting proved both sobering and energizing, with participants noting the significant challenges and opportunities ahead. The affordable housing sectors in all four countries appear to be at inflection points. As all four governments make historic changes to their sector, the IHP housing leaders expressed great confidence in the future – provided the business models under which they operate are able to adapt and be transformed to remain sustainable.

The next IHP meeting will be held in Washington, DC in October 2011, and will be built around the policy priorities of each country. In addition to continuing the peer exchange among leaders of IHP organizations, the plan is to bring together the top housing officials in each country, creating an International Housing Summit that will make government leaders aware of the business challenges we face and discuss how government can help lower the burden and increase the opportunity to ensure a robust, sustainable affordable housing sector led by sophisticated, business-oriented nonprofits.

HISTORY OF THE EXCHANGE

A series of exchanges took place between 2003 and 2008 among members of the Housing Partnership Network and European housing associations, chiefly from the United Kingdom. The meetings significantly broadened the leaders' understanding of the respective housing systems and the participants identified many shared challenges, opportunities and perspectives. In April 2007, an historic exchange of experiences, practices and ideas took place between the foremost affordable housing organizations in the US and the UK in Washington, DC, which featured a presentation on Capitol Hill with Rep. Maxine Waters, Chair of the Subcommittee on Housing and Community Opportunity. The UK group later adopted the name "Old Glory Group" and now comprises 22 housing associations. A reciprocal visit to London took place in April 2008. The 2007 and 2008 meetings were attended by top executives of 40 organizations from both countries.

A key outcome of the London Exchange was a commitment to build upon and sustain ongoing contact and develop protocols to provide a framework to guide the development of the relationships, help give additional purpose and structure to future exchange visits, and set out clear objectives for the International Housing Partnership (IHP). There was also agreement to expand the exchange to Canadian groups, coordinated through the Social Housing Services Corporation. In December 2008, a steering committee was created to provide leadership to IHP.

With the global economic meltdown as a backdrop, IHP convened in Toronto in May 2009. The meeting brought together leaders from 60 of the foremost not-for-profit housing organizations from the United Kingdom, the United States, Canada, and a guest group from Australia. Discussions focused on the impact of the financial crisis on their organizations and the housing and residents they serve, on sustainable development and operations, and business excellence.

Also in 2009, IHP adopted protocols that provided a framework for collaboration among its members and agreed that the partnership is predicated on three levels of exchange:

- 1. General exchange of information on a variety of areas of common interest, including policy;*
- 2. Deeper collaboration and exploration on specific areas identified as priorities; and*
- 3. Extending these collaborations into actual businesses in which participants, or a subset of participants, can work together.*

During the Berlin Exchange in 2010, PowerHousing Australia and its network of members were formally invited into the International Housing Partnership. A representative of the Housing Partnership Network, Dee Walsh of REACH Community Development in Portland, Oregon, served as IHP's first Chair. She was succeeded by Tony Cotter of Gallions Housing Association of London at the Berlin meeting.