

Case for Change

Prepared by Coin Street
Secondary Housing (CSS)

Case for Change

1. Introduction

- 1.1. This year celebrates 40 years since the historic moment in 1984 when the Coin Street campaigners won the battle to secure the site on which our community was founded.
- 1.2. The Coin Street Secondary Co-operative (CSS) built the primary co-ops one by one, using a mix of grant and loan finance. Palm Housing Co-op was completed in 1994; Redwood Housing Co-op was completed in 1995; and Iroko Housing Co-op was completed in 2001.
- 1.3. The world has changed in the intervening years. We recognise we need to change and evolve in order to safeguard the future of co-op housing at Coin Street. What made sense 30 years ago, when CSS built its first co-op, doesn't necessarily make sense today.
- 1.4. This document aims to share with you, as a Coin Street co-op member, **why now** is the moment for change. It will also **share how change will make things better** and stronger for the next 40 years (and beyond).
- 1.5. Our objective in making this change is to ensure co-operative housing is in great shape to continue to enable you to have **a secure home at social rents** for decades to come.

2. A reminder of the current arrangements

- 2.1. The land on which the co-ops sit is in the freehold ownership of Coin Street Community Builders (CSCB). The land was bought from the Greater London Council in 1984, with restrictive covenants that protect the use of your home as social housing for those in housing need.
- 2.2. CSCB granted a 125-year lease to Coin Street Secondary Co-operative (CSS), running initially until June 2109 (this covers Redwood, Iroko and Palm co-ops).
- 2.3. CSS was developed as an organisational vehicle through which the Coin Street housing co-operatives could be financed, built and bedded in.
- 2.4. Funders were not prepared to lend to individual primary co-ops, and CSS therefore developed a leasehold model. This involved CSS remaining responsible for repaying the loan and offering revolving five-year leases to each primary co-op.
- 2.5. CSS is responsible for maintaining the structure of the building (lifts, windows, doors, roofs, external decoration, etc), and each co-op is responsible for day-to-day management and all non-structural maintenance (kitchens, bathrooms, internal decoration). This is an unusual arrangement with essentially two separate organisations providing landlord services to each property.

3. How are the current arrangements working out?

3.1 The model has succeeded in building the first 20–30 years of your co-op and delivering high-quality housing at affordable, social rents.

BUT...

3.2 We don't believe the model is fit for purpose for the next 30 years. The signs are that if we continue along our current course, and don't make changes, one or more of the co-ops will fail.

AND...

3.3 In the conversations we have had with you over the past couple of years, you told us you think change is needed.

3.4 Here is what we heard from you:

- Current arrangements are not working. Everyone wants change and recognises change needs to happen.
- Many co-op members are 'worn out' with the current level of responsibility.
- Member participation levels need a reset and a reboot.
- Co-op members want more visibility of, and involvement in, some of the long-term decisions that CSS currently takes.
- Residents identify with their co-ops and are keen not to lose that individual co-op voice and identity.
- The five-year lease period is unpopular and causes issues when wanting to do mutual exchanges.
- Everyone is still 'signed up' to the founding vision of co-ops at social rents, protected from right to buy, with an aspiration for strong member engagement.

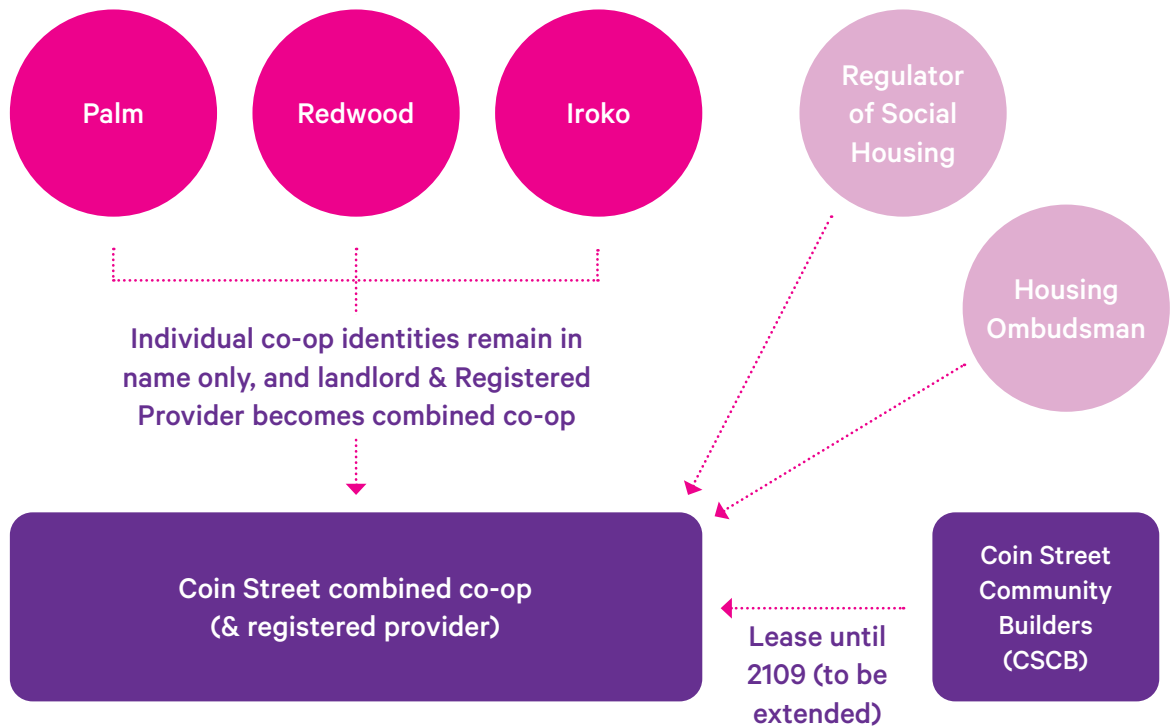
3.5 In addition, there is a sense of mistrust and 'us and them' between Coin Street and the co-ops, which is unhelpful for everyone.

3.6 This feedback has driven the proposed change. The change we propose tackles the things that don't work and strengthens the things that do, to create a stronger future for co-operative housing at Coin Street.

4. The way forward

- 4.1. We are proposing bringing together CSS, Palm, Redwood and Iroko co-ops into a combined Coin Street housing co-operative.
- 4.2. We will be stronger together than we will apart.
- 4.3. The key proposed features of a combined Coin Street housing co-operative are as follows:
 - 4.3.1. The housing co-op would take on the legal shell of CSS (in order to preserve the loan agreement, long lease with CSCB and key contracts) but would be transformed into a tenant-led fully mutual housing co-op, with a new name and a new Chair.
 - 4.3.2. Each co-op will retain its name to reflect its history and identify but will no longer exist as a legal entity, with the landlord now becoming the combined Coin Street housing co-op.
 - 4.3.3. Loan finance has always been a feature of our approach in investing in the homes, and we envisage this continuing as a feature of the business model. The new arrangements will allow loan finance to be used towards meeting all of the co-op's costs rather than just the planned maintenance.
 - 4.3.4. The need for a lease charge as a mechanism will end as there will be one landlord levying rent and service charges and using these funds to discharge its landlord duties.
 - 4.3.5. We envisage one single managing agent (or management solution) for the combined co-op, who will be responsible for commissioning all of the works needed including the planned maintenance currently undertaken by CSS.
 - 4.3.6. The new arrangements offer the opportunity to leave the five-year lease renewals behind and offer tenancies that are only constrained by the length of the long lease held directly with CSCB.
 - 4.3.7. The co-op will be governed by a new Management Committee consisting of seven tenant members and five independents. All positions will be held for three-year terms and will include members drawn from each co-op.
 - 4.3.8. Governance arrangements will be bolstered by an Elections Sub-Committee; oversight will be supported by an independent Scrutiny Committee to ensure tenants' interests are being looked after; and sub-committees will be set up on issues such as maintenance, allocations and asset management.

New structure of the combined co-op



Regulatory & formal landlord responsibilities concentrated in one registered provider (rather than four RPs).

This new co-op would be formed by a mix of independent and co-op members.

It will be tenant led and be a fully mutual housing co-op.

5. The downsides of change

- 5.1. Any change comes with upsides and downsides. We are confident that the upsides of the change proposed make it the right and responsible choice for the future. Nonetheless, we set out below some of the potential downsides of change.
- 5.2. This larger co-operative will have a role to look across the three co-operatives rather than one, so some may feel they will be able to give less attention to the individual needs of each co-operative and may worry about loss of identity. That said, the three co-operatives combined at 164 homes are still smaller than many co-operatives and are located next to each other. Iroko, Palm and Redwood each have their own history and unique features, and this will continue, albeit under the umbrella of a combined Coin Street housing co-operative.
- 5.3. Given there are challenges with participation and a risk of burnout for active tenant members under the current arrangements, there is the risk that with wider responsibility, the volunteer board members may struggle under the load. This risk is offset by several advantages, namely the support of specialist independent board members who will be on hand to help lead the more technical aspects of running the co-op including finance, asset management, legal advice, etc; the potential of commissioning the single managing agent to take on more of the day-to-day tasks needed; and the fact the board will be able to draw members from across three co-operatives rather than one. Under the new arrangements, much of the duplication associated with running each co-op separately as a Registered Housing Provider will end. We expect that as the saying goes, that 'many hands make light work'.
- 5.4. A tenant-led organisation may feel riskier to our lenders, and that risk may end up getting priced into the cost of future lending to support the co-op's investment in high-priced maintenance items such as lifts, doors, windows and boilers. The safeguards we are building into the structure including the Elections Sub Committee, Scrutiny Committee and presence of expert, independent board members, should mean any lender will be confident to continue to invest in co-operative housing at Coin Street.
- 5.5. You may see other downsides we haven't thought of. Identifying these downsides is valuable, as it means we can think about how to avoid or minimise the impact. Please share these with us as part of the consultation – we are keen to hear your thoughts.

6. The benefits of change

- 6.1. This change is about fixing the things that don't work, preserving the things that do and responding to the issues you raised during our earlier discussions with tenant members and Management Committees.
- 6.2. **More tenant security** – the intention is to offer an ongoing periodic tenancy with no end date, other than the long lease CSS holds, which expires in 2109. There will be no more five-year lease renewals to cause anxiety and make mutual exchanges difficult.
- 6.3. The Management Committee will be elected by the membership, and tenants will lead their MC. There would be no lease charge, so decisions about how rental income is used to manage the co-op would no longer be taken elsewhere but by the combined resident-led co-op.
- 6.4. **More clarity about who is responsible for what** – currently there are regular arguments about whether CSS or the co-op are responsible for fixing certain things or paying for certain maintenance work. That will be gone, as all tasks will be under the control of the combined co-op.
- 6.5. **Less unnecessary duplication** – we have seven separate organisations (four of which are registered providers) involved in the management of 164 homes. Each organisation needs to be capable of complying with the full range of regulatory requirements in its own right, which is becoming ever more complex.
- 6.6. **More financial sustainability** – business plan modelling suggests that, on current assumptions, the Coin Street housing co-ops will not have the cash they need in the next few years to undertake all the necessary upgrades to tenant's homes. The combined business plan demonstrates that these deficits can be avoided through moving to a combined co-op model. A combined co-op, with a fully mutual status, will enable the whole co-op family to use the loan finance CSS currently takes out to undertake planned maintenance and will offer tax advantages that will allow a greater proportion of rent to contribute towards the costs of the co-op.

7. If we do not evolve, we will not survive

- 7.1. Each of the co-ops will run out of the money needed for essential upgrades and repairs in the coming years. None of the co-ops are fully compliant with the ever more complex regulatory requirements for registered housing providers. Some of the co-ops are struggling to fill essential roles on Management Committees, and everyone is feeling a bit worn out. There are brilliant, dedicated people leading each of your co-ops, but the workload and complexity of running a small social housing provider is much more challenging than it was twenty, or even ten, years ago.
- 7.2. Without change now, the housing co-op will fail in the future.
- 7.3. This situation is one facing all social housing providers. The cost of materials and maintenance has risen a lot. Standards are increasing – Decent Homes Standard; standards on net zero and environmental standards; building safety standards. In the wake of tragedies at Grenfell and of the death of toddler Awaab Ishak caused by mould in his flat, the Regulator has stepped up its expectations on all social housing providers to comply with new and existing rules and regulations. Effective social housing providers are tackling the need to change head on, rather than burying their heads in the sand.
- 7.4. In developing these proposals, CSS has worked together with a dedicated group of co-op tenants from across all three Coin Street housing co-operatives. Having been on this journey together, we all see the need for change and, moreover, the positive opportunity change presents us with to revitalise co-operative housing at Coin Street, 40 years on. We believe we will be stronger together.
- 7.5. We hope you might agree, but whether you do or whether you don't, we are keen to hear from you as part of this consultation. Please do share your views, submit questions and come to the events we will be organising. We look forward to talking with you soon.

the study, and the authors are grateful to the referees for their helpful comments on an earlier draft.

REFERENCES

- Adams, R. M. W. (1982) *Principles of Plant Ecology*. Blackwell Scientific Publications, Oxford.
- Adams, R. M. W. & Hone, M. J. (1997) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (1997) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (1998) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (1999) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2000) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2001) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2002) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2003) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2004) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2005) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2006) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2007) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2008) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2009) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2010) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2011) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2012) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2013) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2014) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2015) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2016) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2017) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2018) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2019) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2020) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2021) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2022) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2023) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2024) *Plant Ecology*. Blackwell Science, Oxford.
- Adams, R. M. W., Hone, M. J., & Jones, K. G. (2025) *Plant Ecology*. Blackwell Science, Oxford.

