

Community Asset Building in the Australian Context

Co-written by Ingrid Burkett and Belinda Drew

Ingrid Burkett has been involved in community development in Australia and internationally for almost fifteen years, as a practitioner, researcher and educator. Ingrid has written and spoken widely about community economies, microfinance, mutual aid and social enterprises, and is very interested in critical financial literacy and people-centred economics. Ingrid has a long-standing commitment to the power of people's businesses, cooperatives and building strong local economies. Ingrid is an Oceania representative on the board of the International Association of Community Development. She also chairs a cooperative business involved in community cultural development. Ingrid is very interested in building connections between community development, community economic development and community cultural development.

Belinda Drew has worked in the community sector in Queensland for over a decade in the areas of homelessness, disability, child protection and housing, holding a number of positions in social policy organisations. Belinda is the chief executive manager of Foresters Community Finance Ltd, formerly Foresters ANA Mutual Society Ltd. This role involves the day to day management of the organisation as well as leading the development of the Foresters program areas, which include community asset building. Belinda is interested to raise the profile of the work undertaken at Foresters based on a belief that much can be gained from individual and collective action that synthesises social, community and economic objectives, in the ways that the program work of Foresters attempts to do.



“Community ownership of buildings and land can transform even the most struggling community – energizing local people and providing the long term foundation for enterprise and renewal. There are hundreds of examples where derelict or underused town halls, schools, warehouses, pubs, office blocks and wasteland have been transformed from a blight and a liability into a thriving community asset – delivering services and amenities for local people and generating revenue which can be reinvested to achieve further social benefits”

www.dta.org.uk/Content/current_activities/righttobuy.htm

Introduction

The purpose of this article is to define Community Asset Building within the Australian Context, with reference to the international context. The article will outline the benefits, purpose and various dimensions of Community Asset Building activities, providing examples from the practice of Foresters, based in Brisbane, Queensland. In addition, the article will explore in some detail the practice of Community Asset Building through the eyes of Foresters, identifying target organisations and investment mechanisms. The article concludes with a call to community organisations to join with us as we explore the multiplicity of possibilities to be found in this important work, from both a practice and policy perspective.

Community Asset Building and Social and Economic Policy

There is potential to explore building the capacity of communities to own and manage assets as a key social and economic policy direction in Australia. The ultimate aim is to strengthen community capacity and resilience, build community or social capital and assist in the development of long-term financial stability and independence of small and medium sized community organisations.

Though there has been some interest in Community Asset Building in Australia, such approaches have been slow to materialize in social and economic policy and practice initiatives.



International context

Community Asset Building has a proven record overseas, providing the catalyst for the development of community resilience while building the financial, employment, and service delivery capacities of community organisations. It has recently received a great deal of attention both at a policy level and in relation to on the ground practice development.

In the United Kingdom, the Office of the Deputy Prime Minister recently released a key policy document entitled "Communities Taking Control" which sets out a detailed policy initiative designed to encourage community ownership and management of assets.

The British Government has committed to reviewing regulatory, political and policy options and removing barriers to ensure that Community Asset Building can proceed as a key initiative in building sustainable communities. Researchers in the United Kingdom have also examined the important role of Community Asset Building in assisting community renewal programs, and in reversing disadvantage and exclusion in marginalized communities.

In the United States, the Community Reinvestment Act has played a key role in ensuring investment flows into communities that are underinvested or disadvantaged. Through initiatives such as Community Development Finance Institutions, both State and business investment in such areas has increased dramatically, and the building of community assets has been a key part of such investments.

Learning from overseas experiences in this field, and building on its practice experience in community investment over the past two decades, Foresters is well placed to lead research and practice development into how Community Asset Building could contribute to building sustainable communities in Australia into the future.

What is Community Asset Building?

Community Asset Building is centred on ownership of physical assets by incorporated community groups and associations. Ownership means these organisations can build financial independence, leverage greater community benefits, and develop capacity to build a stable long-term future reducing overall dependence on external sources of income. Community Asset Building is premised on these assets providing benefit to local communities in perpetuity.

Community Asset Building focuses on:

- Creating the right conditions for the ownership and management of physical assets in communities (primarily through the vehicle of community organisations).
- Recognising that physical assets may be in the form of community centres, premises occupied by community organisations, land, parks and public spaces, derelict, vacant or abandoned buildings, community housing stocks or local businesses.
- Investing in community entities (local businesses, community and social enterprises, community and land trusts);
- Other wealth creation activities at local community level that help build up local economies, local pride and hope and increase income.

Although community organisations can build assets through processes such as gifts or endowments, it is nearly always the case that they will need access to external finance. Engaging in community asset building for most organisations will therefore involve:

- building savings capacity;
- gaining access to credit and finance; and
- building the skills and knowledge of staff and management committees in the areas of financial management and planning, and management of assets; an example of this being the use of established assets to leverage ownership of other assets or develop enterprise.

Examples of community asset building

The purposes of Community Asset Building will vary from organisation to organisation and is dependent on a range of factors including their locality, the constituent group they aim to support and the skills of people in the organisation to manage the asset. Some examples include:

Increasing or improving services provided to communities –

- Local housing cooperatives purchasing housing stock to provide more housing to their members;
- Community kindergartens improving current assets through building renovations to comply with regulations and provide a high standard of service to children and their families.

Establishing a local base -

- Local community development organisations purchasing buildings located in their communities to provide spaces for community driven activities where a sense of place and belonging can be engendered;
- A women's legal service located in a prime inner city location creating a strong presence in the community at the same time as providing a service that is central and accessible.

Building enterprising capacity –

- A local community organisation purchasing a building that can be sub-let to generate income which is then reinvested in the creation of a social enterprise for the purposes of creating employment opportunities for people with an intellectual disability;
- The purchase of premises by a regional housing organisation, large enough to sub-let, in turn increasing the financial capacity of the housing organisation to build their assets.

Why is Community Asset Building important?

Many community organisations are funded almost exclusively through grant income – whether through government agencies or more recently, through foundations, or corporate funds or individual donations. Although this has sustained many organisations in the past, such funding is becoming more difficult to secure and maintain. As a result, many community organisations have started exploring ways in which they can strengthen their financial stability, generate independent income and reduce their overall financial dependence on external bodies and resources.

One way in which community organisations can build their financial independence and sustainability is to purchase their own premises and thereby begin the process of building an asset base within the community. This enables organisations to redirect the costs of leasing or renting to asset building, enabling a shift from a spending to a savings culture. An income stream may also be created if there is any spare space that can be sub-let and capital appreciation of the asset provides a longer-term benefit in the form of capital gain.

The impact of community asset building extends far beyond benefiting the individual community organisation and its constituents. Research in the United Kingdom and the United States has, over many years, found that community asset building can play an important role in:

- Enhancing the community development and service delivery capacity of community organisations;
- Building the financial stability of community organisations;
- Building employment opportunities in local communities;
- Strengthening community resilience and self-reliance;
- Enhancing citizen engagement and participation in local civil society.

How Community Asset Building can leverage real change in communities:

If Community Asset Building is to be a means to address poverty, rather than simply an end in itself, it needs to be informed by a set of values that guide the strategic purpose of the activity: a recognition that if asset building becomes an end in itself for community organisations, there is a real possibility that all we will end up with are wealthy community organisations.

If our broader goal is to address poverty and/or to affect social justice, the strategic purpose of community asset building should be to facilitate the possibility for increasing the participation of disadvantaged community members, creating employment or enterprise possibilities and encouraging participation and self-determination. A clearly articulated value base is essential to ensure that it becomes a means to achieving an organisation's broader community and social goals.

Indeed, three strategic phases of community asset building may be articulated:

Phase One: Building the assets of a community organisation

Building the assets of community organisations provides opportunities for wealth redistribution, and for engaging in non-funded, experimental and/or advocacy work. Further, instead of grant monies being paid to private landlords for rent (effectively building the wealth of already wealthy individuals or groups), the monies can be utilised to build the assets of communities.

Phase Two: Building the assets of constituents of the community organisation

When organisations have created a degree of stability and independent income from asset building, the next phase involves exploring how these assets can be utilised to redistribute wealth to constituents of the organisation. This may involve exploring how the assets could be used to establish social enterprise (creating employment with constituents); open up housing options (potentially building housing assets with constituents); or create opportunities for smaller scale asset development (such as mutual funds for whitegoods or equipment). This phase moves the asset building process into the realm of wealth redistribution, ensuring that the organisation is not only concerned about building its own wealth, but is more crucially concerned about changing the income and asset circumstances of their constituency.

Furthermore, this phase could involve building capacity of constituents to address the structural causes of their circumstances through more politically sensitive work such as organising, advocacy or campaigning, which is very often not funded. This work can also be seen as building the assets of constituents, though these assets are often less tangible and more in the realm of capacities than the physical assets mentioned above.

Phase Three: Building public and broader community assets in the community

The third phase of community asset building involves exploring how assets (material and non-material) can be built, reclaimed and created within communities where these assets have been run-down, privatised or abandoned. This may involve exploring the purchase of derelict buildings for community benefit, co-management of public spaces such as parks or green areas, or less tangible processes such as developing community cultural development programs.

What are the benefits of Community Asset Building?

Some of the significant direct and indirect benefits of Community Asset Building are outlined below. Further analysis is required and qualitative studies carried out over time to understand the benefits in greater depth.

Benefits for communities –

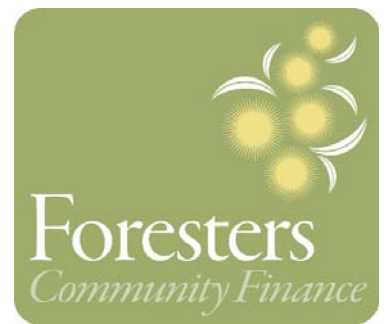
- A sense of belonging and ownership develops where assets are community owned;
- Community planning that is focused on community owned assets can be carried out with certainty and predictability about the future;
- Income generating activities which create local employment provide new and flexible options for local people;
- Community asset building can act to revitalise areas that may have become undervalued from both an economic and community perspective;
- Surpluses generated from the assets remain in the community for the benefit of the community.

Benefits for Community Organisations -

- Community Asset Building
- Creates hope for the future;
- Builds an enterprising culture focused on a synthesis between financial and community objectives;
- Exposes community organisations to a wider range of relationships by arranging finance and managing the asset, building knowledge and skill;
- Provides status and recognition to those involved as competent financial managers and creative community entrepreneurs;
- Provides an important base from which to build further into constituent asset development, more radical non-funded work, and/or broader community asset building work.

Benefits for external stakeholders –

- Asset ownership and enterprise development can revitalise local economies by injecting new business for local service providers;
- By building on financial and community objectives and relationships developed outside the community organisation, peer-based partnerships can form between small to medium businesses and small to medium community organisations.



Benefits for Government –

- Funding provided to provide accommodation for community organisations remains with the community organisation and in the community as opposed to the pockets of private investors;
- Where community organisations use their assets to create enterprise and employ the constituent groups they seek to support, reliance on income support provided by government is reduced.
- Where community organisations use their assets to increase service delivery governments may be relieved of the task of providing funding for those services.

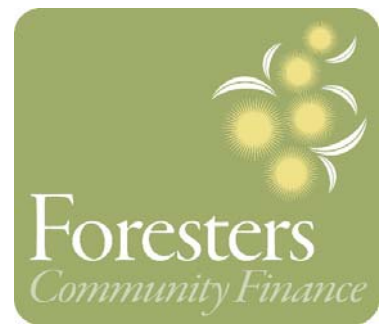
What is Foresters history in this area?

Foresters Community Finance Ltd., pioneered Community Asset Building within the community sector in Queensland over fifteen years ago. Foresters has utilised a variety of investment vehicles to provide community organisations with finance to enable asset building to occur. These vehicles include investment funds provided through the operation of the former ANA Ethical Superannuation Fund; investment funds sourced through donations; and more recently private investment accumulated as a result of the development of a charitable investment fund, specifically established to support Community Asset Building.

We estimate that Foresters investment contribution to community asset building over that period exceeds six million dollars, which is significant in the context of a community sector where organisations have only just scratched the surface of their asset building potential. Investment has been targeted at building the financial and community capacity of small to medium community organisations who are often those most reliant on government sources of income.

In some instances Foresters assists small to medium community organisations to analyse their capacity for asset building. This strengthens the synthesis between their financial objectives and their community objective.

In practical terms this has involved working with senior staff and management committees to identify resources within the organisation that are not being used to their full financial or community benefit in the organisation. Underutilised resources may include donations, long term savings which may rarely be called upon, program savings, membership fees or funds generated from small scale enterprise such as the sale of publications and training.



Once underutilised resources have been identified, asset building options are explored. For some organisations this means accessing mortgage finance to purchase an asset. For other less well resourced organisations, starting along the path of asset building involves investing in a part share of an asset. This second option is particularly important for small community organisations with limited financial capacity. In other words, it provides opportunities for small to medium community organisations to build their financial viability and, expands future asset building opportunities.

Foresters future directions

Foresters has been investing in communities and assisting community organisations to engage in Community Asset Building for almost two decades, which places it in a unique position as Australia's only example of a Community Development Finance Institution. Through the new Community Investment Fund, Foresters will expand the practice of Community Asset Building over coming years.

Simultaneously, Foresters will build on experience to contribute to research, policy development and publication in this arena.

Community input into Community Asset Building

We would be interested in hearing from any community organisations or other people interested in exploring Community Asset Building in Australia. We are ultimately interested in ensuring that both urban and rural communities build a strong, equitable and just foundation for the future, continue to attract both public and private investment, build their resilience and ensure their long term sustainability.

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