

The Future Governance of the Auckland Region

**A discussion paper on possible
options for local governance - the
role of scale, function and
engagement in effective local
governance**

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1. Purpose and approach

PURPOSE

This discussion paper is being produced as part of a project undertaken by the Local Government Centre (LGC) for a group of co-funders including five territorial local authorities within the Auckland region and the New Zealand Council for Infrastructure Development.

The purpose of the project is to develop resource material which can help meet the need for access to high-quality, current and objective information on the different possible options for regional, district and local governance for people considering making submissions to the Royal Commission on Auckland Governance. The project will scope New Zealand and international experience, examine emerging trends and their strengths and weaknesses, and outline the different possible options for the future governance of the Auckland region which, in the words of the terms of reference for the Royal Commission, will "over the foreseeable future... maximise, in a cost-effective manner:

- The current and future well-being of the region and its communities; and
- The region's contribution to wider national objectives and outcomes."

This paper is the second in a series of discussion papers being produced to enable feedback from the project co-funders. Its focus is on current trends with what is variously referred to as 'neighbourhood' or 'local' governance. The LGC's expectation is that co-funders will use this discussion paper both to inform their own thinking at this stage of their preparation for submissions to the Royal Commission, and also as a stimulus for suggestions to the LGC on matters which they would like to see covered in more detail or differently in the final project report.

The first paper dealt with current trends in metropolitan governance.

One further discussion paper will complete this phase. It will cover:

Amalgamation: lessons from international experience – assessment of the costs and benefits of amalgamation versus other options for efficiency gains. It will update the project undertaken two years ago for Local Government New Zealand and published as Local Government Structure and Efficiency.



APPROACH

Successive sections of this paper:

- Discuss concepts of governance: the distinction between government and governance and the terminology of 'local', or 'neighbourhood', governance.
- Provide a brief overview of current international interest in neighbourhood or local governance, in order to set the context.
- Draw out emerging themes in the understanding of the rationales for advancing the theory and practice (and the political motivation).
- Provide an overview of international experience.
- Examine New Zealand experience considering, in particular, the use of community boards.

2. Concepts of governance

This discussion paper is concerned with emerging trends in what is variously known as 'neighbourhood' or 'local' governance.¹

The earlier discussion paper in this series, dealing with metropolitan governance, noted the difference between government and governance, drawing on descriptions provided in Hambleton (2004), as:

Government refers to the formal institutions of the state. Government makes decisions within specific administrative and legal frameworks and uses public resources in a financially accountable way. Most important, government decisions are backed up by the legitimate hierarchical power of the state.

Governance, on the other hand, involves government *plus* the looser processes of influencing and negotiating with a range of public and private sector agencies to achieve desired outcomes. A governance perspective encourages collaboration between the public, private and non-profit sectors to achieve mutual goals. Whilst the hierarchical power of the state does not vanish, the emphasis in governance is on steering, influencing and co-ordinating the actions of others. There is recognition here that government can't go it alone. In governance relationships no one organisation can exercise hierarchical power over the others. The process is interactive because no single agency, public or private, has the knowledge and resource capacity to tackle the key problems unilaterally.

As Hambleton's description of governance implies, there is no easy way of describing the structures and relationships which frame local, or neighbourhood, governance. At best, there is a generic sense of neighbourhood governance as a process which involves both government, typically local government, on the one hand and a mix of interests, agencies, residents or others on the other, with the principal linking theme being a focus on issues which are "neighbourhood" based.

Indeed, in seeking to understand what neighbourhood governance might be, a little reflection suggests that the boundaries can clearly be drawn somewhat more widely again than Hambleton does to include loose and temporary collaborations at a neighbourhood level, and need not necessarily include any instruments of

¹ In this paper these terms are used interchangeably. They are used variously in different country settings to have essentially the same meaning, and a locality focus. A further useage is 'community' governance which is broader and fuzzier, and is a more appropriate term when talking of interests as compared with localities.

government as such. Consider examples such as the informal processes through which residents of a locality may come together to organise "working bees" to clean up the neighbourhood, or organise an annual Christmas lights display. In a slightly more formal sense, are service clubs such as locality-based Rotary or Lions clubs part of neighbourhood governance?

This paper is discussing neighbourhood governance in the context of the role and function of local government. It thus makes sense to draw a boundary around the idea so that the focus is on arrangements that (1) involve both the local authority, and other interests or agencies within the neighbourhood, working collaboratively, and (2) are dealing with issues which are seen as being within the proper role of local government.

Although discussion of neighbourhood governance, as such, is a relative new-comer on the New Zealand policy scene, there is clearly a long history of practice which fits the current understanding of neighbourhood governance. Obvious examples are residents and progressive associations, trusts and associations supporting arts and sporting activity at the local level and working in association with the council and, at the more formal structural level, sub-local instruments of government such as community boards and community committees.

The literature dealing with local governance consistently draws a distinction between two overarching rationales for local governance:

- An economic rationale supported by public choice theory which sees local governance as supportive of efficient service delivery and the expression of citizen preferences, leading to more efficient outcomes.
- A political rationale based on notions of democratic citizen participation and representation - a normative view that local governance contributes to greater democracy.

Arguably, although these two rationales have quite different theoretical bases, in practice they may be quite complementary. Local governance that allows or enables greater participation in the policy process (more "democratic" policy-making") should also support service delivery that is more sensitive to local needs and hence more "efficient" in public choice terms.

In New Zealand, Brown (1994) argues that both of these rationales can be found in the definition of the purpose of local government which was inserted in the Local Government Act 1974 by the 1989 Amendment. The influence of these two rationales can also be seen in the memorandum to assist in the consideration of final reorganisation schemes with which the Local Government Commission commenced

each of the 1989 Final Reorganisation schemes. On the political rationale, empowering legislation provided for the establishment of ward committees which the 1989 legislation redefined as community boards. The commission described the purpose of ward committees as (emphasis added):

"designed to allow for the recognition of communities **within** a district, to increase involvement in the local government system and permit devolution of decision-making to representatives of communities **within** a district on matters of particular concern to those communities."

On the economic rationale, the commission was also concerned to ensure that there were close linkages between local government service delivery and the publics it served. Paragraph 2.11 of the memorandum stated:

The commission emphasises the need to decentralise service delivery to the public from a smaller number of authorities [i.e., a smaller number than pre-reform]. The new authorities would generally be larger and managerially and technically stronger. But that does not require the operation of a centralised management and service delivery system. The requirement to establish service delivery centres emphasises the significance which the commission places on taking to the public the system of local government and the services it provides where not provided in the schemes, the new authorities should consider whether service to the public can be improved at reasonable cost by the use of decentralised service delivery strategies with or without the establishment of formal service centres.

Looking back over the nearly 20 years since the commission set out its views on sub-local governance and service delivery respectively, this statement can be seen as a remarkably prescient understanding of the importance of ensuring that the then fashionable emphasis on managerial efficiency through a generally "bigger is better" philosophy did not compromise a necessary emphasis on maintaining local democracy.

In the period since the commission expressed its views on what was necessary to support local governance, major changes in the context in which local government functions which have given rise to a renewed interest, internationally, in the nature and practice of local governance. Amongst these are factors such as:

- Globalisation promoting a growing focus on what is now sometimes referred to as glocalisation, the new emphasis on local space as people seek certainty in an uncertain world environment. The "place shaping" role for local government identified by the report of the Lyons Inquiry reflects this.

➤ Difficulties in managing the so-called "wicked issues", especially in areas such as social inclusion (poverty, inequality, access to affordable housing, healthcare etc) and sustainability which are increasingly seen as requiring partnerships at the local level between instruments of government and civil society.

This renewed interest is reflected in a number of different ways including:

- An increased emphasis on the use of formal instruments of government to provide the means for engagement at a neighbourhood or community level. The standout example of this shift is the emphasis the New Labour government in the United Kingdom has placed on "partnership working" at a neighbourhood level.
- A growing volume of empirical work and theoretical analysis which seeks to understand the nature of neighbourhood governance and the factors which both contribute to and inhibit its further development.
- On the part of many local authorities themselves in both the developed and developing world, an emerging practice of engagement with communities, whether through relatively formal structures (perhaps the equivalent of community or ward committees; perhaps an increased emphasis on consultation/collaboration; perhaps new approaches to strategic planning for the local authority, including the practice of community planning).

The establishment of the Royal Commission provides an opportunity for Auckland to reflect on what local neighbourhood governance arrangements would best suit its current and future needs. The Royal Commission's terms of reference require it to consider:

What governance and representation arrangements will best—
(i) enable effective responses to the different communities of interest and reflect and nurture the cultural diversity within the Auckland region; and
(ii) provide leadership for the Auckland region and its communities, while facilitating appropriate participation by citizens and other groups and stakeholders in decision-making processes;

Whilst the terms of reference are not explicit that the Royal Commission should advocate for neighbourhood or local governance, growing international interest and practice creates a context for this part of the terms of reference which on any reasonable construction may effectively oblige the Royal Commission to do so.

3. Current international interest

Interest in the role of neighbourhood or local governance, coupled with a growing appreciation of its value, is extremely widespread internationally. It covers both developed and developing countries.

As an example of the latter, the World Bank (2000), in a handbook on working with the local public sector and civil society in developing countries, sets the context in the following terms:

Nowadays, local governments and civil society increasingly perceive poverty and inequality as problems to be confronted more efficiently through the creation of alliances between them and the private sector. Moreover, more transparent, participatory, and efficient governments, open to civic participation and public scrutiny, have become a high priority.

Citizens seek to recover trust in their local authorities and institutions. They demand more information on how public goods are managed, and they want to know how their tax money is spent. They demand better services and they want to participate in the development process and in making policy.

There seems to be no single recipe for improving civic participation in local governance. There are, however, several instruments (anchored in modern management thinking) that can help to establish a framework for policy formulation and implementation at the municipal level. This framework ought to promote further innovative thinking and action by public reformers and citizen groups alike.

In this context, strong political will, citizen voice, appropriate technical support, and a realistic long-term implementation strategy are central to success. Where there is integration among these various factors, significant results can be expected: informed knowledge (with an action program based on in-depth empirical evidence in each setting), coalition building leading to collective action, and transparent political leadership at the local level.

In relation to the developed world, especially the United Kingdom and the United States, Pill (2007) observes:

Neighbourhoods and neighbourhood governance have been features of urban policy and academic discourse in the US and UK since the 1960s and the literature reveals broad acceptance of their perceived intrinsic social value. The prominence of neighbourhood governance can be related to the fact that it fulfils many of what Cochrane (2007: 24) identifies as the main features of urban policy developed in the US in the 1960s (and subsequently adopted in the UK). These include a commitment to co-ordination; a belief that



communities should take on responsibility for their own well being; a conviction that existing public service structures are bureaucratic and self-serving; and a belief that current (local) electoral structures are unrepresentative and exclusionary.

The Centre for Local Government at Manchester University provides an interesting interpretation, observing that the recent focus on public participation can be seen within the wider context of a move towards governance, but also recognising the complexities, both theoretical and practical, of comprehending precisely what is happening:

The concept of promoting citizen or community involvement is not a new one but has existed in various guises for at least several decades. Recent focus on public participation can be situated within the wider context of a widely-acknowledged (albeit contested and complex) move towards governance. What has been identified as a 'hollowing out' of the state (Rhodes, 1997) has rendered traditional, hierarchical, elitist models of government control and responsibility inappropriate and ineffective, leading to "a shift towards a more collaborative form of governance," (p 203). As such, government has become one actor amongst many in a network of public, private, and community sector partners in decision-making and implementation; engaging with communities is a central aspect of these networks. With the changing role and scope of government, many have felt the need to supplement traditional mechanisms of representative democracy with more direct and participatory forms. The move to community engagement also reflects the perceived ineffectiveness and inefficiency of existing hierarchical and bureaucratic means of service delivery which were premised upon producer (both professional and bureaucratic), as opposed to consumer, interests (Brannan et al., 2007). On the other hand, individuals and communities are seen to have a valuable role to play in addressing complex social challenges and should be facilitated and encouraged by government to fulfil this role.

However, this politically powerful and intuitively popular concept is fraught with confused intentions which make it difficult to theorise, analyse, and put into practice. These complexities exist on the level of: definition and terminology; motivations, rationales; logistical considerations; outcomes and measurements; types and extent; implications; and power relations.

The Secretary of State for Communities and Local Government in the current UK government, in the foreword to a joint publication of her department and the Local Government Association, reflects her government's rhetorical commitment to neighbourhood governance, stating:

This is an exciting time for everyone who wants to be part of creating flourishing, confident communities. The Prime Minister has called for 'a reinvention of the way we govern'. The Green Paper – *The Governance of Britain* – marks a new relationship between Government and citizens. This means making public involvement the rule, not the exception.



Far from being apathetic about social change, people will leap at the chance to get involved when given the right opportunity.

I know this from people I meet as I travel around the country and I hear, everyday, of the growing enthusiasm and commitment of people in local government, other public bodies and in communities themselves to work together to get the best results for local people.

Bringing Government closer to people, passing power from Whitehall to the town hall and direct to local communities, isn't just the right thing to do. It's the best way to revitalise the local roots of our democracy and help build respect. It is the surest way of making local services reflect people's needs.

Greater community consultation and participation (emphasis added) has also long been seen as essential for promoting sustainability. The following quotation comes from an Australian paper (Cuthill 2001) considering the experience of the Gold Coast City in sustainability planning. It links the interest back both to the United Nations, and to British and Australian government policy statements:

Community consultation and participation are identified as key components within the concept of local area sustainability management (UNCED 1993). The 1990s saw a move towards sustainability management by governments both in Australia and overseas (Commonwealth of Australia 1992; ICLEI 1997, 1999a, 1999b; DETR 1999). Three key principles underline a sustainable community focus: an integrated approach to planning and management, provision of social equity, and participation from all sectors of the community. The Commonwealth (1992: 8) set the basis for this last principle, stating that 'decisions and actions should provide for broad community involvement on issues which affect them'. A key argument presented in this paper is that traditional government perspectives on community consultation must be reconsidered to include greater opportunities for informed community participation in planning and decision making processes for a sustainable community.

In the United States, the interest in neighbourhood or local governance has been closely linked to that country's strong emphasis on the right to choose, with public choice theorists long having favoured smaller units of government, and means for enabling residents and ratepayers to exercise effective influence over local government. The author of a University of Winnipeg thesis on the theme of *Good 'Grassroots' Governance: a Millennium Model for Winnipeg* (Knudsen 2000), in looking at American experience, observes:

In his analysis of grass-roots democracy, Masson wrote that as populations increased and many North American cities became as large as, if not larger than many provinces and states, people became uneasy about the practice of democracy and the formulation of public policy at the local level. In the United States, the response was a movement to bring the citizenry into the policymaking process and an effort to embrace participatory local democracy.



Known as grass-roots democracy, the movement successfully caught the attention of political theorists.

Fung (2006), in an important paper reflecting on the complex nature of contemporary governance, emphasises the importance of context, and of the design of arrangements to facilitate participation which focus on the actual forms and contributions of participation. He concludes that:

Citizens can be the shock troops of democracy. Properly deployed, their local knowledge, wisdom, commitment, authority, even rectitude can address wicked failures of legitimacy, justice, and effectiveness in representative and bureaucratic institutions. The contemporary ways in which citizens make these contributions, however, assume neither the forms, purposes, nor rationales of classical participatory democracy. These accounts fail to capture what is most attractive about the cases (and many others besides) described here. Their appeal does not lie primarily in shifting sovereignty from politicians and other political professionals to a mass of deliberating citizens (Pitkin and Shumer 1982). Less still does their attractiveness reside in their potential to educate, socialize, train, or otherwise render the mass of citizens fit for democracy. Instead, these cases mobilize citizens to address pressing deficits in more conventional, less participatory governance arrangements.

Reaping— indeed, perceiving— these pragmatic benefits for democracy, however, requires a footloose analytic approach that jettisons preconceptions about what participatory democracy should look like and what it should do in favor of a searching examination of the actual forms and contributions of participation. Toward that end, I have offered a framework for thinking about the major design variations in contemporary participatory institutions. I have argued that participation serves three particularly important democratic values: legitimacy, justice, and the effectiveness of public action. Furthermore, no single participatory design is suited to serving all three values simultaneously; particular designs are suited to specific objectives. I have attempted to identify the distinct regions of the democracy cube that are suited to advancing each of these. The reasoning in that difficult stage of the analysis proceeded inductively. I identified actual participatory mechanisms that advanced each of these values, traced the institutional design characteristics that enabled them to do so, and mapped these characteristics onto the institutional design space. Far from unfeasible or obsolete, direct participation should figure prominently in contemporary democratic governance. Specifying and crafting appropriate roles for participation, however, demands forward-looking empirical sensitivity and theoretical imagination.

Much of the interest in neighbourhood or local governance has stemmed from concerns about how to deal with the so-called "wicked issues" such as the impact of social exclusion, poverty, inequality, poor housing etc.. This is evident in the emphasis which the United Kingdom government has placed on "partnership

working" in areas such as neighbourhood regeneration and the encouragement of greater tenant anticipation in the management of social housing.

A European example can be seen from the findings of the European Commission's Neighbourhood Govern project (ec.europa.eu/research/social-sciences/knowledge/projects/article_3518_en.htm). The project's conclusions emphasise the focus on social exclusion, and by inference the importance of neighbourhood governance as one means of addressing this.

A number of conclusions were developed from the project's results, and set down under various headings. These include:

- Mobilising actors: To develop good quality, democratic neighbourhood governance, both residents and professionals from the bureaucracies that deal with social exclusion issues must get together to understand each other's needs and roles.
- Collaboration: Residents and professionals must collaborate to ensure local people are heard when decisions are being made about service provision. Working together will also help resolve any conflicts between residents.
- Residents' participation: In general participation is limited and takes different forms from non-committing, informal, occasional events to formal, regular meeting which ask for a great deal of residents' commitment and time. Informal activities tend to reach more residents, but the formal work is more likely to bridge gaps between different groups of residents.
- Capacity building: The case studies indicate that more needs to be done to understand, use and value residents' capacities. Many local people lack the skills and confidence to take part in activities. Official support and resources are needed to resolve this situation.

There is another dimension to the neighbourhood governance issue as well. This is the importance of the 'democratic deficit'. It often comes as a surprise to people involved with local government to find that, in terms of the ratio of elected local government members to population, countries like New Zealand rather than being over-governed are in fact somewhat under-governed.

In a somewhat passionate explication of the under-government issue as it affects English local government, Simon Jenkins had this to say in a recent column in the Guardian newspaper (see <http://www.guardian.co.uk/commentisfree/2008/feb/27/prisonsandprobation.ukcrime>) (emphasis added):

The still stumbling urban revival in Britain requires anonymous party-based councils to plead with regional offices of central government. Local elections no longer make an appreciable impact on policing, health, education or economic development. Councils retain no fiscal discretion to aid communities with social clubs, sports halls, libraries, parks or playgrounds. In my London

borough, not only have we no neighbourhood council but we are not allowed to elect our own councillor lest he or she "represents" us alone. We are merged with neighbourhoods elsewhere. This is no incentive for civic leadership.

In France there is an elected official for every 120 people, which is why French micro-democracy is alive and kicking. In Germany the ratio is 1:250; in Britain it is 1:2,600. In France the smallest unit of discretionary local government (raising some money and running some services) is the commune, with an average population of 1,500. In Germany that size is 5,000 people. In Britain the average district population is 120,000, and even that body can pass the blame for any service deficiency to central government.

Cynics sneer at the "calibre" of local councillors. Yet nobody will exercise leadership in a community if denied the power to make it effective. I do not believe that British citizens are unique in Europe in being incapable of taking responsibility for their communities. They may prefer to sit at home and blame others but **if you reduce local institutions to consultative status, consultation is all you get, not leadership.**

Similar points have been made by other commentators on the English local government scene, notably the New Local Government Network in the context of the Lyons Inquiry. The English ratio of one elected member for each 2600 residents at the level of the principal local government entity (that is ignoring parish or neighbourhood councils which are broadly the equivalent of New Zealand's community boards) is significantly more favourable, in terms of citizen access, than the ratios which would be found with medium and larger scale New Zealand councils. To take an extreme example, Auckland City Council's ratio of elected members to residents, based on a population of 404,000 at the 2006 census, is approximately 1:21,000.

An academic/research perspective on the strength of commitment to local government in France is provided by Lugan (2001) who observes that:

...in France, local government is still seen as important in the eyes of the public. For instance, participation levels for local government elections are appreciably higher than for others, averaging 75 per cent since World War II. Even in these days of political disenchantment, public opinion polls show that, of all political mandates, that of the Mayor is most highly regarded; all agree that elected local representatives perform the most useful roles.

It is beyond the scope of this paper to present a detailed cross-country comparative assessment of scale of local authority, ratio of elected members to residents, and the strength of commitment to local government. However, the contrasting experiences



of England and France at the very least raises a prima facie presumption that a scale of local government which makes it easy for residents to engage informally with their elected representatives is an important factor in strengthening local democracy.

4. Emerging themes in the understanding of neighbourhood governance

The endeavour to place order around the "confused intentions" described by Manchester University's Centre for Local Government is a major preoccupation of researchers with an interest in local democracy. Research is starting to coalesce around understanding two different themes:

- the nature of engagement - is it simply formal or is it both form and substance?
- the rationales for neighbourhood government.

In this section we draw extensively on two papers presented at "The Vital City", the 10th anniversary conference of the European Urban Research Association, which took place in September 2007.

The two papers can be seen as addressing, respectively, styles of engagement (form, or form and substance) and rationales for engagement.

STYLES OF ENGAGEMENT

Lepine and Smith (2007) set their discussion in the context of the numerous initiatives New Labour has put in place seeking to address disadvantage at the neighbourhood level. They observe that:

Action at the neighbourhood level has been a persistent response to concerns about the spatial polarisation of disadvantage in the wake of demographic, economic technological and social changes which have had a significant impact on cities and the neighbourhoods within them.

and

The neighbourhood renewal policies of the New Labour government which came to power in 1997 reflect a number of shifts in the understanding of urban disadvantage already apparent before that point. Failures in service quality, coordination and responsiveness have increasingly been recognised as an important dimension in disadvantage and the neighbourhood has been seen as a level at which joined up approaches can best respond to persistent (wicked) issues. A coordinated approach to a variety of problems had therefore been a feature of programmes such as City Challenge and the Single Regeneration Budget, which have not focused on a single issue, but have covered employment, education, crime, health, the environment and

community development. In the neighbourhood as elsewhere, there have been efforts (varying between programmes and over time) to involve partners or stakeholders – the private sector, local communities, delivery agencies – in a partnership approach.

Their interest is in how to conceptualise these various interventions at a neighbourhood level. Specifically, how should they be considered from a local democracy perspective?

Drawing on earlier work by Lepine and colleagues, they propose a typology for classifying different interventions in terms of the extent to which they promote genuine neighbourhood governance (emphasis added):

...developments in neighbourhood governance and the tensions to be found at work in such developments can usefully be understood in terms of **sites, spaces or spheres**. These are constructions, with distinct characteristics, but it is not suggested that they are discrete entities. However, they offer a perspective from which to examine neighbourhood governance – one which allows the discussion of neighbourhood governance to reflect the complexity of the wider governance debate (which has been introduced only briefly here) and also the persistent tensions that recur in debate and implementation.

The neighbourhood as a **site** of governance is likely to be a well defined spatial territory, but its boundaries will have been drawn in connection with the policies to be enacted and the services to be delivered there. They will not necessarily reflect or respond to resident understandings of neighbourhood identity. When neighbourhoods are targeted as sites of intervention in this way, typically, power, resources and influence do not lie within the neighbourhood. Links to local government, where they exist, may be partly through ward level connections, not always well aligned or connected, nor supported with specific, devolved powers. The purpose of interventions is likely to be understood differently by different actors – for example, some may see containment, where others claim improvement is the focus.²

Where action at the neighbourhood level opens up a new governance **space**, that 'space' is shaped by governance institutions. These may be created and owned by the state or by the private, voluntary and community sectors. The neighbourhood may be defined in multiple ways, by different actors in the 'invited' and 'popular' spaces referred to earlier (Cornwall, 2004). The extent of devolution (financial, political, managerial) will vary, depending on (one or more of) policy or service area, national and local policy drivers and frameworks for action. Agencies drawn into these spaces may be concerned primarily with issues of resource allocation or coordination. Voluntary and community organisations may seek mainly to represent particular interests, or may seek the funding to enable them to engage directly in the design and

² The concept of 'containment' is described below at page 22.

delivery of programmes. The role of local elected members is likely to be important in relation to state owned neighbourhood institutions but they may also have a linking role between constituents, agencies and voluntary and community organisations.

Although no neat ladder of forms is intended here, the '**sphere**' may be regarded as the most fully realised form of neighbourhood governance. In a sphere, an emphasis on collective decision-making will be accompanied by financial, political and/or managerial/professional devolution. The varying interests of stakeholders, acting in partnership in the sphere, will be reflected still in different definitions and priorities, but a clearer shared purpose will characterise the sphere. Its connections and relationships with other spheres of governance (locality, sub-regional, regional, national or supra-national) will be clearer. Co-production is likely to be prioritised and elected members may be expected to play a key role facilitating both horizontal and vertical exchanges.

As a typology, this provides a useful way of considering whether any particular set of arrangements has a reasonable claim to be considered genuinely neighbourhood governance, or is simply neighbourhood governance in form only. It directs attention to questions such as:

- where are the levers of power
- who actually holds decision-making authority and how is that exercised
- what constraints exist over decision-making power and who has the ability to relax those constraints
- are there significant interests within the locality that are not represented within the governance arrangement?

The typology also directs attention to the persistent problems in achieving genuine neighbourhood governance. Some are found at the level of the neighbourhood itself where issues such as capability, capacity, access to resources, apathy or other factors may inhibit engagement. Others reflect the difficulty of achieving change within or on the part of major organisations, especially when those have quasi-monopoly status. Cuthill (op. cit.) observes of the change process in the Gold Coast City Council that:

Secondly, acceptance of cultural change in a large local government authority, which allows greater stakeholder participation in planning and decision making, is not welcomed by many of the 'old school' bureaucrats and politicians. One councillor summarised this attitude: 'I've been elected by the community for four years to represent their views. If they don't like

what I've done they won't vote for me at the next election'. This type of response slowed down the change process, even though there is broad agreement on the urgent need.

RATIONALES OF ENGAGEMENT

In a complementary paper, Pill (2007) considers the policy case for neighbourhood governance as based on a twin rationale of democracy and competence, with additional rationales associated with political motivation.

A review of empirical experience with neighbourhood governance shows that initiatives are often associated with "place and people-based" regeneration initiatives in deprived neighbourhoods. This has been the case both in the United Kingdom, with government led initiatives such as regeneration partnerships under the Single Regeneration Budget, and in the United States with (often) foundation led initiatives also focused on deprived inner-city neighbourhoods³

As a broad overview, Pill observes that:

Neighbourhood governance is underpinned by the assumption that the relative proximity of interaction between citizens, service providers and decision makers possible at the neighbourhood level enables improved participation, greater responsiveness, and enhanced democracy (as identified by Dahl and Tufte, 1973). The overall aim of neighbourhood governance initiatives is generally stated as being to enhance the well-being of neighbourhood residents, via improved public services which are more tailored to their needs and priorities, and increasing participation and engagement in the local political process.

The paper then goes on to examine each of the two identified rationales, drawing on an extensive range of empirical and theoretical material.

Democracy

Democracy and devolution are regarded in the literature as essential ingredients for neighbourhood governance as well as an outcome that provides a rationale for its inception. This rationale is founded on the normative value of the devolution of authority to the local level (known in the US as 'home rule') which in theory should include financial, managerial and political powers. It is also founded on the ethical view of the fundamental

³ Projects associated with the Local Initiatives Support Corporation provide good examples of this in practice. For a recent and very helpful evaluation of one successful initiative, see *Going Comprehensive - Anatomy of an Initiative that Worked: the Comprehensive Community Revitalisation Programme in South Bronx* on the web at www.lisc.org/content/publications/detail/5396

right and responsibilities of citizens to have some control over policies that will affect them (regarded in the US as a basic tenet of democracy). This rationale is informed by the communitarian view that the development of governance arrangements requires consideration of citizens' rights and responsibilities, with the state's role conceptualised as developing devolved and responsive governing and service delivery structures and processes (Lepine et al, 2007: 10).

and

The neighbourhood is perceived as the foundation for other levels of governance (Docherty et al., 2001). It is seen as the level at which more accessible, responsive and accountable decision making is possible as it is the level at which citizens can most easily access governance and understand the issues at stake (what Jessop, 2005b, would term the "lifeworld" of civic society). In the US, Berry et al (1993) describe the level of the neighbourhood as that at which residents encounter the most tangible consequences of public decisions and have the motivation and knowledge to get engaged. It is assumed that participatory governance structures will operate as de Tocquevillian "schools of democracy", developing greater awareness of and interest in policymaking and increasing turnout in local elections.

This understanding is supportive of a hypothesis emerging in the current work of the Local Government Centre on the issue of representative democracy within local government. The conventional understanding of representative democracy is that the role of the elected representative is to exercise judgement on the part of the electorate with accountability being exercised through the ballot box. This is an understanding which is most appropriate for issues which have their principal impact across the whole of the body politic, and the critical elements of which are reasonably accessible to, and capable of being comprehended by, the elected member.

In contrast to this, many of the matters for which local government is responsible have their impact at a very local level, and are best understood by the people most directly involved. Although many individual council actions may look as though they fit within a general policy with application across the district of the council as a whole, this will often disguise the strength of the immediately local impact. Simple examples such as minor street repairs, the choice of colour schemes for council buildings and infrastructure, the maintenance of trees, lawns and gardens, the design of and management policy for local reserves and much besides illustrate the point. Standard council policies will often dictate how these activities should be handled across the district of the council as a whole, but the impact in terms of visual and other amenity values may be immediately local, and have a profound impact on how individuals feel about their immediate local space.

There remains a strong argument that in terms such as efficient resource use, equity and quality of service, and in cost sharing, that many council activities should be framed by policies that apply across the district as a whole, and may be properly decided within a representative democracy framework. However, when it comes to the actual implementation, the case for local community involvement - joint Council/community decision making - is gaining significant traction across the developed world precisely because conventional representative democracy is seen as an inadequate process for addressing many of the issues which councils are required to manage.

Neighbourhood governance is also now seen as critical for addressing many of the so-called "wicked issues" associated with poverty, poor housing and other aspects of social disadvantage. Much of the knowledge about how disadvantaged neighbourhoods function, much of the potential leadership needed to develop and deliver solutions and much of the commitment required is based not in agencies of government, but in the affected neighbourhoods themselves. Neighbourhood governance initiatives, bringing to the table the respective strengths and capabilities of government (local, central) and local residents are now accepted as a preferred approach – although normally contingent upon government parties accepting that they have a particular obligation both to respect and understand the nature of neighbourhood processes, and to ensure that these are adequately resourced.

Competence

This rationale is complementary to democracy. Its underlying premise is that local people have expertise about the locality which is not readily available to outside experts, including the council itself. Pill explains this rationale as:

"Competence" refers to the notion that residents' knowledge can inform and improve service delivery. This rationale takes an instrumental line, seeing neighbourhoods as an effective and efficient level for service delivery and as a level at which citizens can hold services to account. Service users are not conceptualised as "the clamorous public" or "demanding consumers" but as experts whose knowledge and experience can make an important contribution to policy and practice (Newman et al, 2004: 221). The focus on local knowledge stems from the belief that local people understand the needs, opportunities, priorities and dynamics at work in their neighbourhood in ways that professional non-residents may not (Chaskin and Garg, 1997: 634). Involving citizens in planning and implementing practices that affect them is seen as promoting better (as in more connected, co-ordinated and responsive) policies and programmes tailored to their needs and priorities. This rationale also has an ethical basis, that if public policies are set to satisfy societal values, then service deliverers should involve citizens in the planning and delivery of services (Kathi and Cooper, 2005: 562). In the US and UK

such involvement is seen as instrumental at the neighbourhood level as it is the level that is the point of provision for many goods and services. The neighbourhood is seen, as Berger and Neuhaus (1977) suggest, as a “mediating institution” operating between individuals and the larger society, with neighbourhood governance structures providing mechanisms to guide planning and promote the coordination and delivery of services (Chaskin and Garg, 1997: 635).

Democracy and competence together

Both of these rationales can be seen as making the case from a community perspective in support of local, or neighbourhood, governance. The democracy rationale is entirely consistent with societal values regarding the rights of citizens to be involved with decisions which affect them. It resonates with the growing emphasis on the importance of the role of civil society working alongside formal institutions of government (both central and local), and also draws support from the now widespread emphasis on the importance of social capital.

The competence rationale is complementary. Its basic premise that people are the best experts on their own needs, and on what happens in their local communities, is now widely accepted, even although some of this acceptance may still be at the level of political rhetoric, rather than political commitment. Recognition of the benefits in terms of improved performance and service delivery, when local authorities work closely with local people can be seen in statements such as the following from the recent English White Paper on Local Government, *Strong and Prosperous Communities*:

By engaging with local people and seeing them as partners, many local authorities are already achieving far-reaching and sustained improvements in the quality of local services and neighbourhoods.

It is this perception which has underlain much of the commitment in England to “partnership working”, with its emphasis on structured engagement at a community level as a means of addressing complex problems. However, from a neighbourhood governance perspective, there are some reservations in terms of political motivation. Pill comments:

The political rationales attributed to neighbourhood governance in the academic literature include the possibility that it is a new form of centralism to achieve the priorities of central government or provide a check on the power of local government. Devolution is seen as occurring within the bounds set by centrally driven policies and priorities (Hoggett, 1996). This is what Klijn and Skelcher term the “instrumental conjecture” which views governance networks as “a powerful means through which dominant interests can achieve their goals” (2007: 587). This position critiques the pluralist

position cited by those who see governance as a way of increasing participation in deliberation, and emphasises governance's strong managerial character.

The same reservations can be expressed about the motivations of non-governmental actors intervening in local governance as a means of achieving objectives which they themselves have determined. The activities of foundations or other grant makers, especially when significant funding is offered conditional upon taking part in a programme designed by the funder, can become more akin to "steering"⁴ than enabling community or neighbourhood governance. On the other hand, implemented on a basis which seeks genuinely to take a partnership approach, the evidence shows that non-governmental funders can make a very significant contribution by providing resources, including both funding and expertise, to support community-based initiatives (this will be considered again below in the section dealing with international experience).

A related political motivation identified in research literature is what Pill describes as "containment":

neighbourhood governance structures, especially given their focus on deprived areas, may be "expressions of the parallel lives of different communities" (Lowndes and Sullivan, 2006: 21). Initiatives are seen as focusing on palliative measures rather than on the underlying structural causes of deprivation (Foley and Martin, 2000: 486). Cochrane (2007: 3) cautions that it is easier to develop policies to define problems in terms of areas rather than as a consequence of structural inequalities. Some regard neighbourhood governance as obscuring the need for systemic reform (White et al, 2006: 247), or "absolving the wider community of its responsibilities" (Taylor, 2003: 192).

In the New Zealand situation, initiatives such as those currently in place for dealing with problems such as graffiti, or youth "at risk" of involvement in criminal activity might be seen as falling into this category, at least by observers who argue that these are simply symptoms of underlying issues of equity and social justice which should be addressed directly.

DISCUSSION

A neighbourhood governance approach clearly has a great deal of potential in areas such as:

⁴ The term 'steering' refers to devolution that occurs within bounds set by centrally-driven policies and priorities.

- Strengthening local democracy, including commitment to local institutions of government.
- Fine tuning and improving the quality, effectiveness and efficiency of local service delivery.
- Building the coalitions necessary to address some of the more complex and difficult issues faced by modern communities.

At the same time, it should not be seen as some kind of universal panacea for the difficulties affecting New Zealand or any other communities. First, to be really effective, neighbourhood governance requires a high level of commitment and capability. It may simply prove unfeasible, in many situations, to try and adopt a neighbourhood governance solution if the people, financial and other resources are not readily available within the community, or able to be provided from elsewhere.

Next, and associated with this, is the real risk that neighbourhood governance structures (whether formal or informal) may not be representative - that they may be populated by the more articulate or better resourced members of the neighbourhood and leave out those whose voices and input may be most required.

As we will see in more detail in the next section, effective neighbourhood governance also requires commitment and capability within local government institutions themselves. Allied with this is the risk that, unless the formal processes of local government, including accountability, are compatible with the development of neighbourhood governance, then the endeavour may fail – or at least fail to reach its full potential. There is evidence that this has been one of the barriers in the way of achieving effective neighbourhood governance of England where, for example, the impact of a comprehensive, resource intensive and centrally directed performance management system has been quite negative.

Thus, amongst the prerequisites for effective neighbourhood governance, the following factors could be included:

- Public authorities themselves must develop forms of democratic practice that are supportive of neighbourhood governance.
- Capacity building at a local level to ensure that the necessary capability is present, including leadership capability (which will be as much a matter of setting a favourable context to encourage engagement, as it will be on ensuring that adequate resources are available).



- A mindset on the part of service providers supportive of effective engagement with residents.
- An appetite at a neighbourhood level for engagement in neighbourhood governance, something that can be encouraged by ensuring that the context favours this. This includes a practice of mutual respect and trust, something that may present very real difficulties for institutions of government (example, experts learning to respect the views of neighbourhood residents whom they might typically regard as non-experts).

Appropriate linkages, both vertical and horizontal, between different institutions of government, supportive of the neighbourhood governance approach.

5. An overview of international experience

In this section we consider, first, some of the generic lessons drawn from international experience of neighbourhood or local governance, and then briefly describe a series of what amount to case studies of neighbourhood governance in practice. This selection is necessarily only a very small slice of what is an extremely rich and diverse body of experience, but it should be sufficient to illustrate the potential of a neighbourhood governance approach.

SOME GENERIC LESSONS

Overviews of experience with neighbourhood governance suggest that there are particular challenges in three areas:

- the commitment of local government entities themselves
- resourcing
- bureaucratically driven initiatives versus organic creation.

Commitment of local governance entities themselves

The work of the Centre for Local Government at Manchester University on Community Engagement and Cohesion (op. cit.) emphasises the response of the local authority as a critical success factor. Its report has this to say:

One of the most common reasons cited for non-involvement is a perceived *lack of response by the local authority*. This reflects an aspect of community engagement which is often under-acknowledged; that is, the *extent of change required within local authorities* in order to create opportunities for meaningful engagement with communities and to respond to the views of those engaged. The capacity of organisations – as well as communities – needs to be built: in terms of skills, staff time, and resources; but more fundamentally in terms of cultures of listening, inclusion, learning, and change. In part, this depends upon the rationales for engaging communities and the nature of that engagement. If participation is to be conceived in terms of empowerment, local authorities are likely to be required to cede some degree of control or responsibility. If engagement is to inform service delivery, mechanisms must be created to enable views to be accommodated. Either way, some degree of change in the structures and cultures of local authorities is a pre-requisite to effective engagement which delivers desired

outcomes. This is often glossed over in discussions around or proposals for engagement activities. It is not just about providing those opportunities and getting people involved, but about being open to what comes out of those processes. However, if the purpose of providing opportunities for engagement is to 'tick boxes' or meet targets, then more tokenistic approaches can be expected with little prospect of genuine change arising from participation. Such approaches, or public perceptions of them, are likely to hamper future attempts at engagement.

In part, the problem of lack of response can be seen as a function of the fact that, within its administrative boundaries, the typical local authority is a monopolist in the provision of local government services. This means that residents, ratepayers or neighbourhoods as recipients of local government services cannot exercise the option they would normally have with service providers, if they are dissatisfied with the quality or other aspects of the service, of going to alternative providers. In turn this means that the local authority lacks the discipline and feedback which comes from operating in a competitive environment (except to the extent that the political process substitutes for the workings of the market, for example, by seeking central government intervention). This is a principal reason supporters of the public choice approach argue in favour of more and smaller local authorities.

Resourcing

A major disincentive for many local authorities in promoting neighbourhood governance is the question of resourcing, especially for neighbourhood governance initiatives intended to focus on some of the more complex and difficult social issues now confronting communities. The funding resources available to local authorities in New Zealand and broadly comparable jurisdictions such as Canada and Australia were basically put in place to support the provision and maintenance of local infrastructure (including cultural and recreational infrastructure). The suggestion that their funding resources should extend to addressing problems of social disadvantage is an extremely difficult one to handle, especially as the real costs associated with infrastructure provision and maintenance are themselves increasing. A natural reaction is often one of "we cannot afford to go there, because we do not have the revenue base to support it". Two examples, one from Canada and one from Australia demonstrate this.

The Canadian example is from a 2004 symposium on "Choosing Municipal Priorities: Purple Zones, Strategic Plans and Intergovernmental Relations", Institute of Public Administration Canada. In her chair's introduction, Judy Rogers, City Manager of the City of Vancouver, expressed her concern in these terms:

In closing, I want to posit a final concern on the process of setting priorities. I have always believed that the main priority for us working in city administrations was the provision of safe, effective infrastructures: clean streets, traffic lights that work, sewers that flow, buildings for schools, reliable bridges and tunnels. These are the bone and sinew of our communities. I'm concerned that this mandate is being displaced by underfunded social, medical and community-building priorities. The process of setting priorities must address this imbalance and misalignment of funding and objectives.

Basically the same concern comes through in research which the UTS Centre for Local Government undertook in 2007 examining the recent experience of New South Wales councils preparing social/community plans, a statutory obligation. As the Centre's report described the situation:

Overall, it became apparent that the opportunity provided by social planning to raise and deal with key issues of concern to communities was not being fully utilised. The reasons for this were not confined to social planning per se, but rather, reflected broader concerns about the limited funds available to councils to manage their growing responsibilities.

Bureaucratic versus organic creation

Here the question is the relative effectiveness of bureaucratically driven neighbourhood governance initiatives versus initiatives which emerge from voluntaristic processes within the community itself, whether the lead is taken by local residents or by NGOs, foundations business or other interests. Davies (2003) undertook a study of four regeneration partnerships as bureaucratically driven initiatives (regeneration partnerships were an initiative of central government and required to be undertaken in accordance with quite detailed ministerial guidance), with case studies from American work on urban regime theory - the focus of which is on voluntaristic collaborative action at the community or metropolitan level.

The principal lesson he drew from the study was that the bureaucratic imposition of "partnership" arrangements is in a number respects self-defeating. It is much harder to obtain the necessary commitment from local partners because of the imposed nature of the "partnership". There is likely to be a power imbalance because the partnership is operating under a form of ministerial direction (the same would apply if a local authority imposed rather than negotiated a partnership working relationship). It may be much more difficult to ensure an effective alignment between resources, responsibilities and outcomes.

He summarised his key findings in the following table:

Regimes Versus Partnerships

Characteristics	Regimes	Regeneration Partnerships
Participants (Business and Local Authority)	Symbiotic relationship. Other sectors may gain entry through power or political leverage.	Symbolic relationship. Closer relationship in a few delivery partnerships.
Mode of cooperation	Informal	Bureaucratic, less so in some cases of delivery partnerships.
Autonomy	High. Locally negotiated agenda for the city.	Low. Partnership carries out government agenda. More autonomy in delivery partnerships.
Sustainability	High	Unclear for strategic partnerships. Higher for delivery partnerships.
Objectives	Locally determined and likely to be growth centered.	Centrally determined and growth centered. Some evidence of localism.
Synergy	High. Achievement of otherwise unattainable goals.	Low. One or two exceptions.

SOME EXAMPLES FROM INTERNATIONAL EXPERIENCE

We look briefly at examples from the United States, Australia and England to provide a sense of different developments in neighbourhood or local governance that may have relevance for New Zealand and, in particular, Auckland.

UNITED STATES

In the United States, with its relatively fragmented approach to local government and strong emphasis on local choice and initiative, some of the most significant initiatives in local governance have resulted from community-based action - often supported by foundations and/or special purpose support networks such as the Local Initiatives Support Corporation which operates across the United States supporting community development corporations. Another factor which has assisted the development of community-based initiatives has been the very wide range of subsidy and tax breaks available for activities such as the development of affordable housing, and for small business.

It would be easy to see the United States experience as of only limited relevance for jurisdictions such as New Zealand. The very different and fragmented structure of local government, a much more activist business (and especially foundation) sector when it comes to addressing issues of social inclusion, and a very wide range of subsidies and other support which have no equivalent in New Zealand, could all be

seen as suggesting that the United States is simply different. Closer examination leads to a different conclusion. There is much in the United States experience of bringing together business, foundations, not-for-profit and local government, in what are essentially community governance initiatives, which has valuable lessons for New Zealand local government and other stakeholders interested in building strong communities.

We look at two sets of initiatives: community development corporations; and community land trusts. With each, we start with a generic description taken from a University of Maryland supported website, www.community-wealth.com which "brings together, for the first time, information about the broad range of community wealth building activity." We then provide background on a specific example.

Community development corporations

Community development corporations are non-profit, community-based organisations that anchor capital locally through the development of both residential and commercial property, ranging from affordable housing to developing shopping centres and even owning businesses. First formed in the 1960s, they have since expanded rapidly in size and numbers. An industry survey published in 2006 found that 4,600 CDCs promote community economic stability by developing over 86,000 units of affordable housing, and 8.75 million square feet of commercial and industrial space, a year.

No sector of the expanding community wealth-building economy is more celebrated for its success than community development corporations (CDCs).

From humble beginnings, the CDC movement today has grown to an estimated 4,600 CDCs spread throughout all 50 states and in nearly every major city. Community development corporations are typically neighborhood-based, "section 501(c)3" non-profit corporations⁵, with a board composed of at least one-third community residents, that promote the improvement of the physical and social infrastructures in neighborhoods with populations significantly below the area median income. Many CDCs perform a wide variety of roles, including housing, commercial, and retail development, as well as leading community planning, assisting with community improvement programmes (improved lighting, streetscapes, and the like) and providing social services. In some cases, CDCs extend far beyond the bounds of a single community to cover an entire city, county, multi-county region, or even an entire state.

CDCs have strongly influenced many of the communities in which they work. A 2002 Urban Institute study of 23 cities found that CDCs had noticeably

⁵ Section 501(c)3 of the US Inland Revenue Act, effectively what in New Zealand would be known as charitable trusts for tax purposes.

improved multiple neighborhoods in eight cities, one neighborhood in each of another eleven cities, with more limited “block-by-block” impacts in the remaining four cities.

Basic industry statistics are shown below:

Community Development Corporations: Basic Statistics <i>(Based on 2005 industry census)</i>	
Number of community development corporations	4,600
Median CDC age	18 years
Median CDC staff size	10
CDCs that have completed non-residential projects	45%
Average annual housing production (1998-2005)	86,000 units
Avg. annual commercial space production (1998-2005)	8.75 m sq. ft.
Total CDC sector employment	199,000
Jobs created by CDC activity per year (1998-2005)	75,000
CDCs that have equity investments in business operations	17%
CDCs that operate one or more businesses	21%
CDCs that offer individual development accounts	22%

<http://www.community-wealth.org/strategies/panel/cdcs/index.html>

Example:

Our chosen example is the Comprehensive Community Revitalisation Programme (CCRP) based in South Bronx. This initiative linked together several community development corporations, already successful in housing activity, and broaden the focus to community revitalisation across a range of areas including health, employment, economic development and the environment.

A full evaluation of CCRP in 2007 (*Going Comprehensive: anatomy of an initiative that worked: CCRP in South Bronx*)⁶ begins with a description of its intention and scope as:

⁶ Anita Miller and Tom Burns. Web reference www.lisc.org/content/publications/detail/5396

When CCRP was launched in 1992, it set out to assist a group of established CDCs, or non-profit community development corporations, to do something essentially new. Each of these organizations had already proved its ability to take on physical revitalization projects in their neighborhoods. CCRP was about helping them take on a new role as “neighborhood intermediaries,” coordinating the planning, resource development and program implementation that would begin addressing the economic and social ills contributing to poverty in their communities. Six CDCs in the South Bronx were selected to participate initially, though ultimately just four made it to the end. With an early commitment of \$3 million from the Surdna Foundation, CCRP successfully put together additional resources from 20 more funders bringing the total to \$9.4 million. By program’s end, this in turn leveraged \$44 million in local and federal funds and assisted the CDCs in learning how to leverage their grants still further.

Much has been accomplished since the inception of CCRP. But CCRP had another goal as well – to demonstrate to the wider community development field that experienced CDCs could move into broader community leadership roles. In particular, it sought to explore how these organizations could mobilize new kinds of resources and better coordinate the efforts of other neighborhood organizations, businesses, and residents so that together they would plan and execute projects yielding comprehensive and lasting results. So, from the beginning, CCRP was both a strategy for targeting resources to neighborhoods in a new way, and a strategy for learning through a demonstration model.

CCRP has become a model of what can be achieved through comprehensive community development in an extremely disadvantaged neighbourhood when the right mix of external skills and resourcing combines with leadership in the local community to form a collaborative approach, based on recognising the importance of “local ownership” of the strategies and programmes which result.

Community land trusts

A community land trust is a community-based, non-profit organisation that buys land on behalf of the community and holds it in trust. By taking the land out of the market and capturing the equity gain for the community, the land trust builds community wealth. Most community land trusts lease homes out to residents using a model that enables residents to gain a minority share of the equity gain, but keeping most of the gain in the trust, thereby ensuring affordability for the future members. Land trusts also serve to shield the community from both land speculators and the dislocating effects of gentrification.

The most common type of land trust in the United States comes from the environmental movement, which has used the trust mechanism (often known as “conservation trusts”) to preserve open space. In a conservation trust, the homeowner cedes (either by sale or donation) certain development rights to

the trust. A community land trust, which most commonly aims to preserve affordable housing, operates in much the same way — only in this case the restriction concerns a formula that restricts the price for which sellers may sell their home, thereby limiting the accumulation of private equity and preserving affordable housing for the next generation of buyers.

With a community land trust, the buyer receives a 99-year lease with a restricted deed, which requires that the buyer give the trust the option to buy the house back at a price set by a predetermined formula. The formula varies, but typically the seller gets the value of the principal payments and down payment plus 25% of the accumulated equity, while the trust retains the other 75% of the accumulated equity. As a result, the land trust can re-sell the property at a below-market price, keeping the housing affordable and stretching affordable housing dollars further. For the same reason, a community land trust serves both as an effective barrier to gentrification and as an important mechanism to build wealth in low-income communities.

Basic sector statistics are shown below:

COMMUNITY LAND TRUSTS: KEY STATISTICS	
Number of incorporated community land trusts, 2004	112
Housing units, 1991	fewer than 2,000
Housing units, 2001	5,792
New housing units, 2001	309
Total residents in land trusts, 2001	11,947
Estimated growth rate, 2002	5.2%
Percentage of residents with income less than 50% of area median	82%
Percentage of residents who are non-white	32%

<http://www.community-wealth.org/strategies/panel/clts/index.html>

The community land trusts movement has grown much more slowly than the community development corporation movement, in part because of the different funding base. Community land trusts have been very dependent on obtaining land on extremely favourable terms, usually through a gift from a benefactor or through a zero consideration transfer from a local authority.

Despite the relatively slow start, community land trusts have attracted international attention as a potential means of helping resolve problems of affordable housing. As well as the United States, community trusts are now an emerging option in both Canada and England, and with interest also starting to emerge in New Zealand. The

community land trust movement provided part of the inspiration for the Queenstown Lakes District Council recent affordable housing trust initiative.

What follows is a brief case study of one of the oldest and best known American community land trusts, the Burlington Community Land Trust.

Burlington Community Land Trust

Burlington, Vermont

The Burlington Community Land Trust (BCLT) is one of the oldest and largest CLTs in the United States. It was created in 1984 at the instigation of an activist municipal government that had grown increasingly concerned about the rising cost of housing throughout the city and the rising threat of displacement in the residential neighborhoods surrounding Burlington's central business district.

The organization's original service area included all of Burlington. The BCLT pursued any opportunity within Burlington's city limits for the acquisition of buildable land, the rehabilitation of existing housing, or the construction of new housing. Within this citywide service area, the BCLT defined a much smaller target area, the Old North End, where it concentrated its efforts for neighborhood preservation and improvement. Here, in Burlington's most impoverished neighborhood, the BCLT committed itself not only to building affordable housing but to rebuilding a lower-income community – without displacing its lower-income residents. Whereas the development of owner-occupied housing was the BCLT's highest priority in other parts of the city, in the Old North End, the BCLT acquired and rehabilitated rental housing as well. It also redeveloped a brownfield site, created two vest-pocket parks, and developed 76,137 square feet of commercial space in seven different buildings, leasing this space to local nonprofits providing health care, day care, senior services, legal aid, homeless assistance, and other essential services to residents of the Old North End.

In 1990, the BCLT began developing affordable housing throughout Chittenden County. The BCLT's decision to embrace a countywide service area was done

in recognition of the fact that Burlington's housing market and its housing problems are regional in nature. To have maximum impact – increasing the supply of low-cost housing, promoting the mobility of lower-income people, and introducing “fair share” to communities whose doors had long been closed to affordable housing – the BCLT needed to operate not only in the inner-city neighborhoods of Burlington, but in the surrounding suburbs as well. In 2001, the BCLT expanded its service area yet again. Partnering with another nonprofit organization, the Lake Champlain Housing Development Corporation, the BCLT opened a homeownership center in St. Albans, 30 miles to the north of Burlington, to provide homebuyer counseling for lower-income households in Franklin and Grand Isle Counties.

Political and economic conditions favored the BCLT's early growth. Throughout the 1980s and 1990s, the organization enjoyed the steady support of a municipal government whose housing policy was founded on the twin pillars of encouraging the nonprofit production of affordable housing and ensuring the perpetual affordability of any housing produced using subsidies provided by the public.^{*} A similar policy guided public spending for affordable housing by the State of Vermont. The BCLT and other housing and conservation land trusts were given a special boost in 1987 by the state's creation of the Vermont Housing and Conservation Board (VHCB). The enabling legislation that established this quasi-public entity contained a statutory priority for investing in projects that “prevent the loss of subsidized housing and will be of perpetual duration.”[†] VHCB has been a major source of project equity and operating support for the BCLT and Vermont's five other CLTs.

^{*} A more detailed description of Burlington's housing policies during this period can be found in Davis (1994).

With the support of VHCB, with discretionary funds provided through federal programs like HOME and CDBG, with monies received from Burlington's Housing Trust Fund, and with low-interest financing from the Vermont Housing Finance Agency and the Burlington Employee Retirement System, the BCLT has assembled a diverse portfolio of resale-restricted, owner-occupied housing, including 144 detached houses, 6 duplex units, 230 condominiums, and 125 cooperative units in six different LECs. Nearly half of the BCLT's limited equity condominiums were acquired at below-market prices through Burlington's inclusionary housing program. The BCLT is one of four "designated housing agencies" to which the City may assign its option to purchase any units created through inclusionary zoning. The BCLT's obligation, when assigned this option, is to maintain the affordability of any inclusionary homes that come into its portfolio for a period of 99 years.

The BCLT has also developed 384 rentals, plus transitional housing and residential facilities for persons with special needs. Many of these apartments are in rehabilitated 3-unit and 4-unit buildings that are over fifty years old, although several larger, multiunit rental projects have been newly constructed. Ownership of most of this rental housing is divided among a dozen different tax credit partnerships in which the BCLT is both a general partner and the property manager.

In form and function, the BCLT follows the basic blueprint of the "classic" community land trust. The BCLT never resells its land, but provides for the exclusive use of its land through ground leasing. Its ground lease has a duration of twenty years, but is renewable "at the sole discretion of the Lessee for as long as the grass grows and the water runs." A new lease is executed and recorded every time ownership of a building located on the BCLT's land changes hands. All of the BCLT's single-family houses, duplexes, and cooperatives are located on leased land. The BCLT's first condominiums were located on leased land, as well, but because later condominiums came into the BCLT's hands through inclusionary zoning or negotiated agreements with private developers, where acquisition of the land by the BCLT was never part of the deal, ground leasing proved impractical. The occupancy,

eligibility, and affordability of these units are protected, instead, through state-sanctioned affordability covenants, attached to each condominium's deed.

The BCLT retains a preemptive option to repurchase any residential structures located on its land and any condominium units for which it holds an affordability covenant. The resale price is set by a formula contained in the ground lease or the covenant, allowing departing homeowners to recoup their original downpayment, any equity earned by paying off their mortgage, and the value of any pre-approved capital improvements made by the homeowners. In addition, if homes appreciate in value between the time of purchase and the time of resale, their owners are granted 25% of that appreciation. Eligibility to purchase a BCLT home, whether on initial sale or on resale, is limited to households earning below 100% of Area Median Income. Most of the BCLT's homebuyers earn much less than 80% of AMI, however.

BCLT presently has a staff of 35 employees, total assets of \$26.8 million, and an annual budget of \$1.8 million. Its 2400 members elect the BCLT's twelve-person board, which conforms to the three-part structure of the classic CLT. One third represents the interests of people who live in BCLT housing. One third represents the interests of people living in the BCLT's three-county service area who do not live in BCLT housing. One third is made up of individuals representing the broader public interest.

The BCLT is presently negotiating a merger of equals with the Lake Champlain Housing Development Corporation, a local nonprofit that manages a rental housing portfolio of over 1200 units. The merged entity will continue to be structured and operated as a community land trust. When the merger is completed in October 2006, the BCLT will change its name to the Champlain Housing Trust.

AUSTRALIA

The statutory requirements for prospective accountability within Australian local government are much less comprehensive than is the case in New Zealand. Generally, Australian local authorities are required to prepare a corporate plan covering the four-year term of the Council, and an annual plan. The corporate plan is to set out the strategies and objectives of the Council, but the legislation does not prescribe how this is to be done. As a result, councils have considerable discretion, one consequence of which has been the emergence of a number of innovative approaches under the broad rubric of "community planning". We look at two examples, one from Queensland and one from Victoria.

Queensland

In Queensland, the Department of Local Government, Sport and Recreation provides guidance for local authorities in the preparation of corporate plans including the suggestion that councils might want to undertake community planning (there is no compulsion to do so). The Noosa Shire Council provides an interesting illustration of one approach to community planning. The following material is taken first from the case study section of a departmental overview of community planning and then from the website of the Noosa Council itself. Rather than choosing 'area' as the basis of establishing community boards, the council opted to choose a sector-based approach establishing five community sector boards.

Case Study 4 Community Plans – Noosa Shire Council

Features

Noosa Shire Council formed Community Sector Boards, as part of its Community Governance Project, to develop community plans according to the issues, priorities and strategies for their sector. The sectors were reflected in Council's Corporate and Operational Plans, funding arrangements and the budget process.

What is council's community governance project?

The Community Governance Project provided the community with a greater say and opportunity to consciously shape Noosa's future. Community governance is about long-term community involvement in the decision-making and direction of the Shire. As part of its community governance initiative, council sponsored five Community Sector Boards. These boards developed discussion papers and draft plans for where the community wants to be in year 2015.

What are Community Sector Boards?

The five boards developed plans for the sectors they represented: environment, economic, arts and heritage, social and tourism. They operated under a charter and were made up of at least nine volunteer community representatives, an elected councillor and a senior staff member.

How are the plans implemented?

Noosa's *Corporate Plan 2003-2007* includes references to the Council-endorsed Community Sector Plans and will do to help achieve their goals in certain areas, contributing to the community's shared vision.

The first sector board, Tourism, was initiated before the others. Its plan has been implemented, supported by an operational budget submitted to Council each year. The boards operate under a charter and Council provides some funding and administrative support.

As part of the Operational Plan and budget process, Council invites each of the boards to submit proposals for new major initiatives for consideration in the budget process according to overall Council priorities and available funds.

From the Noosa Shire website

"Imagine if Noosa had taken no action to protect its natural assets and restrict the height of building development 20 or so years ago. Noosa may well have ended up with Club Med on the Spit and high-rise on Hastings Street and roads through the National Park. So that we think about preserving and building our future now, Council has initiated a "community governance" project to provide the community with a greater say and an opportunity to consciously shape Noosa's future.

What is Community governance?

Community governance is about long-term community involvement in the decision-making and direction of the Shire. Council sponsored five Community Sector Boards, each made up of at least nine volunteer community members, plus an elected Councillor and a senior staff member.

The Boards have developed discussion papers and draft plans for where we want to be in 2015 and are now seeking more community input.

They have been researching, thinking about and discussing how to develop a sustainable economic, social, environmental, arts and heritage and tourism future. The completed plans will form the basis for the community and Council's future direction into the 21st Century.

The first sector board, Tourism, was initiated before the other four Boards, and is now implementing its plan.

What have we done?

Council has already conducted several studies and community consultations, so we've looked at what people said they would like to see happen in the Shire. Information has also been drawn from the Australian Bureau of Statistics data, as well as other sources.

To assist in working out the relevance of the information, Noosa data was compared (i.e. "benchmarked") against other similar locations, such as Port Douglas and Byron and neighbouring areas such as Maroochy as well as Queensland and Australia. Some interesting facts have been uncovered.

Victoria

In 2007 the Victorian Department of Planning Community Development published *Planning Together: Lessons from Local Government Community Planning in Victoria* (available on the web at <http://www.dvc.vic.gov.au/Web20/dvclgv.nsf/allDocs/RWPA8839CB9D0B964D7CA2571700031FF3C?OpenDocument>).

This is a quite detailed study of the practice of voluntary community planning across nine local authorities within Victoria, from township level planning in rural shires to Port Phillip City's urban Town Hall meeting to develop the city's priorities for its strategic plan. The case studies range from councils that have retained a quite directive approach, to at least one council, Golden Plains, which has now internalised within council culture the acceptance that communities own their community plan⁷. The study is of value for at least two reasons:

- It provides a useful contrast with New Zealand's statute-based approach to community consultation and long-term council community planning, with the flexibility of the non-statutory approach being a very real strength.
- Its very clear articulation of the obstacles to, and difficulties with, effective community planning, especially in terms of entrenched attitudes of council staff and management.

⁷ For an overview of the Golden Plains experience see

[http://www.mav.asn.au/CA256C320013CB4B/Lookup/Golden_Plains_Presentation/\\$file/Golden%20Plans.pdf](http://www.mav.asn.au/CA256C320013CB4B/Lookup/Golden_Plains_Presentation/$file/Golden%20Plans.pdf).

The following extract provides a flavour of the study's findings.

Level of community ownership

Case studies describe the issue of community ownership of community plans as vexed. On the one hand, councils express the view that community ownership of the plan is that important: communities should share the responsibility for delivering on the plans and not just expect Council to do everything for them; communities have access to resources that Councils don't etc. Yet most case studies reveal that Councils don't believe that community ownership has resulted from their community planning. The following factors are identified as contributing to the level of community ownership:

- The size of the community being planned with: the smaller it is, the stronger the sense of ownership.
- The establishment of committees that involve residents in the planning and implementation phase, for example working groups, action groups, and planning associations, results in stronger community ownership
- Community ownership can be diminished by the process of having community plans endorsed by council when the endorsement process results in the content of plans being changed. Golden Plains is an example of where ownership of township plans remains with the township. Council doesn't seek to endorse the plan but accepts them as a point of negotiation with communities about future priorities.

The value given to community knowledge

A common assumption by case study councils is that communities know what they want and what is important to them (and that they have the ability to articulate this knowledge). Yet councils differ in terms of the extent to which this knowledge is valued:

Council knows *best* or Community knows best

A tension exists here. Whilst some councils base their community planning on a view that communities know best, this is then disputed at the endorsement or implementation phase. Councils reprioritise community priorities when their plannerstake into account a range of other 'knowledges' such as quantitative evidence, policy and service delivery knowledge. When this happens there can be a mismatch between council priorities and community priorities.

Issues arising

Further discussion with case study councils about the issue of community ownership of community plans identified the following questions for future review:

- How should community ownership of community planning be measured?
- Should the level of 'community' ownership of a plan for 100,000 people be the same as the level of ownership of a community plan for 500 people?
- Does the level of community ownership have an impact on the implementation of community plans? How? Why?

ENGLAND

In the more than 10 years that New Labour has held office as government, there has been a strong emphasis on "partnership working" through a range of central government-determined initiatives including city challenge, the single regeneration budget (both initiatives designed to bring together a range of different programmes at a local level to facilitate the regeneration of disadvantaged areas), local strategic partnerships, local area agreements, multiple area agreements and more.

Evaluation of a number of these initiatives has highlighted the difficulties in building genuine partnerships at a local level when the initiatives are centrally driven and subject to centrally determined performance requirements (see for example Davies 2003 cited at page 27 above).

The 2006 Local Government White Paper signalled an intention to encourage greater devolution to a neighbourhood level. Consistent with that intention, the Department for Communities and Local Government and Local Government Association jointly prepared *Action Plan for Community Empowerment* which, from the government's perspective, is "paving the way for the new statutory 'duty to involve' local people that comes into force in 2009".

It includes a number of case studies which illustrate the kind of engagement the government hopes its new initiative will make more common, and some sense of the benefits it expects to result. Three are repeated here. The first is an example of participatory budgeting, a practice which is beginning to attract attention internationally within local government. The second is an example of transferring the control of a local asset (along with funding) to the community as a means of triggering community revival. The third is an example of bringing people from disadvantaged communities into a governance role.



Case Study 8: Bradford Vision Participatory Budgeting

Bradford Vision, the Local Strategic Partnership for the Bradford district, has held five participatory budgeting events over the past five years and allocated over £1M of public funds in this way.

The pilot in Keighley has allocated £130,000 from the Neighbourhood Renewal Fund (NRF) programme. Over 400 residents were consulted in neighbourhoods eligible for the NRF (via door-to-door and local community events). Residents prioritised concerns under safer communities, children and young people, environment, health, housing, learning, sport and leisure and older people. Over 250 people attended the "decision day" in November 2006 and voted on over 60 projects, with 40 projects receiving funding;

residents were then also invited to "scrutiny panels" to monitor project delivery.

Evaluation of participatory budgeting in Bradford demonstrates how well they engaged with both young and old and different parts of the community. It also shows that people did not only vote for their own interests. For example, the top two spending priorities voted for in the Keighley project, where the majority of participants were from an Asian background, were neither projects for Asian groups, nor from their immediate geographical area. This demonstrates strong cohesion impacts of bringing communities together to take decisions over budgets.

Case Study 10: Gamblesby Village Hall, Cumbria

The example of Gamblesby Village Hall in Cumbria illustrates how community ownership of a key local building can contribute significantly to restoring the morale of a declining neighbourhood.

Over the last few decades, Gamblesby's population has fallen to below 200 and those remaining have watched its public facilities gradually disappear. The foot and mouth epidemic in 2001 was the final straw for the local economy but, led by an energetic and visionary chair, a local action group was formed and decided that revitalising the village hall would be an important element in and also a symbol of the village's recovery. The building itself was built with an endowment to the village from a farmer in the nineteenth century. On the strength of this the village mounted a successful campaign to

reclaim it from the local council and place it in the ownership of a village hall trust. The trust went on to secure funding from a range of sources to renovate the hall and bring it back into use.

The result is that now Gamblesby has an attractive focal point for their social activities that is sustainable and secure and has a planned maintenance programme in place to prevent future maintenance crises. The project has done much to restore pride in the community and some economic opportunities may also be opening up through the establishment of the hall as a venue and the associated demand for catering. The whole process has enabled local people to develop skills and increased confidence that may open up future avenues for collective activity to benefit the village.



Case Study 12: New Deal for Community Partnership Boards

NDCs have implemented a range of projects which have actively engaged and supported local people to enable progression into public governance. An example of this has been the innovative use of formal Board elections which 34 of 39 NDC Partnerships have used to select community Board representatives, often achieving turnouts higher than those achieved by local council elections.

Candidates stood because they 'wanted to give something back' or were 'concerned with local quality of life issues'.

Some partnership elections greatly exceeded predictions because of factors such as high levels of local media coverage and relatively well known people standing.

NDC partnerships have also implemented imaginative programmes of support for people involved in the governance of their partnership, with support including: staff teams ensuring resident members and new agency representatives are fully briefed through pre-meetings, induction sessions for new members, mentoring schemes whereby existing members provide information and guidance to new representatives, and visits to other NDCs to share experiences.

These initiatives have led to a number of local residents from disadvantaged communities, progressing into further areas of public life including participating on other agency boards, and standing as local councillors.

Source: NDC Network (2008) *Strong and Prosperous Communities: New Deal for Communities Shaping Places and People*.

6. The New Zealand experience

In this section we:

- Provide brief comment on the community outcomes process and long-term council community plans in relation to neighbourhood or local governance.
- Give an overview of the growth of local authority-related but community-based entities which have a neighbourhood or local governance function.
- Consider the role of community boards.

COMMUNITY OUTCOMES AND LTCCPS

It seems clear that when the community outcomes/LTCCP provisions in the Local Government Act 2002 were written, they were intended to provide the basis for genuine community-based strategic planning for the district or region of the local authority. For a variety of reasons, that expectation has generally not been realised.

One factor has been the dual purpose which LTCCPs in particular have been expected to serve. As well as the intended role of a long-term planning document through which the community and the Council agree on strategies and objectives, it has also become a principal compliance document, driven by very onerous requirements especially in terms of prospective financial accountability.

The recent report of the Local Government Rating Inquiry observed of the LTCCP process that:

Initially many within the local government sector and within communities embraced the new community outcomes process enthusiastically. However, consultation around LTCCPs has since become widely criticised. Submissions to the Panel from citizens, farmers, businesses, and other groups representing ratepayers indicate that the consultation processes on LTCCPs is widely regarded as being inadequate, in that many councils approached the exercise with predetermined views – whereas the LGA 2002 requires them to receive views with an open mind and give them due consideration. As a result most considered that the consultation, to the extent it occurs, is a waste of time and noted that few if any parts of the LTCCP proposal are changed as a result of the consultation. The Panel was not in a position to confirm this claim, but nevertheless considers that the current statutory provisions regarding the time frame for consultation mean that there is little practical opportunity for councils to make any significant changes to the proposal that is the basis of consultation. Councils typically release their draft LTCCP or

annual plan for public consultation for one month during March–April. They then have to process submissions, schedule hearing committees to hear oral submissions, deliberate on these publicly at council meetings, and then adopt the final plan by 30 June the same year.

The Chairman of the Inquiry, in an address to the 2007 Local Government New Zealand conference, was somewhat more direct in his comments, observing that:

- “Current consultation with the community doesn't work - better, not more consultation is required.
- “The LTCCP concept is sound - but the process is constipated?”

There remains potential for the community outcomes/LTCCP process to become genuinely a form of community engagement, supportive of neighbourhood governance, but much work is clearly to be done before this becomes the case.

LOCAL AUTHORITY-RELATED BUT COMMUNITY-BASED ARMS'-LENGTH ORGANISATIONS

This is one of the most promising areas in the growth of neighbourhood or local governance. Across New Zealand many councils have taken the opportunity to promote arms' length organisations for a variety of purposes including managing specific activities on behalf of the local authority (museums, art galleries, libraries, recreation centres, community halls), or addressing particular problems which are seen as needing the commitment of a variety of different interests, not just the Council (economic development, affordable housing).

The legislative framework, with the quite intrusive requirements in the Local Government Act for the governance of council controlled organisations, and council controlled trading organisations, coupled with the provision in tax legislation that charitable entities which are also council controlled trading organisations are not entitled to charitable status and tax purposes, has created a significant degree of complexity. However, evolving practice since these provisions were put in place has shown that operationally viable entities can be established despite the legislation.

The motivations for establishing arms'-length organisations vary. They include:

- A recognition of the need to bring in business expertise and networks as part of the governance of the activity (economic development agencies provide a good example).

- Ensuring that the activity will be able to apply for grant support to grant-makers that do not normally support local government directly (for example, community trusts).
- The wish to bring in activity-specific expertise, where it is considered that effective governance requires a high level of competence, and experience with the activity concerned. Museum and art gallery trusts are examples.
- Taking the activity outside the non-commercial decision-making framework for local government. Housing trusts provide an example. As acquirers, developers and managers of property, they will often need the ability to take decisions within tight timeframes, which can be extremely difficult to achieve in a local government context where often the need to take decisions to committee meetings or full council meetings can pose commercially unacceptable delays.

Two recent examples show how the use of arms'-length organisations is evolving towards a neighbourhood governance model, bringing a wide range of interests together through a special-purpose structure to manage quite major matters of community well-being. The two are the Queenstown Lakes Community Housing Trust and the Opotiki Community Trust.

Queenstown Lakes Community Housing trust

The trust's website describes its origin and purpose as:

The Queenstown Lakes Community Housing Trust (QLCHT) was created in October of 2006 to manage and deliver affordable housing solutions to those vital to the community who cannot afford it. Initiated by local council who recognised the affordability issue and acted upon it, the Trust is now an independent entity.

While there is a steady stream of people willing to move to the district, after 12-18 months, an unusually high percentage of these recent migrants (often estimated at over 50%) decide to move away. The reasons for their move are often cited as high living costs, with the largest of those being the cost of housing.

The intent of the Trust is to provide housing for low to moderate income households who contribute to the social, economic and environmental well-being of the District, but are genuinely struggling to commit to the area because of the affordability issue.



QLCHT is an independent non-profit organisation presided over by six Trustees who provide a wide range of talent and skills on the board. It is well represented by all the relevant professions including legal, financial and property professionals as well as people who know and feel the heartbeat of the community.

The Trust is engaged with a wide range of stakeholders including developers, employers, central and local Government in order to deliver a range of offerings tailored to different household circumstances.

Comfortable, affordable living space promotes the well-being of both the community and the individual. Affordable housing attracts skilled and energetic adults as well as young families with children to become part of the community. The Trust believes it is essential we maintain a strong and stable workforce along with a vibrant and diverse community and thus is continually working towards finding solutions to the affordable housing issue.

The trust is in part modelled on North American community land trusts. A significant amount of support comes from local developers who have agreed that any development of a scale sufficient to require a plan change should be subject to a set-aside requirement that 5% of the development be transferred to the trust at no cost so that the trust, in turn, can develop housing and make it available to qualifying applicants at a lower than market cost, essentially on an equity share basis. The trust has also received substantial support from the Housing New Zealand Corporation.

It is the first such trust in New Zealand. At least one other local authority is already part way through establishing its own community housing trust on broadly similar lines.

These trusts can be seen as an effective partnership between the local authority and the community, bringing in needed skills from the community to partner with the council in seeking solutions for what is an increasingly difficult issue, especially for communities dependent on inward migration for key skills.

Opotiki Community Trust

The Opotiki District Council is part way through a project which will reopen the former river harbour. (Opotiki was an important coastal port during the 19th century, but lost this capability as a result of gravel build-up in the river itself.) Council recognises that if the development goes ahead (and quite likely even if it does not) development pressure within the district will increase. It would like to see at least part of the development potential captured for the benefit of the local community - especially development which takes place on council owned land, an important issue

as the council owns significant areas of land around the harbour area and in key coastal locations.

The Council is sponsoring the creation of the Opotiki Community Trust as a community-based entity designed to bring together local and outside skills with the commercial and other skills required to capitalise on local development opportunities.

The Council will "kickstart" the trust by granting it development licences over Council owned land so that it is able to undertake development activity without first needing to pay to the land itself.

The trust structure has been designed to ensure a high degree of community involvement and accountability, whilst at the same time giving the trustees (and the subsidiary development company through which commercial activity will be undertaken) the discretions needed to act commercially. As well as its commercial (wealth management) role, the trust will also have responsibilities for managing community distributions from any surplus, and for receiving and managing gifts or bequests on behalf of the community.

In many respects the trust can be seen as the first New Zealand equivalent of an American community development corporation. It provides a very useful precedent for councils that want to tap into the skills and resources in their local communities as a means of adding value to council owned assets, or providing a vehicle for community wealth generation.

Comment

These two initiatives illustrate the potential which New Zealand local government now has, through the flexible use of council powers, to promote quite innovative community-based initiatives, drawing significantly on skills and resources in the community, whilst at the same time protecting the ratepayer against the risks that would result if the activity were undertaken by a council or a council entity as such.

COMMUNITY BOARDS IN NEW ZEALAND

A quote earlier in this paper highlighted the inherent difficulties in comprehending precisely what is happening in the arena of public participation, despite the "politically powerful and intuitively popular concept" of citizen or community involvement in local governance.⁸

⁸ Centre for Local Governance at Manchester University quoted on page 9 above.

The experience with community boards in New Zealand offers a glimpse into the potential of local governance as exercised through electoral representation within the overall structure of local government.

We start this part of the discussion by outlining the background to the establishment of community boards, including the roles they were expected to have under the local government reforms of 1989 (and as subsequently expressed in the 2002 Act), and then discuss how the boards have evolved more recently.

There is a perhaps surprising lack of up-to-date material on community boards as a form of local governance in New Zealand. For this paper, along with our own background, knowledge and contacts, we have drawn on published commentaries on developments post-the 1989 reforms (Brown, Department of Internal Affairs), a recent paper on community boards in relation to strategic planning under the Local Government Act 2002 and Resource Management Act (Crawford and Rowan 2007) and, with Local Government New Zealand's permission, interim results contained in draft findings from research commissioned by LGNZ on the roles and relationships of community boards (JHI Consultancy 2008).

Establishment and roles of community boards

Brown (undated but probably 1994) puts community boards in a historical context within the evolution of New Zealand local government, considers the political and economic rationale for their role in what is still a very contemporary way and reviews some of the preconditions for community boards both to add value and be an accepted part of the governance structure. The following is paraphrased from Brown.

Brief history

Prior to 1974 there was legislative provision for small sub-local units confined to townships in rural areas which fulfilled the purpose of allowing some expression to the local authority of a community of interest based on locality.

Small bodies such as reserve and domain boards or local hall committees were also prevalent, operating as part of the local territorial authority and at least partly funded by it.

The Local Government Act 1974 "provided the framework for a substantial network of community councils in urban and rural areas with a certain amount of independence from the local territorial authority and powers in some respects similar to those of community boards."

“Community boards as they now [1993/4] exist were a comparatively late addition to the 1989 reforms. It was always recognised that the creation of larger local authorities would lead to an increased need for administrative decentralisation and for mechanisms for obtaining advice at a sub-local level.”⁹ Elected ward committees were proposed in recognition of “the need for some sort of intermediate body between the council and its electors”, but rather than political decentralisation, submissions from urban authorities to the Local Government Commission at the time argued for an advisory role only for such bodies.

In the event the government made a late decision to legislate for community boards rather than ward committees.” Legislation “gave the boards wide powers to communicate, consult and advise but no decision making powers. Their parent councils were, however authorised to delegate to them a variety of such powers.”

Role

Brown noted a lack of clarity in the expected role of community boards, highlighting the tension between sub-local government as:

- a vehicle for citizen participation, which to be effective requires community boards with sufficient independence and autonomy to act in accordance with the will of those it represents, i.e. community boards able to make decisions on matters affecting their community and influence events
- a vehicle for the expression of citizen preferences, which may be a much more passive role that could be served by closer integration of the community board into the structure of the parent body.

This tension was reflected in the 1989 Amendment Act under provisions that on the one hand protected the arms'-length existence of community boards, and, on the other, deprived them of the resources and firm delegations that would make them independent.

“It is not clear whether a community board is intended to be an independent body, reflecting and advocating the views and needs of its community to the council, with power to make decisions on matters affecting its community, or to be an arm of the council, reflecting and advocating Council policy to the community, providing some input to and feedback from that policy and carrying out a few local government tasks on behalf of the council.”

⁹ See the extracts from the Local Government Commission's memorandum to assist in the consideration of final reorganisation schemes at pages 4 and 5 above.

In his review of experience from the initial establishment of community boards to the date of writing his paper (approximately 4 years) Brown concludes that "the establishment of community boards has not been an unqualified success". He provides a variety of examples, some successful, some much less so:

Rodney	"Failed dramatically." All 3 boards disestablished. Reasons: community boards were developing own policies, rifts developed, no real community of interest in areas represented by the boards.
Selwyn	Lincoln community board disestablished. Council not in favour in the first place; became clear the board couldn't represent a population of approximately 20,000 mixed rural/urban with at least 9 distinct townships; Council delegated virtually no decision powers to its community boards. Darfield community board survived, perhaps due to having a coherent rural community of only 8,000.
Central Otago and Southland	Well established community boards based on townships. Conclusion: "Where a community board is able to represent a single existing community and has a range of delegated powers in addition to its statutory functions, it usually works well with wide acceptance at both elector and Council level."
Tasman	Used community boards mainly as advisory. "Strong community boards are not necessarily the norm even for remote and coherent areas."

The variability of experience is perhaps not surprising. As Brown notes, context matters. A locality-based definition may be appropriate for rural areas, but not necessarily for urban areas where community of interest may be dispersed across particular social groups, and people may have fewer interests in common with their neighbours than with others living at a distance. The counter argument is that exactly the same issue applies when seeking to determine community interest for the purpose of establishing a territorial local authority. Perhaps the reality is that, increasingly, we live in a world in which community of interest is partly locality-based (most of us have an attachment to place), and partly interest based.

Crawford and Rowan (2007) argue that section 52 of the Local Government Act:

" ... can be interpreted as putting community boards right at the heart of local democracy and thus community outcomes processes. Having said that, there are differences of opinion as to the extent to which community boards can exercise the powers set out in section 52. Acting on legal advice, some councils have interpreted the mandate narrowly, arguing that community boards cannot disagree with councils."

They identify a considerable level of uncertainty over the extent to which community boards can get involved in setting community outcomes and in Resource Management Act processes, identifying a tendency to defer to "authoritative" council

officers. They recommend that community boards should negotiate their roles early in the new term of the Council.

From their perspective, community boards have a very real role to play in harnessing the joint potential of the community outcomes process under the Local Government Act, and in resource management. They propose that:

The obvious opportunity is for community boards, in conjunction with the community, to develop community outcomes pertaining to their local area. These outcomes, where relevant, could be put into effect through changes to the district plan. For example, a village wanting to protect its local character could promote both community outcomes for this purpose and a plan change designed to give effect to, say, heritage and landscape protection measures. Ideally, boards would negotiate their terms of reference to include this sort of role not only to ensure access to the council's resources but also to engender collaboration with the council. When collaboration is not successful, boards can propose changes to the district plan (as private plan changes) and make submissions on community outcomes in long-term council community plans.

This would be a very activist role for a community board, and quite likely bring it into conflict from time to time with its parent council. Of itself, this would not necessarily be an undesirable outcome. The very point of the creation of community boards, as recognised by the Local Government Commission, was "to allow for the recognition of communities within a district", something which necessarily implies allowing for the recognition of different perspectives.

However, current trends suggest that community boards, generally, are in retreat in most areas. Reasons suggested for this include:

- Some council chief executive officers find community boards an awkward part of the overall management structure.
- The remuneration for elected members of a local authority (apart from the mayor) is set as a single amount or pool to be shared amongst elected members as they determine. If the local authority has community boards, one half of the remuneration of elected community board members and all of the remuneration of appointed community board members (who will be councillors of the parent council) must be paid from the pool. The natural outcome is that, in a number of councils, elected members take the view that in practice half of the salary of the elected members of community boards is paid out of their personal pockets, because their remuneration is necessarily reduced to provide for the pool component of community board members'

- remuneration. This provides a strong incentive for councils, during a representation review, to recommend the dissolution of community boards.

There are now nearly 30 fewer community boards in place than at the time of the 1989 reforms. Some of those that remain are clearly under threat, but that should not disguise the fact that, in a number of New Zealand's local authority districts, community boards are seen as playing a very important role in local governance. In Central Otago, Clutha and Southland District Councils community boards play a pivotal role in township governance. Some will argue this experience cannot be generalised because the community board approach uniquely fits the structure of those districts, dominated as they are by a number of small townships. However, there are strong community boards in some metropolitan areas as well. Manukau City Council makes very extensive use of community boards with extensive delegations on matters which the council has clearly determined are primarily of impact at the community, rather than whole of council, level. North Shore City Council has recently revised its delegations to community boards, again providing for extensive delegation.

The material canvassed in earlier sections of this paper dealing with the arguments in support of local or neighbourhood governance make a strong case that community boards should form an integral part of the New Zealand local government system, and should generally exercise authority over matters which have their primary impact within the area of the board itself (a proposition supported by the now well-known principle of subsidiarity). Whether or not community boards are empowered to undertake wide-ranging responsibilities for their communities appears to be a function of several matters, including the attitudes of senior management and elected members, the extent to which there are distinctively different communities within the district of the local authority, and how well the community board itself understands the different accountabilities it is expected to have to its community on the one hand and its parent council on the other.

Brown suggests a series of prerequisites for effective community boards, borne out by reviewing the New Zealand literature generally:

1. "Community boards function with greatest success when they represent established communities of interest that can be defined by location, and when they have sufficient delegated power to allow for genuine participation by citizens in local government. It is in this field that their future seems most secure."
2. A necessary pre-condition for the success of a community board/council as an exercise in *participation* is that it should have sufficient geographic and

- administrative distinctiveness to enable substantive local government functions to be delegated to it.
3. As a vehicle for *expressing preferences*, decision making powers are not necessary. Rather, “the prime requirements are that the board maintain credibility with the people it represents, that they may be sure their views are accurately conveyed to the parent authority, and with that authority, that it may accept the advice tendered as genuine reflection of the needs and view of the community.”
 4. Community boards must be able to manage the relationship with the parent authority to avoid conflicts over the exercise of policy development functions.
 5. Councils need to delegate meaningful decision making powers to the community board. It is best when the community board has a range of delegated powers in addition to statutory functions. Brown observes “It is not uncommon to hear councillors and officers speak of the extensive range of functions delegated to their community boards when on analysis the ‘delegation’ is almost entirely of advisory functions and all ‘decisions’ have to be approved at a council meeting.” He gives the contrasting examples (circa 1993/4) of:
 - Selwyn: Of 22 delegated items, only a few allowed the community boards to make decisions, and only on minor matters.
 - Central Otago: A much shorter list of delegations to community boards than Selwyn, but these cover substantial decision making powers.
 6. Effective participation at the sub-local level would seem to require a body with sufficient independence and power to be able to act in accordance with the will of those it represents, even when that will differs from the will of the wider community.

7. Concluding comments

The objective of this paper has been to provide an overview of what is happening with neighbourhood, or local, governance internationally, as a resource to assist with submissions to the Royal Commission on Auckland Governance on that part of its terms of reference which require it to consider what governance and representation arrangements will best:

- (i) enable effective responses to the different communities of interest and reflect and nurture the cultural diversity within the Auckland region; and
- (ii) provide leadership for the Auckland region and its communities, while facilitating appropriate participation by citizens and other groups and stakeholders in decision-making processes;

To meet this objective, we have reviewed current research and debates on the nature of neighbourhood and local governance, and the contribution it makes to building strong communities. What we have seen suggests that neighbourhood (local) governance as a project is still very much "work in progress", but work whose continuance is seen as essential if societies are to find better ways of dealing with what are often referred to as the "wicked issues". Different jurisdictions have been taking very different approaches, ranging from the still very "top down" bureaucratically directed initiatives within English local government to the community-based, often foundation driven, initiatives which characterise neighbourhood governance in the United States.

If one single theme comes through, it is that if the complex issues now confronting modern societies are to be addressed, much of the initiative and creativity from doing so will come from local communities working in conjunction with their local governments and other key community stakeholders, including business and the voluntary and community sector. The exact nature of the structures and relationships that will emerge to facilitate this will vary from place to place, context to context and council to council. There will often be not just national barriers to overcome (for example, fair funding), but attitudinal and other barriers at a local level.

New Zealand practice of neighbourhood governance varies from the formal structures of community boards, where those exist, to arms'-length structures put in place by individual councils (economic development agencies, housing trusts etc) to community-based organisations such as the emerging third sector in housing.



It can be expected that the Royal Commission will place a heavy emphasis on exploring the role of neighbourhood governance and its potential within Auckland. For it to do so will require well researched, well argued and empathetic submissions which properly reflect both the best of international practice and research, and the circumstances of the very many different communities which make up metropolitan Auckland. The Local Government Centre hopes that this report will make a useful contribution to that need.

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