

Policy Group – 21 June 2017

Community Housing Fund

1. Purpose of report

To propose an approach for the allocation and spend of some of the Community Housing Fund.

2. Key issues

2.1 Earlier in the year the Council received a grant from the Department of Communities and Local Government (DCLG) of £910,456. This grant was from a £60 million Community Housing Fund announced in the 2016 budget. The aim of the grant is to support community-led housing developments in areas where the impact of second homes is particularly acute.

2.2 Community-led housing can create affordable homes in ways which are difficult to achieve through mainstream housing. There are a number of different models of community-led housing which the Council could support through the use of this funding:

- Community land trusts (CLTs) – enable ordinary people to develop and manage homes as well as other assets important to that community, like community enterprises, food growing or workspaces. There is no requirement for a household living in a property provided by a CLT to be a member of the CLT.
- Co-housing – Co-housing communities are created and run by their residents who are committed to living together as a community. Each household has a self-contained, private home but residents come together to manage their community and share activities. They often have a common space or house used for community meals which may also include amenities such as a laundry and guest rooms. Transport may also be shared.
- Co-operatives – co-operatives and mutual housing has a community membership comprising the residents and sometimes other local community members. They democratically control and manage their homes which can result in benefits for members such as a better service and new skills.
- Self/custom build - All local authorities have a duty to maintain a register of individuals interested in building their own homes, and to provide enough permissioned plots to meet that demand. Encouraging individuals or groups interested in building their own home can help them organise and develop their projects, develop skills and deliver good quality housing.
- Self-Help Housing – offers people the opportunity to bring empty properties back into use and can also provide work experience and training. Groups often include people who cannot afford to buy or rent their own home, and who are unlikely to obtain a tenancy from a local authority or housing association.

2.3 This report proposes a scheme for the assessment of applications to fund individuals or organisations undertaking or facilitating community-led housing. In addition, the Council has received an application for grant funding from Wessex Community Land Trust Project (Wessex CLT) to enable it to expand its service and provide technical support and expertise to emerging community-led affordable housing projects in Purbeck.

2.3 It is proposed to use the fund as follows:

- to make the fund available to provide revenue and capital funding for individuals or organisations undertaking or facilitating community-led affordable housing projects; and
- to give a grant to Wessex CLT of £43,000 over 4 years to increase its capacity to provide technical support and expertise to emerging community-led affordable housing projects.

2.4 Proposals for the use for fund and the work of Wessex CLT are included in Further Information.

3. **Recommendation**

A report be submitted to Council recommending:

- (1) Acceptance of the proposals set out in paragraph 5.21 for the use of the Community Housing Fund for revenue grants.
- (2) Approval of Wessex CLT's application for a grant of £10,750 per year in 2017/18, 2018/19, 2019/20 and 2020/21, to increase its capacity to provide technical support and expertise to emerging community-led housing projects in Purbeck subject to the completion of an agreement drafted in consultation with the Solicitor to the Council.
- (3) Half yearly update reports will be submitted to the Audit and Governance Committee, setting out how the grant has been used, progress of the projects supported and where Wessex CLT has supported projects in Purbeck.

4. **Policy issues**

4.1 **How will this affect the environment, social issues and the local economy?**

4.1.1 "Meeting the housing needs of local people" is one of the Council's corporate priorities. The purpose of the fund is to enable local community groups to be directly involved in the planning and delivery of affordable housing which responds to local needs. The involvement and influence of the community may also provide access to sites which would otherwise be unavailable.

4.1.2 Successful schemes may give communities the confidence to develop their own projects.

4.2 **Implications**

4.2.1 **Resources**

The proposals will be funded entirely from the £910,456 Community Housing Fund. The use of the funding is flexible and can be used as capital or revenue. There is no requirement to use the funds within a particular timescale or to return unspent allocations.

The Council will continue to use its internal capacity to increase awareness among parishes, town councils and other community organisations about opportunities, facilitate meetings, carry out housing needs surveys and liaise with planning colleagues.

4.2.2 Equalities

There are no equality implications arising from these proposals.

5. Further information

The Community Housing Fund

- 5.1 Originally announced in the April 2016 Budget as the Rural and Coastal Communities Fund, the £60 million per year Community Housing Fund will operate for four years. It is financed by the higher levy of Stamp Duty Land Tax raised from purchases of second homes which came into effect on 1 April 2016. The funding takes account of the number of holiday homes in the local area and the affordability of housing to local people. There is no requirement for local authorities to spend the fund in parishes identified with high levels of second home ownership.
- 5.2 The aim of the fund is to enable local community groups to deliver affordable housing units of mixed tenure on sites which are likely to be of little interest to mainstream housebuilders. The fund will enable capital investment, technical support and revenue to be provided to make more schemes viable and significantly increase community groups' current delivery pipelines. It will also help build collaboration, skills and supply chains at a local level to promote the sustainability of this approach to housebuilding.
- 5.3 The allocation to Purbeck is significant and provides the Council with the opportunity to develop additional affordable housing through community based initiatives. Groups in Langton Matravers, Corfe Castle, Studland, Wool and Wareham are interested in progressing this work. The challenge will be finding suitable sites for any project to progress to fruition.
- 5.4 The Council's grant of £910,456 was paid in two tranches of £455,228. The first was paid in January 2017, the second in March 2017. When the DCLG awarded the grant the Council was advised that "in bringing this fund forward, the Department has worked closely with the National Community Land Trust (CLT) Network and other members of the community-led housing sector. These organisations are well placed to offer advice on how the funds may be most effectively deployed."
- 5.5 The other organisations who worked with the DCLG were:
- Locality – a national network of community-led organisations which helps set up locally owned and led organisations;
 - Confederation of Co-op Housing – which supports housing co-operatives, tenant controlled housing and regional federations of housing co-ops;
 - Nationwide Foundation – a registered charity whose vision is that everyone in the United Kingdom should have access to a decent home they can afford and uses grant funding to strengthen, support and champion the growth of community-led housing;
 - Community Housing Alliance – an emerging group of organisations and individuals who believe all people and communities should play a role in making their own affordable housing solutions; and
 - Rural Coalition – a group who subscribe to a vision for a living and working countryside

- 5.6 Although payment of the first allocation of the Community Housing Fund has been made directly to local authorities this is unlikely to be the case in the future. It is anticipated future funding will be allocated through a central framework with access to funds linked to how the 2016/17 allocation has been spent. Details of how the framework will operate have not yet been published.
- 5.7 Since receiving the grant the Council has publicised the award via a press release and an article in About Purbeck.

Wessex Community Land Trust Project

- 5.8 Wessex CLT is part of Wessex Community Assets (WCA) a social enterprise specialising in the community ownership and development of assets; from affordable housing to local workspace. WCA established Wessex CLT in Somerset, Devon and Dorset in 2010. Following an initial period of pump-priming, it has been self-financing since 2013.
- 5.9 To date Wessex CLT has supported the development of 11 Community Land Trusts in Devon, Somerset and Dorset and has provided over 120 homes. As a small self-financing organisation they have a work programme of projects they are able to support. The current service is small comprising less than 1.3 full time equivalent employees with the capacity to support 12 projects at any one time, two of which are in Purbeck – Corfe Castle and Langton Matravers – both of which hope to provide 10 homes.
- 5.10 Wessex CLT is a member of the National CLT Network and the Council has been advised by the DCLG that Wessex CLT are the local provider of community-led support services for Dorset.
- 5.11 Wessex CLT has approached all the local authorities in its area of operation, who have received an allocation from the Community Housing Fund, to request a grant to enable it to increase existing staff hours and appoint additional employees to expand its service to provide support to the projects that will emerge as a result of the grant allocation. The amount requested is £43,000 over four years and will be added to the contributions of other local authorities to enable the organisation to support a larger pipeline of around 25 schemes. So far 13 of 19 Councils have agreed to the grant request. Some have yet to make a decision while others have decided to increase or appoint new internal resource. Although the current focus of Wessex CLT's work is to support CLTs increasing the capacity of the service may enable them to provide support for other community-led housing models such as self-build and co-housing.
- 5.12 While the Council will be able to provide some advice and guidance to emerging groups the grant funding will enable it to signpost groups to Wessex CLT. In return Wessex CLT will be able to provide technical expertise and support to emerging CLT's in Purbeck. They will also be able to provide talks and advice to any group or organisation wanting to know more or thinking about setting up a CLT.
- 5.13 The technical advice and support Wessex CLT will offer an emerging group would be as follows;

Business planning - Facilitating the community group's vision for the project, considering an appropriate model of community-led affordable housing, exploring the implications for capital and revenue funding etc.

Legal formats and documentation – Advice and consideration of appropriate legal entities such as a Community Interest Company, Community Benefit Society, Company Limited by Guarantee (with exempt charity status) etc. Help to draft the objects of, and to incorporate, the new entity.

Site identification and land acquisition - Advising on the site selection process and on the heads of terms between the community group and the landowner. Advising on the content and structure of a public meeting designed to win the support of the wider community for a recommended site. Recommending solicitors based on their experience of other projects. Providing template forms of option agreement and lease as necessary.

Planning issues - Supporting the community group in deciding the number, type, tenure and design principles of the proposed housing and to play a full part in promulgation of the planning application. Facilitating discussions between the community, HA (if involved) and LA about the wording of the Section 106 agreement (where applicable) and ensuring that the community's preferences are incorporated as fully as possible.

Development risks – Ensuring that the party taking the development risk understands the implications should any such risks materialise.

Communication - Supporting the community group in its communications with the wider community as and when required, including as many public meetings as necessary.

Project Management - Administering project team meetings; drafting agendas, chairing and taking minutes as required until the community group feels confident enough to take these on. Maintaining an up to date project plan which forecasts when all elements of a project will take place.

Training - Organising training sessions in response to the community group's emerging needs. These include sessions on (a) accounting, (b) governance, and (c) allocations. Arranging peer-learning visits to other communities.

Strategic advice - Researching ways of improving the social and financial return to community groups and advising on the implications of emerging initiatives such as the Government's Community Housing Fund.

Problem Solving - Helping to keep the project on track by problem solving as and when snags arise such as occasional reductions in the capacity of volunteers.

- 5.14 The technical support provided to a fledging community group by Wessex CLT ensures the project sustains its momentum and helps volunteers tackle a wide variety of obstacles to ensure the delivery of houses. Any grant funding provided to a CLT is solely for the use of the community group.
- 5.15 Wessex CLT's model is to use grant to pay for the service for the first four years. During this time, projects come to fruition so that by year five, they are starting to receive planning approval, start on site and in some cases complete. At each of these three milestones Wessex CLT recovers cost from whoever develops the project; occasionally a CLT but most often a registered provider. Costs are recovered at the rate of £3,200/unit (inclusive of VAT) - 25% at planning, 50% at start-on-site and 25% on completion. By recovering costs in this way this at around year five, funds are accumulated to pay for the next five years of the service, until cost recovery begins again.

- 5.16 The Council is aware that there are a number of emerging groups in Studland, Wool and Wareham who are interested in creating a CLT following the grant allocation. Wessex CLT is committed to support the existing two projects in Corfe and Langton Matravers. However, given the potential demand for their work that the Community Housing Fund is likely to generate they are unlikely to have the capacity to support other emerging projects in the absence of additional funding.
- 5.17 Wessex CLT has attended the Purbeck Housing Forum to deliver a presentation about the work it has undertaken in Devon, Dorset and Somerset and explain what a CLT is. Members of the forum expressed their support for the work of the project and have asked for a volunteer from a successful project supported by Wessex CLT to attend their next meeting to hear about their experience.
- 5.18 Although the Council is proposing to give a grant to Wessex CLT it will also consider requests from other organisations or individuals that wish to facilitate or undertake community-led affordable housing.

Revenue Grants

- 5.18 The award of a grant to Wessex CLT of £43,000 over 4 years would leave a balance of £867,450. It is proposed to use the remainder of the funding to offer revenue and capital grants to individuals and organisations who wish to facilitate or undertake community-led housing schemes.
- 5.19 Further development work is required for the capital grant offer which will be subject to a further report. These capital schemes will also consider projects associated with self-build and self –help housing. With Langton Matravers and Corfe CLT projects progressing there has already been a request to apply for funding from the Council for revenue grant support.
- 5.20 An application form to apply for a revenue grant, has been developed. It is proposed to offer a revenue grant of up to £50,000 (subject to evidence of costs) to each community group. This is the maximum Wessex CLT have advised would be required to get a project to planning approval. It is anticipated a community group would make a number of staged applications as the project evolves.
- 5.21 The type of activity the revenue grant would fund includes;
- Support for community groups to cover start-up costs and legal expenses including costs of incorporation, membership of a national body and insurance.
 - Support for community groups to undertake feasibility and planning costs associated with individual projects.
 - Appointment of specialist advisers/consultants for specific aspects of a project.
 - Engaging an architect and/or other professionals (such as a solicitor) to advise on design and/or land acquisition.
 - Engaging an architect and/or other professionals such as surveyors to carry out works needed to produce detailed plans.
 - Costs associated with public engagement and consultation.
 - Publicity materials.

- Site surveys.
- Planning fees.

5.22 This is not an exhaustive list and requests to fund other types of work which will assist the development of community-led housing would also be considered.

5.23 Applications for funding will be submitted to Council for approval with stage payments being signed off by officers. Payments are likely to be made over a four year period. Four to five stages are anticipated such as business planning, legal formats and documentation, site identification and feasibility and planning approval.

Definition of community-led schemes

5.24 DCLG has worked with Wessex CLT and other similar organisations to provide a definition of community-led schemes and these are:

- “A requirement that the community must be integrally involved throughout the process in key decisions (what, where, for who). They don’t necessarily have to initiate and manage the development process or build the homes themselves, though some may do;
- A presumption in favour of community groups that are taking a long term formal role in ownership, management or stewardship of the homes: and
- A requirement that the benefits to the local area and/or specified community must be clearly defined and legally protected in perpetuity.”

Performance

5.25 Any agreement to provide a grant to Wessex CLT will be subject to the signing of an agreement, drafted in consultation with the Solicitor to the Council. This agreement will require regular meetings with the Wessex CLT management team to discuss progress on supporting projects as well as progress on meeting performance measures. The performance measures are still to be developed, and as each scheme will be different it is likely performance will be measured in different ways. The agreement will also contain a termination clause that enables the Council to withdraw funding if performance is unsatisfactory.

5.26 Six monthly reports will be provided to Audit and Governance Committee providing an update on the amount of grant allocated to projects, progress on the projects as well as the support provided by Wessex CLT. This will provide an indication of the level of interest and extent of take up for the funding and enable consideration of alternative proposals if take up is poor.

Background papers:

- Community Housing Fund file
- National Community Land Trust (CLT) website

For further information contact:-

Rebecca Kirk – General Manger Public Health and Housing
Fiona Brown - Housing Manager