

# Community Led Housing Fund Spend Policy 20.04.2022

## 1. Community Led Housing

Community Led Housing (CLH) is an umbrella term encompassing several non-profit models of housing delivery through localised organisations that have strong governance frameworks supported or instigated by local residents.

There are a range of ownership, management and occupancy models including, Community Land Trusts, Cooperative Housing Societies or Cohousing<sup>1</sup>. These models can deliver a range of tenures for rent and ownership linked to local incomes. These are delivered by non-profit organisations with legal mechanisms (asset locks) that enable the land, homes and other community assets to be held and protected in perpetuity<sup>2</sup>.

Community led housing has the following definitions: -

1. The local community must be integrally involved throughout the process in key decisions (what, where or who). They don't necessarily have to initiate and manage the development process or build the homes themselves, though some may do.
2. A presumption in favour that community groups will take a long-term formal role in either ownership, management, or stewardship of the homes; and
3. That the homes benefit the local area and /or a specified community with defined and legal protections in perpetuity.

## Community Housing Fund

The Community Housing Fund, (2016) was funding from government (DCLG) to help communities mitigate against the economic market pressures of second and holiday homes. The Council received £2,209,957 in December 2016. A total of £752,375 has been spent by the Council to support local community led housing groups deliver homes for local residents across the district. This document sets out how the remaining funds will be spent across the district.

### **Aim of fund**

The Council seeks to use this fund to deliver *additional* affordable housing in perpetuity, as well as enabling empty homes or buildings to be brought back into use for the community<sup>3</sup>.

The Council will allocate funding to:-

- i. Provide technical and enabling support
- ii. Provide revenue funding

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<sup>1</sup> Cohousing is a hybrid model that can deliver affordable housing but its objectives are to deliver schemes based on shared values.

<sup>2</sup> This includes exemptions to the Right to Buy for CLTs and Cooperative homes.

<sup>3</sup> To meet local housing need as affordable rented homes for upto 5 years, with management by an RP.

iii. Provide capital funding

The Council's overall strategy is to allocate the remaining £1,314,805 as grants or repayable loans to assist CLH groups in the following ways:

1. £262,961 (20%) will be reserved for technical support to assist communities reach the 'group stage':
  - i. ESC Officer training and networking contracts (i.e. Eastern Community Homes, National Community Land Trust Network etc) .
  - ii. Enable technical support to local CLH groups to access policy guidance, deliver community engagement events or access funding.
  
2. £657,403 (50%) revenue funding to enable CLH groups to reach the plan and site stages:
  - i. Complete legal incorporation
  - ii. Reach planning permission. Funding to attain planning permission will be allocated as a **repayable loan**, payable in full upon completion of the whole scheme. It will be converted to grant if planning permission is not awarded.
  
3. £394,441 (30%) will be allocated to provide capital funding, (up to 50% of total development costs), to help CLH groups reach the build and live stages, for the delivery of additional affordable housing development across the district. Funding for S106 properties will not be supported<sup>4</sup>.

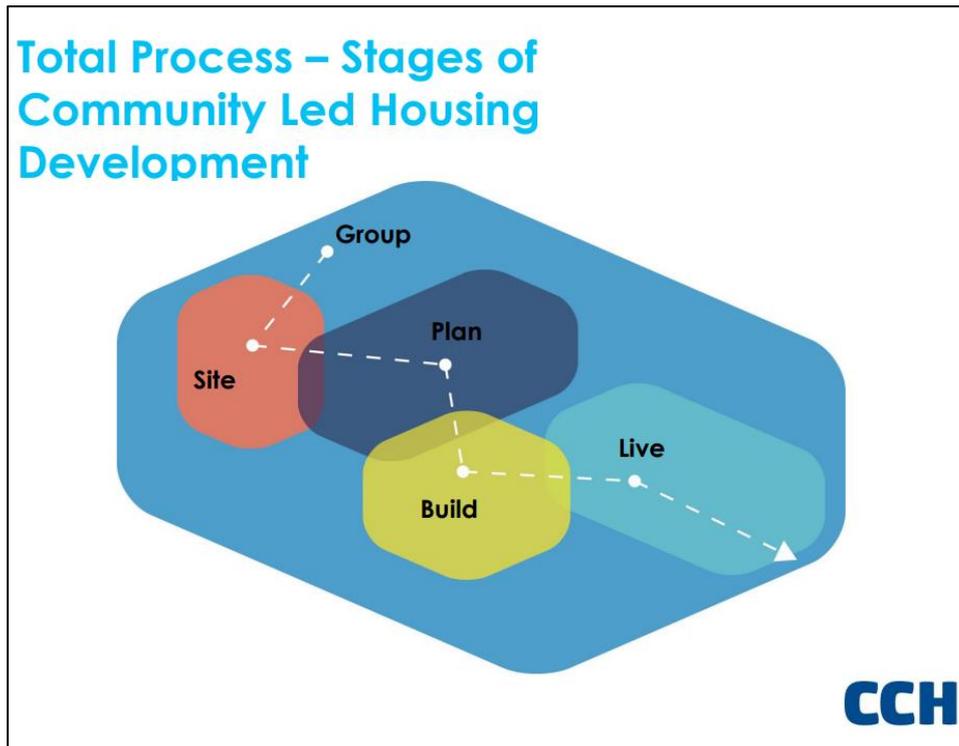
From project inception to residents moving into their new homes, the process of delivering Community Led Homes has 5 overarching milestones,<sup>5</sup> these are reflected throughout the allocation of funding.

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<sup>4</sup> This is to protect limited resources and prevent direct competition between Registered Providers and CLH groups.

<sup>5</sup> See for details <https://www.cch.coop/wp-content/uploads/2020/08/b1-development-process.pdf>

Figure 1 Development Process



Source: Confederation Cooperative Housing (2018)

## 2. Who can access funding?

The Council will only allocate funding to community led housing groups who meet the definition in section 1 who will:

- i. Deliver **additional** affordable housing and it is the main objective of their scheme. The cost of new homes will be at least 50% of total cost of project. Some open market will be allowed to cross subsidise the scheme.
- ii. Protect homes and community assets in perpetuity through 'asset lock' in governance framework.

Community led housing organisations.

The allocated funding will be used to support community led housing schemes, including the following organisation types.

Community groups who are based in the area of the development and representative of the local community. Such groups will need to be legally constituted organisations to receive this funding. These may be an existing charitable or development trust, or a non-profit organisation set up specifically to meet a local housing need.

### Registered Providers

Funding will be granted to **non-profit** Registered Providers (RP's) who are seeking to work with a local community group on a specific housing scheme. A signed formal funding

agreement between the Council and the RP would be required. The list of RP's operating within East Suffolk can be found [here](#).

Funding from the Community Led Housing Fund can be used alongside other funding streams including Homes England<sup>6</sup> [Affordable Homes Programme 2021-2026](#) .The Council would expect to see evidence of partnership working between an RP and CLH group via a legal contract prior to any funds being transferred. Registered providers offer a wealth of experience and support and can help community groups in two ways.

- i. Provide guidance and technical expertise during the inception of a project
- ii. Design and build the scheme in partnership with the community led housing group, keeping them involved in key decisions.
- iii. Managing the homes once delivered in partnership with the community led housing group.

### **Development partners**

These may include other specialist or technical organisations who can access or receive funding on behalf of the Community Led Housing group. Such organisations would need to meet the following criteria prior to receiving funding from the Council.

- i. Demonstration of strong governance arrangements by operating through open and accountable, cooperative processes, with strong performance and management systems.
- ii. Demonstrate clear, realistic financial plans for the management and development of the housing scheme where applicable
- iii. Demonstrate clear, realistic financial plans for the management and development of the housing scheme where applicable
- iv. Demonstrate community support for the proposals
- v. Be clear about how the organisation will comply with any relevant legislation and statutory requirements
- vi. Sign a funding agreement with evidence of how they meet the above criteria.
- vii. Sign a nominations agreement, protecting the homes for local residents to the Parish.

Community led housing group – governance requirements: -

- i. A legal entity or be part of a legally constituted consortia agreement.
- ii. Be appropriately constituted (examples might include; a registered charity, a community interest company or charitable incorporated organisation, non-profit company, Community Benefit Society or Industrial and Provident Society)
- iii. Have stated community benefit objectives

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<sup>6</sup> Homes England is a non-departmental public body who manage and allocate affordable housing fund.

- iv. Be non-profit, distributing any surpluses back into the organisation to further its social aims/community benefits

#### Criteria for funding

Priority will be given to schemes that meet the following criteria. See [Environmental Guidance Note](#) for guidance on measures to help meet reduced or zero carbon emissions.

- i. High energy efficient homes above building standards
- ii. High energy efficient homes above building standards and at National Described Space Standards.
- iii. High energy efficient homes above building standards and at National Described Space Standards with reduced or zero carbon emissions.

### 3. What can the funds be used for?

The funding can be used for the following: -

#### **Community Development and engagement work (Group stage)**

Funding to support community engagement and development. This includes the following: -

- i. Start-up guidance and workshops based on ideas, outcomes and objectives.
- ii. Fees for legal incorporation and governance framework.
- iii. Guidance on appropriate legal model from accredited legal and policy advisors.
- iv. Identifying skills and training needs of the community group
- v. Identifying other funding streams and assistance with bid writing
- vi. Business development and long-term support for the group.
- vii. Specialist support, i.e., green or digital technology

#### **Initial Feasibility Work (Plan and Site stages)**

This includes works to ensure the feasibility and viability of the project. Specific tasks include:-

- i. Feasibility study, including local housing needs survey
- ii. Commissioning planning or development professionals to assist with taking project to planning permission milestone, (including RP's)
- iii. Site assessment and appraisals
- iv. Project planning, including business plan, funding opportunities and bid writing.
- v. Securing advice via a pre planning application decision
- vi. Detailed schemes and plans to secure (full) planning permission.<sup>7</sup>
- vii. Survey and site and reports in preparation for the planning application.
- viii. Identification of site-specific costs or abnormalities such as contamination or tree protection orders.
- ix. Communication events/materials/platforms to wider community.

#### **Project Management Costs. (Site stage)**

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<sup>7</sup> A Full planning application gives the community confidence as all aspects of the project are detailed. A decision would be made at planning committee.

These include costs associated with a specific site prior to work commencing on the site. It could include the following:

- i. Professional design fees such as architect, quantity surveyor, archaeology or other site investigations as required as part of the planning permission.
- ii. Planning advice fees
- iii. Legal advice fees
- iv. Procurement costs
- v. Site management fees
- vi. Land acquisition
- vii. Additional costs for contamination or site clearance and security, etc

**Construction costs (Site stage):** All fees associated with delivering the project. This will include any off-site works.

**Other costs:** The Council will consider, where evidence is provided, to assist with funding to enable a project to be viable. The Head of Housing, Housing Portfolio Holder and Strategic Director will make these decisions.

**Items the fund will not cover.**

The Community Housing Fund will not be used for the following:-

- i. Housing developments that do not meet the basic principles for community led housing as stated above.
- ii. Any organisation that does not include an asset lock or meets the listed criteria as above.
- iii. Housing development that has already been started.
- iv. Costs that the CLH has incurred retrospectively. All costs and estimates must be agreed prior with evidence<sup>8</sup>.

#### 4. How much Community Housing Fund can CLH apply for?

**Stage 1: Community Development/Set up fund:** Each community can apply for a grant of up to £5000 to support the CLH groups development. For groups who are not yet constituted, the Council will hold the funding and pay fees for start-up and legal costs. Groups that are legally constituted will receive the funding direct. Funding for such start-up costs will be allocated out of the revenue pot of £657,402

**Stage 2: Feasibility Fund:** Funding of up to £40,000 per community group will be provided to enable initial feasibility works to be completed. Funding for such costs will be allocated out of the capital pot of £394,441

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<sup>8</sup> Evidence of fees should include quotes from qualified professionals. CLH groups are responsible for their own due diligence, governance and project management.

Depending on the amount agreed, funding for feasibility works will only be granted to RP's or other community organisations or development partners whose organisational and financial capacity meets the Councils procurement requirements.

Groups will be required to raise match funding of 20% from other sources. This is to demonstrate that groups have the organisational skills to raise funding from other sources. This will give the local community confidence in the group's skills, knowledge and commitment. It will also provide the local community an opportunity to be directly involved in the project as well as raise funding for other objectives such as work or growing space.

**Stage 3: Development Fund:** Up to 50% of total capital and project management costs will be provided and awarded directly to Registered Providers, other development partners or community organisations. Such organisations should meet the Councils' procurement criteria on financial and organisational processes. Additional funding can be secured from Homes England, grants, mortgage or community shares<sup>9</sup>.

Community Housing Fund will only be granted up to 50% of the total project cost. Therefore, CLH groups are required to seek additional funding from other sources or enter into a partnership with an RP, or a quantified development or community organisation who have been approved by the Council. Community groups may seek other funding streams as below.

**Loans.** Loans can be taken against existing assets which will act as collateral. Long term loans from private or charitable sources could be repaid via the rental income from housing. Registered Providers take this approach, usually with grant from Homes England. For Community Led Housing Groups working in partnership with a Registered Provider, this is a lower risk option, especially if the RP is acting as the development partner.

**Grants.** Community Led Housing Groups can access grant funding streams not available to RP's or local authorities. A list of funders can be found [here](#). Advice on accessing grants and bid writing is available from East Suffolk Councils Housing Enabling Team or technical advisors<sup>10</sup>.

Value for money.

Applications for funding must show they provide value for money for the quality they are providing via evidenced quotes from qualified professionals.

**Application process:** Interested groups are encouraged to meet with the Councils Housing Enabling Team to discuss their ideas and desired objectives.

**Grants:** CLH groups will be required to complete an application form. The decision process will be as follows: -

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<sup>9</sup> Only Community Benefit Societies can raise community shares.

<sup>10</sup> Organisations such as Locality, Community Action Suffolk, Eastern Community Homes, National Community Land Trust or Community Led Housing can assist.

**Stage 1.** Community development/start-up costs of up to £5,000 will be decided by the Housing Enabling Manager and Head of Housing, Housing Portfolio Holder, and Strategic Director

**Stage 2.** Feasibility funding will be decided by Housing Enabling Manager, Head of Housing and Housing Portfolio holder and Strategic Director.

The outcomes of the feasibility report will guide whether the project can proceed in its current form. A full copy would be required to enable the Council to decide whether to continue supporting the project further.

Stage 3 funding. Access to funding for the development of the project will require a more detailed analysis of the following, with evidence of how the community group has followed due diligent practices, to ensure the project is: -

- i. Deliverable
- ii. Value for money (not inflated costs)
- iii. How the project meets the criteria in sections 1 and 3.
- iv. An allocations policy<sup>11</sup> (to be negotiated and documented via a nominations agreement)
- v. A signed agreement with Gateway to Homechoice to enable all affordable rented homes to be advertised on the system.
- vi. Future scheme management and maintenance programmes (a full repairs framework would be prudent)
- vii. Business model and financial viability appraisal
- viii. Evidence of funds raised from external sources

A more detailed development appraisal form will be required at this stage in conjunction with the community groups development partner, RP, planning agent or technical advisor.

This will be assessed by the Councils Housing Enabling Team, Development Manager, Head of Housing, Housing Portfolio Holder and Strategic Director.

## 5. Payment of grant

**Stage 1. Community development start up fund:** Payment of grant will be made on receipt of a grant claim form and invoices of work undertaken. Community Led Housing Groups who are not legally incorporated at this time, will have funds held by the Council and paid directly to invoiced third partners.

**Stage 2. Feasibility Fund:** Payment of grant will be made on receipt of a grant claim form and invoices of work undertaken.

**Stage 3. Development Fund:** Payments will be made in two stages:

- 50% to be paid on start of site providing the CLH group has other sources of funding

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<sup>11</sup> Please note, receipt of this Fund will require ESC to have 100% nominations to affordable rented homes.

- 50% paid upon completion.

In the event community groups seek a one-off payment for site acquisition, site clearance or viability gap funding, payment will be made upon receipt of works completed.

Alternative arrangements will be agreed in writing for schemes that have cashflow issues, although CLH groups are expected to have sufficient finance to complete their project. Such agreements will be made by the Housing Enabling Team, Head of Housing, Housing Portfolio Holder and Strategic Director. Overspends: Additional funding for overspends will only be considered in exceptional circumstances that could not be foreseen, i.e., global pandemic, where all other options have been considered. The Head of Housing, Housing Portfolio Holder and Strategic Director will make such decisions.

## 6. Funding agreement

The council will require all recipients of grant or loans to sign a binding, non-negotiable funding agreement. Specific requirements will be made, including: -

**Governance and due diligence:** The Council will require evidence of relevant insurance and clear governance framework, which can be verified.

**Monitoring arrangements:** The Council requires quarterly reports with detailed financial spending (in spreadsheet format) send to the Housing Enabling Team on the 1<sup>st</sup> date of each quarter, (1<sup>st</sup> April, 1<sup>st</sup> July, 1<sup>st</sup> October, 1<sup>st</sup> January).

**Grant usage and works to be completed:** The agreement will set out clearly what the grant or loan is to be used for, including detailed breakdown of tasks.

**Non-payment or withholding of funds:** The Council reserves the right to withhold funding or refuse payment in the event the CLH does not comply with the Funding Agreement or fails in areas of due diligence or operates outside the law.

Community led housing groups seeking to apply for grant ([hyper link to application form](#)) or requiring more information should email the Housing Enabling Team at [CommunityLedHousing@eastsoffolk.gov.uk](mailto:CommunityLedHousing@eastsoffolk.gov.uk)