



**COMMUNITY HOUSING FUND POLICY**

<b>Lead Directorate and service:</b>	Planning & Economic Regeneration, Asset Strategy
<b>Effective Date:</b>	
<b>Date Reviewed:</b>	N/A
<b>Date Due for Review:</b>	July 2018
<b>Contact Officer:</b>	Matt Lewer, Principal Housing Policy and Development
<b>Contact Number:</b>	01482 396113
<b>Approved By:</b>	

**1. Background:**

East Riding of Yorkshire was allocated £2.04m in 2017 from the Department of Communities and Local Government (DCLG) Community Housing Fund (CHF). The Council will use this funding to work in partnership with local communities to develop Community Led Housing (CLH).

This policy sets out:

- who is eligible to apply for this funding;
- what will be funded; and
- how applications will be assessed and funding awarded?

**2. Definitions for the Purposes of this Policy:**

Cohousing	A groups of homes with both self-contained private dwellings and shared community space
Community Support Organisation	A community organisation, appointed by the Council that supports community groups through the initial stages of the community led housing process.
Community Land Trust	A community organisation run by volunteers which develop genuinely affordable homes, based on what people actually earn locally
Community Led Housing	Housing developments where a community play an integral role (refer to specific criteria in section 3)
Housing Cooperative	A membership based model of housing, where a group of tenants control/manage the affairs of properties without any individual ownership
Registered Provider (RP)	A housing association, local authority or other body registered under the provisions of the Housing and Regeneration Act 2008 or any company or other body approved by the Homes and Communities Agency for receipt of social housing grant.

York, North Yorkshire and East Riding Community Housing Hub (The Hub) The Hub has been developed to provide communities access to technical and professional services to support development across the sub-region.

### **3. Policy Statement**

Community led housing is intended to bring social and economic benefits to local communities through the provision of housing which the local community has played a significant part in delivering. For a scheme to be 'community led' it will meet the following criteria:

- 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;
- there will be a presumption in favour of community groups that demonstrate in their applications that they are taking a long-term, formal role in the ownership, management or stewardship of the homes; and
- any funding provided is used to benefit the local area and/or specific community on a clearly defined and legally protected way in perpetuity.

All types of housing for rent and reduced market sale, such as shared ownership, is eligible for CHF support, as long as it clearly meets local needs and is community led. Examples of community led housing organisations include Community Land Trusts; Cohousing schemes; housing cooperatives and other similar organisations.

The CHF will be available to communities looking to both develop new housing and/or purchase, refurbish and bring back into effective use, empty properties.

Administration of any grants provided through the CHF will be carried out in line with the guidance set out in the Council's Grants Manual.

### **4. Corporate Requirements**

- Maximising our potential - Community housing will add to the existing housing supply and help meet specific local needs
- Valuing our environment - New housing projects will have to meet current building regulations and demonstrate to planning it has considered how to reduce its impact on the environment
- Supporting vulnerable people, reducing inequalities - Community housing will provide the right type of housing solutions to meet the needs of local communities
- Promoting health, wellbeing and independence - Through community housing, there will be opportunities for communities to develop schemes to help local people retain independence

### **5. Policy Development including Consultation**

#### Contact Officer

Matt Lewer, Principal Housing Strategy and Development Officer

### Editorial Team

Alan Menzies, Director of Planning and Economic Regeneration

Ian Burnett, Head of Asset Strategy

John Craig, Forward Planning Housing Strategy and Development Manager

David Siddle, Rural Housing Enabler

### Other consultees

Caroline Lacey, Chief Executive

Stephen Hunt, Head of Planning and Development Management

John Skidmore, Director of Corporate Strategy and Commissioning

Tim Allison, Director of Public Health

Paul Bellotti, Interim Director of Environment and Neighbourhood Services

Darren Stevens, Director of Corporate Resources

Julian Neilson, Head of Finance

Mathew Buckley, Head of Legal and Democratic Services

Kevin Hall, Director of Children, Families and Schools

Helen Wright, Rural Partnerships and Policy Manager

Steve Fulstow, Senior Accountant

Elisabeth Wimbles, Solicitor

Claire Watts, External Funding and Policy Manager

The contact officer would welcome further feedback on the policy.

## **6. Links with other Policies**

The policy links to the East Riding Local Plan 2012-2029 and will support the delivery of new housing as required specifically by PolicyS5 – Delivering Housing Development.

This policy also supports the delivery of the Housing Strategy 2016

## **7. Outcomes and impacts**

Key outcomes of the policy will be:

- the creation of community led housing schemes in the East Riding;
- the provision of greater empowerment for local communities and neighbourhoods; and
- increased awareness of the need for affordable and specialist housing to meet local needs.

## **8. Policy Implementation**

It is intended that the vast majority of the current CHF pot, and any subsequent CHF monies awarded to the Council in future years, will be spent through community organisations to deliver schemes. However, to ensure the success of the fund some other expenditure has been necessary. This includes:

- 3% contribution to the York, North Yorkshire and East Riding Community Housing Hub – the Hub will provide professional technical support to groups, such as site design, planning support and accessing finance.
- 3.5% to fund a Community Support Organisation for a two year period – they will undertake community development activities, raise awareness of community housing and support community groups at an initial stage and during public consultations

- Up to 5% to contribute to the management of the CHF, such as developing and monitoring the CHF policy, undertaking housing needs surveys, promoting the CHF across communities in the East Riding and enabling works with housing developers and registered providers.

The policy will be overseen by the Community Housing Fund Project Group which will comprise:

Principal Housing Policy and Development Officer – Asset Strategy  
 Rural Housing Enabler – York, North Yorkshire and East Riding Rural Housing Network  
 Representative from Rural Policy and Partnerships  
 Representative from Finance  
 Representative from Regeneration and Funding  
 Representative from Community Support Organisation  
 Other officers as/when required

The Group will meet on a monthly basis to discuss the progress of community groups and consider applications for funding.

The Policy will support community groups in three stages:

Stage 1: Community Development/Set-up Fund

Grant funding of up to £4,000 per community (in addition to support from the Community Support Organisation) to help develop the group to the stage where they are constituted and to undertake initial community consultation. The types of activities this funding will support include:

- Room hire for meetings and consultation events;
- Housing need survey materials;
- Training requirements;
- Identification of other funding opportunities;
- Fact finding visits to other Community led Housing schemes and
- Secretariat time to support the group
- Advice on constituting a Community led Housing body
- Administrative/legal costs required to set up a group

To access this funding groups are required to submit an application form available from [www.idoxopen4community.co.uk/er](http://www.idoxopen4community.co.uk/er)

Where no constituted body has yet been created then the Council will accept applications from one of the following:

- The parish or town council for that area;
- The appointed Community Support Organisation; or
- Another agency with strong links to the local community

A statement of all Stage 1 expenditure will need to be prepared and 'signed off' by the Council prior to the submission of a Stage 2 (Feasibility) application.

### Stage 2: Feasibility Fund

Before accessing this fund, community groups will be expected to have been formed and constituted. They must also be able to demonstrate a good level of community support for the project and have clear evidence of the local housing needs that any proposed housing scheme is intended to meet.

Furthermore, potential site(s) will have been identified that may be suitable for a community housing scheme.

Grant funding from £5,000 up to £40,000 per scheme (in addition to support from the Community Support Organisation and the Hub) to support the development of a feasibility appraisal and a project plan could be made available. In exceptional circumstance requests for funding greater than the £40,000 limit may be considered, however the application will only be accepted if the applying community can demonstrate a clear rationale why additional funding is required, how it offers value for money and that the funding cannot be secured by other means. At this stage, the types of work funding could support could include:

- Feasibility study (this is an essential component of the application);
- Commissioning of a development agent to progress the scheme to a planning application;
- Identification and initial assessment of site/sites;
- Development of project plan, including a financial plan and identification of match funding;
- 'Pre application' planning advice;
- Scheme design including all relevant drawings appropriate for a planning application;
- Preparation of surveys and reports in advance of a formal planning application;
- Professional services not funded by the Hub;
- Identification of any abnormal costs or site specific issues which would require further exploration; and
- Further community engagement.

To access this funding, groups are required to submit an application form [www.idoxopen4community.co.uk](http://www.idoxopen4community.co.uk)

The funding can be used to fund work, reports and surveys that can progress a scheme all the way through to the stage prior to a full planning application. A date for the production of the feasibility study will be agreed with the applicant at the time the application is approved. It should be noted that at least 10% of all costs must be accessed from an alternative source to the CHF

The Council reserves the right to incorporate some of the development costs incurred at this stage into the total scheme costs identified at stage 3.

A statement of all Stage 2 expenditure will have been prepared and 'signed off' by the Council prior to the submission of a Stage 3 (Development) application.

### Stage 3: Development Fund

Before accessing this fund community groups will be expected to have produced a project plan, have an identified site/sites and a clear understanding of the people (e.g. elderly/young adults etc.) who will benefit from the scheme.

Grant funding can be provided to cover up to 35% of the total development costs or a maximum of £50,000 whichever is the lower. At this stage, funding can be used to:

- Support the acquisition of a site (including legal fees);
- Professional costs, such as Design and Architectural costs, Quantity Surveyor, Structural Engineer;
- Site surveys and investigations not already completed in Stage 2;
- Planning fees and any specialist planning advice;
- Legal costs;
- Procurement costs;
- Any marketing; promotion and publicity costs;
- Any abnormal site costs;
- Site clearance and ground works; and
- Construction of the properties (or refurbishment in the case of empty homes and other regeneration initiatives)

To access this funding, groups are required to submit a project plan and will be asked to present to the Community Housing Fund Project Group.

Should the community group be able to demonstrate through their CHF Project Plan that they have fully considered all other funding options but require more than the maximum 35% grant to deliver a viable scheme, then the Community Housing Fund Project Group, may also accept applications for support of up to a further 15% of the total development cost. In this instance the funding would be provided as a low interest loan, which would be repayable by the group on terms agreed at the time of the award.

A CHF Project Plan must outline how the project offers the fund value for money, as this will be an important consideration for the Group.

### What the fund will not support

The fund cannot be used for the following:

- any development which does not meet the basic principles for a community-led housing as set out previously;
- any organisation that does not meet the criteria listed below;
- any development that has already commenced and/or where finance has already been secured; or

- any retrospective costs, which have already been incurred by the organisation

For illustrative purposes, a worked example scenario is included in Appendix A. Please note all costs included in the example are only indicative.

## 9. Criteria

CHF Stage 1 funding is only available to groups with a clear community focus and an interest in providing housing which meets the needs of their local community.

CHF Stage 2 & 3 funding is only available to the following types of organisations:

- Fully constituted community groups – the group can be an existing charitable organisation or similar body, social enterprise or set up specifically for this project.
- Registered housing provider or non-registered housing association – as long as there is clear community involvement in the scheme (as set out in the policy statement)
- Town and parish councils (up to stage 2 only)

Direct recipients of CHF stage 3 funding will be required to demonstrate they meet the following criteria, namely that they will be able to demonstrate:

- strong governance arrangements by operating through open and accountable, processes, with robust performance and management systems;
- that the skills and capacity exist within the organisation, or are available to the organisation to undertake the project;
- that there is a realistic financial plan (including cash flows) for the development of the housing scheme and the scheme offers good value for money to the CHF;
- clear financial and organisation plans for the future management of the housing scheme;
- community support for the proposals; and
- how the organisation will comply with any relevant legislation and statutory requirements

In addition, community organisations will need to:

- be a legal entity, or be part of a legally constituted consortia agreement;
- be appropriately constituted (examples might include; a registered charity, Community Interest Company or charitable incorporated organisation, not for profit company or Community Benefit Society);
- have clearly stated community benefit objectives; and
- be non-profit making including a commitment to reinvest any surpluses to further its social aims/community benefits.

### How requests for funding should be made

Requests for CHF Stage 1&2 funding should be sent to the Housing Strategy & Development team using the appropriate application form available from [www.idoxopen4community.co.uk/er](http://www.idoxopen4community.co.uk/er).

Requests for CHF stage 3 funding must be made through a completed project plan covering:

- the legal constitution of the group and the principal contacts;
- evidence of community engagement;
- a financial plan, identifying the sources of funding for the project;
- identification of a site/sites;
- a basic site designing indicating the number of types of housing to be delivered through the project;
- an outline of who the new homes will be for and how that meets a local need;
- what professional support is required to take the project forward and how these professionals will be appointed/procured; and
- what role the community group will play once the homes are complete.

### How requests for funding will be considered

Requests for funding from CHF Stage 1 will normally be considered by the Council's Forward Planning, Housing Strategy and Development Manager within 5 working days of receipt of the completed application form (unless otherwise agreed).

Requests for funding from CHF Stage 2 will normally be considered by the Community Housing Fund Project Group within 30 working days of receipt of the application form. Please note that this may generate further questions or requests for clarification prior to a written decision being sent out to the group to inform them whether they have been successful or not.

Request for funding from the CHF Stage 3 will also be considered by the Community Housing Fund Project Group following receipt of a project plan. An initial check of the project plan will be undertaken within 5 working days by the Principal Housing Policy and Development Officer or Rural Enabler. Should it be deemed to require further detail, applicants will be asked to consider the feedback and resubmit. Once the project plan has been validated, the group will be sent an invitation to present their plan to the Community Housing Fund Project Group. Following this meeting and subject to any additional questions or requests for clarification, the group will receive written notification of whether they have been successful or not.

### Value for money

Applications for CHF Stage 1 & 2 funding will need to demonstrate how the group intends to spend the money and provide a breakdown of costs.

Applications for CHF Stage 3 funding will require the submission of a financial plan, outlining what revenue and capital support is required. The project plan should also outline what professional support is required to deliver the scheme and how this will be procured.

CHF Project Plans will be expected to outline where match funding will be sourced from to make the scheme viable. The Community Housing Fund Group expects groups to demonstrate they have taken appropriate measures to reduce the amount requested from the Fund and will expect evidence that the applicant has considered the following alternative funding streams (where applicable):

- Borrowing on rental income; *this is capital funding borrowed over the long term, (typically 25 years), using projected rental income streams to service the debt*



- Sales receipts: *this is capital funding secured from the proceeds of projected house sales*
- Home and Community Agency Grant; *this is grant made available from the HCA (soon to be renamed Homes England) in accordance with their Affordable Housing funding programmes*
- Land donations or use of existing community land; *this is land offered at 'nil' or below market value*
- Local authority commuted sum fund; *this is capital funding taken from the fund which accounts for financial contributions from developers in lieu of 'on-site' affordable housing*

#### How funding will be administered

The award and management of the grant agreement will be carried out using the Council's Fundtrack system and in line with the Council's Grants Manual. Support will be given to successful applicants on how to use the system.

CHF Stage 2 and Stage 3 money will be provided to communities on a phased basis, with payments to be agreed at the time of the application. To gain access to the next phase of money, the community group will be required to demonstrate that they have met agreed objectives. The Council reserves the right to retain allocated funding, should the community group fail to undertake agreed actions or the risks associated with the scheme are judged to be too great.

#### Monitoring and Clawback

Groups awarded CHF Stage 1 funding will be monitored by the Community Support Organisation with reports to the Community Housing Fund Project Group on a regular basis.

Groups awarded CHF Stage 2 and Stage 3 funding will be expected to submit a brief update report at least once every two months. They will also be monitored by the Community Support Organisation, who will report back to the Community Housing Fund Project Group.

The clawback of funding would only ever be used as a last resort. However if it is the view of the Council that allocated funding has not been used as agreed during an application then a full or partial clawback may be actioned.

The Council reserves the right to seek repayment of any grant awarded, should any homes provided through this programme be taken out of community ownership within 10 years of the completion of the scheme, unless written permission is given by the Director of Planning and Economic Regeneration.

### **9. Evaluation**

An evaluation report highlighting progress on delivery of the Community Housing Fund will be provided to the Council's Strategic Housing Group on an annual basis.

This policy will be reviewed after one year following its adoption and the evaluation report and any proposed changes to policy will be presented to CMT.

### **10. References**



## Appendix A - Community Housing Fund Policy – Worked Example

The purpose of this appendix is to illustrate the types of project that could be funded through this programme. This is not intended to be an exhaustive list and the range of ‘tasks’ set out in each of the tables is likewise not exhaustive. Please note that the figures used are for indicative purposes only and will vary from scheme to scheme.

### Example A - A 10 unit Community Land Trust scheme in a rural community

A parish council is concerned about the lack of affordable housing in the village to meet the needs of the local community.

#### Stage 1 Community Development/Set Up

After an initial discussion with the Community Support Organisation they apply for and are successful in attaining £2,200 from the Stage 1 Community Development/Set-up Fund.

Working with the Community Support Organisation, they use this money to:

- undertake a parish wide housing needs survey;
- hire a mini bus to visit an established Community Housing Scheme in West Yorkshire; and
- start the process of setting up a separate body to take this work forward
- arrange training events for interested individuals in the community

Stage 1 Type of Funding	ESTIMATED COST (£)
Room hire for meetings and events	500
Housing needs survey	400
Training events	500
Legal advice on how to constitute the group	500
Visit to a scheme in West Yorkshire (inc cost of mini bus hire and subsistence)	300
<b>TOTAL</b>	<b>2,200</b>

#### Stage 2 Feasibility Fund

The housing needs survey supports the initial view that there is not enough affordable housing in the village and this is leading to younger people having to move out of the community they have been brought up in. The group has identified a couple of potential sites they believe would be suitable for a scheme of 10 houses but they have no idea of whether they would likely get planning approval, how much they would need to pay for a site and how to go about designing the houses. Therefore they apply for Stage 2 Feasibility Funding (see table below).

Stage 2 Type of Funding	ESTIMATED COST (£)
Feasibility report via the community housing hub	2,500
Setting up of Community Land trust	2,500
Site survey/Ecological surveys	7,500
Site investigation (inc structural engineer fees)	7,500
Flood risk appraisal	3,000
Pre-app planning advice	500

Architect/QS fees	10,000
Further training and consultation	1,000
<b>SUB TOTAL</b>	<b>34,500</b>
LESS 10% contribution from Community Land Trust group	3,450
<b>TOTAL</b>	<b>31,050</b>

The group is successful is gaining access to £31,050, which is agreed to be provided in three phases, with a match of £3,450 from the parish council. The first £2,500 is used by the group to undertake a feasibility study, this involves appointing a professional consultant, which they do through the Community Housing Hub. As a result of this work and discussions with the land owners of the two sites, they believe they have a viable and deliverable scheme and decide to focus on one site in particular (a Rural Exception Site). The feasibility study also starts to consider how the scheme might be funded and the most appropriate tenure for the homes. The remaining funds are used by the group to set themselves up as an official Community Land Trust and pay for other professional fees, such as pre-application planning advice, the design of the site by an architect and a specific site study to consider flood risk and any mitigation required.

During this time the group also undertakes further public consultation, which includes a drop in session at the local village hall.

### Stage 3 Development Fund

All of the work undertaken in Stage 2 goes towards the development of a detailed project plan. This forms the basis of the Stage 3 application for funds.

Stage 3 Type of Funding	ESTIMATED COST (£)
Planning application	3,000
Site acquisition	100,000
Build Costs	1,200,000
On costs (fees etc) (7.5% of build costs)	90,000
Interest	107,000
<b>SUB TOTAL</b>	<b>1,500,000</b>
LESS HCA funding	225,000
LESS borrowing	825,000
<b>SUB TOTAL</b>	<b>1,050,000</b>
<b>SHORTFALL (to be funded by Comm Hsg Fund)</b>	<b>450,000</b> <b>(30% OF OVERALL COSTS)</b>

This plan is presented to the Community Housing Fund Project Group. As a result it agrees to fund the community a total £450,000 (the equivalent of 30% of overall costs). This money is provided to the group in a number of phases, agreed at the time of the application and only when agreed gateways are met. This equates to 30% total unit cost for 10 houses, each costing £150,000 (including acquisition costs and all fees). The remaining 70% is provided funded through borrowing on future rental income (55% or £660,000) and a grant from the Homes and Communities Agency (15% or £180,000) through a Registered Housing Provider. Total scheme costs are £1.5m

Funding is used to cover the cost of purchasing the site, development and professional fees covering a range of issues (planning, site investigations, quantity surveyor etc.). The development phase of the site is led by the partner Registered Provider.

Once the site is complete, the houses are allocated to local people at sub market rent, set by the community group using an agreed allocation policy. The day-to-day management and maintenance of the housing is undertaken by the Registered Provider through a service level agreement with the community group. Ownership of the site and housing is retained by the community through the Trust.

**Please note that the figures used in these examples are for indicative purposes only**