

**Subject**            **Community Housing Fund Update**

**Report to**        **ELT**

**22 June 2022**

**Housing & Neighbourhoods Committee**

**14 July 2022**

**Report by:**      **Sue Bolan – Enabling & Empty Homes Officer**



### **SUBJECT MATTER/RECOMMENDATIONS**

This report is to provide members with an update on the Community Housing Fund and the community land trusts established in the borough.

#### **Recommendations**

##### **That Housing and Neighbourhoods Committee**

- **Note the contents of the report**
- **Approve the provision of a “working grant” to existing and new Community Led Housing Organisations as per the Community Housing Fund Policy to support the development of the organisations and housing projects**
- **Approve the amendment to the CLH Loan to allow for properties already holding planning permission or the acquisition of buildings to be eligible for a loan.**

## **1. BACKGROUND**

- 1.1 In December 2016 Great Yarmouth Borough Council received the first tranche of monies for the Community Housing Fund from the Ministry of Housing, Communities and Local Government (MHCLG) followed by a second tranche in January 2017, the two amounts totalled £652,770.
- 1.2 On 5<sup>th</sup> September 2019, this committee approved the Community Housing Fund Policy which continues to provide grants to new organisations to assist in establishing a legal entity and loans to organisations to support schemes to planning application submission.

## **2. COMMUNITY LED ORGANISATIONS**

- 2.1 Following the cessation Hopton CLT there are now three established community land trusts in the borough:
  - Flegg CLT
  - Great Yarmouth CLT – also know as Yarmouth Roads.
  - Lothingland CLT

Each organisation has chosen to form as a Community Land Trust (CLT) which enables the organisation to hold land in perpetuity as a community asset.

## 2.2 FLEGG CLT

Flegg CLT have carried out a housing need assessment and public meeting with the residents of Somerton, which has shown a need for 3 x affordable properties and 2 x small bungalows for sale for residents to downsize to, which in turn will free up larger family properties for the village.

An application for loan funding to support this development is expected in the near future.

The CLT are repeating this exercise in the other member villages, this evidence base will feed into an overall report for the whole CLT area.

The CLT have also been active in approaching new members (as some members have stepped down) and finding potential opportunities in the areas covered by the CLT.

## 2.3 GREAT YARMOUTH CLT

This group has recently been denied the opportunity to negotiate to purchase a property in the Great Yarmouth town as the owner auctioned the property.

On discussion with the CLT the council has suggested considering expanding its boundaries to allow for further opportunities. The Enabling & Empty Homes Officer, with the Head of Property and Assets, has explored and suggested opportunities to the CLT within the regeneration area of the town centre, encouraging the group to look at properties, which the Council would like to have included in their plans but were unable to, thereby complimenting the aspirations for regeneration. The CLT would like to consider properties to be let to young professionals and those individuals in the intermediate housing market, looking particularly at providing mixed schemes with flats on the upper floors and a community use on the ground floor.

The group is losing key members who will need to be replaced, although this is not expected to be particularly difficult in the town centre.

## 2.4 LOTHINGLAND

An application for loan funding has been received from Lothingland CLT and will be reviewed on 30<sup>th</sup> June.

## 3. SUPPORT AVAILABLE

The support contract with Locality ended in August 2021. Since then, support to the existing and any emerging community led housing groups is provided by the Council, along with more specific support available through the Eastern Community Homes Hub. The hub can provide help to:

- Raise awareness and training for local authorities, their local Council and communities.
- Share expertise and experience of community led housing across all 50 councils and their local councils and communities.
- Support the development of planning and housing policy to enable community led housing.
- Deliver technical advice and support to local councils and communities from inception to completion of community led housing projects.

The hub can provide a level of support for the groups; however, further support is required at particular stages to access surveys and specialist professional advice, it is therefore recommended that a 'working grant' is made available to the groups to support their work until they become self-funding.

It is proposed that a fund of up to £3,000 per year is made available to the groups, on application, this would allow for additional administrative support such as room hire etc as well as purchasing additional technical support to that offered by the hub. Further information on the grant can be found in section 5.4 of the updated Community Housing Fund Policy which is attached to this report.

Further proposed changes to the policy, will allow groups to apply for a CLH Loan for properties where a planning application is already in place. This loan will cover the additional costs of valuations, surveys and associated works to inform purchases. This reflects the fact that not all community led housing schemes will be provided as new build options and ensure there is a consistent approach to supporting community led housing organisations. Further information on the loan can be found in section 5.5 of the updated Community Housing Fund Policy. In addition, the land purchase option will be able to be used to purchase land or buildings.

#### **4. RISK IMPLICATIONS**

- 4.1 There is a risk to the fund if a request from Government was made to repay unspent funds – this risk is considered to be low, due to the timescale since the original funding was provided.
- 4.2 The inclusion of the new working grants, will decrease the fund on an annual basis with no recuperation, although this timeframe has been reduced following the ending of the Locality contract. Overall, however, the benefits of ensuring the resilience of community led housing groups and ensuring they can access required professional services to develop scheme proposals, is considered to outweigh the impact on the budget.

#### **6. LEGAL IMPLICATIONS**

- 6.1 Legal implications have been considered and NP Law consulted on all paperwork associated with the Community Housing Fund Policy.

#### **7. FINANCIAL IMPLICATIONS**

- 7.1 The remaining funds total £551,241.68. The budget will recycle as loans repay but will decrease as grants are issued.

#### **8. CONCLUSIONS**

Support remains available from Great Yarmouth Borough Council and the Eastern Community Homes Hub to help bring forward community led housing schemes. All CLT's are considering schemes and are each at different stages with Lothingland CLT being the first to make a loan application.

Approval of the proposed changes detailed in the recommendations being the introduction of the working grant and changes to the CLH loan and land purchase support, will further support the development of community led housing in the borough.

#### **9. BACKGROUND PAPERS**

9.1 Community Housing Fund Policy - Approved by Housing & Neighbourhoods Committee on 5<sup>th</sup> September 2019 (report under same name).

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

<b>AREA FOR CONSIDERATION</b>	<b>COMMENT</b>
Monitoring Officer Consultation:	Via ELT
Section 151 Officer Consultation:	Via ELT
Existing Council Policies:	Community Housing Fund Policy
Financial Implications (including VAT and tax):	Discussed in report
Legal Implications (including human rights):	Discussed in report
Risk Implications:	Discussed in report
Equality Issues/EQIA assessment:	None
Crime & Disorder:	None
Every Child Matters:	None



# Community Housing Fund Policy 2022

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## 1. Introduction

1.1 In December 2016 GYBC received the first tranche of the Community Housing Fund followed by a second tranche in January 2017, the two amounts totalled £652,770.

1.2 The objectives of the Community Housing Fund are to:

- increase housing supply in England by increasing the number of additional homes delivered by the community-led housing sector
- provide housing that is affordable at local income levels and remains so in perpetuity
- deliver a lasting legacy for the community-led housing sector in the form of an effective and financially self-sustaining body of expertise within the house building industry in England.

## 2. Scope of Policy

2.1 This policy sets out the Council's approach to using the Community Housing Fund monies to assist the establishment of CLHOs and those CLHOs to bring forward sites to deliver affordable housing through the provision of grants and loans.

### **3. Policy Aims**

3.1 The aim of this policy is to increase the number of CLHOs, and the supply of additional affordable housing developed through CLHOs. The council will achieve this by:

- providing 'start-up' funding to facilitate the creation of new CLHOs to be established across the borough
- establishing clear criteria for how grant and loan funding to support CLHOs will be considered and awarded.

### **4. Relevant Legislation**

Housing and Regeneration Act 2008

Localism Act 2011

Co-operative and Communities Benefit Societies Act 2014

Self-Build and Custom Housebuilding Act 2015

Neighbourhood Planning Act 2017

### **5. Application Requirements**

5.1 The fund will be allocated to activities which support the establishment of CLHOs and the preparation of planning applications and pre-development costs. This will allow funding to be provided to several projects. The funds available are not sufficient to fund an entire development, nor would it be beneficial or fair to put the remaining funds into one project.

5.2 Applications will be accepted from any Community Led Housing Organisation operating in the Great Yarmouth Borough Council area which is formally constituted as a Community Land Trust (CLT), co-operative or other form of community led housing structure.

5.3 Start up Grant

A 'start up' grant of £5,000 is available for new Community Led Housing Organisations. This is for the CLHO set up costs, including legal fees, and to assist in the development of an investment ready business plan. Only one application for this grant is permitted per group.

Expected items to be covered include but are not limited to (indicative costs):

- legal fees (£1250+VAT)
- purchase of Model Rules (£325)
- registration with Financial Conduct Authority (£250-£900)
- public meetings preparation (room hire, presentation boards etc) (£500)
- design of logo and promotion literature (£200)
- website design and hosting (£500)
- printing and distribution of promotional leaflets and posters (£250)
- clerking (setting up a bank account, producing minutes, AGM duties) (£250)
- newsletter production (£200)
- membership of CLT or other co-housing network (trustee insurance, legal advice, lobbying representation, members website) (£325).

#### 5.4 Working Grant

Organisations can apply for an annual working grant of £3000 to assist with the running of the group.

This grant can be used to procure technical support in the different areas required to bring forward a community led housing scheme.

This support can be in the form of:

- communication and marketing
- development
- funding
- business planning
- governance
- training specific to the Trustees' role
- surveys
- professional fees incurred to progress schemes

The grant can be applied for on an annual basis and will only be approved where the previous grant funding has been legitimately spent.

Spend will be monitored on an annual basis.

A working grant application will not be approved once a CLHO has a scheme which has been delivered and is occupied as the purpose of the grant is to support CLHO until they are able to cover their own revenue costs from an operational community led housing scheme.

## 5.5 CLH Loan

Loans are available up to a maximum of £60,000 per application. CLHOs can make applications for more than one loan subject to the approval of the Community Housing Fund Group. The CLHO will be required to sign a loan agreement with Great Yarmouth Borough Council.

Eligible activities for the loan will include:

- feasibility studies
- surveys
- architect fees
- legal fees
- project support
- purchase an option and
- other activities the Community Housing Fund Group deems appropriate.

If the identified scheme has already been granted planning permission the CLHO can make an application for funds to assist those surveys and studies required to inform a purchase.

If planning permission is refused or the CLHO or a Registered Provider does not implement the scheme, the loan is lost and not repayable.

Loans will be administered in staged payments to avoid reclaiming any unspent monies should a scheme not proceed.

The loan term will be 5 years from the date of the agreement to lend. The loan would be repayable immediately if:

- no money is repaid with 28 days of the agreed due date.
- any enforcement notices are not complied with within 7 days.
- breach of the agreement
- insolvency

Loans will be subject to interest if the scheme is given planning consent and proceeds to build or if the purchase completes of a scheme with planning permission. Interest will be charged at 3.6% annually from the date of planning consent or completion of purchase.

The Borough Council reserves the right to reclaim funds where the obligations of the agreement are not met, this may include court action where appropriate.

## 5.6 Land Purchase

This option makes use of the Borough Council's own funds and is outside the Community Housing Fund budget.

Purchasing land or buildings will be considered on an exceptional basis only where the CLHO is established and will lose the optimum site if it is not purchased quickly and the CLHO will not be able to proceed unless the Council purchases the land or buildings.

The Council will consider purchasing the site following a formal valuation where planning permission has been granted or it is reasonable to expect that planning consent will be issued based on received pre-application enquiry. The CLHO will have a formal right of first refusal to purchase the land/building(s) at the same cost and will reimburse the Council's purchase costs.

## 5.7 Development Loan

This option makes use of the Borough Council's own funds and is outside the Community Housing Fund budget.

Development loans will be considered where the CLHO is established, and funding is required to support development.

Loans would be available on commercial rates of interest and would be repaid within 5 years.

Financing would be secured against the land.

## 6. Delegated Decisions

6.1 In order for this policy to be effective delegated authority has been given to key officers within the Council to authorise expenditure.

- For all types of application, the Community Housing Fund Group will assess each application received to be able to make a recommendation.
- If agreed, the recommendation will be made to provide funding including details on amount of funding and type (grant or loan).
- Delegated authority has been given to Strategic Directors in consultation with the Section 151 Officer to approve allocation of funds.

6.2 Applications for land (and building) purchases will be reviewed by Executive Leadership Team and will then require committee approval:

- Housing and Neighbourhoods Committee if purchase is over £50K
- Policy and Resources Committee if purchase is over £100K.

## **7. Monitoring and Review**

The policy will be monitored and be subject to review within 3 years.