



Housing and Planning All Party Parliamentary Group

Housing Task Force: New Sources of Supply workstream

BSHF Submission (20 September 2016)

New Sources of Supply

BSHF Submission

Introduction

- 1.1 The Building and Social Housing Foundation collects, shares and transfers knowledge and information about practices that improve housing outcomes for people on an international basis.
- 1.2 We run the [World Habitat Awards](#) and related knowledge transfer activities. We also run proactive programmes to support the transfer of specific areas of housing innovation. Our current programmes relate to [Community-led Housing](#) and [Homelessness](#).
- 1.3 We have been working intensively with the community-led housing sector since 2014, and have been historically involved on numerous occasions with various areas of the community-led and wider housing sector. This submission reflects our own experience and refers to a range of research.

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Executive Summary

- 1.4 We have identified the following **barriers** (through our work on community-led housing, but with wider application):
1. **Best Value Dilemmas:** Lack of clarity in landholding organisations with a social purpose about when to sell land for less than full market price.
 2. **Lack of understanding about community-led provision:** A (mistaken) view that community groups are self-serving and should not get support.
 3. **Lack of technical expertise:** New entrants and local authorities can lack the knowledge and expertise needed to deliver housing or to respond to innovative or different approaches to supply.
 4. **Cash flow:** New suppliers don't always have the money to pay for the expertise they need to deliver housing.
 5. **Rigidity of approaches to planning and land allocation:** Expertise on extracting uplift values from many small sites as opposed to a few large sites is limited.
 6. **Risk aversion:** The sentiment that 'innovation is risky' is shared among many including public authorities and financial organisations, and it prevents serious commitment or investment in new sources of supply.
 7. **Lack of clarity:** Because housing innovation is a shifting landscape it can be difficult to understand, difficult to explain and therefore difficult to support or invest in.
- 1.5 We have identified the following **opportunities** for new sources of housing supply (specifically for community-led housing, but with wider application):
1. **Local enabling:** Numerous local authorities are taking the lead in supporting community-led approaches to housing through enabling policy, funding streams, asset transfers and long lease arrangement. There are many working practices that could be shared and duplicated.
 2. **Increased recognition:** More 'power players' (i.e. those with land and/or money) are recognising the significance of failing housing markets and the impact this has on them.
 3. **Increased appetite for collaboration:** Our work on community-led housing has revealed significant potential for collaboration to improve the way the movement shares information and resources.
 4. **Potential of crowdfunding:** The ability of crowdfunding to enable equitable risk and reward sharing in housing has huge potential.
 5. **Holistic problem solving:** As community-led housing ticks boxes for a whole range of social returns, it has great potential to attract new investment from non-traditional sources.

- 1.6 We suggest a number of **interventions** which government could consider to boost new sources of supply:
1. **Financial Support to suppliers:** For technical and pre-development expertise, to underwrite finance, and in the form of capital grants would all assist delivery.
 2. **Political Support:** Clarity about support for new approaches to housing and clear guidance to public bodies about “best value” decisions
 3. **Financial Support to local authorities:** To enable them to buy in or develop expertise in new areas of housing supply including planning for multiple small sites, new forms of construction, and community-led development.
 4. **Flexible dialogue and programmes:** Programmes and policies that are designed in partnership with practitioners and able to respond quickly to change are valuable in enabling new approaches to housing delivery.

1 Barriers and opportunities in releasing and obtaining land for housing development

- 1.1 The extent and severity of many barriers and opportunities in relation to housing land are influenced by political will, determination and the availability of knowledge and expertise.

Best Value Dilemmas

- 1.2 Within local authorities where asset disposal is concerned, conflict arises between Housing and Asset Management departments. One wants to achieve maximum capital receipts (sell land for as much as possible to get money into the public purse), the other wants to use the land to further the longer term social, economic and environmental interests of an area (usually by offering it as a subsidy package to help deliver lower cost housing). Guidance and legislation enables local authorities to choose one way or the other¹. The question ultimately becomes “where does housing come on our list of local priorities?”.
- 1.3 This dilemma is replicated across all public sector bodies. The argument that housing has a long term cost benefit and social return for a whole range of different public sector areas is often superseded by the need to top up finances in the short term.
- 1.4 If public sector bodies do prioritise maximising capital receipts, smaller, less established housing providers are immediately disadvantaged in bidding for public land. If a provider wants to build or renovate homes that are affordable for people on low incomes, and/or is prepared to accept lower margins to sell homes quickly (to support cash flow), they will not be able to offer as much money for land as developers going for high margins.
- 1.5 This ‘Best Value’ dilemma also applies to other large landholding organisations with a social purpose. Charitable land owners often lack clarity or confidence in applying well-being and social value exceptions when looking to dispose of land at below market values^{2, 3}.
- 1.6 If a small or new supplier has a social purpose (e.g. providing homes for people on low incomes), a limited budget, or will accept lower profit margins than a larger housebuilder, they will struggle to compete for decent development land on the open market.
- 1.7 Clear and consistent guidance would assist local authorities and other public sector bodies to reconcile conflicting priorities relating to the disposal of public land. Decision makers in *all departments* need to be encouraged to recognise and account for the social value of housing schemes, in particular where those schemes seek to offer a locally determined and supported solution to housing provision. This relates in particular to community-led housing provision, but is also relevant where small housebuilders are proposing to build homes that sell for less, but serve a section of the market not currently being served elsewhere.

¹ For an overview see this presentation by Tim Buley of Landmark Chambers, “Public Law issues in public authority land disposal: Best Value, State Aid, Procurement” <http://www.landmarkchambers.co.uk/userfiles/TB.pdf> (2014)

² See the guidance provided by Housing Justice on using church land and buildings for affordable housing: <http://www.housingjustice.org.uk/pages/fiah-resources-117.html>

³ RICS committed to provide updated guidance in relation to ‘disposal of land at less than best consideration’ to help address this issue. See [London Manifesto 2016: Vision for London](#) (RICS, 2016) p.9

Local authorities that are making public land, property and funding available for new sources of supply

- 1.8 Where the political will exists, local authorities can be proactive in supporting new or alternative housing supply⁴.

Leeds City Council

- 1.9 Provides 99 year leases on empty properties at peppercorn rents, allowing community-led housing organisations to raise finance against the properties which can be treated as a secure asset.
- 1.10 Provides capital grant funding for purchase and repair of properties, funded through receipts from Right to Buy sales of local authority homes. 30% of the capital costs of purchase and repair projects are covered for community groups to create new affordable homes in the city. The funding is conditional with requirements that nominations must be granted to the local authority and that double subsidy is not obtained for the same site via HCA funding.

1.11 Liverpool City Council

- 1.12 Transferred housing assets to Granby CLT and other organisations operating in Granby at nil value to ensure regeneration can proceed and that the scheme remains viable. The transfer is conditional with requirements relating to timescale (commencement and completion); the provision of affordable homes for rent/purchase; transfer of responsibility for maintenance and security to the CLT, as well as responsibility for obtaining the necessary planning/building consents; properties to meet the Decent Homes Standard.

1.13 Shropshire Council

- 1.14 Provides grants to support community-led housing and works in partnership with Shropshire Housing Group, which established 'Marches Community Land Trust Services' which provides advice and support to communities⁵.

1.15 Plymouth Council

- 1.16 Implementing a range of proactive interventions in meeting local housing need which include funding, collaborative working and community engagement⁶.

1.17 East Cambridgeshire District Council

- 1.18 Supports the development of community-led housing through planning policy, funding and dedicated expertise. Waives charges for pre-application planning advice for genuinely community-led proposals⁷.

⁴ This is not an exhaustive audit but a selection of readily-available examples

⁵ See <https://www.shropshire.gov.uk/affordable-housing/community-led-affordable-housing/> and <http://www.shropshirehousinggroup.co.uk/marchescalts>

⁶ See [Plymouth City Council Plan for Homes 2016-21](#)

⁷ See East Cambridgeshire District Council: Pro-active local authority support for community-led development at <https://www.bshf.org/publications/community-led-housing-case-studies/>

1.19 **Leicester City Council**

1.20 Transferred disused land to a local community based organisation, Saffron Resource Centre for £1 in order to enable the provision of affordable homes. The freehold on the land will be held by Saffron Resource Centre; the income from which will enable them to provide support services like welfare, health and budgeting advice to the whole Saffron Lane Estate – one of the most deprived areas in the country^{8, 9}.

1.21 **Lewisham Council**

1.22 Working with local community groups (such as RUSS Lewisham¹⁰) to deliver community-led sites where priorities align.

1.23 Exploring and delivering innovative short term or temporary interventions to ease pressure on meeting statutory homelessness duties (specifically the PLACE/Ladywell site which provides 24 units for homeless families built using modular construction)¹¹.

1.24 **Birmingham City Council**

1.25 Works in partnership to support and enable continued community-led regeneration with Witton Lodge Community Association and other stakeholders¹².

Local authority priorities, objectivity and control

1.26 Local authorities often express interest in or implicit support for community-led initiatives but may also lack understanding about the breadth and potential of activity. Some common misgivings are outlined & discussed below.

1.27 “Why should we subsidise a community group when we are drowning from the need of hundreds/thousands of families who are homeless, potentially homeless or on our housing register?”

1.28 Our main counter arguments to this would be:

- ‘Grass-roots’ community-led housing is a manifestation of unmet housing demand. It often includes provisions for affordable housing which specifically meets the needs of local residents. Often the priorities of community-led groups will align with council priorities so it’s not always an either/or decision¹³.
- Community-led housing can be delivered in partnership with housing associations and/or local authorities with nominations and other conditions built in¹⁴.

⁸ See <https://www.leicester.gov.uk/news/news-story-details/?nld=88063>

⁹ <http://srcentre.org.uk/>

¹⁰ <http://www.theruss.org/>

¹¹ See LSE London Housing (2016), [Alternative Housing Action Points](#)

¹² See HCA Press Release (2014) [Birmingham community association celebrates 20 years with 20 homes](#) and <http://www.wittonlodge.org.uk/>

¹³ See for example <http://brixtongreen.org/>

¹⁴ This approach has been employed with particular success in Wales. See <http://wales.coop/coop-housing/>

- Community-led housing is also delivered by existing community based organisations able to provide additional support services (like advice, training and support) to residents through the process. This not only meets housing need but also supports local authorities to provide additional statutory and non-statutory services in a more efficient and collaborative manner.
- Overall the provision of community-led housing in particular comes with a multitude of additional benefits which need to be appreciated so the local authority can make a fair assessment of scheme value. See “Added benefits of community-led housing”.

1.29 ***“Dealing with community groups/small providers is time consuming and messy.”***

1.30 The need for technical support which acts as a conduit between community groups (and potentially other smaller providers) and other stakeholders like local authorities, housing associations, funders and finance providers is recognised and discussed later in this submission.

1.31 ***“Allocating lots of smaller sites doesn’t enable us to plan for infrastructure.”***

1.32 Smaller providers are disadvantaged by a tendency among local authorities to allocate land as ‘large sites’, which might be seen as advantageous in terms of infrastructure provision, or efficient in relation to short term capital receipts, land allocations and designations. However this approach by definition excludes small providers and limits the development opportunity to a small pool of volume housebuilders whose business models are not conducive to rapid increases in delivery¹⁵.

1.33 In order to break this cycle public authorities should be encouraged to prioritise diversification and support for smaller housing providers within their land disposal and planning/land assembly strategies. This would help to mitigate the disadvantage caused by packaging disposals as large sites, which prevents smaller housebuilders from accessing the land¹⁶. International examples exist that demonstrate how proactive planning can help to spread risk more equitably while still capturing land value uplift¹⁷.

¹⁵ Explained in IPPR Report “[We Must Fix It](#)” (2011)

¹⁶ Ideas and evidence relating to nurturing new entrants are included in Parvin et al’s “[A Right to Build: The next mass-housebuilding industry](#)” (2011)

¹⁷ The way we provide infrastructure in the UK is compared with international practice by RTPI in “[Planning as ‘market maker’: How planning is used to stimulate development in Germany, France and The Netherlands](#)” (2015)

Unlocking land from non-public sector stakeholders

- 1.34 Private or charitable landowners may make land available for community-led housing projects - in particular those that help to retain local people - where it would not otherwise be released. Recognition of the need for affordable homes to support economic and social sustainability is increasing among employers (particularly in London¹⁸), faith based organisations¹⁹, and local landowners (particularly in rural areas)²⁰. Opportunities exist (including through Local Enterprise Partnerships) for public authorities to work collaboratively with communities and local landowners. The inclusion of the community in these conversations is important in ensuring landowners are reassured of the impact and long term benefits of releasing their land, as well as to procure local support to bring schemes forward. Community groups can also lever in other funding and resources to help schemes stack up and deliver additional outcomes^{21, 22}.
- 1.35 For those who value long term security and stable returns, mechanisms exist which enable landowners to retain a stake in the scheme and receive an income (i.e. ground rent from a leasehold agreement), as well as enabling them to retain an interest as a permanent stakeholder in a new development.
- 1.36 Another way to avoid paying ‘hope value’ for land is for groups (e.g. Neighbourhood Planning groups or other local consortia) to buy land privately at existing use value and take on the risk of acquiring planning permission themselves. In combination with established locally-led support for development this can help them to compete against larger developers for land²³.

¹⁸ See [CBI London Business Survey 2015](#)

¹⁹ See University of Bristol [“Public Faith and Finance: Faith responses to the financial crisis”](#) (2016)

²⁰ See <http://www.cpre.org.uk/media-centre/latest-news-releases/item/4128-rural-organisations-including-cpre-warn-against-agreement-on-right-to-buy>

²¹ Many of these points are echoed in proposals we submitted to DCLG in relation to the forthcoming Community-led Housing funding (announced in the 2016 Budget). The submission was prepared in consultation and collaboration with many community-led housing organisations and received widespread support and endorsement.

²² See also BSHF (2014) [“Locally Led New Settlement Partnerships”](#)

²³ An example of a community considering this approach can be seen at <http://www.petersfieldsplan.co.uk/self-build/>

2 Finance and funding schemes that help or hinder new sources

Examples of past public and charitable funds, and the specific reasons why they did or didn't work

- 2.1 The following are issues specific to funding community-led housing, identified through interactions with a wide range of different organisations and individuals over the past 2 years. Some are supported by a published evidence base, others are the product of a less formal process of discovery^{24, 25, 26, 27}.
- 2.1.1 **Excessive expectations:** Where community-led housing has been offered access to funding there have been expectations applied to community groups that are far beyond any attached to any other housing developer – for example the need for a referendum to measure the extent of public support, or a confirmed holding interest in land (e.g. planning permission) or property – before funding can be made available.
- 2.1.2 **Rigid application of specific legal models:** Community-led development comes in many forms. There are better known (e.g. Community Land Trusts) and lesser known (e.g. Mutual Home Ownership Societies) approaches where funders or financial organisations are concerned. The lesser known the concept, the higher the risk, the greater the interest rate applied, the worse the viability of the scheme. This is where **underwriting** and **recognition of principles** (as opposed to models) would be helpful. See “Added benefits of community-led housing”.
- 2.1.3 **Requirements for match funding:** While it is very often the case that schemes will bring in more than one source of funding to enable them to go ahead, often one funder will require the commitment of another before they will commit funds. Schemes then find themselves in a ‘stalemate’ situation with nobody willing to ‘go first’. The presence of a confirmed funding stream often provides other investors with increased confidence and enables faster and stronger delivery.
- 2.1.4 **Fit-for-purpose administration speeds up the process:** This is a key finding of the evaluation of the Empty Homes Community Grants Programme which was outsourced through Tribal rather than administering the fund via the Homes & Communities Agency. Far more organisations were able to emerge and withdraw funding without the requirement to become or work with a Registered Provider, or the need to navigate through the same system as large housing providers²⁸.

²⁴ See for example Smith Institute (Heywood, A) 2016: “[Local Housing, Community Living: Prospects for scaling up and scaling out community-led housing](#)”

²⁵ See for example Demos (Cadywold & Leary) 2016: “[Community Builders](#)”

²⁶ See for example Locality (Gooding & Johnston) 2015: “[Understanding the Potential of Small Scale Community-led Housing](#)”

²⁷ See for example University of Birmingham (Mullins et al) 2015: “[Building a Legacy: The impact of Empty Homes Community Grants Programme in the North East and Yorkshire and Humberside](#)”

²⁸ The rapid expansion of community based activity to tackle empty homes in response to the Empty Homes Community Grants Programme demonstrated the energy that can be released by funding. Around 110 community driven organisations created 1,290 homes using empty properties, attracting an additional £26m

2.1.5 **Local capacity building in technical support delivers sustainable growth:** The survival of the National Community Land Trust regional umbrellas is an example of a successful and enduring funding injection. As housing schemes take time to plan and deliver (though less time with technical support), there is a need to put some money in first to pay for the first stages of technical support and build momentum. After around 5 years with the right expertise in place, support starts to pay for itself through the delivery of successful housing schemes.

2.2 Examples of funds mentioned by our stakeholders (there will be others) include:

- Community Rights funding – Community Right to Build in particular
- HCA Community-led project support funding – in particular the requirement to work with or become a Registered Provider is mentioned, as is the impenetrability of the Investment Management System for small organisations
- Power to Change funding for community businesses with particular reference to community-led housing²⁹
- Empty Homes Community Grants Programme (DCLG) Funding
- Grant funding to support the setup of CLT Umbrellas³⁰

Mortgages and other consumer products that could support more innovation and new models

2.3 There is interest from the financial sector in sustainable housing solutions and housing innovation. However the sector is known to be highly risk averse, which is why underwriting or match funding can be so important in bringing in investors in new sources of supply.

2.4 The growth in crowdfunding as a form of real estate investment in the U.S. has significant potential to replicate here³¹ – many community-led housing (and other projects) successfully crowdfund or issue community shares in order to raise funding³². This is an area of largely unscaled potential which could help to spread the risks and returns of housing provision more equitably.

of additional funding and generating multiple added benefits. See relevant work by the [University of Birmingham](#)

²⁹ Power to Change are working with us and a wide range of stakeholders to address some of the issues raised

³⁰ Refer to the [National Community Land Trust Network](#) for more information

³¹ See Huffington Post (2016) [Crowdfunding Transforms Real Estate Investment](#)

³² See for example <http://leedscommunityhomes.org.uk/faqs/#communityshares-faq> , <http://www.homesforoxford.org/> , <http://www.dezeen.com/2013/09/30/kevin-mccloud-hab-housing-developer-breaks-world-record-crowdsourced-equity-investment/>

Other funding that would be useful

REVENUE/CASH FLOW FUNDING

- 2.5 If there is no pre-existing income stream and/or asset to borrow against, it is very difficult to find the money to pay for expertise at the point at which it is needed. There is no getting away from the problem of cash flow. Money is needed at all stages of housing development, and returns don't start to come in until homes are built (or renovated) and sold or rented. Without money to pay for the right services and skills, at the right time, schemes are highly likely to stall and more likely to fail.
- 2.6 Making money available would help address this competitive disadvantage for smaller providers, who do not have reserves or cashflow to pay for the support they need, or to provide expertise 'in house'. Cash injections at pre-development stage would help to pay for **technical** and **pre-development support**.

TECHNICAL SUPPORT FUNDING

- 2.7 Providing housing is complex and often new or small providers need to access specialist expertise (technical support). This is particularly true for new entrants who do not have comprehensive knowledge of the housing delivery process (e.g. community based organisations; novice self-builders; potentially proactive land suppliers like faith based organisations). Existing sustainable models of technical support centres exist in the form of Regional Community Land Trust Umbrellas like Wessex Community Assets³³ or CLT East³⁴. These hubs required initial 'pump-priming' to set up but are increasingly financially sustainable through deferred income from completed schemes.
- 2.8 Technical support refers to the expertise needed to deliver suitable, high quality and cost effective homes, which can include:
- Independent advice and support on design
 - Community engagement including recruiting and training community organisers
 - Testing the feasibility of a scheme
 - Putting together a business plan
 - Assistance with raising capital funding
 - Providing support on running a build contract
 - Putting in place the necessary legal documentation
 - Help to broker relationships (e.g. with local authorities and other stakeholders)
 - Advice on the on-going maintenance and management of homes
 - Assistance with land identification and purchase
 - Assistance with accessing development finance
- 2.9 Providing a clear, consistent approach to funding that enables the technical support market to develop and mature should help with increasing new sources of supply.

³³ <http://wessexca.co.uk/>

³⁴ <http://clteast.org/>

- 2.10 BSHF along with others in the community-led field are now looking at how to increase the presence of local and regional support hubs by building on existing concentrations of community-led activity³⁵.

PRE-DEVELOPMENT SUPPORT FUNDING

- 2.11 Money to pay for specific expertise e.g. project manager, surveyor, engineer, architect, solicitor at specific stages of a housing scheme.

CAPITAL GRANT

- 2.12 If we recognise that demand won't be properly met unless some homes cost a lot less than market prices to rent or buy, then the need for subsidy quickly arises³⁶. Community-led housing providers can and do find subsidy through a range of different sources, but this limits the speed and responsiveness of delivery to local needs. The availability of capital grant would undoubtedly help. Combining this with technical support would help to ensure grant is used prudently and ensure value for money.³⁷
- 2.13 Community-led housing providers, particularly those who want to provide low cost housing, spend a lot of energy finding sources of funding to make their plans stack up financially. Funding injections enable that energy to be directed towards the delivery of homes³⁸.

ACCESS TO MORTGAGE FINANCE AND DEVELOPMENT LOAN FINANCE

- 2.14 New entrants into housing supply struggle with lender perceptions of risk and limited 'high street' options. In the case of community-led and self-build housing there is a ready-made customer waiting to take on the homes provided, which essentially 'de-risks' the timetable for expected returns from sales or rents. Despite this, mainstream lenders are generally reported to be tentative and inconsistent in their support for these 'alternative' schemes.
- 2.15 Similarly, customers who want to access affordable home ownership through less 'mainstream' forms of tenure (such as shared ownership or resale price covenant homes) struggle to access 'high street' mortgage products.
- 2.16 A key measure to scaling up innovative approaches to homeownership is the encouragement of retail mortgage lender participation on intermediate mortgage products including shared

³⁵ For example we know there are already informal or emerging "hubs" in Leeds, Bristol, Liverpool, the North East more generally, London and the West Midlands.

³⁶ The Urban Institute "Cost of affordable housing" tool explains the funding gap that arises when providing low cost housing. It is US based but most of it is applicable here. <http://apps.urban.org/features/cost-of-affordable-housing/>

³⁷ These recommendations echo the advice/proposal we submitted to DCLG relating to the implementation of the £60 million per year fund announced to support community-led housing in rural and coastal areas. The proposal is supported by a range of organisations actively operating in this space.

³⁸ The rapid expansion of community based activity to tackle empty homes in response to the Empty Homes Community Grants Programme demonstrated the energy that can be released by funding. Around 110 community driven organisations created 1,290 homes using empty properties, attracting an additional £26m of additional funding and generating multiple added benefits. See relevant work by the [University of Birmingham](#)

ownership and resale price covenant. This could be achieved through government backed guarantees.

- 2.17 If partial funding is made available that will not cover full project costs, some provision for assistance in securing access to additional development loan finance would also be helpful. This could be in the form of government backed guarantees to give confidence to lenders, or a revolving loan fund using public finances³⁹.

3 Enabling infrastructure and partnerships that government can support

- 3.1 To help meet demand from heterogeneous markets across the UK, it makes sense to nurture the growth of different types of housebuilder, including SME Builders, Self-builders, and Community-led Housing Providers to make supply equally varied⁴⁰.
- 3.2 There is an ongoing conversation about how to increase the supply of ‘alternative housing’. Numerous examples already exist of innovative solutions – the challenge is how to transfer and scale these solutions⁴¹.
- 3.3 BSHF is focused in particular on community-led housing, although due to the space it operates in, this area of housing cuts across others. We are working to support growth in community-led housing as a flexible solution to any housing challenge. We are collaborating and engaging with numerous experts and practitioners to try to achieve this. Political or financial assistance might help to achieve growth in this and other areas. Our specific objectives include:
- 3.4 **Clarity and understanding.** Community-led housing - its history and development - is diverse, so the landscape of terminology and resources is also diverse. This is confusing to policymakers, investors and newcomers. The sector has accepted this and we are working together to bring clarity to the concept. The government can support this by keeping communications open to stay on top of developments in this area. Involving housing practitioners working in innovative areas in the design of funding, policy and guidance would help to identify and address foreseeable flaws. Maintaining a two-way feedback loop and allowing for changes to funding, policy and guidance would help to address unforeseeable flaws, and accommodate a continually evolving market.
- 3.5 **Build technical support infrastructure.** New entrants to the housing market are immediately disadvantaged by the status quo. They have no reserves, no equity, no credit history. The

³⁹ Our advice/proposal prepared for DCLG (in relation to the £60million a year community-led housing fund announced in the 2016 Budget) suggests a ‘light touch’ administrative process to allocate funding, and that revolving loans could be managed by pre-existing or emerging infrastructure organisations. Community-led housing providers have reported they find funding administered by the HCA difficult to access, both because of complex administrative systems, and inconsistent application and interpretation of guidance/policy across regional offices. This is why ‘light touch’ with practitioner input was recommended.

⁴⁰ Ideas and evidence relating to nurturing new entrants are included in Parvin et al’s “[A Right to Build: The next mass-housebuilding industry](#)” (2011)

⁴¹ See some examples in <http://londonhousing.org/wp-content/uploads/2016/08/Alternative-Housing-Action-Points.pdf>

provision of competent technical support to provide reassurance to investors and other stakeholders can be the difference between scheme success and failure.

- 3.6 The benefits of technical support can be seen through the Community Land Trust Umbrellas and CLT Start-Up fund, the activities of the Wales Cooperative Centre & Confederation of Cooperative Housing, Locality's Early Stage Support Fund and other similar activities. All of our stakeholders agree that having access to a person who knows and understands the landscape of housing is often fundamental to getting a project off the ground.
- 3.7 We are working with others to identify and develop existing local and regional hubs of technical support so that emerging new entrants to community-led housing are able to access the information and advice they need. We will also look at setting up evaluation processes to provide clarity and feedback to customers, investors and other stakeholders. Government can help by supporting this initiative – for example via endorsement, guidance and signposting to local authorities, or (potentially) funding new technical support centres⁴².
- 3.8 Promotion.** In providing clarity and understanding we also want to increase awareness of alternative methods of providing and accessing housing. Community-led housing is a manifestation of unmet housing demand, and the more accessible and understandable we can make it, the more people (we believe) will want to access it, which should create a virtuous circle of demand and new innovation. Government can support this by providing flexible support. In particular providing clarity and guidance to local authorities about some of the issues raised here would be helpful.

Added benefits of community-led housing

- 3.9 Community-led housing is a holistic activity with multiple additional benefits. It represents a response to a wide range of local housing problems using a variety of different approaches. It can unlock resources unavailable to mainstream developers, such as: the commitment and support of local people (in time, skills, finance and sometimes labour); sites and buildings (where landowners are also part of the community and wish to see asset value locked-in for future generations); and the reserves of small local housing associations (where working as lessee with a community landlord).
- 3.10 Community-led housing can raise the quality of development and improve places through holistic, inclusive and innovative design processes. It provides significant added value (both social and economic) by building resilience, developing local skills and increasing the appetite for innovation and sustainable growth. It offers opportunities to nurture new talent in the building industry workforce, contributing to growth and sustainability.

⁴² This echoes the recommendations made in our proposal to DCLG regarding the £60 million a year Community Led Housing fund announced in the 2016 Budget.

- 3.11 To access these additional benefits it is important to adhere to specific principles, which are:
- The community must be integrally involved throughout the process in key decisions (what, where, for who). They don't necessarily have to initiate the conversation, or build the homes themselves.
 - Community groups should take a long term formal role in ownership, management or stewardship of the homes.
 - The benefits to the local area and/or specified community must be clearly defined and legally protected in perpetuity.
- 3.12 These principles help to ensure buy-in and support, improve design and planning through local knowledge, and preserve the long-term social and economic benefits of housing activity for the area.
- 3.13 The current landscape of support for community-led housing hosts a range of existing organisations with skills in delivering a variety of different approaches, encompassing new build and the use of existing buildings, with communities working alone or in partnership (for example with a housing association or other local developer).
- 3.14 There are three main routes to delivery for community-led housing schemes:
- Group-led: Grassroots, community-led groups responding to housing need, or people seeking to deliver their own homes. They may or may not partner with a housing association or developer to deliver their scheme.
 - Extension of community based activity: Existing community based organisations with local roots decide to provide housing in addition to their current activities.
 - Developer-Community partnership: Local Authority/Landowner/Housing Association/Small Builder etc. wants to provide housing that benefits the local area in perpetuity. They recruit 'founder members' from within the community and support them to take over ownership and/or management of the homes. This could also include Neighbourhood Planning Groups deciding to commission housing in their area. In this scenario it is essential that all of the community-led criteria are met to ensure genuine community benefit and involvement.

4 Capacity in the 'new sources' sectors

Constraints on local authorities being able to engage with new sources, and how those could be overcome

- 4.1 We have referred to technical support primarily in relation to community-led housing providers, but there is also a strong case for technical support to be accessible to local authorities. Given resource constraints and a potential lack of internal knowledge and expertise, technical support centres could provide a two-way conduit to foster and develop capacity within local authorities to deal with new and less well known approaches to housing supply.

5 What one thing could national government do to make the most difference?

- 5.1 This answer assumes that housing will remain a priority on the political agenda for the long term. If that is the case then the one thing national government could do is **de-risk new sources of supply through underwriting scheme finance**. Removing the barrier of reluctance to invest in new sources of housing supply would make a big difference to a whole range of new providers.