HAMBLETON DISTRICT COUNCIL

Report To: Cabinet

4 July 2017

Subject: COMMMUNITY HOUSING FUND GRANT POLICY

All Wards

Portfolio Holder for Planning: Councillor D A Webster

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of this report is to seek approval for the Council's Community Housing Fund Grant Policy which will set out the criteria for the allocation of this funding to communities and organisations involved in the delivery of Community Led Housing schemes across Hambleton.
- 1.2 In 2016/2017 Hambleton District Council was allocated £195,277 from the Department of Communities and Local Government Community Housing Fund. The Council will use this ring-fenced funding to work in partnership with local communities to develop Community Led Housing across the District. Further grant funding may be allocated over the next three years.
- 1.3 The Council is using £30,000 of the grant funding it received to commission Community First Yorkshire to provide additional community development capacity to work with the Council and communities to support the progression of five Community Led Housing 'pilot' schemes at Ingleby Arncliffe, Helperby/Brafferton, Hutton Rudby, Thornton Watlass and Osmotherley. Community First Yorkshire is also tasked to generate interest and lead a dialogue with other community groups across Hambleton around Community Led Housing as a first step towards delivering additional housing on housing development sites and rural exception sites across the District.
- 1.4 Alongside East Riding and other North Yorkshire local Councils the Council agreed to 'pool' £5,850 (3%) of its 2016/17 grant allocation to fund a sub-regional Community Led Housing Hub at its Cabinet meeting on 14 March 2017 (ref CA.78). The Hub will provide communities access to technical and professional services, training and signposting to good practice and advice.
- 1.5 The remaining £159,150 of grant allocation will be used to offer support to communities seeking to progress a Community Led Housing scheme. The fund will be used to support local communities to set up a community organisation, undertake initial feasibility work and to cover project management costs.
- 1.6 The policy attached at Appendix 1 sets out who is eligible to apply for this funding, what will be funded and how applications will be assessed and funding awarded

2.0 LINK TO COUNCIL PRIORITIES:

2.1 Community Led Housing will increase the supply of housing across Hambleton including affordable housing for rent and shared ownership. It will help to support economic growth and keep communities vibrant.

2.2 Community Led Housing will also promote health, wellbeing and independence. Through this type of scheme there are opportunities for communities to develop schemes to help local people (including older and vulnerable people) to retain their independence.

3.0 RISK ASSESSMENT:

3.1 There are no significant risks in approving the recommendation.

4.0 FINANCIAL IMPLICATIONS:

- 4.1 The Community Led Housing Fund grant of £195,277 is ring-fenced for delivery of Community Led Housing. The Government has advised that grant funding will be available for a further three years but the level of funding and how this will be allocated has yet to be confirmed. There is no assurance that the grant will come to local authorities in future years. The policy will therefore need to be reviewed before the end of the current financial year to ensure that it is still relevant and appropriate.
- 4.2 The policy includes criteria and grant caps for each funding stage, requires applicants to demonstrate Value for Money and to seek match funding from other sources to mitigate financial risks.

5.0 **LEGAL IMPLICATIONS**:

5.1 There are no legal implications

6.0 **EQUALITY/DIVERSITY ISSUES:**

6.1 Community Led Housing will help to support the needs of vulnerable people, including older people, and reduce inequality by helping to provide the right type of housing solutions to meet the needs of local communities.

7.0 **RECOMMENDATION**:

7.1 That Cabinet approves and recommends to Council the Community Housing Fund Grant Policy attached at Appendix 1.

HELEN KEMP
DIRECTOR OF ECONOMY AND PLANNING

Background papers: Cabinet Report on Community Housing Fund - 14 March 2017

Author ref: SWT

Contact: Sue Walters Thompson

Housing and Planning Policy Manager

01609 767176

Hambleton District Council Community Housing Grant Policy July 2017

1.0 Background

- 1.1 Hambleton District Council was allocated £195k in 2016/2017 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) across the District.
- 1.2 £30,000 of the grant funding has been allocated to commission Community First Yorkshire to provide additional community development capacity over two years to work with the Council to support the progression of five Community Led Housing 'pilot' schemes at Inaleby Helperby/Brafferton, Hutton Rudby, Thornton Watlass and Osmotherley. Community First Yorkshire has also been tasked to generate interest and lead a dialogue with other community groups across Hambleton around Community Led Housing as a first step towards delivering additional housing on housing development sites and rural exception sites across the District.
- 1.3 £5,850 (3%) of the grant funding has been 'pooled' with allocations received by other members of the York, North Yorkshire and East Riding Housing Partnership to develop a Community Led Housing Hub which will develop, co-ordinate and administer a range of technical and enabling services for community-led housing across the sub-region.
- 1.4 The remaining £159,150 of grant allocation will be used to offer local support to communities seeking to progress a Community Led Housing scheme.
- 1.6 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

2.0 Definitions for the Purposes of this Policy

Cohousing	A groups of homes with both self-contained private dwellings and shared community space
Community Land Trust	A community organisation run by volunteers which develop genuinely affordable homes,
Community Led Housing	based on what people actually earn locally Housing developments where a community play an integral role
Housing Cooperative	A membership based model of housing, where a

group of tenants control/manage the affairs of

Registered Provider (RP)

properties without any individual ownership 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.

3.0 Community Led Housing

- 3.1 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?) but does not necessarily have to initiate and manage the development process, or build the homes itself, although it may choose to do so;
 - 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.
- 3.2 Community Led Housing includes all types of housing including homes for outright sale, rent and shared ownership. It is eligible for Community Housing Fund support, provided that it 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.
- 3.3 The Community Housing Fund will be available to communities looking to develop new housing and/or purchase, refurbish and bring back into effective use, empty properties.
- 3.4 Communities also have access to a wider range of other grant funding sources, which can assist in the delivery of Community Led Housing schemes. These grants are not available to Registered Providers or other public sector bodies. Support and advice will be provided to communities both through the Council and specialist advisors on these alternative sources of funding.

4.0 Who will the Community Housing fund be allocated to?

4.1 Funding will be allocated to support specific community-led housing schemes and will be made available to the following types of organisations:

Community Organisations: These will be community groups based in communities involved in the development of a community-led housing scheme. Community groups will need to be constituted to receive direct funding. The community group could be an existing charitable trust or development trust or similar body. Where a new community group is established to develop a scheme, then funding will be provided to help establish the group (see section: "What can the fund be used for?").

Registered Providers: Funding will be provided to Registered Providers who are involved in the development of an identified community-led scheme. Funding for Registered Providers can be in the form of a grant. Funding from the Community Housing Fund for Registered Providers can be made available in addition to funding from the Housing and Communities Agency (HCA) Shared Ownership and Affordable Homes Programme (SOAHP).

Registered Providers can be involved in a community-led housing scheme in a number of ways. These can range from acting as purely a development partner and providing a design and build service to a community through to leading on the development of the scheme and providing the on-going management of the housing. However, it is essential that whatever role a Registered Provider has in a community-led scheme that the community takes a long-term role in the ownership, management or stewardship of the homes, for it to be a genuine community-led housing scheme.

Other development partners: In most cases, communities will be expected to work with Registered Providers as development partners. However, there may be situations where the community works with another development partner to deliver a community-led scheme. The Council may provide direct funding to alternative development partners in certain circumstances.

Other organisations: Funding will be provided to other organisations to fund specific pieces of work. These can include funding to consultants for feasibility work, business planning, planning consultants, supporting housing needs surveys etc.

- 4.2 Direct recipients of funding through the scheme will be required to demonstrate:
 - Strong governance arrangements by operating through open and accountable, co-operative processes, with strong performance and management systems.
 - Appropriate skills and capacity within the organisation, or available to the organisation.

- Clear, realistic financial plans for the management and development of the housing scheme where applicable.
- Community support for the proposals.
- How the organisation will comply with any relevant legislation and statutory requirements.
- 4.3 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 Industrial and Provident Societies for the Benefit of the Community).
 - Have stated community benefit objectives.
 - Be non-profit distributing; any surpluses must be reinvested to further its social aims/community benefits

5.0 What can the fund be used for?

5.1 The fund can be used for the following:

Community Development Work: Funding will be used to support community engagement work with local communities to enable them to set up a community organisation and to develop the organisation. Specific community capacity working will include:

- Set up costs for the group including legal structures and governance.
- Advising the group on community-led housing models and the most appropriate models and approaches for their community/development.
- Any training requirements.
- Identifying other funding opportunities.
- Assistance with funding applications and other support.
- Longer term group and business development.
- Any other specialist support.

Initial Feasibility Work: Funding will be allocated to undertake initial feasibility work to identify the potential to develop a community-led housing scheme. Initial feasibility work can include:

- Feasibility studies.
- Identifying and assessing potential sites and opportunities, costs and values.
- Local Housing Needs Surveys.
- Developing the initial project proposal.
- Advice on early project planning/management and business plan development

Project management costs: Project management costs will cover any work undertaken on a specific site prior up to and including start on site of a scheme. This will include:

- All professional costs: Design and Architectural costs, Quantity Surveyor, site surveys and investigations etc.
- Planning fees and any specialist planning advice.
- Legal costs.
- Procurement costs.
- Site Management costs.
- Site acquisition.
- Any abnormal costs: e.g contamination, site clearance etc.

Other costs: The Council will consider use of the fund for specific one-off costs for a particular site, without which the scheme could not be developed or be viable, including gap funding.

6.0 What can the fund not be used for?

- 6.1 The fund cannot be used for the following:
 - Any development which does not meet the basic principles for a community-led housing scheme as set out previously.
 - Any organisation that does not meet the criteria listed previously.
 - Any development that has already commenced.
 - Any retrospective costs, which have already been incurred by the organisation.

7.0 How much funding will be allocated?

7.1 The Council currently has a pot of £159,150 available. The level of funding available in the future will be determined by the amount of grant allocated to the council by the Government.

7.2 The grant funding available for each stage of a scheme is set out below. This is capped and it is expected that community organisations will also access other funding streams.

Stage 1: Community Development/Set-up Fund:

7.3 Grant funding of up to £3,000 per community (in addition to support from Community First Yorkshire) is available to help develop a group to the stage where it is constituted and to undertake initial community consultation. This 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.

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 (Appendix A).

- 7.4 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.
- 7.5 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

- 7.6 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.
- 7.7 Furthermore, potential site(s) will have been identified that may be suitable for a community housing scheme.

- 7.8 Grant funding from £5,000 up to £15,000 per scheme (in addition to support from Community First Yorkshire and the Hub) can be made available to support a feasibility appraisal and to develop a project plan. In exceptional circumstances requests for funding greater than the £15,000 limit may be considered 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 type 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 (Appendix B).

- 7.9 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 20% of all costs must be accessed from an alternative source to the Community Housing Fund.
- 7.9 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.
- 7.10 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

7.11 Grant up to £15,000 may be available either to top up public subsidy or provide gap funding for capital costs to contribute towards project management costs and construction costs.

- 7.12 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.
- 7.13 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)
- 7.14 Direct recipients of Community Housing Fund stage 3 funding will be required to demonstrate the following:
 - 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 overs good value for money to the Community Housing Fund;
 - 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.
- 7.15 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.
- 7.16 Grant funding can be provided to cover development costs up to a maximum of £15,000. At this stage, funding can be used to:
 - 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).
- 7.17 The outcome of the feasibility work will determine whether the scheme will progress to the development stage. Determination of development funding for schemes will be subject to a more detailed appraisal process, which will comprise of the following:
 - Deliverability;
 - Value for money;
 - Eligibility, in terms of meeting the basic principles outlined in Section 1 and the wider criteria outlined in Section 3;
 - Allocations Policy;
 - How the scheme will be managed and maintained;
 - Robustness of the business model and financial viability;
 - Other sources of funding and finance.

8.0 Grant application process

- 8.1 Funding will initially be made available to communities or organisations who have expressed an interest in developing a Community-Led Housing scheme. Grant applications must be made to the Council in advance of work being commissioned or undertaken. This will enable the Council to manage its grant allocation and earmark monies for specific work/projects.
- 8.2 Following research work undertaken in 2016 into the potential for community-led housing across the sub region, a number of communities in Hambleton expressed an interest in developing a community-led scheme and initial work is being undertaken with those communities to develop a scheme. Funding will be made available to these groups in accordance with the policy to initially undertake community development work and/or feasibility work. Community groups will be required to complete a standard application form for both the Community Development Set-up Fund and for the Feasibility Fund.
- 8.3 Work will be undertaken over the forthcoming months to identify further communities who are interested in developing a community-led housing scheme.
- 8.4 The policy will be overseen by the Community Housing Fund Project Group which will comprise:

Housing and Planning Policy Manager Rural Housing Enabler – York, North Yorkshire and East Riding Rural Housing Enabler Network Representative from Finance Other officers as/when required

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

9.0 Payment of Grant

Stage 1: Community development set-up fund

9.1 Grant payments will normally be paid on receipt of grant claim form and invoices for work carried out. However, it is recognised that some community groups may not yet be fully constituted or have very limited cash resources. In such circumstances the funding will be held by the Council and spent on set-up costs until such time that the organisation is constituted and/or has appropriate cash reserves.

Stage 2: Feasibility fund

9.2 Grant payments will normally be paid on receipt of grant claim form and invoices for work carried out.

Stage 3: Development fund:

9.3 Payments from the Development Fund will normally be made on a staged basis as follows:

50% to be paid on start on site of the scheme 50% to be paid on scheme completion

The Council will consider alternative staged payments in certain cases where there may be cashflow issues. However, it is expected that applicants will have sufficient development finance in place to ensure that they are able to manage their cashflow throughout the duration of the project.

Where the grant funding is being used to provide gap funding, then payment will normally be made to the applicant once that cost has been met by the applicant and upon receipt of evidence of payment of the cost by the applicant.

There will be no funding available for cost overruns.

10.0 Grant Agreement

10.1 Grant recipients will be required to enter into a standard grant agreement with the Council, which will stipulate a number of requirements including:

- Monitoring Arrangements: We will require grant recipients to provide regular monitoring information as per the grant agreement.
- Use of Grant and details of works required: The grant agreement will set clear what the grant can be used for and details of the works required.
- Withholding, suspending and repayment of grant: The grant agreement will also set out the circumstances in which grant may be withheld, suspended or repaid. This will include disposal of the properties within a certain timescale, use of grant for purposes other for which the grant has been awarded etc.

11.0 Requests for funding

- 11.1 Requests for Community Housing Fund Stage 1 and 2 funding should be sent to the Housing and Planning Policy Manager using the appropriate application form (attached as Appendices A & B).
- 11.2 Requests for Community Housing Fund 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.
- 11.3 Requests for funding from Community Housing Fund Stage 1 will normally be considered by the Council's Housing and Planning Policy Manager within 10 working days of receipt of the completed application form (unless otherwise agreed) (see Appendix A).
- 11.4 Requests for funding from Community Housing Fund Stage 2 will normally be considered by the Community Housing Fund Project Group within 30 working days of receipt of the application form (see Appendix B). 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.

11.5 Request for funding from the Community Housing Fund 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 10 working days by the Housing and Planning Policy Manager or Rural Housing Enabler. Should it be deemed to require further detail, applicants will be notified accordingly and asked to resubmit. Subject to any additional questions or requests for clarification, the group will receive written notification of whether they have been successful or not.

12.0 Value for money

- 12.1 Applications for Community Housing Fund Stage 1 and 2 funding will need to demonstrate how the group intends to spend the money and provide a breakdown of costs.
- 12.2 Applications for Community Housing Fund 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.
- 12.3 Community Housing Fund 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

13.0 Monitoring and Clawback

13.1 Groups awarded Community Housing Fund Stage 1 funding will be monitored by the Community First Yorkshire, who will report back to the Community Housing Fund Project Group on a regular basis.

- 13.2 Groups awarded Community Housing Fund 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 First Yorkshire, who will report back to the Community Housing Fund Project Group.
- 13.3 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.

14.0 Policy Evaluation

- 14.1 An evaluation report highlighting progress on delivery of the Community Housing Fund will be provided to the Cabinet Member for Planning and also the York, North Yorkshire and East Riding Housing Board on an annual basis.
- 14.2 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 Management Team.

HAMBLETON DISTRICT COUNCIL COMMUNITY HOUSING FUND COMMUNITY DEVELOPMENT/SET-UP

Stage 1 Application for Community Development/Set Up Funds			
1. Name of Existing/Proposed Organisation			
January Samuer S			
2. Contact Details			
Contact Name:	Contact email:		
Contact Address:	Contact tel no(s):		
3. Organisation Details			
Type of existing/proposed organisation:			
4. Scheme Details			
Please provide a brief overview of the specific scheme(s) that you require community development/start up funding for.			
5. Funding requirements			
Please set out the funding you need to progress the stage)	is scheme to Stage 2 (Feasibility		

Type of funding	Estimated Cost	, ,	
		service provider/consultant/contractor if	
		known)	
		,	
6. Certification	d :- d:=-tl.,	sisted with the development of a	
		ciated with the development of a information contained within this	
application form is, to the best of		curate and reliable.	
Signature		Date	
On behalf of			
If the certification has not been completed by a recognised signatory of the proposed			
community housing organisation then please indicate the organisation that person			
represents			

Appendix B
HAMBLETON DISTRICT COUNCIL
COMMUNITY HOUSING FUND
FEASIBILITY STAGE

Application for Feasibility Fund		
1. Name of Organisation		
2. Contact Details		
Contact Name:	Contact email:	
Contact Address:	Contact tel no(s):	
3. Organisation Details		
Type of Organisation: Date of Incorporation: (please provide a copy of your constitution or other documentary evidence of your governance arrangements) Please note that your organisation must normally have a minimum of 5 members (from different addresses in your community) and have either an open membership policy (or one which has restrictions that help to fulfil its overall aims and objectives) Please provide a brief summary of the organisation's aims and objectives:		
Please provide details of your bank account: Name of Bank Account Name Sort Code Account Number Names of authorised signatories		