

Report to: **Overview and Scrutiny Panel**  
Date: **18 January 2018**  
Title: **Community Housing Update**  
Portfolio Area: **Assets – Cllr Tucker**  
Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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#### **RECOMMENDATIONS**

- 1. That the contents of the report be endorsed; and**
- 2. That the Panel request further update reports be presented on a six monthly basis.**

## **1 Executive Summary**

- 1.0 The purpose of this report is to provide an update on progress with the Community Housing Strategy and programme of action going forward.
- 1.1 Internal resource has been expanded to drive forward the strategy.
- 1.2 Standardised models will be deployed to include consultancy appointment frameworks, updated housing needs assessment, a legal mechanism to ensure housing for local people in perpetuity, land purchase arrangements and viability appraisal.
- 1.3 A communications exercise will be undertaken during February '18 inviting residents across the district to complete an on-line survey of housing needs, focused on "intermediate housing need" (i.e. people who wish to buy in a community they have a connection with, where the cost of market housing is beyond their reach). This will establish those communities where there is sufficient interest in community affordable housing and where such projects should be progressed in more detail.

## **2 Background**

- 2.0 A report was presented to Executive on 9th March 2017 and was subsequently approved at full Council on 30<sup>th</sup> March 2017.
- 2.1 The report outlined that South Hams had been awarded an allocation of £1,881,000 from the Community Housing Fund (CHF) based largely on housing affordability and the proportion of second homes in the district.
- 2.2 Council approved a Community Housing Strategy to support the development of homes that are accessible to those with local connections for whom the cost of market housing is beyond their reach, which has had a significant impact on the underlying vitality and sustainability of local communities.
- 2.3 The approved strategy envisages involvement of South Hams to facilitate community housing at a number of different levels:
  - a) Low input support to existing and emerging local housing projects where "hands on" community groups wish to progress housing schemes with limited direct involvement by South Hams. In these cases South Hams can allocate sums of CHF grant funding at distinct phases of a project, on a case by case basis, provided the expenditure and project meets community housing criteria.
  - b) South Hams to act as a development facilitator, directly managing and funding the development process in close collaboration with a community, to include housing needs assessment, land purchase, design work, planning process; to the point of a deliverable scheme.

- c) South Hams to undertake project construction funded through borrowing from the Public Works Loan Board (PWLB) and other funding sources (HCA, S106 commuted sums). Note project investment to be considered on a case by case basis
- 2.4 The strategy proposes a sustainable financial model for South Hams ultimately being self-funded over time, achieved through a small profit margin on investment through the construction and sale of houses to reflect the risk taken by the Council
- 2.5 The approved strategy included apportionment of the £1.88m as follows:
  - a) Internal capacity building (staffing), including the forward funding of 3 FTE for 2 years
  - b) Commitment of up to £900k for the acquisition of new project sites
  - c) Commitment of up to £400k for grant funding for community housing groups that don't wish to utilise the Council's Community Housing delivery model
  - d) Up to £300k for supply chain costs to cover, site assessment and appraisals, planning advice, planning applications, design, contract preparation and administration
- 2.6 The Government White Paper on housing "mending our broken housing market" has emphasised strong support for sites that provide affordable homes for local people.
- 2.7 The Government's accelerating commitment to community housing as one of the pillars of its housing strategy has been demonstrated through further financial support through the allocation of £60m nationally per year for the next 3 years (announced in December 2017). This will be administered via the HCA and local authorities have been considered a suitable conduit through which such funding will be channelled.
- 2.8 South Hams is well placed to bring forward community housing projects through:
  - a) Being a forward thinking authority recognising supporting initiatives to address housing affordability across the district
  - b) The existing CHF fund (£1.88m) enabling the authority to support community housing projects and build an internal resource to act as a facilitator structured in a way it can access future rounds of community housing funding
  - c) Its ability to draw upon a skilled professional team (project management, development, housing, property, planning) within the Council and form frameworks with external consultants to enable streamline & cost effective project delivery.

- d) South Hams database of potential edge of settlement sites submitted to the authority as part of the JLP process, will assist in identifying and securing prospective sites for community housing development under exception planning policy.
- e) Access to competitive PWLB funding and other sources of capital funding and de-risking the development process to help to deliver more projects efficiently and securely.
- f) Its community housing programme complementing other housing initiatives such as VHI and its Custom Build Policy.

2.9 Nine prospective projects are being promoted across the district, ranging from early concept stage, to projects advanced in the planning process. These are made up of a mixture of "go it alone" community groups and CLT's and projects where communities welcome South Hams taking an active development role . This existing portfolio provides a useful "springboard" to progress other schemes.

### **3 Challenges**

- 3.0 Having identified and met with 17 existing community housing groups (some CLTs some not) the following challenges and mitigations have been recognised:
- 3.1 Community Groups having difficulty accessing finance, particularly at the early and high risk stage of a project. Grant funding has been issued for design work in South Brent, and a substantial grant for Clay Park, Totnes. The construction phase support would be on a business case basis and subject to approval, be based on PWLB borrowing.
- 3.2 Some early schemes within South Hams have come forward promoted by CLT's or other community groups made up of members whose objective is to meet their own housing needs of other personal objectives. Although understandable, care needs to be taken that projects meet a wider community's housing needs along with those of individual committee members. South Hams can assist in this regard through housing needs assessment, community consultation and putting in place an appropriate allocation policy.
- 3.3 A key challenge of the strategy is acquiring suitable land on terms aligned to exception planning policy guidelines at circa £10,000 / plot. In this context, suitable means adjacent to settlement boundaries, sustainable and aligned to planning policy more generally. This challenge will be met by targeted enquiries to those landowners who have expressed interest in development as part of the JLP.
- 3.4 South Hams can assist in landowner negotiations through existing landowner networks and offering a flexible range of options to a landowner such as; structuring remuneration as a revenue receipt rather than a capital sum, nomination rights, offering a serviced

development plot in lieu of a capital receipt or providing a landowner with an opportunity to invest in a project. The direct involvement by South Hams acquiring land under option will provide the combined benefit of relieving a community group of the task of finding funding for land purchase but also giving South Hams an interest in a project thus providing a degree of control in the development process, to ensure effective and timely delivery. Discussions have started with respect to land owner negotiations on at least two sites to date.

- 3.5 Community Groups going it alone, particularly for a small scheme, may struggle to procure best value in the construction supply chain. South Hams participating in the construction phase of a project, through an aggregated approach or deploying framework arrangements will assist in good value procurement. Modular build options, currently under review by the Assets team, may assist in delivering cost savings, reduce construction risk and improve delivery timetables.

#### **4 Update on targets for Year 1 of Strategy (i.e. to end March '18)**

Target	Update
Identify up to 5 pilot projects (existing schemes)	17 sites identifies, 9 projects underway. South Hams close involvement as facilitator in 2 projects.
Build internal development capacity (staffing)	Community Housing Lead appointed, community liaison role recruitment underway
Select support consultants	Framework consultancy arrangements to be put in place
Articulate delivery model	Strategy proposed (see below)
Acquire or secure options on 3 -5 new project sites	2 land options under negotiation
Host networking events for Parish / Town and Neighbourhood Groups	One complete, more in the future as required.
Support delivery of existing CH initiatives through direct funding, landowner agreements, design and development support	Underway

#### **5 Implementation plan going forward**

##### **5.1 Proactive community collaboration**

- a) In late January / February '18, South Hams comms. team propose undertaking an extensive communications exercise deploying wide-scale media (press, radio, advertising notices, communication with Parish Councils, social media) inviting individuals across the entire South Hams

district to complete an on-line survey. This will be a “snap shot” to establish those communities where there is sufficient interest in community affordable housing (intermediate to buy and rental) and where such projects should be progressed in more detail. The reason for an individual survey rather than relying on dialogue with Parish Councils or already active CLTs is that many people in need will not be currently articulating their need through existing channels.

- b) Following analysis of data, to target community groups where there is sufficient interest. Funding will be allocated from the CHF to participating communities to support initial set up costs such as undertaking robust housing needs assessments, formation of community groups and land purchase / option and concept design work

## 5.2 Process

Standardisation of approach to bring forward community housing schemes will provide improved efficiency, cost effectiveness and speed up delivery. This will cover the following areas:

- a) Clarification of qualification criteria of community housing.
- b) Putting in place framework arrangements with consultancy teams for design and planning process to ensure efficient and cost effective procurement.
- c) Updated housing needs assessment catering for intermediate housing needs.
- d) Occupancy restriction in perpetuity, by covenant, to insure housing is tailored to the specific needs of local people. An additional piece of work is being undertaken to ensure such restrictions allow purchasers to meet mortgage provider requirements.
- e) Land purchase arrangements offering flexibility in how benefit provided to landowner to maximise chance of land purchase.

- f) Viability appraisal modelling.

## 5.3 Project Development

- a) Support for existing and new community housing projects and putting in place implementation plans.
- b) Allocation of CHF funding where such projects meet applicable community housing criteria. Reference Appendix B – Budget summary
- c) Where applicable, South Hams to take on a facilitation role from existing portfolio of projects (proposed at South Brent and St Ann’s Chapel).
- d) Securing land purchase options.
- e) Establishing a site to trial sustainable modular housing build methodologies.

## 5.4 Integrated Housing Strategy & communication

There are a wide ranging housing functions, strategies and policies across the authority. Close collaboration of these works-streams is essential and is ongoing to ensure the best use of resources and maximum delivery.

- a. Joining up of the requirement to hold and update a custom build register, with the targeted intermediate housing demand data collection and analysis.
- b. Implementation of housing needs surveys for those parishes and towns that have not done so, but where our survey data indicates community housing demand.
- c. Joining up of reporting lines to members to provide a clearer picture of all housing activity where appropriate.

## 6 Conclusion

- 6.0 In the last year the community housing programme has been established amongst the existing housing community groups as a source of advice, support and funding. 17 such groups exist in South Hams, all of whom have met with the team and have had the benefit of that advice if they have wished for it.
- 6.1 It has granted £190k to Clay Park CLT, funded architect design work for South Brent CLT and opening up land owner negotiations for the purchase of land.
- 6.2 Having linked and integrated into the existing community groups, looking forward this year, the programme will:
  - 6.2.1 Establish need data with sufficient detail and granularity for those communities as yet unrepresented.
  - 6.2.2 Connect land owners to this need.
  - 6.2.3 Commence the community shaping of our own sites, such as Kingsbridge, with a view to submitting a planning application this year.
  - 6.2.4 Establish a site to foster sustainable modular build techniques that will ultimately support the programme.

## 7 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	Governance arrangements for the programme are in place. Legal work will be required to ensure discount from market price remains in perpetuity. Further advice

		to be sought on the restriction in relation to borrowing arrangements for individual owners.
Financial	Y	Financial monitoring information in Appendix B.
Risk	Y	Programme timeline has been slower than planned due to challenges with appointment of programme lead. Measures in place to accelerate in 2018.  No financial risks to date (within budget)
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity	N	Not Applicable
Safeguarding	N	Not Applicable
Community Safety, Crime and Disorder	N	Not Applicable
Health, Safety and Wellbeing	N	Not Applicable
Other implications	N	Not Applicable

### **Supporting Information**

#### **Appendices:**

Appendix A – Programme Action Plan

Appendix B – Budget

#### **Background Papers:**

None