

A Community-led Housing Strategy for Stroud District Council

Scoping paper

January 2019

Introduction

This paper has been composed by the GRCC Community Led Housing (CLH) Enabler for Stroud District as a trigger for discussion and policy formation, in the context of the review of the Stroud District Council Local Plan and Housing Strategy, and increasing interest in community led housing in the district.

Whilst there is already a reference in the Stroud District Local Plan review (Nov 2018) which states that the emerging Strategy will seek to deliver 'additional affordable homes, working with parish councils, co-operatives, community land trusts and community housing groups', GRCC would welcome stronger/ more defined CLH policies to enable sites to come forward and to provide a supportive policy environment across all relevant Council departments.

Objective of a Community-led Housing Strategy

The key objective of a Community-led Housing Strategy for Stroud District would be to enable an : **Increase in the number of community-led housing schemes in Stroud District delivering affordable housing that meets local need**

Success criteria

The following factors are generally recognised as being essential to facilitate the delivery of Community-led Housing (CLH) schemes in the UK (*'Routes to Delivery' a report by Collaborative Housing for Oxford City*):

- Access to finance
- Strategic Leadership and planning policy (to unlock the opportunities)
- Access to land

This paper relates to these factors and reflects on the support for CLH that Stroud District Council (SDC) can offer in terms of **allocation of resources** and **policy change** to achieve the key objective. It offers a range of options that reflects good practice in other parts of the UK.

GRCC has produced a Theory of Change model to explore the intermediate outcomes or milestones in order to aid delivery of CLH:

- Increased awareness of community-led housing throughout the district – 'getting the message out' at all levels
- Recognition of the valuable contribution that a Community-led Housing (CLH) development can make to the delivery of housing in Stroud District –e.g. through the Local Plan, Housing Strategy and other Council policies
- Identification of potential sites and projects from various stakeholders

- Communities and individuals getting involved in moving forward community-led housing projects
- Increased capacity of communities (knowledge and understanding) to drive forward schemes
- Land available at an affordable price for community-led housing schemes in both rural and urban areas
- Grant and loan funding drawn down to support CLH projects

What is Community-led Housing (CLH)?

Community-led housing (CLH) involves local people playing a leading and lasting role in solving housing problems, creating genuinely affordable homes and strong communities. It can involve building new homes, returning empty homes to use and managing existing homes. These homes are usually either owned by the community or by the residents themselves.

CLH is a different approach to mainstream housing development in terms of development process, ownership of land and the end management of homes. Whilst there are several different approaches to CLH development they all have several things in common. They usually all have qualitative, social benefit and environmental features within a scheme, are not-for profit and are designed to involve residents in addressing the local and/or their own housing needs. CLH schemes are for the benefit of a community, whether that is defined geographically (such as with Community Land Trusts (CLTs) or an *intentional* community of like-minded people, such as with cohousing schemes.

The national organisations representing the community-led housing sector have agreed on what constitutes a community-led housing scheme. It can be summarised as follows:

- A requirement that meaningful community engagement and consent occurs throughout the process.
- The community does not necessarily have to initiate and manage the development process, or build the homes themselves, though some choose to do so
- The local community group or organisation owns, manages or stewards the homes and in a manner of their choosing
- Includes a requirement that the benefits to the local area and/or specified community must be clearly defined and legally protected in perpetuity e.g. through an asset lock

Funding CLH Developments

CLH currently has access to sources of funding not available to mainstream affordable housing development. A typical CLH scheme will need a mixture of grant funding (revenue and capital) and debt finance raised against the value of the properties themselves.

Possible sources of funding are:

- Grant funding e.g. Homes England Community Housing Fund, National CLT Start-up Fund
- Cross-subsidy from Market housing
- Partnering with Registered Providers for development loan finance
- Loans from social investors & lenders
- Community Shares Programme (crowdfunding)
- Discount on land from public bodies & Community Asset transfers

- Private donations from individuals & In-Kind support

Benefits of the CLH Approach

- Long term investment through ownership of local assets where the benefit/profit goes back to the community
- Schemes typically provide smaller 1- and 2-bedroom homes that meet local housing need rather than large 4 and 5 bedroom homes which are likely to be supplied through commercial development
- Delivery of genuinely affordable homes for local people
- Activating local public support for new homes and engagement in the planning process (generally less local opposition)
- Increasing the housing supply
- Unlocking smaller sites and rural exception sites
- Promoting community cohesion and empowering communities
- Diversifying the local housing market
- Increasing the choice and range of housing options to those on the housing waiting list and those priced out of the local housing market.
- Strengthening the neighbourhood planning process
- Creating mutually supportive communities, where residents have an active role in decision-making and housing management
- Attracting investments and Homes England grant funding to the area through the Community Housing Fund and the Affordable Homes Programme
- Some CLH schemes are designed to provide skills, training and jobs for local people

How do projects get started?

There are many routes to the initiation of a CLH development scheme which can be summarised as follows:

- Top Down: Lead by the District or Parish council, Registered Provider or other public body. Could be initiated from a Housing needs survey.
- Land led: a group or organisation has identified a site they want to develop for housing or existing housing they want to renovate/convert.
- Grassroots: group of residents interested in providing affordable housing in their area/community, or groups of residents interested in providing housing for themselves such as cohousing or a housing cooperative
- Existing community groups: such as neighbourhood development plan steering groups
- Existing Community led housing groups such as Community Land Trusts (CLTs) who have built-up skills and knowledge and, in some cases, assets in order to take on further projects and loans

Land availability and Planning Framework

The availability of suitable land is probably the main barrier to CLH development. Landowners may include private individuals, churches, or public bodies such as the MOD, District and County Council. Without the availability of land at some form of discount such as rural exception sites, a willing landowner who values community benefit, or Council sale of land to CLH groups at below market value, it is unlikely that Community Land Trust sites will be delivered in Stroud District.

CLH approaches based on a cohousing or cooperative model that includes Low Cost Home Ownership (LCHO) and an element of cross-subsidy market housing are more likely to be delivered on market value land opportunities, due to the likelihood of improved viability.

Whilst CLH schemes can be delivered within the existing legal and planning framework/system, a more supportive policy environment is essential to facilitate the increase in delivery of affordable CLH homes. Strengthening the wording in the local plan to clearly support the CLH approach, rather than narrow definition of CLTs, housing co-ops etc present in the current wording could help improve delivery.

A CLH approach could help SDC in tackling the following key issues identified in the Local Plan Review (Nov 2018):

Key Issue 1: Ensuring that new housing development is located in the right place, supported by the right services and infrastructure to create sustainable development

CLH is ideally placed to support the local plan aim to deliver *small scale housing in rural areas in the interests of social sustainability, subject to local community support through the preparation of neighbourhood plans (P18)*.

CLH schemes are usually small-scale projects, set up and run by local people in their own communities. They have local knowledge and are focused on meeting the type of housing need in their community. CLH schemes meet long-term local housing needs, usually by the community retaining a legal and/or financial interest in the homes delivered and ensuring they are always available to local people in housing need. As it is possible for CLH to gain momentum relatively quickly, making progress of CLH dependent on a decision to embark on, or the results of a formal neighbourhood plan, may be a barrier to CLH schemes moving forward. It is therefore suggested that the 2 elements are separated in any future reference.

Many community-led housing schemes involve a mix of tenures that not only enable local people to remain in their area (such as in rural areas) but also offering choice and diversity in the local housing market and helping to maintain the viability of their community.

'Empowered communities make decisions about their areas, often leading to practical, self-generated solutions to local problems. Community-led housing schemes often make use of local labour and can re-invest surpluses in the local economy to help maintain or improve community facilities and services. In rural communities this can mean bringing pubs, post offices and shops into community ownership.' (HACT Toolkit)

Key Issue 3: Maximising the potential of brownfield and underused sites to contribute to the housing supply

Self-help housing is a type of community-led housing. Projects involve small, community-based organisations bringing empty properties back into use, with a strong emphasis on local construction skills training and support.

In both urban and rural areas, community-led housing can play a role in refurbishment as well as new provision. Community organisations, working in partnership with Local Authorities and housing associations can help to add to the available housing stock through acquisitions and conversions of unused housing. When this is focused on a particular area, it can have wider regenerative effects.

Community-led housing organisations can often overcome the barriers presented by small, often complex brownfield sites that may be of little interest to mainstream developers, meeting a local need that would otherwise not be met.

Key Issue 5: Tackling the acute lack of affordable housing in the District

Whilst community-led housing projects tend to be small-scale, they can contribute to the overall supply of genuinely affordable homes in the District. Many CLH groups have developed new and locally tailored products to address particular affordability issues in their communities, such as Mutual Home Ownership.

Recommendation: To include in the Local Plan and Housing Strategy a strong message of support and recognition of the important contribution that a Community-led Housing (CLH) development can make to the delivery of housing in Stroud District.

What support can Stroud District Council offer?

The following section of the paper provides a range of potential approaches/actions which could be included in a Housing Strategy for the Stroud District.

1. Resources:

- Consideration of the suitability of introducing **senior co-housing principles** as part of the SDC sheltered housing modernisation programme, to give the opportunities for residents to have greater control over their housing management and maintenance. Senior Cohousing schemes can enable older and vulnerable people to maintain their independence and to exercise control over the way their home is paid for and managed. Thus, community-led housing schemes can enhance well-being and reduce dependence by enabling older people to have a role in decision-making and the chance to be part of active and self-sufficient communities that encourage mutual care and support. They can help local authorities manage demand for support services at a time of public spending pressure.
- Encouraging communities to consider CLH when formulating Neighbourhood Plans.
- Policies to support single home mutual housing co-operatives for groups of sharers.
- Policies to support the development of multiple small sites using the same construction methods and design approach to provide smaller affordable dwellings.
- To consider a CLH approach when developing new council-owned affordable housing as part of the **SDC affordable housing development programme**. The Housing Revenue Account borrowing cap has been abolished therefore there is greater opportunity for the delivery of council-owned housing and enabling community-led housing principles to be incorporated into identified suitable council housing developments.
- Explore the use of small and difficult to develop Council sites for community-led housing groups as exemplar schemes.
- To make use of a) the Self Build register to inform the District-wide Housing Needs assessment and b) parish housing need surveys to **identify potential CLH projects** (Group custom and community/group self-build) (within the limitations of GDPR)).
- To support either Registered Providers or as part of SDC's own affordable housing development programme to deliver **'self-finish' homes**. In the shared ownership model, the LA/HA will construct the homes to the waterproof 'shell' stage for the shared-owners to complete the property. Any discount to the shared owner is calculated on an agreed works and labour input value basis commonly known as 'sweat equity'. This scheme can also include affordable rental units which include a discount on rent.
- Making available **small SDC-owned sites** specifically for bidding by community-led developers and small and medium builders. Agreeing that social value can be used to support land disposal at less than market value, especially in relation to addressing deprivation and inequality, delivery of affordable housing and addressing priority housing needs.

- To appoint Member '**Champions**' to support community-led housing initiatives, linking with the GRCC based Community-led Housing Enabler role for Stroud District and with the Neighbourhood Planning Officer.
- Continue to support the submission of bids to the [Community Housing Fund Phase 1](#) – Capital bids for associated **local infrastructure costs** which will support CLH development.
- Apply to the **Community Housing Fund** (revenue grant) to provide continued **Enabling support** for community-led housing schemes currently being proposed by groups in Stroud District. CLH schemes require a considerable amount of volunteer work, determination, skills and knowledge. The long term objective is to establish self-sustaining delivery routes for CLH schemes but the Enabling role will continue to be required for CLH schemes to develop and succeed in Stroud District.
- Continue to actively support **CLH group bids to the Community Housing Fund Phase 1** (revenue grant for pre-development costs) and Phase 2 Capital bids.
- Continue to support the SDC Housing Enabler officers to provide **guidance on the planning process** to CLH groups and act as intermediary on pre-application and application advice.
- Consider extending the **local authority mortgage scheme** to cover CLH projects so that community-led housing groups can access cheaper finance
- **Registered Provider partnership:** CLH groups have a choice to either deliver a scheme as a standalone organisation such as community land trust or to partner with a registered provider to deliver the affordable housing. There can be a reluctance within the registered provider sector in this area to engage with CLH groups to deliver affordable housing due to the general small-scale of developments, the additional time and resources on the registered provider and the lack of knowledge and experience of delivering CLH schemes. A partnership approach between the Council and a selected registered provider (or providers) would bring several benefits: capitalising on the development expertise of the registered provider and building up their subsequent knowledge and experience of delivering CLH schemes in Stroud. In return SDC could support bids to Homes England and potentially provide revenue grant funding for project- start-ups from the initial phase of Community Housing Fund grant available to local authorities.
- Working in partnership with the SDC **Housing Renewal Team** to check whether there may be places where there are a concentration of empty homes and establish whether there is an interest in self-help housing to bring properties back into use for affordable housing. This could include consideration of extending the use of the **Empty Home Loans** by CLH groups

2. Developing a policy environment supportive of Community-led Housing

- **Asset disposal policies** can recognise that 'best consideration' rules allow authorities to dispose of assets at below market value to support community-led schemes and take account of their economic, social and community value. Consider long leasehold and freehold asset transfer.
- Drafting **policies** that give community-led housing providers the opportunity to bid to develop part of strategic sites.
- The use of **Housing allocation policies** to raise awareness of community-led housing as an option.
- **Parish level housing needs surveys** undertaken, as a matter of course, in every parish on a 5-year rolling basis, in order to establish local affordable housing need in terms of quantity, location, tenure and type/size of property. The surveys would also be used to establish the demand for community-led housing by parish.
- **Identification of sites through the SALA** (Strategic Assessment of Land Availability) process that would be suitable for a CLH approach (including rural exception sites).

- Use the opportunity afforded by the Local Plan review to **extend policy HC3** of the current Local Plan to include CLH (definition already includes Group Custom Build and Community/ Group Self-build).
- Consideration of a **single-plot and single site exceptions policy** for individual self-build affordable housing in the revised Local Plan. Self-build rural exception sites can be single plots or in a group. This will encourage eligible local people to build their own affordable home on a site that is adjoining an identified accessible development and/or settlement boundary. This could be on the same basis as Local Plan policy HC4: Local Housing need (exception sites). This would offer greater diversity in housing options than mainstream rural exception sites through Registered Providers. The policy could include single-sites with up to 10 plots for group/community custom and self-build, to enable smaller sites (where Registered Providers generally struggle with viability), to come forward. It would be expected that the applicants would be the prospective occupiers (or Community Land Trust) of the proposed affordable unit/s i.e. not speculative developers. Households wishing to build a self-build affordable home would have to be on either the Council's housing register or Help-to buy south west Register and have a local connection on sites located in rural parishes. This could create an opportunity for Community Land Trusts as well to purchase land and offer discounted building plots made available below market value to eligible purchasers. This would be subject to a legal agreement that restricts the resale of the completed property to a % below market value in perpetuity. These low cost CLT self-build projects are targeted at local people on modest incomes, subject to local needs criteria.

For further queries please contact:

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