

Report Title:	Community Housing Fund
Contains Confidential or Exempt Information?	NO
Member reporting:	Cllr Jack Rankin, Lead Member for Economic Development and Property Cllr Ross McWilliams, Deputy Lead Member for Policy and Affordable Housing
Meeting and Date:	Cabinet Regeneration Sub Committee – 21 <sup>st</sup> March 2017
Responsible Officer(s):	Russell O’Keefe, Strategic Director of Corporate and Community Services
Wards affected:	All

## REPORT SUMMARY

1. This report outlines details of the Community Housing Fund (CHF) allocation of £103,375 awarded by Government and makes recommendations for approval of this budget
2. On 23 December 2016 the Government announced the creation of a new, annual fund to help local authorities tackle problems linked to high levels of second home ownership in their communities. The Council has been allocated £103,375 for 2016/17 from the £60,000,000 CHF pot available nationally.
3. The funding is targeted at the community led / not for profit housing sector such as Community Land Trusts (CLT) to help deliver community led affordable housing developments aimed at first-time buyers in response to the problem second homes can cause in reducing supply.
4. CLT’s are locally based not-for-profit organisations that own land and property in trust for the benefit of a defined community and thus offer a mechanism to provide affordable housing for rent or ownership in perpetuity. It is envisaged that Councils will work with local community groups such as CLT’s to deliver affordable housing solutions that meet local needs.
5. As recommended in DCLG’s funding guidance, Council officers have had an introductory session with the Rural Housing Enabler at Community Council for Berkshire and a community led housing expert (who has been appointed as lead contact for this area) on devising strong plans to secure the second tranche of this years funding allocation.
6. This report seeks approval for the use of the budget to commission specialist community housing consultants to investigate the feasibility of forming a CLT to provide affordable housing to meet local needs on Council regeneration sites. If the work concludes the CLT is viable then it is proposed that the remaining budget is used to provide revenue support to establish the CLT as a separate legal entity.

## 1. DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That Cabinet Regeneration Sub Committee notes the report and:

- i) Approves a budget of £103,375 in 2017/18, funded by the 16/17 DCLG 'Community Housing Fund'.
- ii) Approves the use of this funding to explore the feasibility of a Community Land Trust and, if this approach is determined to be feasible by the Council, that the remaining monies would be used to support its establishment.

## 2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The grant award from the DCLG presents an opportunity for the Council (in line with the funding objectives and in response to local housing pressures) to establish a borough wide CLT who can potentially will work with the Council's Joint Venture and other Development Partners to deliver a number of affordable housing units within the four Maidenhead Town Centre council owned development sites (York Road, Reform Road, West Street and St Cloud's Way) and other sites within the Council's regeneration programme in the longer term such as Maidenhead Golf Course.
- 2.2 The delivery of community led housing will also contribute to the objectives of meeting the Borough's objectively assessed housing need of 712 homes per annum.
- 2.3 Due to its attractive location within the Thames Valley, being close to London and other employment centres the Borough has a prosperous local economy which has led to very high demand for housing. Consequently very high house prices has placed first time buyers and other low to mid income working groups at a disadvantage. This situation has also made it very difficult to recruit key workers such as teachers. Stimulating community led housing through the establishment of a CLT potentially offers an opportunity for the Council to facilitate the provision of a balanced range of affordable homes in the long term to meet the requirements of the wider community including key workers and armed forces veterans.
- 2.4 Development of other community led housing organisations such as Almhouses, Self Help Housing, Housing Co-ops and tenant controlled housing have been considered. However, subject to the feasibility work, delivery of affordable housing units long term through a CLT is considered potentially a better approach as there is a key opportunity to link this with the Council's regeneration programme.
- 2.5 The Council has received the first tranche of this year's grant allocation of £51,688. The second tranche of this years allocation of £51,687 will be paid if the Council can provide evidence by 10<sup>th</sup> March 2016 that robust plans are in place to use the grant to support development of community led housing projects in accordance to the funding objectives.

- 2.6 The DCLG guidance suggests that the funding in the first year is primarily intended for capacity building of community led housing organisations and grant awards in subsequent years are intended to support delivery of housing on the ground. In line with the DCLG guidance issued to grant receiving authorities, officers are collaborating closely with National Community Land Trusts Network, Building Social Housing Foundation, Community Council for Berkshire and other experts within the community-led housing sector to obtain advice and technical support on delivery options to establish how these funds may be used effectively. The Council has had an introductory session with the appointed community housing specialists in this area who provided advice on how the Council can develop strong plans for use of the funding to obtain the second tranche of grant.
- 2.7 To enable the Council to meet Government expectations of prompt commitment of spend, it is proposed that a budget is set up to cover the full amount of grant.
- 2.8 Approval is sought for the use of this year's grant allocation to fund feasibility work to develop and formalise a CLT. It is proposed that the grant will be used to commission a specialist community housing consultant to undertake feasibility work and option appraisals exploring how a CLT can be created to deliver affordable housing and identify ways that this organisation can dovetail with the Council's Joint Venture / Development Partner arrangements for the delivery of its regeneration programme. If the feasibility report concludes that the CLT is viable and can work alongside the Council's regeneration programme, then it is proposed that the remaining grant budget is used to provide revenue support to help formalise, strengthen and empower the CLT to become self sufficient.
- 2.9 The feasibility study will provide a report that will include an analysis of the baseline position, an options appraisal and a recommended approach for the Council to create and sustain a CLT who can deliver affordable homes as part of its regeneration programme. The study will investigate whether there are local community groups in the Borough who have an appetite for forming and running a CLT. If parties are identified then the appointed consultant will engage with them to provide specialist advice and build capacity to enable them to form a CLT. A review of local housing need will be undertaken to identify the affordable housing type / tenure needed to meet local demand. The study will go on to evaluate options for a CLT to deliver this housing type and set out the financial and non financial support that would be required. This includes an analysis of how the CLT could fit in / be accommodated within the Council's regeneration programme. The work conducted will study the capital and revenue implications of supporting a CLT and in particular the likely impact on capital receipts anticipated from the Council's regeneration programme. The study will also provide a financial model recommending the most appropriate approach to support a CLT to deliver new homes on a rolling basis in the long term without grant / external support. The estimated cost of this feasibility assessment work is £30,000 and will be undertaken by specialist community led housing consultants as suggested by in the Government guidance.
- 2.10 If the feasibility work concludes that a CLT is viable, given the above considerations, a balance of approximately £73,375 will be available to provide revenue support to enable interested individuals / community groups to come

together to create and formalise a CLT. The aim will be to equip these groups with knowledge and skills to run a CLT as a successful community business. These monies can be used to assist CLT members to engage legal, financial, professional services and obtain business planning training to prepare a Business Plan or the CLT. The Business Plan should robustly set out their vision / aims, details on how CLT members are recruited (so that they genuinely represent local people), steering group / governance arrangements, type of affordable housing to be delivered, the sites it will be built on, how it will be procured, an allocations policy setting out who will be eligible for these new affordable homes e.g. local / employment connections and restrictive covenant provisions to ensure these new affordable housing units are not lost in perpetuity by being re-sold / re-let at open market value which includes measures to prevent affordable rented homes from being lost through Right to Buy. The Business Plan should include a financial model which illustrates (particularly once the CHF grant support ends) how overtime the CLT can become self sufficient and self financing.

**Table 1: Options Considered**

<b>Option</b>	<b>Comments</b>
Option 1 – do nothing  This is not recommended	Although the first tranche of grant paid is not ring fenced and therefore not likely to be clawed back by Government, an opportunity to secure the second tranche of this years grant allocation and subsequent CHF funding in future years to support community led housing activity will be missed.
Option 2 – use of the grant award to fund feasibility work and provide revenue support that will lead to the establishment of a CLT  <b>This is the recommended option</b>	This approach is recommended as it will enable the Council to support community led housing developments through a CLT as part of its Regeneration Programme which will potentially contribute towards meeting its objectively assessed housing need by providing affordable homes to meet local aspirations on a long term basis.

### 3. KEY IMPLICATIONS

#### 3.1 Table 2: Indicative Milestone Dates

<b>Defined Outcomes</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
Appointment of specialist community led housing	Consultant not appointed	30.04.2017	15.04.2017	31.03.2017	30.04.2017

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
consultant					
Commencement of feasibility work	Feasibility work not undertaken	01.05.2017	15.04.2017	31.03.2017	01.05.2017
Feasibility / Viability Assessment Report	Feasibility work not completed	31.08.2017	15.08.2017	31.07.2017	31.08.2017
Business Plan for Community Land Trust	Business Plan not produced	31.01.2018	15.01.2018	31.12.2017	31.01.2018

#### 4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 The Council has been allocated £103,375 for 2016/17 from Community Housing Fund. The DCLG has paid the first tranche of the grant of £51,688 in January 2017 and the second tranche of £51,687 will be paid later this financial year subject to the Council providing satisfactory evidence by 10th March that the money is being spent in accordance with the funding objectives. Future allocations from 2017/18 onwards will depend on how the 2016/17 allocation has been spent.
- 4.2 Officers have been advised that the CHF funding will run for a further 4 years, although at this stage it has not been made clear whether Local Authorities or the community led housing organisations will be the direct recipients in future years.
- 4.3 In compliance with the funding rules, the Council needs to demonstrate that it has clear plans / commitment for use of the CHF grant to generate community led housing activity in order to secure the second tranche of this year's funding and receipt of CHF grants in future years on a rolling basis. This report therefore recommends a proposal for the use of this year's allocation to appoint a specialist community housing sector consultant to undertake feasibility / viability work that will lead to formalisation of a CLT.
- 4.4 The DCLG's recommended specialist community led housing consultants will undertake this work which is estimated to cost between £25,000 and £30,000. Should the Council be successful in securing the second tranche of this year's allocation monies, it is proposed for the use of the balance of the budget which is estimated to be approximately £73,375 to provide revenue support to establish a CLT as a legal entity. If the feasibility work concludes that there is no appetite for a CLT and that a CLT would not be viable then alternative options will be explored and reported to Cabinet Regeneration Sub Committee, it can be decided whether or not it wishes to continue with the CHF grant project. If the Council decides that no further work is to be undertaken following the feasibility assessment then the first tranche of CHF funding will not have to be paid back to the DCLG as this spend is not ring fenced.

- 4.5 There is a need to provide a clear audit trail for the CHF spend and therefore the budget will need to be monitored and reported to relevant Members and the DCLG on a regular basis.

**Table 3: New CHF grant funded budget**

<b>REVENUE</b>	2016/17	2017/18	2018/19
Addition	£0	£103,375	£0
Reduction	£0	£0	£0
Net impact	£0	£0	£0

<b>CAPITAL</b>	2016/17	2017/18	2018/19
	Capital	Capital	Capital
Addition	£	£0	£0
Reduction	£0	£0	£0
Net impact	£0	£0	£0

## 5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from this report.

## 6. RISK MANAGEMENT

**Table 4: Risks Identified**

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
2016/17 grant allocation underspend and clawback	Low	Council will continue its dialogue with DCLG's recommended community housing specialists to receive advice options and opportunities to draw down future funding under this programme	Low – the first tranche of funding received of £51,688 will not need to be paid back.
Feasibility work concludes that Community Land Trust is not viable	Medium	Council will explore alternative options. The first tranche of grant monies will not have to be paid back should the Council decide not to undertake further work.	Medium

## 7. POTENTIAL IMPACTS

- 7.1 These will be reported as part of the feasibility work

7.2 An equality Impact Assessment Initial Screening has been undertaken and concludes this proposal will not unlawfully discriminate against any group or individual, or provide the grounds for such discrimination.

## 8. CONSULTATION

8.1 The report will be considered by Corporate Services Overview and Scrutiny Panel on 15<sup>th</sup> March 2017 and their comments will be reported to Cabinet Regeneration Sub Committee.'

## 9. TIMETABLE FOR IMPLEMENTATION

9.1

Date	Details
Immediately if report approved and decision not called in	Commence procurement process for consultant via Council's of DCLG's development framework.
30 <sup>th</sup> April 2017	Appointment of consultant / commencement of CLT feasibility / viability work
31 <sup>st</sup> August 2017	Feasibility Report
31 <sup>st</sup> January 2018	CLT Business Plan

## 10. APPENDICES

10.1 None.

## 11. BACKGROUND DOCUMENTS

## 12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Commented & returned
Cllr Jack Rankin	Lead Member for Economic Development and Property	3/03/17	3/03/17
Cllr Ross McWilliams	Deputy Lead Member for Policy and Affordable Housing		
Alison Alexander	Managing Director		
Andy Jeffs	Interim Strategic Director of Operations and Customer Services		
Rob Stubbs	Head of Finance		
Mark Lampard	Finance Partner - Corporate Services & Operations	22.02.17	23.02.17