# DELIVERING THE COMMUNITY LED HOUSING PIPELINE IN ENGLAND

Tom Archer and Catherine Harrington, September 2021

*Cover photo: Cannock Mill Cohousing*

This research was developed in partnership with the UK Cohousing Network, the Confederation of Co-operative Housing and Locality, who together with the Community Land Trust Network form the Community Led Homes Partnership. The partnership works together to make it easier for communities to access support and build a lasting community led housing movement. Much of the data used for this research comes from the Community Led Homes database.

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# Executive Summary

We estimate that in early 2021, across England, there were around 650 active community led housing projects. These projects are planning an estimated 12,000 homes. Our projections are based on information provided by enabler hubs, using assumptions about the number of projects operating without hub support. Planned homes are focused on tenures supported by the Affordable Homes Programme (AHP), with an estimated 82% of homes planned as Affordable Rent, Shared Ownership or Social Rent. It is important to acknowledge that a small minority of homes are being planned using tenures not supported by the AHP, and these may be difficult to finance in future.

Using the data from enabler hubs and previous allocations from the Community Housing Fund (CHF), we suggest there is an overall requirement for £45m of revenue funding - though this represents a medium-long term picture based on the existing pipeline. For those projects currently at the Site and Plan phase, we estimate £19m in revenue funding is required. This represents a shorter-term need. Assessing the requirement for revenue funding from 2022-23 to 2025-26 - assuming the renewal of a large-scale funding programme like the CHF - suggests there would be demand for between £39m-£60m, with the lower end of this range reflecting higher attrition rates.

To assess the eligibility for £4m revenue funding from CHF in 2021-22, we applied criteria to the hub pipeline data to filter projects likely to be eligible. A narrow and broad sample suggested between £4m-£10m is required in projects meeting various criteria. Whilst projects may be eligible there could be significant challenges for many in spending any revenue funding before April 2022, and this may affect both applications and underspend.

The scale of the pipeline creates a significant set of financial requirements. If all homes in the projected pipeline were to be built, over £2.5bn in development costs would be incurred. However, the significant uncertainty about many of these projects means a more accurate and current picture is seen in the potential development costs of projects at the Site or Plan stage - estimated at £350m.

The majority of planned homes in the pipeline are for Affordable Rent, Social Rent and Shared Ownership, hence grant funding will be required and sought by a large proportion of projects. If all these homes within projects at the Plan stage were the subject of capital funding bids to the AHP, then we estimate demand for approximately £64m of capital funding. There are other affordable homes planned that would not be fundable through the AHP (e.g. for shared equity, discounted market sale etc). Assuming similar grant levels for these homes could create a requirement for up to £7.5m of additional grant funding.

Reviewing the current state of funding and finance for community led housing reveals gaps in revenue grant available for both Group, Site and Plan stage activities, in terms of both the total quantum available and, potentially, the amounts available per scheme. Projects will continue to find site acquisition difficult, particularly where some upfront purchase is required, due to a lack of substantive and agile funding or finance.

On top of this, there will be challenges accessing public subsidy, for instance, where grants are provided through generic national programmes like the AHP.  This is in addition to a lack of capital grant subsidy for alternative affordable tenures.  The sector is yet to be fully embraced by, and geared up for, larger-scale lending. The small number of lenders who do lend to the sector are crucial, but the total lending and the perceived risk involved in lending to community led groups is preventing wholesale adoption.

In future, the community led housing sector will need to forge new alliances with like-minded organisations to make the case for larger cross-cutting programmes, for instance, on land acquisition. Partnerships with Registered Providers and other developers will become increasingly important, not only to access capital funds but also to undertake pre-development activity.

Addressing challenges in site acquisition may require renewed focus on interventions that are not related to funding and finance, i.e. disposals at nil or low cost. The provision of finance for development is still embryonic, but among existing lenders there is a willingness to make lending to community led housing groups a much bigger part of the lending book.  However, there are significant barriers to this in terms of the speed schemes are coming through, coming through, quality of financial planning, and inefficiencies in 'relationship management'.

Capital funds through Homes England are not being accessed in any significant way at present. There are opportunities to improve access to AHP, secure capital grant through the First Homes programme for discounted market sales, and also ensure Strategic Partners include community led housing in their delivery plans and allocations.

Combined authorities are actively supporting community led housing in some areas. Devolved funds can be secured and used to provide tailored funding for groups. Combined authorities can also play a key role in sustaining enabler hubs and their services.

# Recommendations

Based on the evidence above, we set out a number of recommendations for government and funders to ensure the community led housing pipeline and its potential impacts are realised. These are set out in full at the end of the report. We recommend that government makes a longer-term commitment to revenue funding for the sector, and provides support to other lenders, for instance, through de-risking measures. Effort is required to ensure other funders work together to collectively address specific funding gaps, and to use targeted funds to support projects in certain areas or focusing on specific outcomes or beneficiaries. Funders and government should help combined authorities become a facilitator of community led housing in their area.

The community led housing sector should collectively lobby national government for sufficient and long-term revenue grant support for the Group, Site and Plan stages, as well as capital grant for tenures that cannot be supported through the AHP. Alternatives may include devolved, dedicated sums to combined authorities and local authorities. The sector should engage with existing and new funders, as well as philanthropic partners, to position the sector in terms of their broader objectives e.g. on climate change, place-making, and diversity and inclusion. Relationships should be nurtured so there are internal champions within funders at the officer and board level. Efforts to demystify community led housing for specific actors may be part of a wider programme of research and communication.

Efficiencies and future sustainability may be achieved by groups and hubs pursuing more replicable and viable delivery routes, e.g. RP partnerships, or existing groups developing multiple schemes. Hubs with sufficient resource can act as a single point of contact with some funders and lenders. The delivery of the AHP needs to be influenced to ensure access for community led groups, and the case made for a proportion of delivery by Strategic Partnerships. The sector should push for capital grant to be available to groups developing discounted market sale homes. The sector should continue to invest in data collection and research to improve intelligence on; 1) the development and key characteristics of active projects, as well as their funding requirements; 2) the perceptions and potential support for community led housing among all combined authorities, and; 3) benefits and impacts of community led housing and how these are best measured.

Combined authorities, in making the case for devolved funds for housing, should consider allocating a proportion of funds to support community led housing, and using any surpluses to further support the sector in their area. LEPs may consider supporting projects or models that align more closely with the remit for economic growth, jobs and skills.

# Introduction

**This report examines the financial requirements of community led housing projects in England and explores how these can be met. It quantifies the required amount of funding and finance and assesses whether current provision is sufficient.**

The wider context for community led housing is in flux. Uncertainty about the level and timing of government funding (e.g. through a Community Housing Fund) is allied with the termination of other funding programmes and worries about access to suitable finance. The allocation of £4m revenue funding from central government is a welcome start in filling some of the funding gaps. However, there are concerns about whether this money can be allocated within the timescales and the risks of doing so.

Covid-19 has impacted the community led housing sector in varied ways, and this makes it difficult to assess the progress of projects in the pipeline. There are signs that some projects are slowing or stalling. Nonetheless, there are also signs, in some areas and for projects at certain stages, that schemes are progressing well. In areas where enabler hubs have been well-resourced, and where they have developed sound enabling services and conducive local policy and partnerships, the pipeline of community led homes is seemingly expanding[1].

So, as the pipeline remains strong - at least for the time being - but within a context of diminishing resources, how might the delivery of these homes be maximised?

This is the focus of the current research, orientated around the following questions:

- What is the current pipeline of community led homes in England?
- What is their revenue and capital funding requirement?
- How is the current funding and finance landscape changing?
- To what extent can existing funders and lenders help meet these requirements?
- To what extent can new institutions, partnerships or funds help meet these requirements?
- What should the sector, funders and partners do next?

To answer these questions the research has been conducted through three overlapping stages. Stage One built on previous research[2], using new data to assess the pipeline of community led housing and estimate their current needs for revenue and capital funding. Stage Two revisited previous 'maps' of the funding and finance landscape to update the picture, and then through qualitative work with key stakeholders explored the role of existing funders in meeting current needs. This entailed interviewing six key grant-makers and lenders to community led housing groups.

Stage Three sought to explore specific opportunities for new funding streams. The scale of this task and resources available required a narrowing of focus to key opportunities. We developed a shortlist of potential areas for deeper exploration, including more horizon scanning opportunities like the Shared Prosperity Fund and Levelling Up Fund, as well as current programmes such as the Community Ownership Fund. We also considered focusing on other forms of lending, particularly new commercial lenders. One subject we considered worthy of investigation was the emerging role of combined authorities and local economic partnerships (LEPs). We were aware of a growing number of examples of these institutions supporting community led housing projects and creating dedicated funds. Accepting the need to focus on opportunities with a degree of short-term potential, we therefore decided to make the combined authorities and LEPs the focus of Stage Three.

The report brings together the findings from these linked phases of research. Section two explores the pipeline and its requirements, followed by section three which outlines the current state of funding and finance. Section four and five explore how the current requirements might be met through existing and new mechanisms. And finally, section five concludes with a series of recommendations for different stakeholders.

# 2.

# The existing pipeline and its funding requirements

**To estimate the pipeline of community led homes in England we gathered records on active projects from enabler hubs.**

This data was captured in early 2021 and provides up-to-date evidence with which to revise and adjust the pipeline and funding requirements from 2020[3]. Hubs were asked to provide a standardised 'project scoring sheet' for the groups and projects they support, and this details the specific tasks completed and stage of development of each project.

Scoring sheets were received from 18 enabler hubs, covering the majority of England. We assessed the list of hubs providing their scoring data against those identified in our 2019/20 pipeline data. This suggests that only 6 hubs identified in the 2019/20 data have been missed by the 18 captured in 2021. Clearly, hubs have evolved significantly since 2019/20, so this is a somewhat approximate matching process. Nonetheless, it gives confidence that the majority of the hubs are covered by our 2021 data.

Despite the good coverage of the data, there is a need to account for; 1) projects located outside of the areas covered by the hubs for which we have data, and; 2) projects that are unattached to those hubs for which we do have data. To address the first of these issues we mapped projects from the 2019/20 data (for which we had valid postcodes) against the boundaries of the hubs providing scoring sheets in 2021. Only 12 per cent of projects from the 2019/20 pipeline data were located in areas outside of those covered by 2021 data. We also looked at the proportion of projects in the 2019/20 data that appeared to be 'unattached' to a hub, in order to address the issue of projects operating without hub support. Of the 550 projects at a known stage of development - excluding Live projects - 27 per cent had no identified hub. We believe that the number of projects unattached to a hub in 2021 is likely to be less than in 2019, given the development of existing hubs over the last year and the emergence of new ones.

Our informed assumption is therefore that there are 20 per cent more projects than are accounted for in the hub scoring sheets. Using this information we can build assumptions which help fill gaps in the scoring sheet data, with which we can then estimate the total number of CLH projects in England (including London):

### Table 1: Estimate of projects in CLH pipeline (England)

| | |
|---|---|
| Total number of projects in the 2021 hub data* | 490 |
| Estimated number of projects unattached to the hubs in the 2021 data | 98 |
| Estimated number of projects outside of hub areas covered in the 2021 data | 71 |
| **Total** | **659** |

** All projects in the hub data excluding projects completed or where residents have moved in. Also excludes projects that were deemed 'dormant'/'not progressing' where this information is given.*

The number of homes being planned by projects was provided in the scoring sheets. For those projects where no homes data was offered, we used a calculated average. We established the mean number of homes in projects within the scoring sheets (18) and applied this average to projects where homes data was missing. We also used this figure to estimate the number of homes in projects unattached to hubs or outside hub areas. This provides the following estimates on the total homes in the pipeline:

### Table 2: Estimate of planned homes in the CLH pipeline (England)

| | |
|---|---|
| Total estimated homes in the 2021 hub data | 8,784 |
| Estimated homes from projects unattached to the hubs in the 2021 data | 1,764 |
| Estimated number of homes from projects outside the areas covered by the 2021 data | 1,270 |
| **Total estimated homes** | **11,818** |

This figure is higher than the c.10,000 units identified among projects with known development stages in 2020[4]. Whilst this may reflect some growth in the pipeline, we suggest it is more likely to be the product of the improved accuracy of project stage data offered by the hub scoring sheets in 2021.

One limitation with using the project scoring sheets was that they did not provide information on the anticipated tenure of homes, which is important in the assessment of funding requirements. Therefore, we have used data from the 2019/20 pipeline information to assess the likely tenure of projects in the 2021 data. Reassurance for this approach can be found in the similarities in project type/approach presented in the scoring sheets compared to the 2019/20 data. In the latter 5 per cent were cohousing, and this is 6 per cent in the 2021 scoring sheets. There are similar marginal differences seen in terms of housing co-operatives and self-help housing. There are more significant differences in the proportion of CLTs (48 per cent in the 2019/20 data, and 41 in the 2021 dataset), but this may relate to the descriptor 'partnership with a housing association' being used in the latter data, which is a common development route for CLTs. Project type is not a perfect predictor of future tenure but the two are related and it suggested that, in the absence of other data, it was acceptable to apply the broad tenure proportions seen in the 2019/20 data.

This information helps account for differing capital requirements from projects who are less likely to apply to the Affordable Homes Programme (AHP). Recent Freedom of Information requests to Homes England, on applications to the CHF in the last round, showed that 18% of homes were not eligible for the AHP. It does appear that there were around 2,000 units in our pipeline estimates that would fall into this category. Applying the tenure estimates to the 2021 data suggests the following breakdown:

**Table 3: Estimated tenure of planned homes**

| Tenure | Estimated units in pipeline |
|---|---|
| Affordable rent | 6569 |
| Social rent | 2274 |
| Market sale | 917 |
| Market rent | 915 |
| Shared ownership | 893 |
| Rent to Buy | 88 |
| Shared equity | 66 |
| Discounted Market Sale (% of the market) | 45 |
| Intermediate rent | 41 |
| Mutual Home Ownership | 7 |
| Living rent | 3 |
| Discounted Market Sale (% of incomes) | 0 |
| **Total** | **11,818** |

## Estimating revenue requirements

The revenue requirements of projects with a known development stage can be estimated using previously developed models. These are based on actual allocations from recent rounds of the Community Housing Fund (CHF). Applying the assumptions above about projects not included in the hub data in 2021, and discounting projects who may have already been funded through previous rounds of CHF, suggests there is an overall requirement for approximately £45m of funding from current projects. This is based on those current projects at the Group, Site or Plan stage, and so it is an estimate of medium-term requirements. If we focus only on those projects currently at the Site and Plan phase, and therefore more advanced in their development, as much as £19m may be required.

Other approaches, such as our '2018-model'[5], can also be applied to understand the sector's revenue funding requirements. This model is based on previous research about the amount of revenue funding required for overall project development, but also in terms of the number of homes planned[6], thereby adjusting for project size. Applying this model to the current pipeline suggests approximately £15m in revenue support is required to help projects at different stages, with per unit funding for projects currently at the Site and Plan stage. This represents a shorter-term funding requirement than the CHF-based model, geared as it is to the per unit funding for projects specifically at Site and Plan stages. The underlying research on which the 2018-model is based used only a small sample of CLTs at more advanced stages to estimate their grant requirements, and this may lead to an underestimate of overall funding requirements. Furthermore, whilst we have adjusted for inflation since 2018 - linked to GDP - some costs incurred by groups may be inflating at faster rates, particularly if they are tied more to the housing market than the wider economy.

All of this is important information to shape future funding programmes. Should the government support the renewal of the CHF - at least in the provision of revenue funding - it will be important to understand the potential spread of demand, for instance, over a four-year life cycle. The table below estimates this, based on certain assumptions about the utilisation of the £4m funding for 2021-22[7], and the amount of grant funding per project which is based on previous CHF allocations. In addition, it is assumed that a greater proportion of Plan projects will require funding initially, and then Site and Group stage projects will require funding as the years progress. The calculations account for potential new groups emerging in years two, three and four. It also accounts for the fact that funding would be solely targeted at projects outside of London in the first two years - given London's funding arrangements to 2023 - but would then absorb some current Group stage projects based within London from 2023-24 onwards.

Crucially, the calculations also adjust for the attrition of projects, accounting for discontinued projects, ineligibility for grants and long lead-in times in terms of project development. We assume that Group stage projects have a higher probability of attrition than Site stage projects. In turn, these projects have a higher probability of attrition compared to Plan stage projects. Taking all these factors and assumptions into consideration, we estimate the pipeline's requirement for funding over forthcoming years to be distributed as follows:

### Table 4: Four-year revenue grant funding requirements (adjusted for attrition)

| | Existing CHF | New CHF | | | |
|---|---|---|---|---|---|
| | **2021-22** | **2022-23** | **2023-24** | **2024-25** | **2025-26** |
| **Number of projects requiring funding** | 40 | 118 | 129 | 102 | 87 |
| **Total funding required (based on average of £90k grant per project)** | £3,600,000 | £10,586,189 | £11,576,765 | £9,152,726 | £7,793,136 |

There is significant uncertainty about the proportion of community led housing projects that reach the point of needing and applying for funding, and the potential growth of the sector if long term funding is put in place. The table below presents the potential scale of funding requirements if all current projects, and potential future projects, were developed to the point of requiring funding. This is an unlikely scenario but it gives an indication of the upper limit of potential revenue funding requirements over the next four years.

**Table 5: Four-year revenue grant funding requirements (not adjusted for attrition)**

| | Existing CHF | New CHF | | | |
|---|---|---|---|---|---|
| | **2021-22** | **2022-23** | **2023-24** | **2024-25** | **2025-26** |
| **Number of projects requiring funding** | 40 | 225 | 212 | 143 | 87 |
| **Total funding required (based on average of £90k grant per project)** | £3,600,000 | £20,253,312 | £19,066,608 | £12,897,648 | £7,793,136 |

## Estimating capital requirements

Research by Capital Economics in 2020 suggested that the average cost to develop a community led home was £208,000[8] - this relates to build costs, professional fees related to construction and site costs. We assume this figure excludes much of the early revenue support required to develop the group, find sites, formulate financial plans etc. Clearly, this average cost masks large geographical variations, but also differences by project type, size and how land is acquired. The figure also fails to account for recent inflation in material and land prices and is therefore likely to be an underestimate of costs. Nonetheless, this figure gives us a basis to estimate the total costs of projects in the pipeline, and by association the funding and finance they may require. If all projects in the current pipeline reached the construction/development stage, they would need a total of approximately £2.5bn given the number of homes planned. A significant proportion of this would need to be provided in the form of funding and finance (assuming low levels of reserves, donations etc). However, this level of demand is unlikely to materialise and is subject to significant variations in the factors noted above. If we look only at projects currently at the Plan stage their development costs equate to approximately £350m. These are significant sums, and it highlights the scale and role funding and finance must play in bringing these homes to fruition.

Over four-fifths of the planned homes in the pipeline are for Affordable Rent, Social Rent and Shared Ownership. This means that, in reality, grant funding will be required and sought by a large number of projects. Using recent CHF capital allocations, we can estimate the total funding requirement for projects adopting these tenures. If allocations through the AHP were akin to previous rounds of CHF, then the average grant per affordable unit would be £47,000. If all Affordable Rent, Social Rent and Shared Ownership homes currently at the Plan stage were the subject of capital funding bids to the AHP we estimate this would equate to approximately £64m in bids. However, beyond this are other affordable units planned that would not be fundable through the AHP (e.g. shared equity, discounted market sales). It is likely these units will also require grant funding to be viable, and this could be as much as £7.5m if the grant per unit matched that of previous CHF allocations

Clearly, the pipeline of community led homes has created a potential demand for significant funding and finance. But the current system for providing this may be susceptible to a negative feedback loop. Without additional funding and finance many of the homes in the pipeline will not be built, and their key impacts will not be realised.  This could then have a recursive effect, dwindling the pipeline further, reducing future demand for financial support, and thereby stunting the development of more effective funding and finance mechanisms.

## Understanding demand on the current £4m allocation

In 2020 central government announced there would be £4m in revenue funding for community led housing projects in England (excluding London).  Using our pipeline data, we have explored the potential demand for this among active projects.  One of the benefits of using the aggregated data from hub scoring sheets was that these provided detailed information on the development stage of each project. We were able to filter projects in the scoring sheets to identify those most likely to meet the specific eligibility criteria for a future fund.  Two levels of stringency were applied to create broad and narrow samples. This differentiation largely relates to levels of financial planning and a definitive position on land and sites identified[9].

Whilst the data on projects in London was used for assessing capital above, data on these projects was excluded from the calculations given their separate funding arrangements. Also, any projects nearing completion or recently completed were removed from the samples. The outcome of this process in terms of the eligibility of projects was as follows:

| | Broad sample | Narrow sample |
|---|---|---|
| Total number of projects estimated to be eligible for the new CHF funding | 110 | 52 |

The revenue funding requirements of these two samples can be calculated using previously developed models based on average funding per project in previous rounds of the CHF.  This shows the extent of the immediate revenue requirement that can be met with the £4m of funding (Table 4). Clearly, the calculations suggest that this funding will not meet the requirements of even the narrow sample.

### Table 6: Hub projects eligible for CHF funding

| | Current projects needing revenue funding | Revenue grant per project | Total grant required |
|---|---|---|---|
| | Total number of projects in hubs' 2021 data that meet the criteria | Average grant from previous CHF allocations | Revenue grant per project MULTIPLIED BY projects likely to be eligible |
| Sample 1: Broad eligibility | 113 | £90,000 | £10,170,000 |
| Sample 2: Narrow eligibility | 52 | £90,000 | £4,680,000 |

Critically, however, the terms and timescales of any grant will affect demand and eligibility. For instance, the above samples take no account of the speed at which eligible projects can move forward and spend the grant monies. Hence if CHF grants need to be spent in a short timeframe some of the projects may either not apply or not be deemed eligible.

It is important also to note that this calculation relates only to projects contained within the hubs' 2021 data, and therefore misses a minority of projects that are either unattached to those hubs, or that operate outside the areas for which we have hub data. Without data on the development of these projects, we cannot assess their eligibility. The calculations may include projects already funded through previous rounds of CHF, and so some reduction in projects is possible if the new funding is not going to double fund certain projects.

Using these estimates alongside the requirements of the wider pipeline nationally we can see that the £4m could support a proportion of advanced projects, but not all, and is also contingent on its conditions and timescales. Without additional funding or finance in the period beyond March 2022 projects may need to secure an additional £40m+ in revenue funding to bring homes to point of delivery.

*Broadhempston CLT*

# 3.

# The current state of funding and finance

**The landscape of funding and finance for community led housing has changed markedly in recent times.**

The allocation of £4m in revenue support by central government (for projects outside of London - where an existing fund already operates) has been welcomed, though it is significantly less than that allocated in the previous rounds of the CHF. Other funding programmes have recently come to an end or been closed earlier than anticipated. Power to Change's Homes in Community Hands programme closed to new project applications in 2020, and the CLT Start Up Fund ended in 2020 also. Newer funds, such as CAF Venturesome's CLH Fund, have been set up to address the funding needs of groups through their life cycle, though gaps remain, for instance in providing funding for Group stage activity. And as enabler hubs come to the end of their grants and face questions about their financial sustainability, this will present secondary impacts in terms of the quality and quantity of support that projects receive.

Alongside these significant changes, the availability of funding and finance is in flux at a local level too. Whilst it has been difficult within the scope of this project to map variations across national, regional and local contexts, the following section tries to offer a generalized picture of the current landscape of funding and finance. From this, we build a picture of gaps and opportunities to ensure as many community led homes as possible can be developed.

## Funding and finance by stage

To build this picture of this landscape we have updated previous frameworks for this purpose developed in 2018[10]. Using this framework, we captured and updated information on predominant funders and providers of finance in terms of; the type and maximum grant/loan offered, the stage of development targeted, and the project type/tenures supported. We have used a mixture of desk research, direct enquiries to funders and data from Freedom of Information[11] requests, to get the relevant information.

The picture that emerged when we analysed and organised this information was one of mixed coverage across the standard stages of community led housing development[12]:

## Group stage

In light of the context set out above, there is currently no dedicated, national grant funding for the Group stage. There are a limited number of general national charitable grant programmes, such as the National Lottery Community Fund programmes and Garfield and Weston, as well as a small number of corporate grant programmes (e.g. Screwfix Foundation, Nationwide Building Society Community Grants programme) that groups would be eligible for, but as it stands, there has been limited success in groups accessing these[13]. This is a significant gap which will hamper the development of new projects over time.

Some local authorities and one combined authority have provided, or do still provide, small grants of up to £5,000 for the Group stage, either as a one-off grant or through a dedicated grant programme. A significant proportion of those local authorities however received funding from year 1 of the CHF which went directly to local authorities with high levels of second home ownership and affordability challenges. Had they not received this money it is unlikely we would see such support, particularly with ongoing budget pressures on local authorities. It also means such support is geographically patchy. Some groups have been able to access small grants from local CVS organisations or community foundations, or from parish councils. It is beyond the scope of this research to estimate how many grants have been provided in this way, but it does suggest these local grants are somewhat of a postcode lottery.

Where groups are able to apply for revenue grants that cover some Group activity, access to these grants and the quantum available does not always enable grantees to progress to the Site and Plan stages. CAF Venturesome's CLH Fund, for instance, requires groups not only to be incorporated but also have Heads of Terms agreed before providing their funds. It seems then that early-stage support for groups and their projects is currently lacking.

## Plan stage

Even allowing for the £4m Community Housing Fund in 2021/22, there is still a gap in revenue grant funding for the Plan stage. As noted above, the revenue funding requirements for projects at this stage are significantly more than £4m, and even under stringent eligibility criteria, this amount would be insufficient to support current projects - at least to the sums seen in previous rounds of the CHF. Alternative sources of grant funding for the Plan stage include a very limited number of national charitable funding programmes, which are more generic and do not explicitly target community led housing. In addition, a handful of local authorities have provided one-off grants to specific schemes to cover pre-development costs, though these are limited in number. Our analysis of the data obtained from an FOI to local authorities issued in 2020 identified five local authorities active in providing such funding, though there may be slightly more when we account for missing responses[14].

CAF Venturesome's CLH Fund provides loan/grant pre-development funding. A total of £150,000 can be borrowed with up to £50,000 in additional grant. The loan may be written off if planning permission is not secured. However, the CLH Fund will only support schemes that are at least 50% affordable so not all forms of community led housing will be eligible. The risk carried by this type of investment is deemed high, and hence the interest rate reflects this (to a maximum of 10% per annum). Whilst suitable for some groups, applicants have previously expressed concerns about these rates and future debt repayments[15]. As set out later in this section, groups frequently lack the confidence to apply for loan funding at the Plan stage.

**Figure 1: CAF Venturesome's CLH Fund**

**1. Site and plan stage**

Pre- development loan finance up to £150,000 with up to £50,000 additional grant. If planning permission is not secured, they may write off the loan.

Standy facilities up to £150,000 to raise community shares or act as a as a bridging loan.

**2. Land purchase (pre-build stage)**

A pilot land purchase facility up to £400,000. Unsecured loan, with up to £100k grant (grant repayable if scheme doesn't progress).

**3. Build stage**

Junior lender loan finance up to £400,000 for construction costs (2nd charge after senior lender).

**4. Live stage**

Should be facilities / bridging loans for Enabling Hubs / umbrella CLTs up to £100,000.

Meeting what can be significant costs at the Plan stage is a challenge for many groups. In recent years larger pots of funding have been available for groups at this stage, including the CHF, which supported a number of projects to secure planning permission and initiate development. Before that, the Community Led Project Support funding also targeted resources to those projects that had an existing interest in a site to progress their schemes, however, this is no longer available. And so whilst the CLH Fund will be suitable for some, and the £4m in CHF will help others if/when it becomes available, there will still be a significant number of groups that will struggle to access funding to meet their costs at the Plan stage.

## Site stage

To support site purchase CAF Venturesome's CLH Fund includes a pilot facility of up to £400,000. This is an unsecured loan and includes £100,000 of grant, which is repayable if the scheme does not go ahead. Take-up of this facility has been low, however. This may be because the £400,000 ceiling acts as a barrier for larger schemes. It might also be because it does not address the need for funding for at-risk upfront site purchase - at least two months is needed to conduct due diligence etc, and by that time the opportunity might have passed. Other models to address issues with site acquisition have been developed, such as the Land and Building Bridge (LABB) project. This sought to create a £10 million investment fund to acquire land on behalf of community led housing groups and hold it for them until they were ready to purchase it. However, despite being developed into a proposal, this did not go ahead.

Earlier in 2021, the government launched a one-off Brownfield Land Release Fund, which provided capital grant funding to unlock and accelerate the release of local authority owned sites. This included £25m for custom and self build, of which some CLH would have been eligible. However, the fund was only designed to address viability issues arising from abnormal costs of the proposed development and it is therefore unlikely to meet the general issue of how to fund the acquisition.

As with the other stages, some public bodies may be helping meet the challenges at this stage, by enabling access to low-cost finance, or gifting and transferring sites. Nonetheless, this does not universally address the financial issue facing numerous groups often competing for sites at market prices, or seeking to acquire sites with specific challenges that carry additional costs.

## Build stage

The Homes England Affordable Homes Programme 2021-26 will provide £7.4bn in funding to support the capital costs of developing affordable housing, principally social rent, affordable rent, rent to buy and shared ownership. Community led housing groups are eligible for the programme, with certain conditions. A significant proportion of the current programme will be delivered by 'Strategic Partners' of Homes England. Interviews with Homes England, undertaken as part of this research, revealed that very few bids from Strategic Partners have included community led elements, although it does not foreclose partners still working with groups in the delivery of their allocation. Most community led groups would need to access the programme through 'Continuous Market Engagement', rather than through the Strategic Partner route. As with previous Affordable Homes Programmes and the CHF, if the CLH group is to be the landlord of Social Rent, Affordable Rent or Rent to Buy homes they will be required to become a Registered Provider, which can be a barrier for some.

Groups developing affordable tenures other than those eligible for the above funding (e.g. Mutual Home Ownership) will have to look elsewhere for capital grant subsidy. There is a possibility that groups developing Discounted Market Sale (DMS) schemes that meet the criteria for First Homes will be able to access associated capital grants. As set out in section six, this is something which the sector should focus on in its future advocacy work. Some groups may also be able to access Section 106 monies or Right to Buy receipts from local authorities but there are limited examples of that. Similarly, only one combined authority currently provides capital grant subsidy for housing development, including CLH schemes. As set out in section five, combined authorities have the advantage of being able to be provide funding on flexible terms and to support a range of affordable tenures.

There are a small number of social or ethical lenders providing development and/or long-term finance to community led housing groups, including Triodos Bank, Charity Bank, Ecology Building Society and Unity Trust Bank. These lenders, in some cases, are providing up to 80% Loan to Development Value (LTDV). One issue may relate to maximum lending. All the above providers will lend up to £5m, with the exception of one that will lend up to £10m. Interviewees suggest that mainstream lenders are unlikely to be active in any significant way, owing to the opportunity costs of supporting such groups: they see it as simply more productive and less risky to lend to other parties or for other initiatives. Despite these challenges, community led groups are far from dominating the lending books of specialist lenders, and if projects can be organised and presented to them in different ways there could be significantly more finance available (as discussed below).

There are two large bespoke funds that we are aware of that have been set up to provide lending to SMEs - Homes England's Home Building Fund and United Trust Bank Housing Accelerator Fund, a partnership between Homes England and United Trust Bank. The Home Building Fund provides development finance at competitive rates compared to specialist lenders, and community led housing groups are specifically identified as eligible. However, our interviews revealed that groups have had difficulties accessing the fund due to the requirement of having a site secured with planning permission, as well as having equity in place[16]. The Housing Accelerator Fund is new and it is too early to say if community led housing groups will be eligible.

Other lenders with bespoke funds also support community led groups but access is restricted based on location - e.g. Resonance's Community Developers Fund and Key Fund's blended loan and grant funding. In addition, there are a smaller number of junior lenders. We are aware of two junior lenders to the sector; CAF Venturesome through their CLH Fund, and Big Issue Invest. This form of investment has been critical in unlocking schemes in the past, as accepting a second charge on the property may enable other lenders to increase their investment[17].

Whilst innovations in financial products for community led housing groups has been welcome, many projects are still deemed financially viable only with grant.  Hence, whilst there is scope to expand and draw on lending, capital grants for development are likely to be a critical part of the solution if groups are to maintain high levels of affordability and quality. As noted above, the project costs of those schemes at later stages in the pipeline could total £350m, and given only limited capital allocations through CHF and AHP in recent times, there's clearly a need to secure better access to such capital grant.

## Live stage

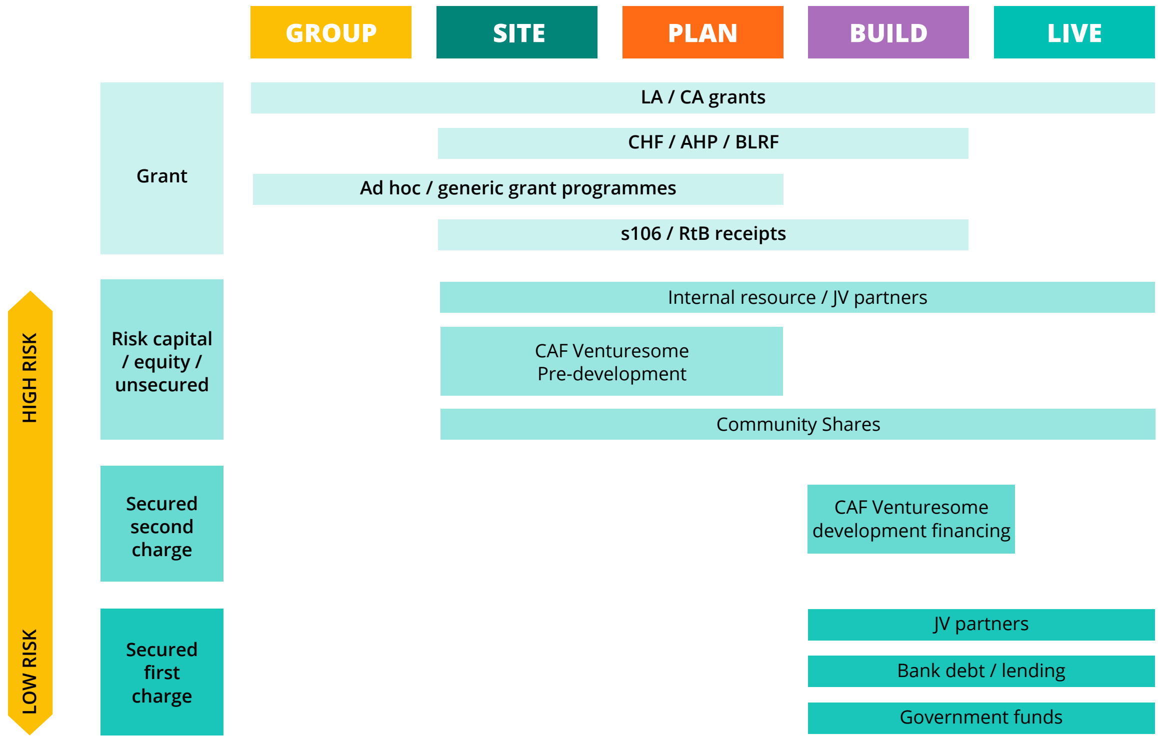
Most community led housing groups will fund ongoing management through rental income or from ground rents. Nonetheless, longer term financing arrangements are often needed after the construction phase, so a number of lenders work with groups to bridge and restructure loans after scheme completion. This is an important part of the financing picture.

The nature of the funding models applied, and the internal capacity of groups makes exploring new development opportunities difficult. In some cases, this will put a significant strain on an already burnt-out group of volunteers. And yet, the equity being created from completed schemes is a key opportunity to reduce borrowing costs for new, additional projects. This creates an important dilemma for the sector, which will mitigate growth from existing, skilled groups.

## Summary of the funding gaps

Synthesising the learning above, we can present a simplified picture of funding and finance landscape for community led housing, adapting versions from previous research[18].

### Figure 2: The funding and finance landscape (simplified)




**Source:** *Adapted from Collaborative Housing (2020). Building the Community Led Housing Sector in Oxfordshire. Abbreviations: LA (Local Authority), CA (Combined Authority), CHF (Community Housing Fund), AHP (Affordable Housing Programme), BLRF (Brownfield Land Release Fund), RtB (Right to Buy), JV (Joint Venture).*

The analysis above suggests there are significant gaps in revenue grants for projects at both the Group and Plan stages, in terms of the total quantum available and, in some cases, the maximum amount available per scheme. It has been difficult to establish the total available funding and finance from key providers, not only due to commercial sensitivity but also because of the nature of generic funding and lending programmes which have not ring-fenced specific amounts for community led housing. Nonetheless, it is apparent that the ad-hoc funding available from a few generic charitable funders and local authorities - alongside small allocations of CHF - will not meet the current revenue funding requirement, which could be as much £15-19m among later-stage projects. In the case of those projects at the Group stage, it also means they will spend a disproportionate amount of time applying to multiple sources to secure early-stage funding before they have even got started. Loan funding for the Group stage is unlikely to ever be viable due to the risk levels, and for the Plan stage, it is proving difficult to structure without philanthropic backing.

There are also notable problems with funding for site acquisition, particularly at-risk upfront purchase. It is unfortunate that new models to address this have not been brought to fruition. On top of this, there is a lack of capital grant subsidy for non-standard affordable tenures, threatening the viability of those schemes.

The sector is yet to tap into mainstream lending. The small number of lenders who do lend to the sector play a vital role but maximum lending amounts may be too small for larger schemes. There are several things that can be done to encourage and increase such lending, and these are explored below.

# 4.

# Meeting funding requirements: Existing funds and finance

**A number of significant challenges have been identified in meeting funding and finance gaps, but there are still opportunities that can be seized.**

In the following section we explore these gaps in more detail, and some of the key opportunities with existing providers of funding and finance. This is set out for each development stage, with Group and Plan stages being considered together given the overlaps in how they are funded.

## Group and Plan stages

There is little prospect of any significant and dedicated new charitable grant funding for the Group and Plan stage being made available in the near future. As outlined in the previous section, the two largest sources - the CHF and Power to Change's Homes in Communities Hands - have either closed or are significantly reduced. Power to Change's new strategy, based on reduced funding, does not include plans for a new programme of support for community led housing, and instead proposes a series of cross-cutting workstreams, for instance on leadership, community shares and assets for example. Community led housing groups would be able to access programmes under those workstreams, but it is unlikely they will substantively meet the current revenue support requirements. One fertile area the sector may focus more attention on is community shares. There are already excellent examples of groups raising funds through this route, with new and productive relations emerging between groups and enabler hubs to maximise share take-up[19]. Should new grant programmes arise that match fund or support efforts to raise funds through community shares, this could be a key opportunity.

This withdrawal of dedicated grant funding for community led housing is having a knock-on effect on the pipeline for subsequent funds, including CAF Venturesome's CLH Fund. As CAF Venturesome described with regards to the CHF:

*"The CHF actually boosted our pipeline. It seems counterintuitive but it gave confidence to groups that there was funding available out there and they could successfully secure sufficient finance for their schemes."*

CAF Venturesome

By providing grant funding, groups had the confidence to apply for loan funding from organisations like CAF Venturesome: it allowed them to bridge their funding needs before the CHF was opened or until they received their CHF grant payment in arrears, or it addressed gaps in eligible costs under the CHF. The pipeline for the CAF Venturesome fund has dropped significantly since the CHF closed and, as other funders retreat, there is a risk that all sources of funding will disappear:

***"Being a sole funder in the market is a problem. We never saw the CHF as a competitive Fund to our own Fund, but rather as a crucial complement. In some instances, a few groups didn't come to us but overall the need for our Fund was higher when the CHF was around... If there is no other funding available, it will compromise the sustainability of our CLH Fund as there will be limited pipeline and no one to act as a relay of our Fund."***

CAF Venturesome

This reasserts the dilemma that reduced funding can have a recursive effect on the pipeline which in turn feeds back negatively in terms of the development of the funding and finance system.

In terms of attracting new funders to the sector, this is likely to be challenging. Many re-directed their funding during the Covid-19 pandemic to support more frontline organisations and may have less resource available. Moreover, for those with an interest in housing, that tends to focus on homelessness, and community led housing is not seen as addressing acute housing need.

One response may lie in not making the case for community led housing specifically, but relating it to broader issues that are on the funders' agenda. Some funders are increasingly looking to address large-scale issues with cross-cutting themes, rather than supporting individual sectors, and so the contribution of community led housing to climate change, placemaking, diversity etc should come to the fore. There is significant potential for the sector to do more to position community led housing as relevant to those broader agendas and areas of interest to unlock funding:

***"Given all the competing demands for funding, it's more difficult to say that community led housing is a priority, but if it's recast as about placemaking within which housing is a thread I think that will be a much easier sell to funders and other bits of Government than focusing on the uniqueness of community led housing."***

Power to Change

***"The community led housing sector needs to recognise where it can contribute and have relevance in matters that are more prominent in the minds of government and funders wanting to deliver better housing, such as affordability and energy efficiency. The sector ought not be dispirited that it isn't central to the government's housing agenda; but instead should seize every chance to showcase the brilliance, innovation and adaptability of community led housing."***

Nationwide Foundation

The sector might also consider how it builds more internal champions within key organisations, developing an awareness within funders of community led approaches and how this relates to broader agendas. It may also be that the sector considers forming alliances with other similar organisations to make the case for larger cross-cutting programmes that the sector can then benefit from, for instance, on land/property acquisition and use.

Another potential avenue is that, even if individual funders are not able to support the sector in a significant way, they may be willing to do so collectively. Here the sector could tap into some funders' 'enabling role', such as Nationwide Foundation and Power to Change, who may be able to identify and bring new funders on board or forge a collective approach to addressing some of the funding gaps at the Group and Plan stage, and perhaps also in reference to development finance, long term financing etc.

Another way Power to Change is looking to act as an 'enabler' is to make the case for community businesses locally. This is explored further in section five, but the sector should ensure it is supporting and is involved in such conversations with combined authorities and local authorities.

***"… we're also looking at how we work with combined authorities and local authorities and… [if] you can demonstrate something and take it to others. That's another way to achieve the spread."***

Power to Change

Where there is still an appetite amongst funders to support the sector but in a smaller way, targeted funding could be explored. Interviews with funders suggested there are opportunities to secure funding for community led housing if those projects are operating in certain geographical areas or meeting certain needs. For example, a number of funders target the most deprived communities, and hence projects operating in these areas - and working on issues aligned to funding priorities - may receive support. The growth in community led projects in more deprived areas has been rapid in recent years, in part due to programmes like Homes in Community Hands. Two-thirds of grantees in this programme were located in the 20% most deprived areas, and in areas like the Liverpool City Region the pipeline of homes in hub supported projects has swelled to over 1000[20]. Hence this geographical dimension to funding opportunities should not be ignored.

There could be merit in the sector exploring with funders like Power to Change the potential to support pilot projects which trail new funding or delivery models that align with cross-cutting themes. This could include, for instance, developing new partnerships to develop community led homes in more sustainable, energy-efficient ways, or which are part of bigger efforts to address processes underlying climate change.

To unlock such support it may be important to reframe the role that previous funding has played and the importance of staying the course to maximise the potential of the funding that has already been invested. Some projects already funded may just need small additional funds to get them to the Build phase. What may hold funders back is the perception that community led housing is revenue or grant intensive. It will be important for the sector to consider how efficiencies can be generated here, for instance by showing the role that hubs have/could play, and to inform funders as to why funds are needed compared to other sectors.

An alternative to grant support for Plan stage activities might be philanthropic investment. As CAF Venturesome noted in reference to the funder/lender role:

***"With the community led housing sector you need to be flexible and patient, and that's why philanthropic (loan) capital and grant funding are essential to the sector."***

CAF Venturesome

However, there is a challenge in attracting new entrants to invest in community led housing: current philanthropic investors in the CLH Fund have to be prepared to make a 10-15% loss. That loss, coupled with the fact that community led housing is frequently seen as not meeting acute housing need, means that there are very few potential investors to draw from. When CAF Venturesome set up their new CLH Fund, having run the CLT Investment Fund, they were only able to attract one new investor to the fund. It will be important for the sector to consider how it positions itself and communicates the types of impacts that new philanthropic investment can generate.

Similarly, loan funding for the Group and Plan stage, which is attractive in principle, is not yet a viable option. Some of the social lenders would be able to provide pre-development loans to groups with higher levels of equity or other assets - for instance, those developing a second community led housing project - but very few groups are in such a position and there is a disincentive for them to do so as it would frequently be tied to their individual homes. For almost all developing groups, the level of risk inherent in the pre-planning phase is still too high for loan funding to be available at acceptable interest rates.

*"Investing in CLH schemes at a very early stage is very high risk. We wanted to make the case that mainstream lenders could come but, at pre-build stage, it remains challenging to make it profitable for lenders. We're making a loss at the early stages.*

*The majority of CLH groups tend to develop one scheme, can take years to come to fruition, suffer setbacks and don't get the track record that would reassure mainstream lenders."*

CAF Venturesome

In order to reduce the risk, a focus could be put on supporting more replicable and viable delivery routes e.g. RP partnerships, or on existing groups developing multiple schemes. A lot of risk will remain, but it could be reduced significantly. Community led groups are increasingly looking at different ways to work with a range of developers, alongside the hubs, and this drive should be supported and promoted where possible.

## Site stage

Competing for appropriate sites remains a challenge for many groups, particularly where larger schemes are being planned, or where groups are located in areas of high competition/low supply of land. CAF Venturesome's loan facility has a limit of £400,000 and is not designed to enable groups to respond quickly to opportunities as they arise. Some funders and lenders suggested that the sector should not be competing in the market. Either greater foresight is required so groups rule out competing for certain sites that would compromise their ability to deliver affordable housing, where relevant, or there is a need for a more responsive system that allows for groups to move fast in competitive markets.

As noted above, the LABB project sought to remedy some of these issues, and we believe there is merit in an approach which seeks to acquire sites and hold them for groups whilst the relevant funding and development plans are devised.

Whilst not a specific funding or finance intervention, there is no reason why public bodies could not be more active in acquiring sites for community led housing groups, or to have a policy to include community led schemes when embarking on their own developments. In the same way that some local authorities have a percentage policy with regards to sites for Self and Custom Build, this may also be promoted for community led housing. Whilst not a direct funding or finance intervention it is, by proxy, a means to reduce the burden of land acquisition, potentially in terms of both time and costs.

## Build stage

In general, there is scepticism amongst some lenders and funders about the sector's ability to deliver. If delivery drives confidence, but that's being made less likely by reduced funding, then we can expect confidence and investment to dwindle. This type of vicious circle is an imminent risk for the sector.

Our interviews with lenders have been revealing in terms of the opportunities and barriers to increased lending for development. One lender, who specialises in providing development finance and long-term financing options, noted that loans to community led housing groups currently make up 1% of their lending book, but this 'could be up to 10-15%'. Whilst clearly an opportunity, significant barriers prevent this from being realised. One major issue concerns the demands on lenders in terms of relationship management. Staff spend nearly as much time working with community led groups as they do housing association clients, even though loans to the latter make up 25% of their lending book. The support of a corporate finance team, who works with groups to test and model their finances before approaching the lending arm of the business, had helped streamline the process. However, the 'on/off' nature of community led schemes, which are often working with difficult sites, makes the process slow and potentially unappealing to lenders. This issue is not unique to lenders but is also experienced where bespoke funds have been established, including Homes England's Home Buildings Fund.

For lenders there are a number of potential responses to these issues. Firstly, one solution lies in groups or hubs developing multiple schemes, as through this route equity is built that can be carried forward, and skills and capacities retained and reapplied in new projects. So, the sector and its funders might consider how it can incentivise multiple scheme development. Other responses lie with government and others who can de-risk projects. Mezzanine facilities were seen as a potentially valuable tool to increase lending, in addition to government guarantees on investments. Ultimately these kinds of initiatives may make the sector more attractive to mainstream lenders also.

Another solution could be the potential for the enabler hubs, often singled out as an important 'interpreter', to act as a single point of contact with some funders and lenders, packaging up prospective applications to assess eligibility. This would save groups wasting time on abortive applications and may also address a perception amongst some lenders and funders that the sector is lacking 'professionalism'. This role was also discussed with an active lender who drew comparisons to how they work with others on health and social care schemes. Here a number of trusted brokers bring projects to the lender which they know they will 'be unlikely not to support'. Hubs could play this role of brokerage with lenders, but it will require better relations and knowledge of the types of projects those individual lenders want to support.

An environment without bespoke funding for community led housing also requires a degree of pragmatism from groups, recognising that they need to be flexible and adapt their plans if they are to access certain funding.

Our interviews revealed clear opportunities for increased delivery through Homes England's Affordable Homes Programme (AHP). As set out in section three, a case could be made for capital grant subsidy for First Homes to be made available to community led housing groups delivering discounted market sale homes. Moreover, Homes England could be encouraging their Strategic Partners to include community led housing schemes in the delivery of their allocation, through what is described as ongoing 'partnership' working between Homes England and the partners. The sector could also take note of the requirement that 25% of all affordable housing delivered by Strategic Partners must use Modern Methods of Construction. So, by comparison, the sector could advocate for a percentage of all development to be community led. The sector could also identify and present itself as an 'emerging market', so that sector representatives and enablers can work with the Developing Markets team within Homes England, unlocking opportunities for support.

However, to identify and advocate for such opportunities, and to drive bids from the sector to the relevant programmes such as the AHP, either better links with different parts of the Agency are needed, and/or more internal staff resource needs to be dedicated to championing community led housing. To unlock the latter, we understand that far better evidence of delivery is required.

It is perhaps fortuitous for the sector that, according to our interviews, Homes England is starting to shift towards being more 'mission-based', looking at how they can support what is needed in a particular place and plugging in various forms of funding needed (e.g. infrastructure, AHP and so on) rather than being purely programme orientated. This could help where the local area is driven by or needs a community led housing offer. It will be important for the sector - particularly the hubs - to be involved in those local conversations between Homes England, groups and the relevant local and combined authorities.

## Existing funds and finance: The prospects for meeting need

New dedicated funds for Group and Plan stage costs seem unlikely at present. Community led housing groups will, in future, need to access generic funding programmes, and utilise other sources such as community shares, to meet costs. The system of funding and finance for the sector is interconnected so if one funder steps back it affects certainty and confidence across the system. Partnerships with Registered Providers and other developers will become increasingly important. It will prove difficult to meet the revenue requirements of groups through loan finance, though with philanthropic funding this is possible.

There are significant gaps in the provision of support for site acquisition. Existing funds are helpful but carry limitations. There is perhaps a need to look again at mechanisms like LABB, or other models for acquiring sites on behalf of groups. Nil or low-cost land disposals are likely to become as important as any financial instrument.

Existing providers of development finance could increase their lending to community led housing groups. However, significant barriers exist to this, notably in the speed of project progression (and returns), the quality of financial planning, and inefficiencies in 'relationship management'.  Some of these issues can be addressed by having strong systems for brokerage, or with the packaging up of potential projects. Homes England's funds are not providing significant support to the sector at present. Improvements could be made to smooth access to AHP, secure capital grant through the First Homes programme for DMS homes, and also improve incentives for Strategic Partners to include community led housing in their delivery plans and allocations.

*SCATA Ltd (part of the Stocksfield Community Association)*

# 4.

# Meeting funding requirements: Focusing on combined authorities

**In a context of constrained revenue and capital funding, this research has explored opportunities for greater support from new sources.**

There are, on the horizon, potential opportunities arising from the 'levelling up' agenda, and through the replacement of European Structural and Investment Funds, but significant uncertainty remains about the focus, scale and accessibility of any associated funds to community organisations. One area of growing synergy is seen in the relationship between community led housing groups, their enabler hubs and combined authorities.

Combined authorities are a form of local government institution where local authorities can pool responsibility and take advantage of delegated powers and resources - including funding - from national government. Introduced in 2009, there are currently 10 combined authorities, of which all but one has a directly elected Mayor. Other combined authorities are currently in development. In recent years combined authorities have emerged as important stakeholders for community led groups and hubs, some offering funding or wider support.

In the following section, we explore this further, drawing on discussions with representatives from three combined authorities as well as one Local Enterprise Partnership (LEP) - non-statutory partnerships between the public and private sector.

## Combined authorities

### Current and potential role in funding and finance

Our research reveals a variety of ways in which combined authorities can access funding for housing and use that to provide capital and revenue support to community led groups.

The main source of this funding is through dedicated monies for housing which are secured through a devolution deal with government. This is in addition to general funding they will have secured through the deal. Two of the three combined authorities we spoke to secured funding in this way, and have set up dedicated programmes for housing as a result. Community led housing groups are eligible for these housing programmes, although access has been varied.

Cambridgeshire and Peterborough Combined Authority have used their £100m endowment for housing to provide capital grant for affordable housing and short-term development finance, provided through a revolving loan fund. Community led groups are explicitly named as eligible for both and there has been some take up - three groups have so far benefitted from this. In contrast, whilst groups are also eligible for Greater Manchester Combined Authority (GMCA)'s £300m Housing Investment Fund, to date there have been no applications. This may be because of the nature of the pipeline in the area, though there is a recognition that the fund may need to be adjusted to make it more suitable for community led housing groups to apply.

Other options being considered include a new fund set up specifically for community led housing. Combined authorities can also bid for national government funds to support housing activity e.g. the Brownfield Land Fund and Getting Building Fund. Of those we interviewed that had received allocations, community led groups were not yet benefitting from these funds. The reasons given included the tight criteria and delivery timescales set by national government, which, it was felt, precluded it from being suitable for such development.

***"Usually to get the money spent in time is to get a big site built out rather than 17 smaller sites, whether that's community led housing or small developers as you have risks. 17 risks rather than one… when funding comes up we have to go for what's quick and deliverable."***

Liverpool City Region Combined Authority

There was also nervousness about whether community led housing could deliver:

***"What we need for things to be relevant is proof they can deliver. If we get funding, we're putting our reputation out there as, if they don't deliver, that makes us not look good… The hubs/groups should be knocking on the combined authority's door and saying 'we're here, we have sites' but then it has to be 'have you got planning permission?' And 'can you deliver?"***

Liverpool City Region Combined Authority

In addition, combined authorities can support their member local authorities to bid for national funds. This has been a fruitful avenue for community led groups in the Liverpool City Region Combined Authority area, where the authority supported a bid to the Towns Fund that has, in turn, provided funding to purchase property to be redeveloped by New Ferry CLT in the Wirral.

Devolved funding offers the authority significant flexibility, in terms of what they can use it for and the conditions of onward funding. Cambridgeshire and Peterborough Combined Authority do not require groups to register as a Registered Provider (RP) to access their capital grant funding, and can be flexible on the terms of development finance, considering applications on a case-by-case basis:

***"When a project approaches us we will look at the project's merits, rather than it being a tick box exercise."***

Cambridgeshire and Peterborough Combined Authority

This could address some significant challenges for projects developing non-mainstream affordable tenures, should the authorities wish to support this, and would sidestep some of the barriers experienced with the AHP.

Similarly, once the GMCA had met the government's housing numbers target for their Housing Investment Fund, they were able to fund a wider variety of projects. Moreover, they are able to use the £10-12m surplus generated over the 10-year lifetime of their fund to provide revenue or capital grant to local priority projects. As set out below, this was the source of revenue support for the local enabler hub. Devolved funds therefore provide an opportunity to put in place tailored funding that meet the sector's needs:

*"If we get devolved funding for housing… say £100m… then we could say we could take £10m to help community led housing or for making homes accessible. Whatever we choose to do if we had that freedom."*

Liverpool City Region Combined Authority

Some authorities are already planning to use the forthcoming Comprehensive Spending Review (CSR) to lobby for devolved funding, including for housing. There is an opportunity for the sector to support that and encourage Mayors and authorities to lobby for devolved funding for community led housing specifically. Alternatively, government could be offered a choice at the CSR; to re-establish the CHF or create devolved dedicated sums for community led housing that combined authorities and local authorities can secure.

No authorities we interviewed are yet providing revenue funding to cover pre-development costs. This is not because it is impossible for them to do so, but more because either a need has not yet been identified or because they have limited funds to draw from:

*"We would like to do it [provide revenue grant] but where will the money come from…. We want to support housing across all different models, and there are so many that require intervention, revenue or capital, and 10-12m surplus over 10 years, that's how thinly we are spread, and we don't have sources of revenue. We can't raise tax, we don't get the New Homes Bonus. We don't have any of those in flows."*

GMCA

So, whilst the opportunity is there to support community led projects in creative ways, the need, impact and delivery of the sector need to be proven and promoted first.

### Reducing costs through access to support

To complement their housing investment programme, one authority - Cambridgeshire and Peterborough Combined Authority - has used their general funds to cover the costs of running an in-house community led housing enabler team. This provides technical support directly to groups. In addition, they have created a small start-up grant programme which offers new groups up to £5000.

Similarly, as noted above, the GMCA have used some of the £10-12m surplus generated from their investment fund to provide core revenue grant funding to the local enabler hub - £150,000 in total - having initially supported groups directly before the hub was established.

In these two different ways, combined authorities have played an important role in ensuring groups have access to technical support, thereby reducing their early costs. It could be that, where standalone hubs are not able to sustain themselves financially in the future, a conversation could be had with the combined authority about taking the hub in-house. Whilst this is not a funding and finance solution it could be a route to low-cost support to groups if sustained:

*"One of the benefits of being in the combined authority is that we're very well politically connected and can offer advice free of charge and don't have to spend time worrying about how to fund ourselves."*

Cambridgeshire and Peterborough Combined Authority

### Influencing and being influenced

Combined authorities can and do influence their member local authorities, prompting them to support community led projects. This includes encouraging them to help access sites;

***"The fact that the combined authority is so supportive of community led housing gives the local authorities almost an implied requirement to engage with community led housing groups in their area... [for those that would rather not engage] the fact that the combined authority has an explicit support for community led housing means they will engage, even if it's somewhat reluctantly. For others that are supportive, it gives them an additional remit to take that delivery method more serious and know there is funding available."***

Cambridgeshire and Peterborough Combined Authority

Through spatial strategies, combined authorities set policies that local authorities have to take into account when setting their Local Plan. For the GMCA this included housing targets and 'challenged the local authorities to go further than their Local Plan'. Only one such strategy includes a policy to support community led housing. There is potential here for the sector to identify 3-4 combined authorities currently developing their strategies and invest time in lobbying them to include policies that enable community led housing, for example, by setting a percentage policy to drive delivery.

It should be noted though that some of the combined authorities highlighted the need to tread carefully, as they do not want to be too 'top down' with member authorities:

***"We're very much a combined authority. What we do is partnership building with the six authorities plus other partners."***

Liverpool City Region Combined Authority

The GMCA also recognise they have limited control over local authorities, so their approach is to help de-risk community led housing for local authorities, to enable access to sites and to address the local authorities' nervousness about delivery. Perhaps then the focus should be on how, with combined authority funds, community led housing can help local authorities to meet their local housing needs and targets.

***"… the piece we can't control is land. We've probably got a bit of land as we have the police and fire service as part of the GMCA but its nothing like what local authorities sit on … so we're trying to mitigate the risks for them by supporting groups and having funding available … . What we're saying to local authorities is we can lend the money and will be going through the due diligence with a fine-tooth comb … and in combination we've set up this hub that will guide groups and provide professional advice … so minimise the chances of failure."***

The GMCA

Amongst the authorities we interviewed, political support for community led housing is significant and bridges party political divides. As representatives from Greater Manchester noted, support was, *"Right from the top, there's a passion for it."*

There are likely to be individual reasons for this. For one Mayor it is thought to be because of his own personal experience of living in a TMO home. For the other two Mayors, it is because they can see how community led housing offers a solution to the particular challenges in their area, as well as the result of being exposed to passionate local advocates and powerful local examples:

***"[for the previous Mayor it was] partially capturing value within the community … . Retaining value in terms of land value capture and, when people are paying their rents, that that money doesn't seep out of the community to support the very large housing associations. It was about keeping the value that local people are paying in their community. With James starting out at East Cambridgeshire District Council, a very rural location, rural communities have suffered over recent times with their sustainability … I think he saw it as a way to create more sustainable communities across the area."***

Cambridgeshire & Peterborough Combined Authority

*“It fits with [the Mayor’s] agenda of no neighbourhood left behind and brownfield land.”*

Liverpool City Region Combined Authority

In all these cases the Mayors’ positions were very much independently formed, not informed by government or member local authorities. Interestingly in each case it is a different aspect of community led housing that has had an appeal. It is perhaps the very flexibility of the model that lends itself to these local interpretations. More could be done therefore to emphasise certain characteristics of community led housing within local contexts as part of influencing authorities.

Indeed, for those hubs that have some resource but are not yet working closely with their combined authority, there is a need to step up their advocacy activity, demonstrating how community led housing can help meet their authority’s objectives, setting out what they can offer, developing relationships at the political and officer level and seizing political moments like elections.

The recent launch of the Land Commission, created by but independent from the Liverpool City Region Combined Authority, is a good example of such a political moment.

*“[The Land Commission] will give CLTs etc an agenda to approach the Mayor… . If I was one of the CLTs I would be writing to the combined authority to say we have this site here and we think it is Land Commission compatible. Can we work with you on it? How can you help us?”*

Liverpool City Region Combined Authority

It was felt that securing political support should be the priority:

*“As officers, we have to follow what the elected representatives see as the priorities. A political champion is a good place to start.”*

Cambridgeshire & Peterborough Combined Authority

Securing such political champions could also be a useful way to influence national government, particularly, as our interviewees informed us, the Mayors regularly meet with Ministers. In addition, if there is to be a shift towards greater devolution, having champions at the combined authority level will become far more important. Mayors could have a role in trying to secure either increased CHF or dedicated, devolved funding for community led housing where it fits their political objectives.

## Local Economic Partnerships:

### Current support and future opportunities

Our interview with a LEP representative suggests there are fewer opportunities here to secure resources to meet the funding gaps identified. This may be helpful guidance in identifying exactly where influencing work by sector bodies should be targeted. Whilst the LEPs currently manage both the Local Growth Fund and Getting Building Fund, their role in managing capital programmes is currently under review. At present, it is unclear whether they will manage future programmes including, for example, the Shared Prosperity Fund. Housing is also not a core priority for LEPs. Our interview revealed that where LEPs have done more on housing issues, it is because they see it as part of a wider economic programme linked to placemaking, and because this links to their priorities regarding innovation and skills, or because it can help disrupt local markets. However, to date, that has not included direct support for community led groups or hubs.

LEPs could be an important influencer or broker with local authorities though, given that their boards include local authority leaders, helping forge better links with member local authorities and supporting efforts to encourage local authorities to put in place supportive policies for community led housing. This could in turn unlock financial support.

Similarly, as some LEPs share growth boards with combined authorities (e.g. in Cambridgeshire and Peterborough) they could exert influence on combined authorities, including on how any funds for housing are spent - potentially supporting calls for investment in community led housing. However, given the differing priorities of LEPs and community led housing bodies this may be unlikely.

Perhaps the most fruitful area for joint working is where the focus is on housing, jobs and skills. So, in areas with high levels of empty properties and where there is a strong self-help housing sector, collaboration may be mutually beneficial, for example. Here, LEPs could be encouraged to help create better links to training and skills providers, or even contribute funds to pilot community led housing projects that major on skills and employment outcomes. Such projects might be helpfully at the nexus of interests of different public, private and community/voluntary sector organisations.

## Combined authorities/LEPs:

### The prospects for meeting need

Combined authorities may help to meet some of the funding requirements of the sector, particularly if they are accessing devolved funds that can then be tailored to meet the needs of community led housing projects. Combined authorities also have an important role in supporting enabler hubs or bringing enabler hubs in-house. However, as we saw during the Covid-19 pandemic, many of these organisations have competing priorities and limited resources, so it is questionable whether they could fully meet all the funding gaps. Moreover, not all areas are covered by a combined authority so the focus cannot exclusively be on these authorities. Furthermore, at a political level in combined authorities support for community led housing is still variable, and it hence they are not a catch-all solution.

The focus of LEPs is more tangential to the aims of community led housing groups and the sector as a whole, but there is still an opportunity to focus on the models with the closest alignment with their priorities, for example, self-help housing. Here the case could be made for links to larger training or skills programmes and to unlock funding for pilot projects.

# 6.

# Conclusions and recommendations

## The pipeline and its requirements.

We estimate that there are around 650 projects planning nearly 12,000 homes, across England.  This new estimate is based on information from enabler hubs captured in Spring 2021, with assumptions used to estimate the number of projects operating without hub support. Current projects are significantly focused on tenures supported by the AHP, with an estimated 82% of homes planned as Affordable Rent, Shared Ownership or Social Rent. It is important to acknowledge that a small minority of homes are being planned using tenures not supported by the AHP, and these may be particularly difficult to finance.

There are different ways to assess the revenue support required by these projects. Using the hub data and previous allocations from the CHF, we suggest there may be an overall requirement for £45m of funding - this represents a medium-term picture. For those projects currently at the Site and Plan phase, we estimate £19m in revenue funding may be required. Other approaches developed previously - our 2018-model - have also been applied to estimate funding requirements. Through this model, we estimate £15m in revenue support is required to help projects at different stages, with project-wide and per unit funding for those at the Site and Plan stage. This represents a short-term need.  Assessing the requirement for revenue funding from 2022-23 to 2025-26 - assuming the renewal of a large-scale funding programme - suggests there would be demand for between £39m-£60m, with the lower end of this range reflecting potential attrition rates.

To assess the eligibility for £4m revenue funding from CHF in 2021-22, we applied criteria to the hub pipeline data to filter projects likely to be eligible. A narrow and broad sample suggested between £4m-£10m is required in projects meeting various criteria. Whilst projects may be eligible there could be significant challenges for many in spending any revenue funding before April 2022, and this may affect both applications and underspend.

The scale of the pipeline creates a significant set of costs for the homes to be built. If all homes estimated to be in the pipeline were to be built, over £2.5bn in costs would be incurred. However, the significant uncertainty about many of these projects means a more accurate and current picture is seen in the potential costs of projects at the Site and Plan stage - estimated at £350m.

The majority of planned homes in the pipeline are for Affordable Rent, Social Rent and Shared Ownership, hence grant funding will be required and sought by a large proportion of projects. If allocations through the AHP were similar to previous rounds of CHF, then the average allocation per unit would be £47,000. If all such homes currently at the Plan stage were the subject of capital funding bids to the AHP we estimate this demand would equate to approximately £64m. Beyond this there are other homes planned in affordable tenures that are not fundable through AHP (e.g. as discounted market sale). These units will also likely need grant funding to be viable.

## Current gaps in funding and finance

The current system of funding and finance could create a negative feedback loop. Without additional funding and finance, many of the homes in the pipeline will not be built, and their social, financial and environmental impacts will not be realised. This could then have a recursive effect, reducing demand for financial support, which in turn affects the development of a more mature and effective funding and finance system for the sector.

Reviewing the current funding and finance available (in section three) we established that there are significant gaps in revenue grant funding for both the Group and Plan stage activity, in terms of the total quantum available and, potentially, the amounts available per scheme. The potential contribution to the delivery of community led housing homes from generic funds and finance is difficult to assess. However, we suggest it is unlikely that generic funding sources (e.g. from charitable funders and local authorities) alongside small allocations of CHF, will be sufficient to meet the current revenue funding requirement, given this could be as much as £19m for more advanced projects.

Projects will continue to find site acquisition difficult, particularly where some upfront purchase is required, due to a lack of substantial, agile funding/finance.

On top of this, there will continue to be issues in the ease of access to public subsidy (e.g. as grants are provided through generic national programmes like AHP), as well as there being a lack of capital grant subsidy for non-standard affordable tenures. The sector is yet to be fully embraced by, and geared up for, larger-scale lending. The small number of lenders who do lend to the sector are crucial, but the total lending amounts and the perceived risk involved in lending to groups is preventing wholesale adoption.

## The role of, and opportunities with, existing funders

Our research suggests there is little potential for new dedicated funds for Group and Plan stage costs, with limited possibilities of existing funders maintaining or increasing their role. In future, community led housing groups will need to access generic funding programmes and utilise other sources such as community shares, which may open up match funding opportunities. Groups should seek alignment with the priorities of generic funding programmes and broader areas of interest to funders (e.g. climate change), and also identify opportunities to work with funders with specific geographical foci (e.g. where they target specific locations, areas of deprivation etc).

We should not underestimate the interdependence of the funding and finance system for community led housing. We know that the drop in CHF funding has markedly affected demand for other funds from providers like CAF Venturesome.

In future, the community led housing sector will need to forge new alliances with like-minded organisations to make the case for larger cross-cutting programmes that the sector can then benefit from, for instance, on land acquisition. Partnerships with Registered Providers and other developers will become increasingly important, not only to access capital funds but to undertake pre-development activity. For projects intent on going it alone, it is going to get harder.

It will prove difficult to meet the revenue requirements of groups through loan finance, though with philanthropic capital this is possible. Feedback from existing providers of at-risk loans suggests this is a difficult model to operationalise without this critical form of investment.

There are significant gaps in the provision of support for site acquisition. Small, existing funds have proven not to be agile enough to enable groups to compete in fast-moving markets, and such funds are unlikely to meet the requirements where big sites are being considered.

Addressing challenges in site acquisition may require renewed focus on interventions that are not related to funding and finance, i.e. disposals at nil/low cost. The provision of lending for development is still embryonic, but among existing lenders, there is a willingness to make lending to community led housing groups a much bigger part of the lending book.

However, there are significant barriers to this in the form of speed of schemes coming through, quality of financial planning, and inefficiencies in 'relationship management'. Some of these issues can be addressed by having strong systems for brokerage. For mainstream lenders the opportunity costs of not lending to those deemed easier and less risky are, at present, too great.

Public funds through Homes England are not being accessed in any significant way at present. There are opportunities to improve access to AHP, secure capital grant through the First Homes programme for DMS homes, and also ensure Strategic Partners include community led housing in their delivery plans and allocations.

## The role of, and opportunities with, combined authorities

Combined authorities are actively supporting community led housing in some areas.  This presents an opportunity to meet some of the funding requirements of the sector, particularly if devolved funds can be secured and used to provide tailored funds for groups. Combined authorities can also play a key role in sustaining enabler hubs and services. However, many combined authorities have a myriad of objectives and limited resources available.

Not all areas are covered by a combined authority so the focus cannot exclusively be on these institutions as a means to meet the sectors funding and finance requirements.

## Recommendations

Through the scoping report above a number of recommendations have emerged for funders, the community led housing sector, and other institutions. In this section, we summarise those recommendations that would make the biggest impact in delivering the community led housing pipeline.

# RECOMMENDATIONS FOR FUNDERS AND GOVERNMENT

**1.** Government should look again at the existing CHF allocation, particularly the timescale for expenditure of the £4m by April 2022. They should also provide greater certainty about long-term revenue funding, as such commitments will enable other lenders and funders to develop programmes and funds that complement government's role.

**2.** There is an urgent need for funders and lenders to act collectively to address the sector's funding and finance needs. We recommend a process of action research to understand the additional commitments funders and lenders could make, what would enable them to do this, and then develop proposals which set out a collective response. We suggest some of the focus for these discussions should be on pre-development funding and meeting land acquisition costs.

**3.** Where funding is limited, funders should consider piloting more targeted forms of funding e.g. in certain geographical locations, such as the 20% most deprived areas, or targeting specific types of beneficiaries. Power to Change could consider ring-fencing any unspent funds from their grant to CAF Venturesome's CLH Fund to be used in this way.

**4.** Government should look at how they can support more mainstream lenders to engage with the sector, exploring opportunities to de-risk lending and/or offer guarantees which may reduce the cost of borrowing.

**5.** Where funders are looking to work more on influencing combined authorities, they should ensure this includes the promotion of community led housing, and support efforts by the sector to influence those bodies.

# RECOMMENDATIONS FOR THE SECTOR

**1.** With the Comprehensive Spending Review imminent, the sector should lobby national government for sufficient and long-term revenue grant support for the Group and Plan stage and capital grant for tenures that cannot be supported through the AHP. As an alternative to this: if such an outcome looks unlikely, a case could be made to devolve dedicated sums for community led housing to combined authorities, as well as local authorities in areas without these institutions.

**2.** Local community led housing bodies should offer their support for Mayors and combined authorities to lobby for devolved funding for housing, with a proportion of this for community led projects. This will enable a tailored approach to funding geared toward the requirements of the pipeline in their area.

**3.** The sector should engage with existing and new funders, as well as philanthropic partners:

- Positioning the sector as central to funders' broader objectives e.g. climate change, place-making, diversity and inclusion. The evidence base on impacts needs to be enhanced to show how community led housing can help to meet these priorities.
- Reframing the role that previous funding has played and the importance of staying the course, in order to maximise the potential of the funds already invested;
- Developing internal champions within funders at the officer and board level and making use of their 'enabling role' where relevant.

**4.** Linked to the above, the sector should seek to understand, challenge and shift perceptions of community led homes among government, combined and local authorities, funders, partners and the public. This could take the form of a broader piece of work to demystify community led housing for some or all of those audiences.

**5.** Drive efficiencies and future sustainability in the sector by:

- Supporting more replicable and viable delivery routes e.g. RP partnerships, or existing groups developing multiple schemes. Efficiencies will come from longer-term funding and finance arrangements, so explore opportunities to develop more sustainable funding models, potentially piloting this with a specific funder(s). Hubs need to focus their attention on replicable delivery models and partnerships, given the uncertainty identified above.
- Ensuring hubs with sufficient resource can act as a single point of contact with some funders and lenders, bringing prospective applications that meet their criteria and lending priorities.  The aim here is to minimise time in relationship management and speed up the transition of projects to development.

**6.** Increase work to influence the delivery of the AHP, including making the case for a proportion of delivery by Strategic Partnerships to be community led housing.  The sector should push for capital grant to be available to groups developing discounted market sale homes. Engage with Homes England as they become a 'mission' based organisation, and position community led housing accordingly.

**7.** Where enabler hubs work in combined authority areas, and where resource is sufficient, they should focus on nurturing relations to unlock funding and policy support, including getting policies into future spatial plans. Hubs should think about the end-to-end support needed - do not just go in for an ask about supporting the hub without thinking about where the groups are going to get pre-development funding, capital grant etc. Approaches to influencing should include building political support, making a compelling case according to local strategic priorities and backing it up with evidence of delivery. Use existing research to assert how hub functions are critical to growing the pipeline and accessing finance from outside the traditional sources. Hubs should make clear the differentiation between impacts from 'mainstream' affordable housing schemes and community led housing. Advocates should use the language of placemaking, wealth building, value capture, additionality etc. Where financial sustainability is fragile, hubs could explore becoming an in-house service within combined authorities.

**8.** The sector needs to continue to invest in data collection and research which will enable them to support the sector, plan longer-term interventions, and lobby government effectively.  Priority research projects should include:

- Continued and enhanced data collection on the stages and development of current projects and completions. This will help understand the speed of development - given different variables - and the transition of projects from revenue funding to capital funding requirements. This is crucial information for lobbying different funders.
- Detailed research with all the existing combined authorities to understand their perceptions of community led housing. This should also define how mutually beneficial relations can be forged between groups, hubs and combined authorities.
- Strengthen the measurement of benefits and impacts, drawing on both existing research and undertaking primary research with community led housing groups and beneficiaries. This will strengthen arguments for discrete funding linked to specific social, economic and environmental impacts.

# RECOMMENDATIONS FOR COMBINED AUTHORITIES AND LEPS

**1.** Combined authorities, in making the case for devolved funds for housing, should consider allocating a proportion of funds to support community led housing. This will create a more tailored approach to funding the sector in these areas, and provide a route to meet major political objectives (e.g. those related to placemaking, enhancing well-being and empowerment, creating additional affordable housing etc). This is particularly significant where conventional housing delivery is falling short in creating localised impacts.

**2.** Combined authorities should consider both the use of surpluses where funds or schemes generate a return and recycling these into projects with the maximum potential impact. This would include funding individual community led projects that target specific local needs.

**3.** LEPs should consider supporting projects or models that align more with the remit for economic growth, jobs and skills. For instance, LEPs could help catalyse self-help housing schemes and connect them to wider skills and training programmes.

# References


[1] Power to Change (2021). Homes in Community Hands: Year 2 Evaluation Executive Summary. Accessed at: https://www.powertochange.org.uk/wp-content/uploads/2021/07/PtC_Homes_in_Community_Hands_050721_FA.pdf

[2] NCLTN (2020). Estimating the pipeline of Community led Housing projects and its grant requirements. Accessed at: http://www.communitylandtrusts.org.uk/_filecache/519/bc6/1000-dr-tom-archer-pipelinereport_addendum_sept-2020-final.pdf

[3] ibid

[4] The total potential pipeline for community led homes was estimated at 23,000 in 2020, but this included large numbers of projects where the development stage was unknown, and whether these were live or completed projects. Hence, pipeline calculations have focused on those projects where data tells us those projects are at Group, Site, Plan or Build stage.

[5] NCLTN (2020). Estimating the pipeline of Community led Housing projects and its grant requirements. Accessed at: http://www.communitylandtrusts.org.uk/_filecache/519/bc6/1000-dr-tom-archer-pipelinereport_addendum_sept-2020-final.pdf

[6] For the purposes of this exercise, we have only included planned affordable rent, social rent and shard ownership units.

[7] It is estimated that after grant administration and other costs, £3.6m will be available to projects.

[8] This figure has not been adjusted for inflation and given the age of some projects surveyed in the research, it represents a somewhat historic view of costs.

[9] One large hub did not provide their data in the standardised scoring sheet form, so using information provided on these projects we filtered these separately to judge their eligibility. This is subject to some uncertainty given the brief details available on these projects. The broad and narrow samples reflect this.

[10] Power to Change (2018). Targeting Funding to Support Community led Housing: Appendix 2. Accessed at: https://www.powertochange.org.uk/wp-content/uploads/2018/08/TargetingFunding-_final.pdf

[11] That includes an FOI issued by the National CLT Network to local authorities in 2020. For more information see: http://www.communitylandtrusts.org.uk/article/2021/3/9/half-of-councils-in-england-and-wales-now-supportive-of-community led-housing

[12] The standard stages of development (Group, Site, Plan, Build, Live) were codified in Power to Change (2018). Targeting Funding to Support Community led Housing. Accessed at: https://www.powertochange.org.uk/wp-content/uploads/2018/08/TargetingFunding-_final.pdf

[13] E.g. According to data obtained from 360 Giving, only 4 groups successfully secured funding from the Lottery Community Fund programmes in 2020. St Goran CLT is the only community led housing group to have received funding from Garfield Weston for £3500 in the same year.

[14] The FOI issued by NCLTN in 2020 did not require local authorities to specify the quantum of the grant or loan they have provided to community led housing groups, only that they have done so. Some local authorities voluntarily provided further information on the quantum. For more information see: http://www.communitylandtrusts.org.uk/article/2021/3/9/half-of-councils-in-england-and-wales-now-supportive-of-community led-housing

[15] CAF Venturesome (2019). Helping Communities Build: A review of the Community Land Trust
Funds and lessons for future support. Accessed at: https://www.cafonline.org/docs/default-source/charity-finance-and-fundraising/2540aclt-report-090119.pdf?sfvrsn=bbd89540_4

[16] So far there has been one successful community led housing group access the Fund, and another which did so via their developer partner.

[17] CAF Venturesome (2019). Helping Communities Build: A review of the Community Land Trust Funds and lessons for future support. Accessed at: https://www.cafonline.org/docs/default-source/charity-finance-and-fundraising/2540aclt-report-090119.pdf?sfvrsn=bbd89540_4. Collaborative Housing (2020). Building the Community Led Housing Sector in Oxfordshire. Accessed at: https://www.oxfordshiregrowthboard.org/supporting-delivery-of-community led-housing/

[18] Collaborative Housing (2020). Building the Community Led Housing Sector in Oxfordshire. Accessed at: https://www.oxfordshiregrowthboard.org/supporting-delivery-of-community-led-housing/

[19] See Calder Valley CLT and Leeds Community Homes partnership. Power to Change (2021). Homes in Community Hands: Year 2 Evaluation Report. Accessed at: https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/homes-in-community-hands-year2-eval-report.pdf

[20] ibid

COMMUNITY LAND TRUST NETWORK

Community Led Homes