



COMMUNITY HOUSING FUND GRANT POLICY

1. What is the Community Housing Grant Fund Policy?

- 1.1 The Community Housing Fund was announced in December 2016 by DCLG and will provide revenue grant funding to enable community led housing (CLH) schemes. In year 1 Fylde BC have been awarded £440,381. Subsequent years funding for Community-led projects will be via Homes England.
- 1.2 The first year of funding is to be used to build capacity within local groups such as improving technical skills, setting up support hubs to offer advice, business planning and providing staff to review local housing needs.
- 1.3 In January 2018 a Community Housing Fund (CHF) Development Officer Post was appointed to take community led development forward within Fylde. The post is shared with Lancaster City Council and one of the purposes of the role is to support communities considering community led development.
- 1.4 Community led is about local people playing a leading and lasting role in solving local housing problems, creating genuinely affordable homes and strong communities in ways that are difficult to achieve through mainstream affordable housing provision.
- 1.5 The purpose of the Community Housing Grant Fund is to support identified communities considering community led development to build capacity and confidence to take schemes forward.

2. Purpose of this policy

- 2.1 This policy outlines the criteria required to access the Community Housing Fund grant in Fylde, in order to build capacity within community groups to take on community led development.
- 2.2 Funding will be allocated to support specific community-led housing schemes and will be made available to the following organisations.
- 2.3 **Community Organisations:** These will be community groups based in communities involved in the development of a community-led housing scheme. Community groups will need to be constituted to receive direct funding. The community group could be an existing charitable trust or development trust or similar body. Where a new community group is established to develop a scheme, then funding will be provided to help establish the group (see section: "What can the fund be used for").
- 2.4 **Registered Providers:** Funding will be provided to Registered Providers who are involved in the development of an identified community-led scheme. Funding for Registered Providers can be in the form of a grant. Funding from the Community Housing Fund for Registered Providers can be made available in addition to funding

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

- 2.5 **Other development partners:** In most cases, communities will be expected to work with Registered Providers as development partners. However, there may be situations where the community works with another development partner to deliver a community-led scheme. The Council may provide direct funding to alternative development partners in certain circumstances.
- 2.6 **Other organisations:** Funding will be provided to other organisations to fund specific issues. These can include funding to consultants for feasibility work, business planning, planning consultants, supporting housing needs surveys etc.
- 2.7 Direct recipients of funding through the scheme will be required to demonstrate they meet the following criteria:
- Be able to demonstrate strong governance arrangements by operating through open and accountable, co-operative processes, with strong performance and management systems
 - Demonstrate it has the skills and capacity within the organisation, or available to the organisation
 - Demonstrate clear, realistic financial plans for the management and development of the housing scheme where applicable
 - Demonstrate community support for the proposals
 - Be clear about how the organisation will comply with relevant legislation and statutory requirements
- 2.8 In addition, community organisations will need to:
- Be a legal entity, or be part of a legally constituted consortia agreement
 - Be appropriately constituted (examples might include; a registered charity, community interest company or charitable incorporated organisation, not for profit company or Industrial and Provident Societies for the Benefit of the Community)
 - Have stated community benefit objectives
 - Be non-profit distributing; any surpluses must be reinvested to further its social aims/community benefits

3. What can the grant be used for?

- 3.1 The fund can be used for the following broad categories:

Community Development Work:

Funding can be used to support community engagement work with local communities to enable them to set up and develop a community organisation.

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

Feasibility Work:

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

- Feasibility studies
- Identifying and assessing potential sites and opportunities, costs and values
- Local Housing Needs Surveys
- Developing the initial project proposal and pre-application advice where sites do not have an existing planning permission
- Advice on early project planning/management and business plan development
- All professional costs: Design and Architectural costs, Quantity Surveyor, site Surveys and investigations etc.
- Legal costs.

Project management – coordinating and managing the professionals, ensuring the business plan is current and deliverable reporting regularly to the community group.

Other costs:

The Council will consider use of the fund for specific one-off costs for a particular site, without which the scheme could not be developed or be viable. This could include acquisition of particular sites, which could be “transferred” at a later date to a community-led housing group for development. The fund could also be used as gap funding to support viability of a particular scheme.

Tenure:

Grants are not limited to schemes which exclusively provide affordable housing, but additional weighting will be given to schemes that generate a higher level of affordable housing than planning permission would normally require. For mixed tenure schemes, the grant agreement will contain an overage/claw back provision for any schemes that could potentially generate a surplus. The fund can also be used to support self-build/custom build schemes which will be assessed on a case by case basis depending on the scheme and level of funding required.

3.2 What the fund will not support:

The fund cannot be for schemes that are not deemed to meet the basic principles

set out in this policy, to any organisation that does not meet the criteria listed in the policy. The fund will not normally be used for any development that has already commenced or to fund retrospective costs, although the council may investigate the implementation of a policy that would allow community groups to purchase affordable units from developers through S106 planning obligations. This option would require a very detailed analysis and understanding of the costs for all parties which would need to be undertaken as part of the council's Affordable Housing Viability Study.

OR –

The fund cannot be used for the following:

- We will not fund any development which does not meet the basic principles for a community-led housing as set out previously.
- We will not fund any organisation that does not meet the criteria listed previously
- We will not fund any community/ organisation that does not have a legal structure
- We will not fund any development that has already commenced
- We will not fund any retrospective costs, which have already been incurred by the organisation

4 Commencement of the scheme and funding levels

- 4.1 The scheme will commence with effect from the 2018/19 financial year.
- 4.2 The operation of the scheme for subsequent years will be determined by a review of the effectiveness of the arrangements in delivering the intended outcomes. That review will be undertaken during 2018/19.
- 4.3 For 2018/19 the total grant funding to be distributed will be £60,000.
- 4.4 This policy will be subject to review as required or in order to satisfy any new guidance issued by either the Department of Communities and Local Government, Homes England or any other government body administering the grant funding.
- 4.5 There are two areas of work that may be covered by the grant fund set out below. Not all will be applicable as some community organisations may already be established and not require community development funding and in some cases may have already undertaken feasibility work in respect of a potential scheme, so may not require feasibility funding. Multiple applications can be made from the same community group, although if the fund is over-subscribed, the council will assess the merits of all applications being received, in order to ensure there is maximum coverage/outcomes across the borough.
- 4.6 **Community Development/Set-up Fund:** Funding can be applied for to support the development of a specific community group and to ensure they fulfil the council's

requirements and are a legal entity. Stage 1 costs are not expected to exceed £5K. If the group is already constituted then the funding will be paid directly to the community organisation. If the group is not yet constituted then the funding will be held by the Council and spent on set-up costs until such time that the organisation is constituted. Constituted groups can seek grant funding to support more than one project but it is not expected that the fund would provide set-up costs more than once without any justification for this.

- 4.7 **Feasibility Fund:** Funding can be applied for to support initial feasibility work for a potential community-led housing scheme. If the group is already constituted then the funding will either be paid directly to the community organisation or to the provider of the services. If the group is not yet constituted then the funding will be held by the Council and spent on feasibility costs until such time that the organisation is constituted. Stage 2 costs are not expected to exceed £15K.
- 4.8 It is intended that the community housing fund facilitates as many community groups as possible through stages 1 and 2 of the grant fund policy and therefore large sums of funding are not available for project construction. It is intended that capital funding to cover the project to be addressed within Stage 2 funding to establish if a project is feasible. Communities have access to a wider range of grant funding sources, which would not be available to Registered Providers or other public sector bodies. Support and advice will be provided to communities both through the Council and specialist advisors on alternative sources of funding for community organisations.

5 Grant application process

- 5.1 Funding will initially be made available to communities or organisations where they have expressed an interest in developing a community-led housing scheme. A number of communities have been identified/expressed an interest in developing a community-led scheme and initial work is being undertaken with those communities to develop a scheme. Funding will be made available to these groups in accordance with the policy to initially undertake community development work and/or feasibility work. These community groups will be required to complete a standard application form for the Community Development/Set-up Fund and Feasibility Fund.
- 5.2 Work will be undertaken over the forthcoming months to identify further communities who are interested in developing a community-led housing scheme.
- 5.3 Assessment of applications to the Community Fund stage 1 and 2 will be undertaken by the Council's Housing Services Manager and Community Housing Fund Development Officer.
- 5.4 The outcome of the feasibility work will determine whether the scheme will progress to the development stage (3). Determination of development funding for

schemes will be subject to a more detailed appraisal process, which will comprise of the following:

- Deliverability
- Value for money
- Eligibility , in terms of meeting the basic principles outlined in Section 1 and the wider criteria outlined in Section 3
- Allocations policy
- How the scheme will be managed and maintained
- Robustness of business model and financial viability
- Other sources of funding and finance

5.5 Applicants will be required to complete and submit a development appraisal form, and may also be required to submit supporting information. The appraisal can be completed by the community organisation, development partner, registered provider or consultant acting on behalf of the community.

5.6 Initial assessment of the appraisal will be undertaken by the Council's Housing Services Manager and Community Housing Fund Development Officer who will then recommend to the Environmental Health and Housing Committee and full council whether funding should be granted. The final decision on whether to approve the funding will then be made by Cabinet.

6 Payment of grant

6.1 **Stage 1: Community development set-up costs (up to £5K):** Grant payments will normally be paid on receipt of grant claim form and invoices for work carried out. It is recognised that some community groups may not yet be fully constituted or have very limited cash resources. As a result then the funding will be held by the Council and spent on set-up costs until such time that the organisation is constituted and/or has appropriate cash reserves. The exact arrangements for payment of grant will be determined on a case by case basis depending on the funding in place and the level of grant funding being awarded and will be detailed in the grant agreement.

6.2 **Stage 2: Feasibility costs (up to £15K):** Grant payments will normally be paid on receipt of grant claim form and invoices for work carried out. However, it is recognised that some community groups may not yet be fully constituted or have very limited cash resources. As a result then the funding will be held by the Council and spent on set-up costs until such time that the organisation is constituted and/or has appropriate cash reserves.

6.3 We will consider alternative/staged payments in cases where there may be cash flow issues and in order to allow groups to secure alternative development funding. However, it is expected that applicants will have sufficient development finance in place to ensure that they are able to manage their cash flow throughout the duration of the project.

- 6.4 Where the grant funding is being used to support a one-off specific cost such as site acquisition or site clearance then payment will normally be made to the applicant once that cost has been met by the applicant and upon receipt of evidence of payment of the cost by the applicant or direct to the service provider as appropriate and agreed with the council.
- 6.5 **Cost overruns:** Funding of cost overruns will only be considered in exceptional circumstances where costs are deemed unavoidable and unforeseeable. We will fund cost overruns only as a last resort and expect all other sources of potential funding to be exhausted. There can be no guarantee that we will fund cost overruns.

7 Grant Agreement

- 7.1 Grant recipients will be required to enter into a standard grant agreement with Fylde Council, which will stipulate a number of requirements including:
- **Monitoring Arrangements:** Fylde Council will require grant recipients to provide regular monitoring information as per the grant agreement.
 - **Use of Grant and details of works required:** The grant agreement will set out what the grant can be used for and details of the works required.
 - **Withholding, suspending and repayment of grant:** The grant agreement will also set out the circumstances in which grant may be withheld, suspended or repaid; and use of grant for purposes other for which the grant has been awarded etc.
 - **Overage/Clawback:** the grant agreement will detail what overage/clawback will apply.
 - **Procurement of services:** The grant agreement will set out the arrangements and financial thresholds that will apply around procurement of services, recognising that there may need to be some relaxation of existing requirements due to the specialist nature of some of the services required, and these must be discussed and agreed with the council where there is a departure from the council's policy.

