

Thriving communities,  
affordable homes



# INVESTING NATIONALLY

DELIVERING  
LOCALLY



The HCA and  
Community-led Housing

# Why Community led development?

- High political priority
- Localism Act gives new powers
- Housing Strategy launched the fund
- Opportunities
  - our land
  - Custom build fund

## Three routes

- existing programmes/consortia
- partnership with RPs
- 'going it alone'



# Existing Consortia

- Organisations can join existing consortia at any time
- A 'community' or 'group' can be offered the opportunity to **approach Investment Partner leads** in order to work with the lead through their existing framework agreement.
- The HCA operating area team can assist the 'group' in finding a suitable lead partner.
- Working in this way the local group would not need to become an Investment Partner and could avoid some additional requirements.



# AHP+ (retained funding)

- In addition to the consortia opportunities, the [FAQ](#) that accompanied the [AHPFramework](#) stated that:

*“there will be small community led organisations such as community land trusts or small rural groups and others, who may not be in a position to bring forward proposals at the outset of the programme...[and that] ..... If a community led group wishes to apply in its own right, but does not have enough detail available or a scheme proposal in time for the contract negotiations in Spring 2011, they can contact the Agency when they are ready and we anticipate that there will be resources available to fund such schemes that meet the required value for money and other considerations.”*

Partnership with RPs or ‘go it alone’

# A reminder...

- It's a broad and varied sector
- We consider community-led housing to mean:
  - Formal *and* informal community groups
  - Communities doing things for themselves
  - Variety of models: coops and mutuals, CLTs, co-housing, self-build, development trusts, CICs, CRtB.....
- We don't want to exclude/favour any particular model
- It's about local flexibility



# AHP principles still apply

- Only funds **affordable rent**, HCA **shared ownership or shared equity**
- Payment is at a fixed unit rate per provider, paid **on completion**
- **Grant recipient and landlord** is an RP before completion
- Schemes meet **local needs and priorities** (set out by local authorities)
- Schemes have a **realistic prospect of delivery** (by 2015)
- Providers continue to meet **TSA standards** (or agree alternative)
- HCA **design standards** are met (Code Level 3)
- The scheme offer **good VFM** in relation to other comparable schemes
- Recipients follow recovery 'principles' of the **Capital Funding Guide** (e.g. around use of recycled staircase repayments)



# Community-based 'criteria'

## Initial Criteria (DRAFT)

- To access tailored community-led support, groups must meet basic key criteria to ensure the funding is directed to the right groups and areas.
- This is NOT a tick box process, but will be part of local conversations
  
- **Community Benefit**
  - Clear definition of the community (geographic or other)
  - Expected benefits and how they meet local need
  - How the community has been involved in decisions
  - Will these will be provided and protected in perpetuity
  
- **Structure / Governance**
  - Membership of or access to the group to be open to the whole community
  - Group decisions taken with community input and feedback
  - Even if a partner is involved the group must be able to influence key decisions in a real and transparent way (e.g. membership, voting, governance, legal controls)
  - Is there a long term role (ownership or management) for the community, and if not why not?

***NOTE:*** Although we do not require local authority support, it would be beneficial in demonstrating deliverability of scheme and fit with local priorities



## – protecting the benefits

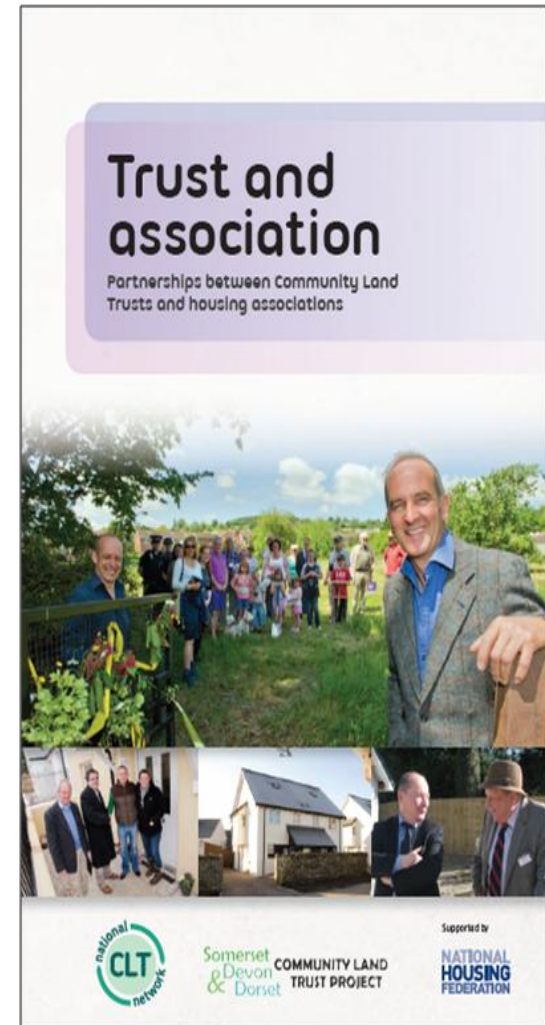
- Are benefits going to be **provided and protected** for the long term or in perpetuity? (e.g. through a CLT or cooperative management body).
  - How will the ‘group’ or project ensure that financial surpluses and profits are used to deliver future benefit for the ‘community’?
  - If not, how has this been made clear and has the community agreed to this?
- Note that HCA rules on the use of Recycled Capital Grant Funding still apply.





# The Partnership Approach

- Number of models
- Long term lease most popular
- Contracting arrangements
- Benefits
  - Expertise of RP
  - Community decision making
  - Time commitment
  - Risk
- Good guide from CLT network



## – partnership

- How does the ‘community’, ‘group’ or organisation **control** and **influence** key decisions, such as the design of what will be delivered, the way decisions will be made, and how management and maintenance arrangements will be carried out?
- If the ‘community’, ‘group’ or organisation is using a delivery partner, how will the **relationship** with the delivery partner be managed and what roles and responsibilities are being assigned each party?
- If the ‘group’ or organisation is to become the freehold owner or landlord of the asset, what are the timescales a phasing and **handover** of responsibilities?



# Going it alone



## Investment Partner Qualification / Bidding

- **Talk to the local HCA team** first to get their views, input and indicative approval – they are the key gateway
- Groups can ‘**qualify**’ with HCA in parallel to setting out their ‘**offer**’ for grant
- Info and assessment process **proportionate to scale and risk**:
  - Basic Company Details, Statement of good standing
  - Financial information (appraisal, cash flows, costs, VFM, funding)
  - Technical expertise/experience (or those of partners/contractors involved)
- **Templates and guidance** available
- HCA/TSA to **share info for RP registration** to eliminate duplication

**NOTE:** *QUALIFICATION MAY BE AVOIDED IF CONSORTIA/PARTNERSHIP ROUTE TAKEN*

# Community-based schemes

## Grant Agreements and Contracts

- For those taking the Consortia route, contracts already on www.
- For those 'going it alone' HCA seeking views on 'proportionate' contract
  - Cobbetts, CLT Network and others have provided feedback on contract
- Considerably **shorter** than previous agreement, with 'plain English' guidance
  - **Payment on completion** removes need for HCA security during build stage
  - **No direct use of rent-charges** - reliance on TSA restriction on title
  - Emphasis on **self-certification** (contractor warranties, consents, insurances etc).
  - **Simplification of conditions precedent** to payment
  - **Contract recovery/recycling mechanism may be built into contracts** – presumption in favour of using receipts for new affordable supply (subject to viable proposals) before HCA recovery



## - value for money

- Where a CLT is applying itself for additional AHP funding, and where it doesn't have re-let capacity, we will take that into account in our VFM assessment
- Other factors affecting VFM include need, complexity, location etc.
- **However, we expect schemes to deliver reasonable and broadly similar VFM to other comparable schemes.**
- Every scheme will have to be considered on its own merits so it's hard to be precise about what VFM would be
- Average grant figures will be available for the area to help.
- We are not operating a system whereby offers will be receive outright rejection or acceptance in the first instance. There will be a process of negotiation through which we be able to better understand the offer.



# Timescales

- Community Led documents on website?
- Simplified contracts in development
- Workshops with HCA staff ongoing
- Talk to me or your operating area contacts
  
- Don't forget other approaches
  - RP consortium, public land, Co-operative vehicle, non-grant funded (cross-subsidy)
- Groups are already approaching local HCA teams
  - Discussions will take time to complete anyway, so start now
- HCA Enabling Offer announcements due shortly
  - Limited resource so local flexibility over local offer to groups
  - We will signpost to other networks and groups
- Localism Bill due later in the year
  - New Community Right to Build process + Neighbourhood Planning

- END