

To: Oxfordshire Growth Board
Title of Report: Community Led Housing in Oxfordshire
Date: 28 July 2020
Report of: Growth Deal Executive Officer Group
Status: Open

Executive Summary and Purpose:

The Growth Board will be aware that we received a grant of £36,113 from Homes England to commission a study into how we could establish a commissioning and development framework to promote Community Led Housing (CLH) in Oxfordshire.

The study focusses on the 3 key elements that need to align if CLH is to come forward at scale. These elements are:

- Availability of Finance
- Availability of land that CLH groups can access
- A conducive policy environment and available technical support.

This report introduces the findings of this study to the Board. It offers a review of the Oxfordshire CLH landscape, based upon the three areas of consideration and proposes draft recommendations for either individual partners or the Growth Board to consider. The study also contains case studies which demonstrate actions other local authorities are taking and how this is resulting in the CLH sector contributing to housing delivery in their areas.

It is intended that the recommendations emerging from this report should be refined with input from the Growth Board Scrutiny Panel and following discussion at the Growth Board. It is also intended that once recommendations are so finessed, that there is commitment to resourcing an ongoing project team drawn from across the councils to oversee their development and implementation, returning to partner councils or the Growth Board for any necessary authorisations as they are developed.

The agreed actions will need to reflect upon the fact that different councils are in a different place with CLH, both in terms of policy and with some, for example already employing dedicated resources whose role is to facilitate CLH. Officers are clear that any recommendations implemented need to add value to the current circumstance in the district concerned and will seek to establish flexible set of arrangements to ensure that is the case.

Recommendation(s):

1. That the Growth Board note and comment upon the recommendations contained in the study

2. Ask officers to establish action plans for the recommendations with the intention of maximising the utility of Community Led Housing in Oxfordshire

Appendices: Recommendations of study: Building the Community-led housing Sector in Oxfordshire

Background- Community Led Housing in Oxfordshire

1. Community-Led housing (CLH) is defined by Government as *'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 housing'*.
2. Essentially, CLH is about new forms of sharing; sharing activities, costs, finance, services and risk together rather than at the individual household level and, in doing so, creating stronger, more cohesive, communities. In Oxfordshire, the historic focus of CLH has primarily been on affordable housing, so issues of availability of appropriate finance and land are also relevant.
3. The definition of community housing refers to three principles:
 - i. A requirement that meaningful community engagement and consent occurs throughout the process. The community does not necessarily have to initiate and manage the development process, or build the homes themselves, though some may do.
 - ii. The local community group or organisation owns, manages or stewards the homes and in a manner of their choosing.
 - iii. A requirement that the benefits to the local area and/or specified community must be clearly defined.
4. In England, the main bodies delivering CLH are Co-operatives, Co-housing and Community Land Trusts (CLTs), the first two of which are constituted for the benefit of their membership and the latter to a wider community of benefit. This study focussed upon the last of these, CLTs.
5. Community Led Housing is not new to Oxfordshire. The CLH scheme at Stonesfield Housing Trust is the oldest such scheme in the country and has long been a model upon which other schemes have built, however since this only a small number of CLT have developed.
6. In recent years Oxfordshire Community Land Trust and Oxford Cohousing have been working with councils and Registered Providers (RPs) to find the finance and land to deliver their vision for CLH, aided by the introduction by government of the Community Housing Fund in 2018.

7. The current pipeline of community led housing schemes in Oxfordshire is:

Group	Stage	Site	Numbers	Likely Completion
Oxfordshire CLT	Planning secured	Dean Court, Botley	8 affordable	2021
Hook Norton CLT	Planning application submitted	The Bourne	8 affordable 4 market	2022
Thame CLT	Site secured	Thame	30 affordable	2023
Oxford Cohousing	Site appraisal, including pre-planning	Oxford City Sites	30 mixed tenure	2023
			TOTAL	80 NEW HOMES

8. In addition, there are now 15 further other groups or local communities in Oxfordshire who have indicated an interest in taking forward a CLH project if land, funding and support were available.

Benefits of Community Led Housing

9. In recent times CLH has found favour with government, hence the establishment of the Community Housing Fund in 2016.

10. The reasons for this support for CLH are broadly because:

- it promotes diversity in the housing development industry by offering opportunity to small scale developers and SME builders
- it is developed by the local community for an identified local need and consequently it can achieve a level of community support where other developments might struggle.
- it can often be small scale to meet that need and operate at a pace that mainstream developers would not be able to manage. It can therefore be attuned to small scale infill developments on parcels of land that may not otherwise attract developer interest.
- it is bespoke and can therefore be attuned to local priorities- for example designs that complement the locality, or to meet locally agreed priorities such as Modern Methods of Construction (MMC), zero carbon or Passivehaus standards.

Challenges to Delivery of Community Led Housing

11. Despite the above benefits and there being an obvious place in the housing delivery framework for CLH due to its ability to operate and develop where others may not be successful, its history, both nationally and locally shows that it faces significant barriers to being able to scale up.

12. The study's primary focus was to examine what these barriers might be in Oxfordshire and to offer recommendations as to how these could be overcome. It built upon a similar study commissioned by Oxford last year and there are similarities between the recommendations of the two studies, albeit Oxford's was framed in an urban context.
13. The challenges and proposals to overcome the barriers to a scale up of CLH were considered under the three headings. These are availability of finance, land and a conducive policy environment and technical support, and are summarised below.

Availability of Finance

14. The report highlights that availability of finance is the single biggest challenge for CLH. It notes that although there are potential funders for CLH, each funding route poses challenges.
15. The biggest challenge is the cessation of the government's Community Housing Fund, which ended in March 2020. This fund, although national and therefore limited, has assisted Oxfordshire to take a step forward in CLH delivery since its inception.
16. Officers were hoping that the fund would be extended and were awaiting detail following the budget announcement of the Affordable Housing Programme, but this has been put on hold by the COVID crisis and there must now be a shadow of doubt cast over its future as government priorities turn to economic recovery.
17. CLH are also able to access capital finance through Homes England's Affordable Housing Programme although this requires the CLH to be both owned and managed by a RP.
18. The Oxfordshire Housing and Growth Deal Affordable Housing programme (OAHP) also funds CLH and has different restrictions from Homes England's funding, requiring only that the properties are managed by an RP. This opens the possibility for the housing to be in non-RP community ownership and managed under a contract by an RP. This arrangement means that several of the schemes listed in paragraph 7 are actively looking at the OAHP as funding option and included in our current programme.
19. Looking to the future, one possibility to explore should there be an extension to the current OAHP, could be the prioritisation of CLH in any funding structure for housing to further promote take up.
20. Outside of these public finance arrangements, there are options for funding from the private finance markets, however they also present challenges, summarised as follows:
 - **The landscape for funding is complex and convoluted-** Securing funding for a project often involves groups having to make applications to multiple funders and combine finance. This lack of a single financial pathway for groups is a major impediment to successful delivery of schemes, many of whom do not automatically have the expertise necessary to navigate such a pathway.

- **Lack of long-term certainty**-many of the sources of funds are not guaranteed across the whole development cycle and have limited life spans, which makes it difficult for groups to plan with certainty and demonstrate credibility for landowners.
- **Excess demand** – the lending market has limited depth, which means schemes may meet the financial criteria for successful funding but be crowded out by competition from other projects.
- **Lack of dedicated funding for land acquisitions:** there is a clear gap in the funding landscape to assist groups acquiring sites. Groups struggle in land purchase negotiations to either show financial capacity to prospective land sellers or to make unconditional bids.
- **Costs of funding are relatively high:** the cost of investment finance to groups is often perceived to be relatively high, particularly when considered against objectives of delivering affordable housing units.

Potential solutions

21. Because of the points above, facilitating an appropriate finance pathway is a major recommendation of the study. The study says this could take the form of direct intervention, for example grant funding or borrowing by councils being made available to CLHs at a margin, or by indirect interventions that seek to draw CLH into partnerships with, for example RPs to assist them to access the necessary financial power and expertise to develop.
22. The study concludes that whichever route is taken, and they are not mutually exclusive, Councils should seek to ensure that an appropriate single source of finance is available for the entire development pathway, including for example 'soft' grants to enable the procurement of professional advice that are repayable should be scheme move to completion; alongside capital finance to buy land and develop.
23. There are several councils that already have such facilities highlighted in the study. For example, Cornwall council has a two-tier scheme with grant finance available for start-up and a larger loan fund to fund land acquisition and development costs.
24. Officers recognise the importance of these recommendations but are also aware that, however attractive these recommendations may be, they come at a time of increased pressure upon the public purse. Accordingly, officer's attention will be on facilitating appropriate finance for CLH, perhaps for example using public sector borrowing from councils that is then lent-on at a margin to a CLH at a rate that is still attractive when compared to private finance.
25. This arrangement could then open the possibility that the margin earned by councils could then be used to facilitate CLH access to professional expertise, discussed in the section on- A Conducive Policy Environment and Available Technical Support.

Availability of Land

26. The availability of appropriate land is a challenge to all development and CLH is no exception.

27. Officers believe however that CLH also offer us an opportunity to maximise the utility of available developable land. This is because CLH, as community focused organisations have a smaller pool of land local to their community to consider. Consequently, they will often consider sites that other developers will not look at, because of for example its size, position or access issues.
28. This kind of infill development has advantages for Oxfordshire as we seek the most effective way to accommodate future growth, but it also poses a set of challenges for the planning authority that this report will consider in a later section.
29. Aside from planning challenges, the other challenges for CLT are the timely identification of sites and being able to convince landowners that they are a serious proposition.
30. Clearly key to demonstrating that the CLT is a serious option to a landowner is tied up with the availability of finance, discussed above but the study highlights other opportunities to support CLH as being:
- Enabling groups to connect with landowners who may be prepared to consider CLH as a development option.
 - Acquiring and de-risking sites so they are available for CLH- an example of this, albeit directed at self-build, is Graven Hill.
 - Prioritising CLH in public sector land disposal- recognising the potential revenue implications of this.

Potential solutions

31. The report recommends that councils should consider:
- Publicising and promoting CLH as a preferred development option.
 - Establishing partnerships with relevant landowners.
 - Establishing a database of potential sites
 - Promoting CLH when considering disposal of public land for housing and examining whether a social value method could be applied to disposal to facilitate this.
 - Acquiring and de-risking sites for CLH development – the study offers Graven Hill in Bicester as one such example locally

A conducive policy environment and available technical support

A conducive policy environment

32. The study correctly highlights that access to land and finance as the key issues which constrain CLH activity. However, what often makes often these barriers more challenging is a lack of relevant skills and knowledge to address the barriers, and a lack of a policy environment that would enable CLH.
33. Hence, the study concludes, if CLH is to grow across Oxfordshire there is a need for a policy and political environment that shifts the balance in favour of CLH, alongside strong systems of support for groups.
34. The study notes that in recent years, as the number of CLH groups has grown nationally, some local authorities have started to attune their policies to

support this activity, through for example planning policies, housing strategies, asset management plans or other policy instruments.

35. This trend is evident in Oxfordshire where for example Oxford City's emerging Local Plan sets out the intention that, on sites of 50 or over units, a total five percent will be made available for self-build. Alongside this a recent draft policy paper on self-build and CLH seeks to align policy for these two forms of development. Similarly, WODC has a policy within the local plan for 5% CLH on all developments over 100 homes.
36. Certain district authorities are investing significant resource in neighbourhood planning. The process provides specific opportunities and powers for local communities to develop housing through CLH models. Several neighbourhood plans in the county have stated a desire to do this.
37. Despite these signs of policy support, awareness within some Oxfordshire councils and other housing providers about what CLH is, and how it can be supported, is perceived by the study to be relatively low and whilst there are signs that officers and members are engaging with this rapidly developing sector, particularly in Oxford and WODC, the study concludes that this is not universal.
38. The study also notes that whilst there are positive signs that local authorities are developing policies to support CLH. There is a risk of developing diverse policy environments that mean the policy landscape is made more complex across the county, with a risk that CLH will progress better in some districts than others.
39. Accordingly, the study recommends that one role the Growth Board could play as a policy champion for CLH is to facilitate a deeper discussion about how CLH could be supported through councils' policies, both planning and otherwise and draw together a countywide picture and ambition for this, leading to an alignment of policy and support that is common across the county.
40. Officers note and agree with this recommendation. However, noting that there are limitations to what planning policy can achieve to promote CLH, when the central principle of CLH is that it is community owned and as such not directly related to the key planning issues of design and quality of the built environment.

Available technical support

41. There is an existing framework of technical support for CLH in Oxfordshire. For example, the Oxfordshire Community Land Trust, formed in 2006, has been working on identifying sites, and developing potential housing schemes for several years, whilst also exploring potential funding mechanisms to address the need for more capital funding for CLH schemes.
42. More recently, the Collaborative Housing hub (the CoHo Hub) now provides enabling support to groups across the Thames Valley. The Hub has dedicated

staff, which includes associate advisors with development expertise. They are currently providing enabling support to four projects which are advancing beyond the group formation stage to site acquisition and development. The hub plans to support a total of 30 groups over five years, drawing on existing resources secured through the CHF enabler hub grant, and securing revenue from projects either in the form of consultancy fees, or payments deferred until the completion of schemes.

43. Whilst these two organisations provide the platform for enabling work across Oxfordshire, the study concludes that more work is needed to solidify and expand their offer. For example, the CoHo Hub operates across Thames Valley and so its ability to offer in-depth support to any one group is limited.
44. The study recommends therefore that the Growth Board consider how an appropriate framework of technical support, using these existing resources could be supported by councils.
45. One avenue to explore highlighted in the study is the role for Registered Providers (RPs). Public funding for CLH from Government is predicated upon the organisation that both owns and manages the housing being a RP whilst the Oxfordshire Housing and Growth Deal, which is a more flexible funding regime from a CLH perspective, also requires the properties to be managed by a RP. The study notes the need for RP status for developing and/or managing CLH if it wishes to draw down public finance and given this requirement and challenges faced by CLTs from the administrative burden of becoming an RP, proposes that further work be undertaken to understand how existing RPs can assist with CLH developments.
46. The study concludes that the possibility of a stronger partnership role for existing RPs is one area that should be explored alongside consideration of an expanded role for the existing support groups. However, the study also concludes that it is not yet clear whether existing RPs really want to play a significant role in the delivery of CLH homes and if they do wish to form partnerships with CLTs, what that would mean for the independence and local focus of the CLT concerned, and what the role of local authorities in facilitating these partnerships might be.
47. The Board will note that the recommendations suggest that this matter be explored with relevant RPs and officers have started to engage with key local RPs on this subject, in advance of a proposed workshop with RP representatives later this year- COVID restrictions allowing.

Recommendations and Conclusions

48. The Board will note that the study has achieved its aims of offering a wide-ranging overview of the opportunities and challenges for CLH in Oxfordshire. The study demonstrates that Oxfordshire has an opportunity to scale up CLH, but that this will bring both financial challenges and require a reorientation of the level of policy and technical support such community groups will need to realise their ambitions.

49. The recommendations of the report cover the three areas of review highlighted in this report and offer the Board a set of proposals that it believes would elevate CLH Oxfordshire and ensure that we would be able to maximise the utility of CLH. Almost all the recommendations across the three strands of support are aimed at facilitating and simplifying, so that groups can move more easily from the point of initial ambitions to a focussed deliverable project.
50. As with any overview the study's recommendations are initial, and this report invites the Board to comment upon them and support them as appropriate as areas for further work by the Project Team, under the authority of the Growth Deal programme Board.
51. The next steps, should the Board so wish, is that the team of officers drawn from across the councils that have commissioned the study will examine the proposed actions and offer a view as to their applicability to Oxfordshire. This done they establish action plans for the recommendations, referring key decisions to the Programme Board and Growth Board as appropriate.

Financial Implications

52. There are no financial implications arising directly from this report. It is intended that further work on developing the actions from the recommendations will be drawn from existing officer resources and any financial implications arising from that work will be considered at that stage.

Legal Implications

53. There are no legal implications arising directly from this report. Any legal implications arising from further development of the draft recommendations will be considered at that stage.

Background Paper(s)

54. Building the Community-led housing Sector in Oxfordshire

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Appendix One- Draft recommendations

AVAILABILITY OF FINANCE				
No	Recommendation	Key Actions and comments	Priority	Resources required
	Consider establishing either a CLH-focussed grant or 'soft loan' fund to support set up and pre -development costs for community led housing. Soft loans are where a loan will be repaid if a group is successful but would convert to a grant if a scheme fails. Due to the early stages of most groups in Oxfordshire, this early stage funding is required to fund gaps in the provision of national funding.	Both the Growth deal project team and individual local authorities to investigate setting up a funding framework and potential sources of both capital and revenue funding for CLH. This is critical in the context of current uncertainty about national funding availability for CLH. This framework will need to be focused upon a self-sustaining model given likely public sector finance restrictions	HIGH	The project team will progress this action, but it will require specialist finance and legal resources to develop a framework for consideration
	Consider establishing a revolving loan fund which can support land purchase and, if possible, capital development costs. As the demand on this is envisaged to be relatively modest at this stage, this could be a pilot trialled on a case by case basis.	As above	HIGH	As above
	Consider gap funding directly for the hub if a pipeline of schemes is in progress but central government grant funding is exhausted.	The hub's sustainable business plan is that the pipeline of schemes will generate fees to continue to pay for hub operations. However, in the event of a gap between income coming in and grant being spent the hub may require bridging funds	MEDIUM	Would require LA funding.

AVAILABILITY OF LAND- THAT CLH GROUPS CAN ACCESS

No	Recommendation	Key Actions and comments	Priority	Resources required
	Consider legal advice and best practice on the disposal of land for housing under market value where other social benefits can be achieved.	Study suggests that this is a particular issue where the council is not a housing authority. Individual authorities to review and progress. Perhaps with central support	MEDIUM	This work is likely to require additional legal and finance resourcing. Either within individual councils and/or centrally if a coordination role is envisaged
	Consider the establishment of a process to support the identification and release of land opportunities for CLH.	Local authorities to consider capacity and resources for investigating land opportunities. Potential for joint work with CoHo Hub to develop a process/flowchart for how site opportunities can be appraised and to matchmake sites with community led housing groups. Any such collaborative process needs to clearly determine the respective roles and responsibilities of each party.	MEDIUM	For individual authorities to determine.
	Identify ways of reaching landowners/ land agents through existing networks and forums.	Local authorities to consider how best to promote community led housing to landowners and land agents. Potential for joint working between CoHo Hub and local authorities to build knowledge of landowners and develop a database of landowners.	MEDIUM	CoHo Hub support can be provided within existing resources.
	Consider the possibilities of a strategic approach to securing land through partnership working with Homes England and other landowners.	For review by local authorities as part of partnership arrangements with HE.	MEDIUM	Can be done within existing resources
A CONDUCTIVE POLICY ENVIRONMENT AND AVAILABLE TECHNICAL SUPPORT				
3.	Gauge appetite among local Registered Providers to understand how they can play a key role in assisting with the scale up of CLH.	An initial training session is being planned by CoHo Hub for RPs later in 2020 which will help to both scope and determine interest amongst local providers. For review following this session.	HIGH	The CoHo Hub is carrying out this work within its current resources and the project team will input into this work.
	Consider whether/how community led housing could be appropriately reflected within the Oxfordshire Plan 2050 and/or Local Plans.	Growth Deal Project Team to progress discussions WITH 2050 Plan Team.	HIGH	Can be done within existing resources.
6.	Provision of signposting support for CLH groups requiring professional external advice	Local authorities to develop a system to signpost groups requiring additional external advice to independent, not-for-profit organisations alongside key partners	MEDIUM	Can be done within existing resources.

No	Recommendation	Key Actions and comments	Priority	Resources required
7.	Consider how policies to encourage or promote CLH can be developed, for example, through SPDs/ Area Action plans or other strategies.	Local authorities to reflect on best options for progressing this work. With a view to developing a standardised approach to promote a common policy landscape	HIGH	May require additional resourcing.
8.	Consider how planning departments can best facilitate planning discussions with community led housing groups, for example through early-stage advice.	Local authorities to consider training and awareness-raising to support CLH within planning departments.	MEDIUM	External training would require additional resource.
9.	Greater consideration of the role of neighbourhood planning at local authority level to ensure groups are aware and consider community led housing for their plan area.	As above	MEDIUM	External training would require additional resource.
OTHER				
12.	Consider the appointment of a political champion for each local authority. For example, a named Councillor who would take responsibility for understanding and promoting CLH in their District.	Local Authorities to consider and progress internally as necessary.	MEDIUM	Can be done within existing resources.
13	Consider setting Oxfordshire ambitions for the number of CLH homes to be delivered.	Growth Deal core team and local authorities to jointly reflect on the possibility for a strategic target for CLH.	MEDIUM	Can be done within existing resources.