

Community-led Housing In Northern Ireland

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Housing
Executive



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Executive Summary

- Community-led housing can take many forms, but the most impactful models support communities to develop schemes based on local need and demand and empower them to retain ownership or management in the long term. There a range of community housing typologies including co-housing, community land trusts, community custom and self-build, housing co-operatives and self-help housing but each have strengths and limitations in terms of Northern Ireland land and property law, financing arrangements and the capacities of local groups.
- This growing sector provides additional supply housing options for those with lower incomes and research by the Community Land Trust Network, shows that currently over 80% of community led homes in the UK's current development pipeline are planned to be for rent at below-market rates.
- Further to increasing the supply of affordable housing, community-led housing models can create physical regeneration, diversify tenure options, leveraging investment, boosting community solidarity, fostering working partnerships, and building new community skills or learning in asset-based approaches. Community-led housing models also create multiplier effects, new supply chain and employment opportunities as well as traineeships for traditionally hard to reach groups including NEETs, the long-term unemployed, homeless people, or those in/exiting the criminal justice system.
- Clearly there are conceptual and practical barriers to realising effective community-led housing, particularly in terms of achieving sustainability and scale to meet local demand. Some of the challenges relate to land or site acquisition, raising of finance, a lack of core skills, operational knowledge or capacity, a weak regulatory or enabling environment as well as a general lack of political support. In Northern Ireland, the absence of legislation on community right to buy and disposal consent and the inconsistent application of Community Asset Transfer by public bodies has inhibited the growth of the sector.
- The Northern Ireland case studies show that viable schemes have been developed in both urban and rural areas; in key sectors, such as homelessness; and to target beneficiary groups, such as ex-offenders. The most impactful schemes have integrated housing with service provision, community development and economic development. However, most have been developed independently by community organisations, rather than in partnership with housing agencies and public bodies with land and property assets.
- Stakeholder interviews also show that the enabling environment in Northern Ireland is weak and there is a significant skills gap particularly at the pre-construction phase in areas such as site acquisition, business planning, architecture and design, raising capital, building consortia, navigating the planning system and addressing legal issues relating to land, tenure and company status. Support is also required to help community-led groups manage housing including planned maintenance, compliance with wider housing construction standards, project management, tenancy agreements and working with letting agents.

- The Northern Ireland case studies also show that projects are spatially diverse (in both urban and rural areas) as well as sectoral (homeless, private rented, and older people). There are common challenges in securing finance, site acquisition, planning and technical support.
- Community-led housing projects in Northern Ireland have demonstrated a willingness to work collaboratively with private developers, social finance investors, housing associations, government departments, local councils, and philanthropic organisations.
- In taking forward community-led housing in Northern Ireland, a number of issues are raised for consideration including:
 - The mix of scheme types and ways of delivering community-led housing could be a priority in key markets and sectors, such as in rural areas, homelessness and in general where there are affordability barriers to local people accessing the market;
 - There is also potential to bring CLH into Community Planning processes and build a stronger connection with land use planning, especially around housing affordability;
 - Community asset transfer legislation, supported by General Disposal Consent, would strengthen the efficient use of land and property for community-led housing;
 - Capital and revenue finance are needed, but it was noted that there is emerging use of national social finance to support schemes in Northern Ireland;
 - Brokerage to access such funding underscores the need to build capacity among community sponsors as well as across the statutory sector, especially where land and property could support CLH schemes;
 - It will be important to better account for the blended social, economic and environmental impact of CLH; and
 - Developing robust housing management processes will be critical in mitigating risk in the development of schemes, if public finance and resources are used.

1 Introduction

Access to housing, affordability and pressure in specific areas (from Airbnb, private renting and second homes) have created distinct pressures on the housing market in Northern Ireland. In some areas, local people are priced out of the market and where the supply of social and private housing is limited, including in rural areas, this has created problems for viability, support for local services and how communities feel they belong in places where they, their family and friends have lived for generations. This review explores the potential of Community-Led Housing (CLH) to address barriers, make better use of land and property and to place people at the heart of regeneration and local development. The concept is not new to Northern Ireland, but the scale of the sector and supporting legislation, policy and finance, remains underdeveloped, certainly compared with the rest of the UK. The research brief points out that rural areas are a particular focus for attention as many housing associations are put off by the availability and cost of land, planning restrictions and in particular by the scale of schemes possible in dispersed locations. Here, a CLH approach has potential but we also see this as part of a wider strategy to supply affordable homes in other housing markets where there are particular stresses.

1.1 Policy context and scope

The draft *Housing Supply Strategy* launched by the Department for Communities (DfC) identified community housing as a sector with potential in key markets, including in rural areas. In its *Reaching Rural Strategy 2021-2025*, the Housing Executive will 'examine the potential to support the development of models of community-led housing in rural areas' in which this research is especially important. The *Rural Needs Act (Northern Ireland) 2016* entails a duty on public authorities to have due regard to rural needs when (a) developing, adopting, implementing or revising policies, strategies and plans, and (b) designing and delivering public services. Within this context, the consultation on the DAERA *Rural Policy Framework for Northern Ireland 2021* emphasises the sustainability of rural areas as a place both to work and live although as the analysis stresses, the type of policy that supports rural CLH is applicable to a range of areas and neighbourhoods.

The next section looks at definitions of CLH, tenure and legal structures and how projects are implemented. However, the concept is a simple one that involves communities (interest or place-based) designing, building and managing group housing schemes for sale or rent. Indeed, Jarvis (2015) makes the point that CLH needs to be embedded in communities to be sustainable and build local resilience, especially where there are specific pressures on the local market (including in rural areas). In short, he points out that without the necessary community buy-in and integration with local people, formal organisations and networks, it is not likely to work effectively. Field and Layard (2017) are also concerned about schemes being 'dropped in' to neighbourhoods and here they emphasise the importance of planning to provide a context to local development by identifying needs, sites, zoning ordinances and infrastructure. This also relates to the need to scale up CLH projects, especially in Northern Ireland where there are isolated and effective examples, but a lack of the type of regulatory support available across Britain to enable the sector to grow (Heywood, 2016).

1.2 Research objectives

The Housing Executive has set out the objectives for this study:

- To provide a definition of community-led housing and an analysis of the range of community-led models which could be included under this definition;
- To examine the potential role of communities in delivering local housing solutions through a community-led housing model;
- To review exemplar practice elsewhere across the United Kingdom (UK) and Republic of Ireland (ROI) and in other European countries; considering the policy context, public sector support and subsidisation and successful partnership approaches which have facilitated this model of provision and the affordability of housing provided;
- To provide an independent perspective on how community-led housing could be delivered in Northern Ireland to complement existing provision, considering any legislative or public policy amendments that would be required, access to available land and the opportunity for partnership with existing housing providers; and
- To consider the particular benefits of this approach in increasing the supply of affordable housing in both rural and urban areas across Northern Ireland.

1.3 Research methodology

The key elements of the research design include:

- Fifteen stakeholders across the public, housing and community sector to identify what works about the current CLH system, where the barriers are and what is needed in the future. This in particular, focused on the type of regulatory, financial and policy environment that is needed to support community-led housing as a distinct category in Northern Ireland.
- Four external key actors engaged in a focused seminar on CLH in the context of Community Wealth Building which emphasised the need to see such projects as part of a wider approach to the use of land and property assets and how the Housing Executive supports development trusts in terms of capacity, investment and policy as well as legislatively.
- A focus group with seven experts in community and voluntary housing to explore, in particular, the needs of the sector, what works and how policy and programme development needs to rest on a partnership approach.
- Seven case studies of community-based schemes in Northern Ireland that looked at their formation, how they worked with statutory agencies, development priorities including finance, planning and access to land and property, as well as impact and challenges in scaling their work. (Personal details have been removed to ensure the confidentiality of respondents).

1.4 Structure of the report

The report is organised into 6 more parts. The next section (2) looks at the theory and practice of community-led housing and the range of models that have been applied across the UK (3).

Section 4 evaluates issues around implementation and finance; and section 5 the regulatory environment and how legislation, skills and intermediaries have been critical to the development of the sector across Britain. Section 6 examines the policy context in Northern Ireland before setting out a range of case studies of local schemes in section 7. The final section (8) draws the analysis together and highlights issues for discussion around the policy scope, finance, legislation, technical support and measuring social value.

3 Community led housing: theory and practice

3.1 Core principles of community led housing

Community-led housing (CLH) has been used as an umbrella term for collective movements of individuals or communities who develop housing projects that increase the provision of better quality and affordable homes. Colquhoun (2020) argues that what makes CLH distinctive compared to other housing development approaches is their 'embeddedness' in the community in terms of needs, resources, and governance. Effective community housing practice has also been shown to result in:

- Open and meaningful community participation and consent that takes place throughout the process of providing new homes.
- Community groups or organisation owning, managing, or acquiring stewardship of the homes in whichever way they decide; and
- Housing development is of true benefit to the local community, a specific group of people (an intentional community), or both. These benefits are derived from local need and should also be legally protected in perpetuity e.g., using an asset lock.

Lang et al (2020) shows how economic, environmental social and technological trends have driven the need to develop CLH models as alternatives to publicly sponsored or private housing models. Historically these included the civil rights movements of the 1960's which inspired the development of the first Community Land Trusts (CLT's) and later the counterculture movements of the 1970's that promoted new forms of co-living and collective ownership. More recently, and in response to the period of austerity that followed the global financial crises of 2008, Mullins and Moore (2018) argue that a new generation of housing activists have been inspired to create new resident-led cooperatives, self-managed housing developments as well as revisit the potential of community land trusts. Some of these responses have been value driven and demonstrate a strong emphasis on promoting environmental and ecological sustainability. Whilst others have been motivated by a reaction to the exclusion of vulnerable or low-income groups and the challenges they face when securing access to affordable and decent quality homes.

3.2 Drivers of community led housing






In response to these global financial, social, and environmental trends, grassroots movements across the UK and Europe have aimed to build, renovate, and ultimately gain more control of the local housing stock. This has involved the use of different models which vary in their approaches to acquiring land, securing finance, or working capital, achieving affordability, or developing management arrangements that might retain stewardship of the housing units or wider scheme in the long term. Data gathering research completed by [Community Led-Homes](#), a support platform for projects, shows that in the UK, CLH currently accounts for less than 1% of the housing stock. There are also currently 895 projects at development stage and 499 completed schemes, which equates 26,799 units and there are 21,722 in the construction pipeline planned for completion over the next 10 years. Archer (2021) points out that local area demand is difficult to determine but based on capacity found that the sector requires £64

million in capital support and £45 million in revenue support to deliver 12,000 additional homes. 82% of homes should be planned as Social Rent, Affordable Rent or Shared Ownership, largely because that is where the capital subsidy can be allocated. There can be difficulties conceptualising models of CLH practice, particularly when a proposal is led by a housing association that might also receive direct support from a local authority. Also, when a new housing scheme has been ‘dropped in’ to an area, albeit with a degree of what critics cite as ‘tokenistic’ levels of public consultation and engagement. Practice has shown how there is no conventional way to deliver, finance or construct community led housing, but it is important to present a conceptualisation of it based on wider examples.

3.3 Models of community led housing

URBACT Housing (2020) stress that CLH models should be interpreted as an approach to *complement and not supersede* state public housing and should be structured in a way that works beyond the simple provision of primary housing needs. Figure 1 presents an overview of the widely recognised models of CLH practice as well as weblinks to UK networks on best practice.

Figure 1 Renowned models of community-led housing

	<p>1. Co-housing involves separate household units alongside elements of communal activity. These self-contained dwellings benefit from the development of such communal facilities which are managed by an external group or by the residents themselves. The shared facility may be a large kitchen where inhabitants dine together as a group, or a hall where meetings and classes may be organised. This type of model is increasingly popular in Europe, particularly for older people and for retirees who want to downsize. Weblink: UK Cohousing</p>
	<p>2. Community Land Trusts are community organisations that develop housing, community facilities or other assets that meet demands from the community and act as stewards of the land. In this model they may delegate the development work and/or management of the CLH development to a project partner or in some cases the land trust can act as the registered provider themselves. Weblink: National CLT Network.</p>
	<p>3. Community Custom and Self-build housing involves members of local communities self-organising to build their own homes. Here, there is a clear sense of community benefit that is protected in perpetuity, from the scheme. Weblink: National Custom and Self Build Association.</p>
	<p>4. Housing Co-operatives are a form of CLH where it is built (or renovated) and managed by members of a group, with collective control, to design, build and manage the scheme. The tenure is usually shared ownership or affordable rent. Weblink: Confederation of Co-operative Housing.</p>
	<p>5. Self-Help Housing Self-help housing models work to bring empty properties back into use for the community whilst long term decisions about their future are being made. Weblink: Self-Help-Housing</p>

The most effective CLH models have been typically motivated by affordability, housing demand and more recently around gender, age equality and environmental sustainability. An example of this value-driven approach in practice is the Forgebank co-housing development in Lancaster (see Figure 2), which developed a community co-housing scheme that is not only responsive to the needs of older people but also strives to be environmentally friendly and ecologically sustainable.

Figure 2 Forgebank co-housing development, Lancaster, UK

Forgebank is a 41-home co-housing development that was built to encourage social interaction and promote ecological values. The intergenerational development includes community facilities alongside workshop and office space. Buildings have been constructed to a *Passivhaus* standard as well as the requirements outlined in the Code for Sustainable Homes Level Six. Residents have developed their own car club to improve connectivity, have shared appliances such as lawnmowers and washing machines as well as access to a co-operative food store.



Cratus show that communal co-housing facilities such as kitchens or gardens can address wider social issues relating to loneliness or isolation as well as create measurable mental health benefits. A related advantage of projects such as Forgebank is the commitment to environmental sustainability and much can be learnt on how they can contribute to the development of zero carbon and ecologically sustainable homes. Keswick Community Housing Trust is an example that shows how a resident community have acquired land cheaply and then replicate their CLH activities across a high demand rural area. The use of a mixed tenure model was critical to ensuring long-term financial viability of the scheme as was their capacity to scale the extent of its development activities. The current ratio of built assets to liabilities of this community housing trust model is approximately *six to one*, which means the Trust are an attractive option to lenders. The strength of this ratio has enabled them to proceed with further CLH projects and deliver more affordable homes for communities living across the Keswick area.

Figure 3 The Keswick Community Housing Trust

The Keswick Community Housing Trust in Cumbria was formed in 2008 to provide local affordable housing. Land was bought from the local church at a discounted price of £10,000 per plot. The trust then raised £60,000 towards the site through a community share issue and levered additional grants from the UK CLT network, the local authority, the Quakers and, after recognition as a registered provider, the Housing and Communities Agency at £28,000 per unit. Completed in 2013, the 11 units consist of one market unit for local occupancy, five shared-ownership units at 50% of market value (with no rent on top of the mortgage), and five affordable to rent units.



Co-operatives are another legal model of CLH that are active in the UK but operate on a much larger scale in Europe. Of the 35,000 members of CECODHAS – Housing Europe, which includes public, co-operative, and social housing, 30,000 are co-operatives. Figure 4 shows how in Switzerland, co-operatives are becoming an increasingly popular model, but it also stresses the significance of intermediaries or public bodies that can offer financial as well as technical support at the pre-development stage.

Figure 4 Cooperative housing in Chemnitz, Switzerland

Since the 1980s in Chemnitz there has been a strong tradition of restoring unused and decaying housing stock via a cooperative model. Driven by financial support from a local co-operative bank and combined with grassroots input, this approach has spread across Switzerland. In Zurich, there are about 35,000 cooperative housing units and 25% of all rented flats are not-for-profit. The Swiss co-operative housing model also relies on working closely with the public sector, for instance, local and regional housing subsidies are complemented by federal mortgage guarantees and administered by a central office for non-profit housing construction. In addition, the Swiss Housing Cooperatives Association helps new housing projects with revolving and solidarity funds as well as guidance to promote resident participation.



The average percentage of the housing stock held and managed by co-operatives in Europe is around 5%, although in Denmark and Sweden it is much higher. In former Soviet Union countries, housing co-operatives were often established to operate former state housing schemes, which has also resulted in a higher proportion of the overall housing stock. Co-operative housing also exists on a significant scale outside Europe; for example, it is prevalent in several South American countries where self-help approaches are also more commonplace, particularly in Favella communities.

3.4 The benefits of community led housing

A report commissioned by the Communities Housing Trust (2021) summarised the benefits and learning from practice across Scotland, but also stresses the relevance of these outcomes for CLH approaches being delivered in other parts of the UK and Europe:

- **Additional supply** CLH strengthens housing supply that would not necessarily be available through the public or private sector.
- **Housing diversification** Investment into CLH models can help to diversify building types as well as tenure options available to communities. It can also be tailored to reflect the needs of older people as well as offer younger generations (especially those in private rented accommodation).
- **Local economic and social benefits** CLH can support the local economy and create a strong multiplier by stimulating supply chain and job opportunities, especially across the local construction sector. CLH activity might also involve the development of new employability pathways for disadvantaged groups or encourage vocational apprenticeship opportunities by connecting with local training providers.
- **Financial leverage** Investing into an asset-based approach can leverage investment resources into communities via grant, loan, or philanthropic funding.
- **Physical regeneration** CLH can improve the quality of the built environment which can restore civic pride, improve local townscapes and attract investors and tourists.
- **Community solidarity** CLH approaches help individuals afford to rent, buy, or build their own homes. This innovative approach usually demands a level of co-working which in turn can help build community solidarity as well as promote the inclusion of marginal groups or vulnerable individuals.
- **Capacity building and learning** Participants can learn new skills and build competencies in areas that are transferable to other areas of their work which might include but not be restricted to asset management and development, finance, or facilities management.
- **Partnering with others** CLH approaches have helped to develop horizontal and vertical partnerships consisting of individuals, communities, local authorities, and statutory government departments.

A useful example of how these impacts have been realised was through the UN-Habitat award-winning project called Girsoscope (see Figure 5) which was also a beneficiary of the Empty Homes Community Grant Programme. Girsoscope support their social impact through a volunteer programme, which also provides supervised training and work experience for ex-offenders, the long term unemployed as people with mental health issues or recovering from drug or alcohol misuse. To fund the model, Girsoscope borrow from Handelsbanken (a local bank that works specifically with community projects) and have also received grants and support from a range of UK charitable trusts including Land Aid, the Tribune Trust, the Rank Foundation, Power to Change, the Good Things Foundation and the National Lottery Communities Fund.

Figure 5 Girsoscope: Impactful CLH development in West Hull



Giroscope is a charity based in west Hull that emerged in the 1980's. The model was a response to poor quality rental accommodation and the group took advantage of low house prices, purchasing their first property using giros and borrowing funds. A worker cooperative was established to renovate the property which was then let out to unemployed people. The approach has been developed and Giroscope now owns over 80 domestic properties, as well as a local shop, vegetarian café and rented workspace.

4 Implementing and financing community led housing

4.1 Legal and statutory provisions

There are several legal and statutory provisions which public bodies should consider when assessing the viability of CLH approaches and how best they can be supported. [Community Led Homes UK](#) have provided a useful [toolkit](#) which reviews the relevant statutory or general legal provisions that can promote and deliver CLH schemes at the local level, particularly through:

- A local authority powers to dispose of assets
- State aid provisions and exemptions
- Planning powers and obligations
- Key terms to be contained within the lease and/or transfer documentation
- Option agreements that may be entered into to assist the development of community housing process at the various stages
- Tax implications
- Charity restrictions and protections
- The legal entity which is to deliver the CLH project, the options available and the suitability of its legal form

The last point is critical for delivering effective CLH practice and the [Appendix](#) provides a table that summarises: the *'most typical legal features'*, *'details of ownership, governance and constitution'*, *'whether assets can be 'locked' for community benefit'*, *'can the community group be eligible for charitable status and receive tax benefits'*. The Community led homes toolkit contains templates, documentation and guidance which can support local authorities as well as grassroots groups to manage legal issues and design challenges during the development process. The actions of these coalitions, specifically in England has been encouraged by a series of mechanisms within the Localism Act (2011):

- **Community Right to Bid** has allowed communities to bid for and ultimately buy local land that is considered an ACV—asset of community value.
- **Community Right to Challenge** empowers communities to submit an expression of public interest in running services of the local authority and was developed as part of the Government's drive to decentralise public services.
- **Community Right to Build** is expressed through an order put together by local people who can decide on the type, quantity, and design of assets (homes, shops, playgrounds, affordable) they want, and in locations that best meet the local need and demand.

The absence of the Localism Act (2011), from the Northern Ireland policy system and specific rights provisions is a significant barrier to the effective delivery of community-led housing. The full implications of this are explored in greater detail in section 5 and section 6 which showcase a greater emphasis on the experiences of community housing policy and practice in Northern Ireland.

In terms of capital investment in England there are wide range of loan providers operating across the community housing sector which include the [Ethical Property Company](#), [Key Fund](#), the [Locality Community Share Unit](#) which is managed with Cooperatives UK and currently have 54 active UK loans. Substantial capital grants are also available from large charitable trusts such as [Tudor](#) or [Nationwide](#) and [Homes England](#). Homes England have been willing to invest in areas of high market failure where overall capital relating to both acquisition and build are higher than the average unit cost in England. This shows an understanding for the scale of the challenges facing many community driven responses, especially given conditions in the current housing market and the fluctuating nature of development costs. Representatives from [Locality](#), stressed how the CLH sector in England is currently being determined by community activists but there are emerging tensions behind what is motivating these responses. Are they reacting to and meeting social need, or they motivated by property acquisition and asset-based growth? The space in between is where some community development trusts are working to focus their efforts, but this hybrid approach is difficult to sustain without some level of state financial subsidy. There has also been a concern that some CLH schemes, particularly in affluent parts in the south of England is often driven by middle-class interests. These expressions of CLH, that have occasion been shown to be motivated environmental objectives have tended to privilege needs of property and places rather than providing benefit for individuals or communities furthest from the housing market. The need to address affordability and demonstrable demand affecting excluded groups is a clear priority in moving any such initiative forward in Northern Ireland.

4.2 Community led housing and social landlords

Given their limited housing development experience, some CLH collectives have chosen to enter into a partnership arrangement with registered social landlords such as a housing association with a track record in delivering affordable housing. Mullins (2016) showed how this is the case in England, especially when bidding for capital funding as for many grassroots CLHs, the application process was complex, demanded experience in delivery and seemed to be aimed at large scale developers. The research also demonstrated how partnership with a social landlord was shown to help local housing collectives with regulatory as well as compliance issues as well as management of the scheme in the long term. Similarly, planning officials and elected representatives were also reassured by the presence of an established housing provider who possessed finance, skills, knowledge, and experience of delivering larger projects.

On the other hand, Mullins (2016) also highlighted how working closely with a housing association can dilute the focus and accountability of a CLH scheme. Some CLHs have addressed this by creating partnership models which help to consolidate the ownership of both the land and the housing in the interests of the scheme owner. Elements of the development process (such as construction) might be subcontracted to a housing association on an ad-hoc basis so that the community ownership element was not compromised, and the group were also able to retain stewardship of the scheme in the long term. Clearly, community led housing has the potential to offer a useful platform for residents to organise, lobby and secure resource to increase the diversity and supply of affordable housing. However, as noted, there is no one homogenous model or practice of CLH and the wider institutional

environment needs be responsive to this, particularly if there is a political will to create enabling CLH policy or integrated support packages around finance and technical support.

4.3 Raising development finance

BSFH (2014) stress how raising finance for development is a critical factor in determining the long-term viability and success of any CLH model. This investment is important during the early stages, not only to develop scale but also to assist participating groups form and fund any necessary legal structures, complete feasibility assessments, acquire land or development sites, and secure planning permission. Gooding and Johnson (2015) show how there are diverse approaches to raising finance and in 2016, the New Economics Foundation evaluated funding sources for six completed schemes across England. The single largest source of finance was loans, which accounted for around 40% of funding; grants from public bodies including local authorities and the Empty Homes Community Grant Programme (EHCGP) was the next at 30%; and was grant funding from other philanthropic sources, including *Power to Change* (funded via the National Lottery), account for just under 10% of funds. Difficulties raising funds motivated some smaller projects to partner with housing associations to avoid the necessity of becoming registered providers (incurring often significant costs) themselves. In terms of readily available support, Community Led Homes UK have developed an online advisory platform that can signpost groups to both repayable and non-repayable forms of investment for each stage of their housing development. This involves a host of national or smaller scale regionally focussed funding vehicles such as the Resonance Community Developers (see Figure 6).

Figure 6 Funding CLH with Resonance Community Developers

Resonance Community Developers are a regional social investor that supports local projects through a *Community Share Underwriting Fund* and *Affordable Homes Rental Fund*. Together these funds have supported 22 community housing projects through an investment of £8.3 million. They also provide support with pre-development feasibility, land acquisition and project constructions costs. In 2019/2020 they also helped lever £43.1m of capital funds (not all housing focussed) to support 30 social enterprises from 175 investors.



4.4 Barriers to raising development finance

Heywood (2016) outlines the barriers facing CLH groups when attempting to secure finance, including public funding. These include a skills deficit and technical difficulties when completing applications, understanding grant reporting requirements, a lack of awareness among potential applicants about funding opportunities, as well as financial constraints that compromise eligibility to attract large scale capital funding grants. There are also challenges associated with securing mortgages because they lack equity in the collateral and many

commercial lenders fail to understand CLH, viewing it as more risky than other forms of housing. CLH groups that lack a borrowing track record can be unattractive to conventional lenders and the special requirements of lending to housing co-operatives (such as non-recourse lending) may also be problematic because of lender uncertainty about the concept.

Archer et al (2021) examined the emergence of social investors such as CAF venturesome (see Figure 7) and evaluated how they work to support CLH collectives and their projects to overcome these barriers through a combination of grant and loan finance. Prior to securing planning permission, CLH models are also perceived as very high risk by commercial lenders and those that are willing to provide finance can be expensive. Even CAF venturesome can only offer borrowing rates between 5-10% which is high in comparison to conventional lenders. In the absence of any dedicated public funding, many CLH projects have been shown to stall at the early stages and to progress rely on securing land at discounted rates, receipt of gifted properties or enter an asset transfer arrangement via a local authority (which can be time consuming, incur additional costs and demand dedicated expertise or experience).

Figure 7 Social investment and loan finance with CAF venturesome

Charity Aid Foundation Venturesome are a UK based social investor that offer flexible loans to specifically Community Land Trusts and since 2008 have delivered 190 affordable homes with 470 in the pipeline. CAF offer financial support at various stages that include 1) *Site and plan stage* where they provide pre-development finance (part grant £50K part loan £150K) and a standby facility to raise community shares or act as bridging loan 2) *Pre-build stage* which includes a land purchase option with an element of grant funding 3) *Build stage* with development loans available up to £400,000 to cover construction costs and 4) *Live stage* which includes standby facilities or maintenance costs as well as umbrella support for the CLT.



In Northern Ireland, Development Trusts NI are working as intermediary to support asset transfer through brokering and knowledge exchange services. Mullins (2018) has argued how grant investment from the Empty Homes Programme was shown to represent a significant catalyst to help grow CLH projects in England between 2012-2015 and some of project recipients like previous referenced example of Giroscope, West Hull were shown to be scalable and financially self-sustainable.

4.5 Impactful and alternative community led housing finance models

A successful and sustainable CLH model is Bristol Together CIC that was launched in October 2011 as a social business to buy, refurbish, and sell empty properties. They also operate a

recidivism programme to provide employment or work experience opportunities for individuals that have been in or at risk of entering the criminal justice system. To date, Bristol Together CIC has helped over 60 people into employment and to finance their operations, they work in partnership with the Triodos bank (see Figure 8) using a phased bond model and additional investment from private donors and philanthropic trusts. Triodos corporate finance has significant experience in helping organisations that are working to deliver positive social change and raise financial capital through bonds. They also provide technical support by guiding beneficiaries through the process of developing the bond's investment memorandum. Finally, Triodos structure the investment in a way that attracted Community Investment Tax Relief (CITR) which provides an incentive for private or local investors in terms of tax relief on their investment. This has meant that Bristol Together has acquired status as a Community Development Financing Institution (CDFI), which is unique for a CLH collective and represents a highly innovative approach to raising additional funds or long-term finance from private sources.

Figure 8 Bonds, private investment, and tax relief through the Triodos Bank

Triodos Bank supported the Bristol Together Community Housing development project raise an initial £600,000 through a bond and a further £1 million from other investors, principally trusts and foundations. The investment was structured as a bond, paying interest quarterly and capital repaid after five years. The second round of capital raising attracted £1 million in May 2012 which has provided enough to finance the purchase and refurbishment of empty properties. In total, the bond pays 3% interest per annum and most of the investment comes from institutional investors such as the Esmée Fairbairn Foundation, Lankelly Chase and the Barrow Cadbury Trust as well as some private 'social lenders'.



4.6 Accounting for social value

Colquhoun (2020) shows how the Green Book and supporting guidance on social impacts can be used to assess the value for money of spending public funds in support of community-led housing. A benefit of any CLH model is land value uplift but Colquhoun (2020, p.8) also shows that using ten-year period each £1.0 of public support delivers £1.8 of benefit, rising to £2.7 when health and benefit savings, wellbeing and income distribution benefits are also factored in. Over thirty years, each £1 of public support delivers £3.10 of benefit when health and benefit savings, wellbeing and income distribution benefits are allowed for. Similarly, Smith and Brown (2019) emphasise the employment and income generating effects of CLH and how social return on investment methodologies demonstrate their value added over other housing tenures. There are now other online platforms such as the HACT Social Value Bank and the Social Value Engine to help communities, academics or service providers better

understand the impact of their own or funded activity. These rely on a compilation of proxies to forecast or evaluate the measurable benefits created by the provision of community homes. They also consider in direct benefits linked to health, wellbeing, education, employment, and regeneration.

5 The regulatory and enabling environment for CLH

5.1 Community-led housing in England

Crisp et al (2016) argue that community led housing (CLH) has traditionally been low on the list of the UK government priorities who have tended to focus on initiatives that stimulate much larger scale housing developments. However, Mullins (2018) noted a resurgence of interest in community-based housing solutions in many countries since 2010, especially in the UK through the localism agenda and government's 2011 housing paper, *Laying the Foundations: A Housing Strategy for England*. This strategy included the introduction of several statutory mechanisms that could help advance CLH and included the right to bid, challenge and build (see section 1.2). Support for CLH practice was later reinforced by the reintroduction of neighbourhood planning and consolidated between 2012 and 2015 through the release of the Empty Homes Community Grant Programme (EHCGP). This provided a £50 million investment to help a range of community land trusts, co-housing groups, co-operatives, and community self-build groups, bring vacant properties back into use (see Figure 9).

Figure 9 Public funding CLH activity through the EHCGP

Birmingham University completed an evaluation of the EHCGP and highlighted benefits in terms of increasing affordable housing supply, enabling supported groups lever additional loan and grant aid as well as teaching vocational skills to disadvantaged groups. The EHCGP also created international connections and incorporated wider learning from CLH practice in the Netherlands, Japan, and California. Two supported projects; *Canopy Housing in Leeds* and *Giroscope in West Hull* were recognised with a World Habitat Award. Despite impact evidence and strong endorsements from local authorities and charitable foundations, there has yet to be a commitment from the UK Government to renew a CLH capital grants programme of this scale across England.



After EHCGP closed in 2015, Archer et al (2021) has shown how the Power to Change's Homes in Community Hands programme is maintaining support (albeit it at comparatively much lower level) for the development of community-led housing in England with £5.2 million in funding that will establish enabler hubs, which offer an integrated package of working capital and technical support for CLH projects. Capacity building support has also been consolidated by *Community Led Homes* and their online platform and recently published an 'enabler toolkit' that shares practical guidance across a range of CLH issues relating to Housing, Communities, Legal and Planning and Finance. This toolkit was designed to complement the *Community-Led Housing: a Key Role for Local Authorities* report, published by the Co-operative Council's Innovation Network in 2018. This was primarily aimed at local authorities in England and Wales that are involved in the promotion and development of community-led housing as part of their local housing strategies, but it should also be relevant for housing associations and

other stakeholders working directly with local communities on increasing affordable housing supply.

5.2 Community-led housing in Wales

In Wales, Heywood (2016) shows how the devolved government has committed to promoting co-operative housing and published a guide in collaboration with the Confederation of Co-operative housing. Funded by the Welsh government, the Wales Co-operative Centre are a key stakeholder that are helping to develop the enabling environment for CLH projects through technical advice and guidance to community groups and organisations across Wales. Their support includes:

- Governance and legal structures
- Understanding housing need and demand
- Showcasing alternative and effective models of CLH
- Community consultation
- Locating and acquiring sites
- Source finance options and provide business planning support
- Signposting to grant funding opportunities
- Supporting groups to explore or establish JV and partnership opportunities

Consulting with a representative from the centre highlighted how similarly to other UK regions, there is currently little capital funding available for groups working to advance community housing projects. The Welsh co-operative centre only receives programme costs and is unable to make capital directly available to groups they work with. Land represents another key issue, particularly in terms of acquisition, cost, and competition with speculating interests from the private sector. The Centre recently published a research paper that calls on the Welsh Government to implement a Community Ownership and Empowerment Act which sets out the need to introduce statutory powers like the community right to buy legislation in Scotland and would enable CLH groups to acquire land for the benefit of their surrounding community. The paper also calls on individual local authorities to develop their own land disposal policies which could potentially facilitate asset or land transfers and again empower communities to become landowners. Figure 10 shows that despite these institutional and financial challenges, the Wales Co-operative Centre has a strong track record in working with various stakeholders to deliver successful CLH models.

Figure 10 CLH practice in Wales

Working with the Wales Co-operative Centre in 2015, 22 local authorities were identified as a focus for 28 projects each receiving up to £3 million to support development costs, 25% of which was a social housing grant. These schemes were delivered in partnership with housing associations, co-operatives or community land trusts and successful examples included: the *Home Farm Cooperative Housing, Cardiff* consisting of 41 units as well as *Gellideg flats, Merthyr Tydfil* which refurbished a block of flats to release 24 homes as part of an equity cooperative. Tenure across these schemes varied from full to shared ownership as well as private and social rented. The programme was ambitious and much larger in scale to any comparable CLH initiative in England and demonstrated the effective use of social housing grants when combined with high level of community buy-in and participation.

These examples demonstrate that although challenging, raising development finance is possible and the Welsh Government can be supportive if a scheme can deliver affordable tenure options. Other local finance options that are available include social lenders such as Triodos, Ecology, Charity Bank, CAF Venturesome but also High Street mortgages which can offer equally if not more competitive terms. Loanstock and community share options represent potential if not widely utilised fund-raising options and as outlined in Figure 10, the Welsh Government Social Housing Grant is available, especially when a group is willing to work with a housing association. Moving forward, the Wales Co-operative Centre feel the priority should be to develop affordable housing options, which is defined as 80% of market value across a range low cost or shared ownership options. There has also been a rise in support enquiries from communities that are experiencing an increase in second and holiday homes and wish to consolidate affordable housing options for local people. They are also working on CLH schemes that are designed around the needs of young people, adults with learning difficulties as well as older people. Some local authorities, including Carmarthenshire County Council, are exploring the use of Local Lettings Policies, especially in predominantly Welsh language speaking communities.

To advance Welsh CLH projects, the Centre is developing a business case for a revolving loan fund, which is under consideration by the Welsh assembly. In the meantime, operational support for bodies such as the Wales Co-operative for intermediaries is critical, as they can help to develop and consolidate the community housing network through monthly meetings for learning and knowledge exchange. The Centre has identified how rural areas would benefit from developing the presence of Rural Housing Enablers but also Rural Exception Sites to help deliver affordable housing in more remote parts of Gwynedd, Anglesey, Conwy, Ceredigion, Pembrokeshire and Monmouthshire.

5.3 Community-led housing in Scotland

There is a long tradition of community-led housing in Scotland which includes a well-established co-operative network consisting of 40 groups working to provide affordable homes and a mix of tenure options. CLH activity has been consolidated through the emergence of Community-Controlled Housing Associations (CCHAs) which has benefitted through the recent transfer of homes from the Glasgow Housing Association. The Scottish

government have also been active in their promotion of community-led housing through legislation, specifically community right to buy, which allows communities of fewer than 10,000 people to register an interest in land and to buy it when it comes on the market. Government have also provided seed funding through the Rural and Islands Housing Funds as well as a Toolkit which offers guidance to community self-builders on finance, planning and building control. The Community Empowerment (Scotland) Act 2015 has also enhanced consultation opportunities as well as the provision of rights for communities seeking to acquire and develop land for CLH projects.

Figure 11 Mull and Iona Community Trust Scotland

Mull and Iona Community Trust (MICT) built 6 houses in response to the threatened closure of a primary school (in 2020) which highlighted the need to retain and attract families with young children, often priced out of the local housing market. A challenge for such population-led strategies is that as tenants age, there is often limited options to move on or downsize and ethically, they have protected rights to remain in the scheme. Approximately 35% of the housing stock are second homes and holiday lettings, which excludes local people from securing permanent homes. The process of finding land and the *right* land (accessible to services, utilities connections and conformity with planning regulations) is the most significant challenge across the highlands and islands. Mortgage finance is also problematic given that it is reliant on rental income, but MICT emphasise that it aims to breakeven, with any surplus reinvested in maintenance, repairs and improvements. Dedicated funding is available for rural housing in Scotland but that can be a challenging process as communities need the capacity and skills to draw down and repay loan and grant finance. MICT do get financial support from the local council, who generate income from 2nd homeowners, which contributed £12,500 to each of the six units. MICT point to the value of the *Rural Housing Burden*, a legal mechanism (as a note on the deeds) that means that a property which is put up for sale would have to give MICT a pre-emptive to buy. Private owners can specify that their own property can be subject to the rural burden, therefore providing the local community with the right to purchase on whatever terms have been established. The provision also allows the community to buy and sell properties (for low cost/affordable housing, retaining it in the local housing market and thus negating disposal in favour of a holiday let or second home) subject to a rural housing burden. For example, a MICT member might agree to sell at a set lower than market price and any seller can ensure that a purchaser enters into a bond to specify that the property it acquires is used as its principal residence. Interestingly, the MICT representative stated that 'If there is no funding or legislation in Northern Ireland, it will be challenging to make it work'. Access to land, capital to build and renovate and for running costs for the development trust have been critical to its success.

5.4 Community-led housing in Ireland

Research conducted by SOA Research (2021) has demonstrated how there is currently very limited support available to CLH groups in Ireland. Despite this, there are a range of groups across the country that are developing their own projects, but they remain at an early and conceptual stage. Representatives from SOA outlined how this research has aimed to develop

resources to support the development of project and in particular to help access finance. It has also worked to establish a transparent mechanism to secure land in way that can ensure long-term viability and delivery of affordable and high-quality homes. There are important parallels between Ireland and Northern Ireland especially in land law, social finance and the potential of the credit union sector. The SOA Research and thematic reports provide an important, comprehensive and applicable analysis that can support the roll out of CLH in Northern Ireland as well as its potential on an all-island basis. The pilot programme in Ireland to enable credit unions to invest in approved social housing providers is one area to consider and the SOA Research work is developed further in the recommendations section.

5.5 Community led housing practice in Europe

Colini and Polyak (2020) demonstrate how a strong investment as well as an effective enabling environment for affordable housing is developing at the European level through the *European Regional Development Fund, European Social Fund+ and the European Investment Bank*. Learning on how to deliver more impactful community based housing models is being supported by URBACT through cross border networking and, piloting of innovative schemes via UIA Housing as well as knowledge exchange initiatives such as housing2030. Figure 12 shows how public funding from the state administered via urban municipalities (in this case a Community Land Trust in Brussels) represents a key driver to supporting CLH models in Europe, particularly at the pre-development and land acquisition phase.

Figure 12 Community land trusts in Brussels, Belgium

Community land trusts have been established in Brussels to protect land and housing from real estate speculation. This is achieved by acquiring the land and renting it with a long-term ground-lease to occupying homeowners. Land is then retained in a community trust and the owners are allowed to sell at the same price of the purchase plus 25% of the added value (regardless of the duration of their occupancy), thus keeping the price for the sale below the market value. Unlike other affordable home ownership programmes where public subsidies must help complete the value to buy or rent out housing units, CLTs in Brussels require *only one initial investment* to purchase the land and erect or refurbish the buildings. This innovative approach currently is being piloted by the UIA housing project CALICO where public funding was crucial to purchase the land and enable the price of the housing units to be remain affordable.



The *Urban Agenda for the EU (UAEU)* represent another emerging platform that is working to create affordable housing partnerships by bringing together city representatives, member EU states and various European institutions and initiatives. In 2018, a shared action plan for affordable housing was agreed and published by UAEU, which focussed on advancing the key themes of 'better regulation', 'better knowledge and governance' and 'better funding'.

5.6 International community led housing practice

Internationally, World Habitat work to support the needs of individuals and communities that are unable to afford adequate housing. They also assist established communities at risk of displacement from speculative forms of planned development by negotiating their right to remain and formalising their tenure status. World Habitat's global CLH programme also supports many key intermediaries such as the CoHabitat Network and the MOBA Housing SCE that promote grassroots led housing solutions as well as facilitate peer learning, knowledge exchange and solidarity between global and local CLH stakeholders.

The practice of community led housing across international contexts like India, Brazil and the Philippines can take many forms but in general it is *1) Group-led – that requires grassroots collectives responding instinctively to housing demand and seeking to deliver their own solutions; 2) Community-based, which involves NGO's or CVS organisations actively working to incorporate home building into their existing delivery remit; and 3) Developer-Community partnership driven that requires brokering a relationship with a private developer, local municipality or other housing provider to create a space for the delivery of CLH.* Gillespie (2018) shows how meaningful participation in self-help housing projects can also facilitate the acquisition of new skills (e.g., construction) and build the capacity to lobby more effectively with local municipalities. In the long term, this can help secure additional investment, resources, programme support and local services to address inequalities around health, education, and employment.

6 Community-led housing in Northern Ireland

6.1 Community led housing in Northern Ireland

Heywood (2016) outlines how community housing approaches in Northern Ireland have received less attention from policy makers compared to other parts of the UK. This is due to a combination of factors that are reflected by the regional dominance of the Housing Executive as a social housing provider, the comparatively small size of local housing associations and the complexities involved in delivering community-based initiatives across divided communities. Nevertheless, there are several positive examples of active self-build projects which include Lisburn Community Self-Build managed by the Resurgum Trust, as well as Extern Homes which is profiled in Figure 13.

Figure 13 Extern Homes and CLH activity in Northern Ireland

Created in 2016, this CLH project has seen Extern Homes purchase properties and offer a two-year supported tenancy period to individuals and families as a pathway out of homeless hostels. Operated in partnership with a private managing agent, tenants are provided with additional support services, and access to training and employment opportunities. They are also signposted to welfare advice services and the opportunity to gain an Independent Living Qualification through the *Extern Works* programme. Progressing from their time in an Extern Home, Extern help tenants to secure longer term accommodation, based on having developed a positive tenancy history, and having been encouraged to save for a future tenancy deposit.

The examples here are not exhaustive and the stakeholder interviews stressed how there is currently a breadth of active CLH projects that also include: Glenall Housing Co-operative, Portaferry Co-housing, Belfast Co-housing and Ecovillage and the Proper Tea Housing Co-operative. Albeit on a limited scale in comparison to other parts of the UK, these examples certainly highlight how CLH in Northern Ireland is feasible, but not without overcoming challenges around finance and access to land.

6.2 Barriers to delivering community led housing in Northern Ireland

The absence of the Localism Act (2011) from the Northern Ireland policy system represents a challenge, which Lang et al (2020) argue as essential for enabling asset-based community development across a range of sectors including housing. The absence of the Act's provisions represents a significant barrier to realising CLH development but in 2014, the Northern Ireland Executive through the Department of Social Development introduced a policy framework in support of Community Asset Transfer. Despite this institutional development, Hart (2020) stresses how there are recurring inconsistencies in the way CAT policy guidelines are used by public bodies in Northern Ireland. In practice, some public bodies have transferred assets at less than market value or with no broader financial consideration. Some examples that have involved a financial transaction have set the purchase price at open market value, effectively excluding grassroots organisations from purchasing land or property.

Figure 13 shares the experiences of Triangle Housing Association who were involved in a local joint venture to secure the community asset transfer of a police station in Broughshane.

Figure 14 Broughshane Community Asset Transfer

Triangle Housing Association (THA) worked successfully with Broughshane and District Community Association (BDCA) to broker a community asset transfer of a local police station. The community group had several ideas of how to renovate and use the asset and THA were interested in developing lands to the rear into affordable housing for older people. THA developed the business case and approached the PSNI over the possibility of a 55 CAT 1, however the PSNI set full market value for the sale price. After lobbying their elected representatives, the local council granted funding to BDCA, which allowed the partnership to secure the site. No formal process was followed, and the community asset transfer would not have progressed without this intervention from the council. BCCA now deliver services from the former station and THA built 9 housing units to the rear.

CAT experiences from Broughshane and views from the critical stakeholder workshop, reaffirmed the research findings of Hart (2020) that argues how current CAT legislation is not fit for purpose and can potentially inhibit community-led housing approaches rather than support them. In terms of other delivery barriers, some stakeholders felt that there is a lack of recognition of CLH within existing public policies, including Community Plans across Councils. Triangle Housing Association disclosed how it is difficult to create an accurate assessment of demand for community-based housing, especially at a village level such as in Broughshane where there is a growing demand for older peoples' accommodation. Others such as the Rural Housing Association point to a lack of seed funding or low interest loan options, although they have recently had success for rural CLH project: Rathfriland District and Regeneration Group linking them to the Village Catalyst Grant Fund. There was also a consensus across all the stakeholders of a gap and a need for tailored support or accessible guidance that could enable CLH practice in both urban and rural communities.

6.3 Policy priorities for community led housing Northern Ireland

From a planning policy perspective, interviewed stakeholders highlighted how there is a significant disconnect between local demand and delivery across statutory bodies with area-based development responsibilities. In England, local authorities have a direct housing responsibility compared to Northern Ireland where the Northern Ireland Housing Executive (NIHE) assume overall regional responsibility. The stakeholder interviews also raised several questions around what a localised community housing development or allocation policy might look like in practice. Any policy intervention would need to be subject to scrutiny especially around equality of opportunity, good relations and implications for discrimination. There are further challenges around land release, zoning, and site allocation. It was argued that there is no legal provision for planning authorities to challenge land banking practices as well as reclaim derelict properties held by private landowners without planning approval.

Interviewed stakeholders stressed that any CLH project would need to meet housing need and for evidence to support demand, especially on a scheme-by-scheme basis. Whilst

emerging forms of supply such as community-led housing may have some value in addressing current demand, interviewees affirmed how the scale of housing need is such that the focus on large-scale social housing delivery should not be lost.

The stakeholder forum also discussed how Community Planning and for rural communities, the Northern Ireland Housing Executive Rural Strategy, represent two policy instruments that might advance community housing priorities. The interviews responses stressed how the development of CLH policy should also work to promote a mix of community housing schemes in terms of 1) size (*varying from single occupier to multiple bedroom family units*); 2) sector (*homeless populations, young people, adults with learning difficulties or older people*); 3) tenure (*including owner occupation and co-ownership as well as private rented or rent to buy opportunities*); 4) type or degree of impact (*high environmental standards and benefits, affordability, creation of trainee opportunities*); and 5) mode of delivery (*new/self-build, spot purchase, renovation of vacant stock, refurbishment*).

The promotion of CLH projects that can embed traineeships or vocational experience would also create additional social value and develop pathways into the labour market. In CLH models across England, this has included targeting *hard to reach* groups such as NEETs, (Not in Employment Education or Training), the long term unemployed or individuals transitions from the criminal justice system. To ensure equality, community housing options should be directly promoted to target Section 75 groups to reflect minority groups who are often disproportionately represented in studies of housing need and demand. Some stakeholders pointed out how CLH housing policy also needs to support individuals that are unable to access social housing because of low point scores.

6.4 Enabling community led housing in Northern Ireland

Local stakeholders across the sector stressed that despite strong community housing potential, there is no dedicated agency to translate such potential into action. There is a possible role in Northern Ireland for a government led or supported intermediary. Alternatively, and as is the case in Wales, an emerging network of local enablers could be encouraged that are responsive to place based issues and can work to develop capacity across remote rural as well as urban communities. Interviewed stakeholders argued for the need to rationalise the CLH development process and provide technical assistance, which should include:

- Legal advice on how to establish a CLH vehicle and provide guidance on conveyancing, planning, complying building regulations or composing tenancy agreements.
- Support on governance, risk management, consortia and partnership working (housing associations, government departments, local authorities, or other community-based projects) to deliver CLH.
- Signposting on loan finance (e.g., Community Finance Ireland) or brokering access to capital grants funding advertised through central or local government authorities (Belfast City Council's Neighbourhood Regeneration Fund) as well social investors, philanthropic agencies (e.g., Belfast Charitable Society) or where relevant heritage-focussed investment (e.g., National Heritage Lottery Fund)

- Facilitating access to experienced housing mentors or targeted pieces of work that need to be completed during the pre-construction phase (e.g., architectural drawings, planning, and business plans) to help develop the feasibility of CLH projects.
- Training in operational areas such as maintenance or facilities management, would help to build internal skills and help sustain CLH projects in the long term.
- Peer learning opportunities which could help showcase what works and what does not in the context of CLH practice both domestically and abroad.
- Developing networks that could promote solidarity and support for local collectives (of varying capacities) that are motivated to deliver CLH.

To strengthen the local enabling environment, interviewed stake also highlighted the quality and value of existing resources that can be accessed online through the community-led homes portal. Working more closely with established intermediaries such as community-led homes, it might be beneficial to tailor or develop some of these existing resources, so that they better reflect the local institutional and funding environment in Northern Ireland.

6.5 Financing community led housing in Northern Ireland

The lack of available funding (both capital and revenue) and low interest loan finance was a cited as a critical barrier for advancing Northern Ireland CLH projects. Some CLH projects, such as East Belfast Mission, have unlocked funding resources from the Dormont Accounts Fund (Administered by the National Lottery) to build capacity in business planning, peer learning (via UK wide study trips) and training in asset management. They have also drawn on the experience of a mentor from Choice Housing to better understand the development process and navigate barriers related to acquisition, finance, and planning. Respondents stressed how government departments could provide seed funding opportunities but might also work much closer with local mortgage providers, social lenders in particularly credit unions to support the sector. Those currently working locally are looking to follow the example of counterparts in Ireland by exploring opportunities in retrofitting and social housing provision itself as set out in the ICLU Policy Manifesto.

Discussions with the stakeholder group show how local groups can also be proactive in brokering external partnerships to advance CLH delivery. For example, EBM are currently holding talks with the London based social housing investor *Commonweal* and Resurgam in Lisburn have had positive conversations with housing associations but have not yet taken a scheme forward. The stakeholder group reaffirmed how there is no linear pathway to securing finance and the majority of Northern Ireland based schemes have availed of a cocktail of funding consisting of grant, loan, or donations (usually through a gifted site). One interviewee restated how current housing legislation limits financial grants to Housing Associations through HAG. However, other stakeholders did highlight the potential of a FTC (Financial Transaction Capital) Loan which would be suited to community housing schemes given due to their potential to generate income through rent. Once initial financial investment had been secured, CLH groups raised the potential for a 'ripple effect' and how it might become easier to leverage finance as schemes demonstrate a strong repayment record. This investment could be used to supplement development costs or as with the case of Rathfriland and District

Regeneration group who accessed the Village Catalyst Renewal Fund to facilitate public realm improvements.

Interviewed stakeholders also stress how there is a role for a dedicated research and evaluation function as current monitoring systems are not fit for purpose. It would therefore be critical to focus on the use of frameworks that can assess the direct or indirect social outcomes created by CLH activity but also understand how these schemes impact on local NIHE housing waiting lists. The latter point by interviewed stakeholders who stressed that the public value of the housing investment should be measured in terms of improving client services and ultimately how a scheme can help to meet local demand and ease housing stress. SROI (Social Return on Investment) type methodologies are used in the context of other NIHE initiatives like the Supporting People's programme so it would be reasonable to explore its feasibility in CLH, particularly when understanding outcomes linked to employability, quality of life, health and wellbeing and physical regeneration.

7 Community-led housing practice in Northern Ireland

The following case studies shift the emphasis to community-led housing practice in Northern Ireland and offer a short reflection on the impacts of local activity to date. The case studies are spatially diverse (profiling CLH practice in both urban and rural areas), sector specific (e.g. homelessness) and help to interrogate the breadth of challenges facing established groups that have a track record in community housing. They also share some of the critical learning experiences that should inform the scaling, replication, or development of alternative CLH models and practice across Northern Ireland.

7.1 Case study 1: Ashton Centre Development Ltd

Ashton Centre Development Ltd (ACDL) is a social enterprise that aim to promote physical redevelopment as a driver for economic and social regeneration across north Belfast. In 2006, ACDL responded to a development brief for a site on Duncairn Gardens that housed a large Peace Wall. The site was purchased for £100,000 with a proposal to develop four ground level commercial units and nine 1- or 2-bedroom apartments. In addition to reanimating an interface with community facing services (the commercial units housed employability and health and wellbeing projects also managed by Ashton) the development represented a direct commitment to help increase housing supply and meet the growing local demand.

- To finance the development an application was made for an Urban Development Grant which provided £200,000 towards project costs and the remainder was secured through a £600,000 loan provided by First Trust and ACDL's own reserves.
- All technical support (business case, planning, design drawings etc) was funded by ACDL and First Trust as they offered more competitive terms in comparison to social lenders such as UCIT (now Social Finance Ireland). It was initially envisaged that the apartments would be managed by a housing association. However, after a consultation led by the NIHE, no political agreement could be reached for social housing on the site, so private rented housing accommodation was agreed as the preferred option. New Lodge Housing forum were also a key stakeholder in this consultation process.
- Currently, the apartments and commercial units are directly managed by ACDL after previously being handled by a local agent. Allocation, repairs, maintenance, and disputes are overseen by their internal facilities management team that have since grown their capacity via wider training opportunities availed of through the Chartered Institute of Housing and Development Trusts Northern Ireland. In terms of managing the units, all deposits are held by a third party and ACDL work to issue flexible tenancy agreements, as most tenants have been on social housing waiting lists and may need to leave when an opportunity arises.
- Moving forward, ACDL feel there are opportunities to invest in community housing opportunities, especially given the wider demand across north Belfast. However, with local property prices still on the rise, ACDL do not currently wish to expand their housing portfolio at this stage which currently consists of 13 community homes with a combined asset value of £824,000.
- Apart from availing of financial instruments like the UDG, government departments had limited involvement in the delivery of ACDL's CLH scheme. However, project

representatives felt that CLH activity across Northern Ireland would benefit from stronger zoning legislation (Neighbourhood Plans in England would enable such local designations) and technical support in funding business plans, architectural drawings, and planning applications.

7.2 Case study 2: East Belfast Mission

East Belfast Mission (EBM) is a social enterprise that deliver a range of services to advance an inclusive model of regeneration across East Belfast. In 2021, EBM completed a strategic plan for the *Hosford Housing Project* that will aim to deliver housing accommodation dedicated to supporting individuals or families experiencing homelessness. All rehomed tenants will remain eligible for support from Hosford's existing homeless and advice services. The project will focus on developing appropriate housing options for those presenting with less complex needs, which in the long term should help facilitate a sustainable transition into private rented or owned accommodation.

- EBM's will initially focus on renovating several assets they have already acquired on the Newtownards Road into apartments and shared street facing units. To finance this initial element, EBM are working to secure capital funding through the Belfast City Council's *Neighbourhood Regeneration Fund* as well as the Eastside Urban Villages Programme. The second element will involve working with a social investor (noted earlier) Commonweal Housing who are prepared to invest in the spot purchase of five homes across the inner East Belfast area to be managed by EBM. EBM are also currently in talks with the Department for Communities about the possibility of securing an FTC loan of £2.5 million at 2.5% over 40 years that would support the purchase of a further 20 houses.
- EBM have sourced technical support from the dormant accounts fund but also an additional £10,000 for a business case from Commonweal. This technical assistance has been critical to securing financial support from local funders like the Architectural Heritage Fund that have recently committed to funding the renovation of works for one of its properties along the Newtownards Road.
- Moving forward, EBM are also keen to explore Joint venture opportunities with other social enterprises, faith-based groups and philanthropic investors such as the Belfast Charitable Society.

7.3 Case study 3: Cookstown Enterprise Centre

Established in 1991, Cookstown Enterprise Centre (CEC) are a local enterprise agency that provide a range of business start-up and development initiatives to its clients throughout Mid Ulster. After the (housing induced) economic crises of 2008, the board of CEC wanted to support the recovery and address local housing inequalities. Following the sale of a commercial property, CEC used their reserves to finance the initial purchase and construction of housing units that would be rented out to local tenants who had an option of transitioning towards private ownership in the long term.

- The model was aimed at first time buyers that would be unable to afford the 25% deposit required by mortgage lenders. CEC would initially own the units and then advertise them

locally on a rent to buy basis. After an initial valuation, the monthly rent was set based on the mortgage repayments and 30% of the rental income was then set aside for a future deposit. The tenants then had 30 months to decide whether they wanted to purchase and own the property outright. If the tenant left the property and the scheme early, then any deposit savings would be lost.

- This agreement represented an incentive to retain tenants but also maintain the upkeep of the properties to a high standard. Any other management or maintenance issues that arose during the rental period were dealt with by CEC's internal facilities management team that were concurrently responsible for the commercial properties. All ten units from this Lauren Vale Housing scheme were sold over four years, which represented a total value of £1.2 million.
- Deemed high risk at the time, CEC's community housing project demanded a high level of voluntary input from their board but was also deemed worthwhile given the successes and the positive impacts on the beneficiaries. The experiential learning has also helped CEC to diversify and build new organisational skills around site acquisition, housing construction as well as asset management and maintenance.
- CEC have no immediate plans to advance another CLH project due to the recent acquisition of a sizeable commercial property. However, they feel they have the skills and in house expertise to deliver another project of this scale but next time would welcome the opportunity to enter a partnership or JV model with other groups—particularly if it could realise high social impact and community benefits.
- CEC recently explored the viability of a housing project with Women's Aid but it is stalled due to the current unfavourable market conditions.

7.4 Case study 4: Rathfriland and District Regeneration Group

Rathfriland and District Regeneration Group (RDRG) are a rural based group that host events and deliver local services for individuals and families living across the Rathfriland area and since 2000, RDRG have been involved in two CLH projects in the town. Both projects have been reliant on grant investment provided by statutory departments but ultimately help RDRG to generate a surplus annual rental income which is reinvested to support other regeneration activities and projects based in the local rural community.

- Phase one of RDRG's CLH efforts began in 2000 with the purchase of 13 Church Square, which was a former retail unit and family residence. Funding secured from the Department of the Environment and the CRISP (Community Regeneration and Improvement Special) programme facilitated the purchase but also the redevelopment works that involved complete demolition apart from the front façade. Two street facing units and six self-contained apartments were developed which have been fully occupied since completion with a low tenant turnover and no evictions.
- The project was initially managed by RDRG and although still involved in responding to tenant queries, repairs, and maintenance issues, a letting agent is now engaged to provide additional support. One of the ground floor retail units has been unoccupied since the COVID-19 pandemic whilst the other has secured grants from the local authority and BT to transfer it from a private let into a sensory room.

- The property generates an annual rental income of £21,600 and this is used for maintenance and improvements, such as an elevator. The project has increased local supply and preserved the townscape, but would not have been viable without capital grant investment.
- Phase 2 is currently focussed on the restoration of Chandlers House, a former bank that was purchased in 2014. Capital grant investment has been sourced from the Northern Ireland Housing Executive and a £300,000 working capital loan from Community Finance Ireland to develop four self-contained 1-bedroom apartments. The estimated completion date is September 2022 and the main driver behind this CLH project is affordability and to meet the need for single-bed accommodation.
- The housing element of this project will again provide a long-term revenue stream that will help to subsidise programming space on the ground floor and support local participation in arts, cultural and creative activities.
- Both CLH projects have been integrated by RDRG as a part of wider vision of rural renewal and helped to lever an additional £200,000 from the Village Catalyst fund to improve the public realm, preserve the character of the local townscape and create new shared spaces such as a community garden at the centre of Rathfriland.

7.5 Case study 5: Resurgam Trust – Lisburn Community Self Build

In 2000, Resurgam Trust developed a new social enterprise called Lisburn Community Self Build (LCSB). The aim of LCSB was to advance a community housing model whilst simultaneously provide training opportunities for young people aspiring to work in the local construction sector. Since its inception, LCSB have constructed, purchased, and redeveloped a community housing portfolio of 11 units which are located across the Lisburn area.

- The acquisition of the properties has varied on a scheme-by-scheme basis. Some have benefited from the gifting of land as well as funded technical support provided by the Northern Ireland Housing Executive.
- Strong community consultation and support has been a key driver behind all LCSB's community housing schemes, as has the need to generate a surplus that can be reinvested to sustain the long-term viability of the project and acquire new properties.
- LCSB used loan finance from private banks, social lenders including UCIT (now DFI) and an interest free loan from Ulster Garden Villages. LCSB's own profits and reserves are also reinvested back into the scheme.
- For the new build projects, LCSB have established Joint Venture agreements with local builders and a community-based training company. Generally, the builder has taken the lead, but LCSB procured the design team and manage other aspects of the construction process as well as overseeing the trainees.
- Site acquisition, securing planning and finance have represented the major challenges for LCSB. Locating quality available sites has also presented major difficulties as has engaging with the relevant statutory departments to explore the feasibility of asset transfer.
- The community housing portfolio is now directly managed by LCSB as a registered landlord. On inception it was managed by a local estate agent but now allocation, repairs, maintenance, and tenant disputes are all handled internally by LCSB.

- Similar to the ACDL model in north Belfast, an emphasis is placed on flexible tenancies (and strictly no sub-letting activity), making rents affordable and working to ensure a low turnover of tenants. On occasions larger housing repair works are outsourced to specialised contractors. But over time, the internal facilities management team has increased in its capacity to not only complete planned maintenance schedules but implement effective systems around administration, procurement, insurance, and compliance with building control regulations.
- There is no systematic approach to assessing impact, although LCSB record any outcomes under a wider evaluation framework that monitors impact across Resurgam's services.
- There are no clear pathways to realising an effective and sustainable and CLH model, however more effective asset transfer legislation would certainly support the process.
- There is also added scope to partner or deliver joint schemes in partnership with housing associations who unlike schemes in England do not seem as willing to partner with grassroots CLH collectives like LCSB.

7.6 Case study 6: Inner City Trust

Inner City Trust (ICT) was established in 1976 to advance the physical, social, and economic regeneration of Derry – Londonderry. It was set up as a development trust to provide services for communities, restore heritage buildings, and support local job creation in a city that was deeply affected by the tensions and violence of the conflict. ICT also developed a significant community property portfolio of 72 residential units and since the 1980's, this has represented the main source of ICT's income. The trust has since diversified its property portfolio which now has a combined asset value of £5.6 million and a fresh emphasis on commercial assets which includes a hotel and a museum.

- ICT's first community housing development was the Craft Village which connects Shipquay and Magazine Street and the initial concept sought to integrate both residential units and artisan workspaces. The 21 one-bedroom apartments were completed first and 3 craft-based retail units followed which support over 120 artisans working in and remotely from the village. The remaining ground floor units consist of a restaurant and coffee shop, confectioners, beautician, hairdresser, bookshop, and health and wellbeing centre. Two of the apartments are now currently set aside for use as Air BnB.
- In addition to the Craft Village, Inner City Trust built Jefferson Court which is also located in Magazine Street. This consists of 25 units, comprising of a mixture of studio and one-bedroom flats. Jefferson Court is currently let and managed by First Housing who provide 24-hour support, 365 days of the year as well as assistance from trained support workers that help tenants learn the skills necessary to live independently. These workers also offer signposting to additional information on welfare benefits, education and training, and tailored advice around debt and money management.
- In addition to housing both sites also hand a training and employment dimensions linked to construction and maintenance. The Craft Village also enabled vocational training linked to the ACE (Action for Community Employment) scheme.
- In terms of delivery, ICT encountered no significant issues with land acquisition. Any potential issues were eased by the strong representation from the four main church leaders on their board of Trustees (The Church of Ireland, and the Methodist, Presbyterian, and

Catholic Church). They have relied on traditional bank finance, as well as European grants and US-based philanthropic investment.

- Wider social and economic conditions at the time meant that initial development costs were low, including access to labour that was largely made up of trainees.
- In addition to the two primary sites in the Craft Village and Jefferson Court, ICT also own and manage residential properties in Pump Street, London Street and Magazine Street, (9, 6 and 9 one-bed apartments respectively).
- Smartmove (a subsidiary of First Housing Aid & Support Services) are currently the property management agent for all the residential properties which currently house 145 tenants. The tenants are a mixture of social and private rented with social tenants selected from the NIHE waiting list. Jefferson Court has a focus on supporting those in social, health and housing stress aged 16–24, and tenants in this property are identified via social services.

7.7 Case study 7: BUILD Shankill

The BUILD project brought together the community, statutory organisations, the private sector, politicians, and academics to create a framework for housing investment and population growth in the greater Shankill. After decades of decline, the population of the area has been growing in a sustained way. Between 2012 and 2020 the population increased by 5.15% compared with an increase of 3.94% for Northern Ireland as a whole. But the housing waiting list is limited meaning that relatively few social houses have been built and there are viability challenges in recovering market price in the private sector. The BUILD project created a strategy to address such barriers and develop out the extensive range of sites and blighted property as a community led approach.

- The BUILD group mapped sites available for development across the Shankill and include site dimensions, planning history, constraints, potential for housing and information on ownership.
- Both the Housing Executive and DfC staff provided technical support, maps with precise data (on densities, constraints, and proposals) and guidance to the group in a genuine partnership approach.
- The analysis showed that there was 42.23 hectares available across 57 sites in the Greater Shankill area. This suggests that the Shankill can deliver 2,781 new units taking into account commitments on Housing Executive sites and mean density standards applying to different zones (corridor, inner-city, outer city) as set out in the draft Local Development Plan.
- It is estimated that these unit projections could support a population capacity of 5,590 people in the best estimate calculation.
- The strategy for development acknowledged different market conditions where a range of instruments and area-based interventions will be required to bring sites forward for development, including the potential for CLH.
- However, it was also recognised that the development of sites will require an integrated and long-term strategy involving the public, private and community sectors. There is a need for a programme of marketing, scheme design and clustering to build investor awareness and focus on particular sites. The work that has gone into the asset register

needs to continue with delivery monitored on a site-by-site basis to ensure that schemes comply with community demand in terms of size, mix, tenure structure and quality of design.

- The DfC *Building Successful Communities* strategy was welcomed by the group as was *Housing Development Grant (HUD)*. However, HUD was slow and cumbersome and there is a need to make it work more efficiently and to see it as a way of stimulating investment in CLH across Northern Ireland.
- The case shows the importance of a community approach to defining and mapping housing sites for development, partnership working across DfC and the Housing Executive and the need for coordination to deliver housing in a way that benefits local people. Such an approach to asset mapping, prioritising community schemes and the planned release of opportunity sites is a template for CLH in Northern Ireland.

8 Conclusions and implications

This section sets out the implications of the research for discussion within the Housing Executive and a range of stakeholders to create a more progressive enabling environment for community-led housing in Northern Ireland. It identifies the main strategic barriers and principles related to community housing, before raising a range of related issues that need to be addressed in taking forward support for the sector across the region.

8.1 Barriers and principles

The analysis set out a range of barriers to community-led housing and these need to be addressed and the strengths capitalised, in creating an effective enabling environment in Northern Ireland:

- The lack of a clear policy framework for the identification, development, support and management of community-led housing;
- The absence of community asset transfer and general disposal consent legislation that would enable sites to be used for CLH in an efficient and sustainable way;
- Weak skills across community and voluntary organisations interested in community housing as well as across the statutory sector, especially where access to land and property assets are vital for project development;
- A lack of both capital and revenue as well as grant and debt funding into the sector, linked to the need to access UK wide bespoke social finance for community-led housing; and
- A limited evidence base that captures the full economic, social and environmental impacts of schemes, especially for public sector investment (on grant aid, lending or using assets such as land and property).

Risk is also a barrier, especially in the context of Northern Ireland and the need to ensure that systems in land transfer and use; defining local catchment markets and waiting lists; housing management policies such as allocations and transfers; as well as in accountability, all emphasise the need for principles to underpin any agreed policy response. The research indicated that these include:

- *Transparency* in the use and management of resources where these involve government assets, grants and loans;
- Clear lines of *accountability* for financial, land and human resources expended by the government on community-led housing schemes;
- Commitment to *equality of opportunity* and compliance with the equality and good relations provisions of the Northern Ireland Act 1998;
- A commitment to addressing *social exclusion and poverty* in CLH opportunity across places, sectors and client groups; and
- Contributing to the achievement of the *highest environmental standards* and the creation of sustainable and lifetime homes and places.

8.2 Clarifying the scope and purpose of community led housing

Part of the issue with developing the sector is a lack of clarity over its scope and content and a clear, simple definition to market it in an accessible way to users, projects, the wider social enterprise and community sector as well as across government. This would, of course, need to be developed and agreed across the statutory and community sector, but the Cooperative Councils Innovation Network (CCIN, 2017, p.13) definition provides a useful starting point. They define CLH as ‘housing that is shaped, controlled and sometimes actually developed by local community organisations. Sometimes it involves developing new housing or bringing existing unused buildings back into use, and sometimes it is about devolving control of existing community organisations.’ The box below develops this to provide a description of the concept to guide policy and practice.

CLH is housing that is conceived, designed, built and managed by communities, often in partnership with the statutory, voluntary and private sector. Its essential characteristics are:

- Schemes respond to a priority defined by a local community or community of interest to meet their housing needs in a fair and sustainable way;
- The community is involved throughout the planning, delivery, management and where relevant, disposal of the scheme;
- Schemes that retain community ownership and management in order to address affordability barriers should be prioritised; and
- The financial, social and environmental value of CLH schemes benefit the local community in a direct and long-lasting way.

8.3 Community-Led Housing and affordability

The analysis shows that there are a number of schemes that promote low-cost home ownership and affordable options and these are of course, part of the supply across the CLH sector. CCIN (2017) distinguish between renting including social and affordable rent let at between Local Housing Allowance and 80% of market rent; intermediate housing including shared ownership and discounted sale (noting the legal problems with shared equity in Northern Ireland below); and market housing to say, increase options for downsizing. However, there is value in prioritising locally owned and managed schemes that provide a long-term affordable housing option, especially in areas facing distinct pressures and where there are sectoral opportunities to add to the supply of existing accommodation. These are set out below.

- *Affordable Housing.* Affordability affects a number of housing markets including both urban and rural areas and has intensified over time. The Housing Executive (NIHE, 2018) shows that housing affordability deteriorated during 2018 compared with 2015-17, exacerbated by house price increases, inflation and rising wages. This is especially the case where local people are often outpriced by extraneous pressures such as the way in which private renting, student accommodation and Airbnb impact on south Belfast or second homes in coastal locations.

- *Homelessness.* The supply of dedicated homeless accommodation, releasing blockages in the short-term system and enabling a more integrated approach to resettlement, requires significant investment and a range of bespoke area-based and scheme models. The Housing Executive's (NIHE, 2022) *draft Homelessness Strategy 2022-27* highlights the importance of voluntary sector provision and for local models for particular groups in community settings. However, it would be important to reflect on the impact and potential of community-led housing options, such as EBM, to extend the supply and tackle particular area- or group-based needs and demand.
- *Older people and group projects.* The Housing Executive's (NIHE, 2021) recent *Older People's Housing Strategy 2021/22-2025/26* emphasised the effects of an ageing population on where and how we live. Under theme 1 of the strategy (Planning for the future) the objective of *Exploring Housing Options for Older People* showed that there was an opportunity for specialist schemes including retirement villages. In research for the Housing Executive, FBA (2019) showed there was an appetite for co-housing, grouped schemes and shared equity models, although as noted below, shared equity in Northern Ireland land law restricts the potential of Community Land Trusts. However, community housing options for older people is an important sector to achieve the aims of the strategy, create a better fit between demand and supply and enable more effective and efficient care for older people who want to live independently.

A number of the case studies emphasise the importance of CLH in rural communities facing particular affordability challenges linked to house prices, land availability and the supply of social housing. Second home pressures, Airbnbs and home working have restricted supply and private renting remains limited, especially in the lower rental ranges. It is important to note that such an intervention would work best when integrated with other policy instruments. Initiatives including local lettings, restrictions on second homes (including tax), zoning out Airbnbs and the *Rural Burden* below would require an ambitious programme of regulation, legislation and finance. Practice in Scotland suggests that such instruments work and could offer a radical programme of reform for rural communities in Northern Ireland.

The Rural Burden is a title applied to a property or house plot which gives rural communities and community landowners the right of pre-emption and control of future sales when the property is to be sold. This title can only be created on rural land, generally in settlements of under 10,000 residents and is applied by a Rural Housing Body. The status of Rural Housing Body is prescribed by Scottish Ministers following an application made to the Civil Law and Legal System Division at the Scottish Government. The purpose of the Rural Housing Burden title is to maintain affordability on a property in the event of future sales. The plot the title is placed on has usually been acquired at below market value and the title ensures that the discount is included in the future sale price. The community have 42 days in which to accept the offer. If the burden is not exercised, it will lie dormant until the next sale, so it remains in the title in perpetuity. Rural Housing Burdens have helped to prevent stock from being sold off into the holiday home and second home market.

8.4 Encouraging supply

The community-led housing market is small at less than 1% of the UK supply. Estimating demand at a regional level would be difficult with any degree of validity and reliability. People might assert a preference for a different model of ownership (renting, co-owning, personal ownership and so on) but the analysis would suggest that the emphasis should be on encouraging supply in key areas and sectors where there are distinctive pressures and opportunities (as set out above). Clearly, there is a need, for public sector stakeholders to consider ways in which CLH could be strengthened and these include looking at strategic planning guidance to encourage Local Development Plans to consider identifying opportunities for assessing such supply. Local authority Community Plans could strengthen this localised approach by assessing the potential for such schemes across Council areas. CCIN (2017 p.42) show that there are a range of models for new build including: group-led schemes delivered by a local community themselves or together with a housing association; developer led schemes where the CLH component is subsidised by either as social or private developer; a design and build option where the CLH commissions construction but retains management functions after completion; and community self-build where members provide 'sweat equity' to build the unit and then pay rent on the remainder. This is not about selecting one model at the exclusion of others but encouraging a diversity of supply that meets local circumstances and addresses market failure, especially around affordability.

8.5 Community led housing and asset transfer

The analysis shows that the regulatory environment to promote CLH in Northern Ireland is weak in terms of asset transfer, social finance and technical support. However, DfC has recently led a new policy initiative on Community Wealth Building that aims to introduce legislation on *right to buy* and *right to challenge* assets as well as *General Disposal Consent*, similar to that in Britain. The aim is to enable statutory authorities to transfer land to community ownership at nil or nominal value. In Scotland, this approach has revitalised highland and island communities, repopulated even remote areas and provided a framework for regeneration in which affordable local housing has a central role to play. Transposing GB legislation to Northern Ireland as set out below, underscores the need for a range of Departments and agencies to work together to strengthen the enabling environment.

- In England, the *Localism Act (2011)* brought in a combination of rights – including the Community Right to Challenge, Community Right to Bid and Community Right to Build – that gave local authorities and community groups an interest in taking over a local service or facility that could be operated more effectively.
- The Community Right to Buy requires local authorities to maintain a list of assets of community value that groups and individuals may buy for a community use.
- A component of the regulatory context is General Disposal Consent, which gives public authorities permission to transfer public assets at less (often nil or nominal) than best value.
- The Community Right to Bid enables organisations to nominate an asset to be included on the 'list of assets of community value' which the local authority is required to maintain. If the owner assents and then wants to sell the asset, a six-month moratorium will be triggered during which the asset cannot be sold. This period gives community groups time

to develop a proposal and raise the required capital to bid for the property when it comes onto the open market at the end of the moratorium.

Source: Based on DTNI, 2022.

It was noted earlier that most CLH schemes in England are delivered via Community Land Trusts and that there are problems with such entities in Northern Ireland. There are specific problems in structuring common land using a freehold lease; long leases are not allowable beyond 50 years; and the definition of an 'equity sharing' lease makes it difficult to secure collective ownership of land and property in the interest of the trust. These work especially well in rural areas where land and the potential to retain its ownership for local housing, is a key asset in regeneration. A review of the potential of asset transfer could be broadened to explore how land and property law could be reformed to enable more efficient modes of CLH.

8.6 Financing Community-led housing

It is important to distinguish between the different needs, types and sources of money to start, incubate, scale and sustain community-led housing. The analysis of projects in Northern Ireland, shows that finance is required across the life cycle of the scheme. This includes in broad terms:

- a. Feasibility including understanding the market, level of interest, the availability of land and buildings, formation of an interest group (and member community) and basic financial analysis;
- b. Developmental costs that would only be used where the feasibility demonstrates some level of viability and includes resources for a business case/economic appraisal, legal advice; governance processes including establishing a company; site survey and analysis including contamination; planning and architectural services and risk analysis;
- c. Implementation includes capital costs for land or property purchase, assembly costs, construction and fitout. Clearly, this is critical to CLH and as noted in the analysis is a point of market failure, particularly in rural areas where sites and property are often limited; and
- d. Revenue costs including staffing and systems, routine maintenance and insurance, especially during the critical start-up phase before a full rental or sales return can be realised.

CAF Venturesome is a UK wide social lender and have developed a range of products that map on to the development stages of a CLH scheme. This involves a mix of packages including blended (loan and grant) funds, technical assistance, and more complex debt products to social enterprises. Between 2002 and 2021, they funded 583 investments, although only one project was in Northern Ireland. Their *Community Led Housing Fund* offers loans and grants from £20,000 to £400,000+ to build affordable homes in the community. This takes a staged development approach, matching the finance with technical support at each part of the process:

- a. Pre-development: loan finance of up to £150,000, with up to £50,000 additional grant support; standby facilities of up to £150,000 to raise community shares or act as a bridging loan;
- b. Build stage: as junior lender loan finance of up to £400,000 for construction costs (second charge after senior lender);
- c. Land purchase (pre-build stage): a pilot land purchase facility of up to £400,000. Unsecured loan, with up to £100,000 grant support (grant repayable if the scheme does not progress); and
- d. Live stage: standby facilities / bridging loans of up to £100,000 (CAF Venturesome, 2018).

Archer et al. (2019) reviewed funding options for *Community Land Trusts* in the UK, focusing on community housing. The CLT Fund has provided £4.4m of pre-development and development finance since 2008, including 57 investments in CLT housing schemes, which has in turn constructed 105 units (with an additional 419 in the pipeline). The loans are made at risk and only repaid when a project starts on site. A total of 80% have been repaid back into the revolving funds, and write-offs at 13% are lower than the 16% expected. It is therefore important that legal (land reform and asset transfer) works together with financial support for CLH, especially in more complex rural markets where supply is fragmented and barriers to development (infrastructure costs) are higher. The EBM case study also showed the importance of UK wide finance and *revenue-based funding* models. Commonwealth Housing used social investment to buy properties to support an innovative project for formerly homeless people. They offer a low interest loan (2%-3%) for capital work and repayment based on rental return, which could have significant effects on supply problems (blockages in hostels for example) in the homeless sector.

The social finance marketplace in Northern Ireland is not competitive on the cost of lending compared with the rest of the UK. The SOA Research (2021a, pp.25-27) shows that the German state investment bank supports cooperative equity payments of up to €50,000 at 0.75% for 20 years, with the option of a three-year repayment holiday. The *Munich Model* enables middle income households with a loan between 0.5%-1.0% for cooperative housing on state owned land, at a uniform price and with rent restrictions and limits on market sales. It was noted that the Credit Unions have potential to further extend lending into the sector but the competitiveness of rates needs to be addressed across suppliers. The SOA Research (2021a) review in Ireland also emphasised the need to strengthen the social finance market to support both supply and demand. The recommendations apply equally to Northern Ireland and are set out below:

- Empower credit unions to lend to CLH, via a Special Purpose Fund;
- Address barriers to lending to cooperatives with commercial banks and other lenders;
- Establish a low interest loan product for sustainable development;
- Modelled on the KfW in Germany or on Ireland's *Irish Strategic Investment Fund* for SMEs an investment bank for community housing; and
- Inclusion of CLH in capital funding schemes for social and affordable housing.

There are also short-term opportunities to strengthen capital and revenue finance by making better use of existing instruments including FTC and the Community Ownership Fund. As noted, the credit union sector is a significant area of investment potential, particularly for rural

communities. The Irish League of Credit Unions (ILCU, 2022) argued for regulatory reform so that it invests in social housing as well as the community housing market. They estimate that approximately £100 million could be used to support social projects that include housing but this requires a change in capital rules on the scope and volume of lending beyond the personal market. There is also a need to maximise the potential of Social and Community Investment Tax Relief as well as community shares and bonds. Leeds Community Homes is a community benefit organisation aiming to deliver 1,000 houses in the city over ten years. They have raised £360,000 through a community share issue to purchase the first 16 units and in Northern Ireland, Cooperative Alternatives has led in the design and delivery of community shares, provides detailed technical support and works intensively with a range of groups to set up, sustain and manage schemes.

Initiatives that support social enterprises are also important and the Housing Executive has developed its own *Social Enterprise Strategy* that could be aligned more closely with community housing. This shows that every £1 invested in the previous strategy (£1.4m between 2015-18) created a social return on investment of £4.97 that include a value of £4.19 to the individual and £4.52 to the person. The strategy helped to create 39 new social enterprises; 115 jobs; 37 full-time; and 94 part-time jobs. It also supported 100 existing jobs as well as 940 volunteers (NIHE, 2020, p.25). The potential, for example, to support social enterprises to pool and deliver services in rural areas such as transport, loneliness interventions and social care would be important in underpinning CLH across more isolated communities.

8.7 Developing technical assistance

The analysis shows that finance and the skills to use it need to work together. Investment readiness is a challenge for projects dealing with a mix of grant and loans, the need to maintain revenue finance and how to sustain income streams. Capacity building is critical and the priorities for community housing include:

- Project management from conception through to design and build, disposal and implementation;
- Property management including site identification, purchase/transfer as well as sale and disposal;
- Land use planning including site analysis, density standards, constraints and scheme layout and design, especially in rural areas with stricter development control designations;
- Financial planning such as cost and revenue analysis, economic appraisal and feasibility analysis;
- Legal implications of site purchase, construction, insurance, ownership and management;
- Governance of the project in design and implementation as well as in management and delivery, understanding and mitigating risk, community participation and keeping tenants onboard and reporting social impacts to stakeholders;
- Housing management systems and policies around allocations, transfers, rents, arrears and tenancy conditions;
- Utilities management, maintenance and depreciation.

Technical assistance should not just be about courses and guidance, but rather should aim to support specific projects to develop from concept, to works completion and on to sustainable management. *Firstport* in Scotland offer an integrated developmental and finance product that helps social enterprises to scale their ideas in a viable way including community housing providers. This includes an accelerator model, *LaunchMe* below (Firstport, 2018) that has a focus on the viability of the project rather than general skills and is an approach missing from the Northern Ireland marketplace in general and housing specifically.

Stage 1 FindMe: Application phase:

Marketing and inspiration to attract entrepreneurs.

Stage 2 ConnectMe: Investment readiness phase:

Intensive business support and introduction to potential investors; pitching for match funding.

Stage 3 ChooseMe Selection phase:

Applicants assessed and selected, group pitch to Expert Panel.

Stage 4 LaunchMe Growth phase:

Business mentoring, performance management and implementation of project.

However, there are also local programmes that could be used more effectively to support community led projects, especially in start-up and consolidation phase. For example, DfC (2016) developed a toolkit to stimulate awareness of social finance and investment in the voluntary and community sector/social enterprise sector; help Third Sector Organisations (TSOs) assess their current investment readiness; and drive demand among TSOs for social finance. Similarly, IREAD (Investment Readiness Enterprise Assessment Diagnostic) is a specific example of business support to development trusts to strengthen their investment and contract readiness. Developed by DTNI, it is especially important because it focuses on social enterprises with land and property assets, including community housing projects, and supports development trusts to strengthen their enterprise focus and loan readiness.

It is also important to skill up the statutory sector in using their assets for community housing and to understand the multiple value that can be created from such schemes, the importance of genuine partnership, how to identify and mitigate risks and to support scheme delivery (financially, skills and with land and property assets). The Community Led Homes Toolkit is aimed at local authorities in Britain but provides a starting point for a range of statutory agencies with a key role in growing the sector.

8.8 Measuring impact and return on investment

The Housing Executive has already used SROI methods (above) and again, there are a range of toolkits and online systems to enable emergent and completed CLH projects to think about their social value. This is a different type of initiative whether for sale or rent, but one that has different reporting needs, especially given the mix of investors (grant, loan, resources, land and property transfers); beneficiaries and users and governance bodies. The impact of the investment on regeneration, access to housing; stability of housing markets; addressing population decline or strengthening growth in rural areas; the mental, and physical health of participants and their economic mobility all need to be recorded validly and reliably. Investors also need to agree metrics and how the cumulative effects of the scheme can be fully accounted

for, but again, there are existing analytical tools that are applicable to community housing and rural development in Northern Ireland:

- The Rural Community Network Social Value Engine is applicable to a wide range of community development projects to assess the social return of each £1 invested and they make clear its multiple uses, especially in the context of rural housing. For groups it demonstrates accountability and for the public, it creates confidence in the use of taxpayers' money. Similarly, investors and government funders specifically, can measure the leverage they create while for users, such as tenants, they can understand how effectively services are being delivered.
- The Social Impact Measurement System (SIMS) is an online tool managed by DTNI, that enables groups to assess the social value of an asset transfer proposal or project. This is especially important for asset holding social enterprises, including CLH schemes, but the tool emphasises the need to ensure that estimates of value are accurate and can be trusted by a range of stakeholders.
- A key outcome of community housing is to keep as much money in the locality as possible. Local Multiplier 3 (LM3) was developed by the New Economics Foundation (NEF, 2008) as a way of measuring the local economic impact of a social enterprise, service or projects, such as CLH. It is designed to help communities and social enterprises think about local money flows and how their organisation can improve its economic impact as well services on users, including tenants and buyers.

8.9 Understanding risks

There are, of course, risks in community-led housing, not least given the politics of Northern Ireland, levels of segregation and enduring territoriality across both urban and rural areas. It should be emphasised that an asset-lock can be inserted to ensure that schemes remain community focused and affordable, where they use public land and finance. Profits need to be retained by the CLH company; assets cannot be disposed of outside the company; and clawback provisions can be placed on grant investment. Robust systems that are monitored (if government are to take forward specific support in community housing) would need transparent policies on waiting lists, the nature of the beneficiary community; definition of the 'local' catchment or allocation area; allocation and transfers, rent levels, tenant responsibilities and so on. It was noted that these have been developed by Community Led Homes although until such times as there is a government lead, the responsibility for planning, monitoring and enforcing such systems remains speculative.

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