

## **Meeting with the Minister for Housing and Local Government, 30<sup>th</sup> September 2019**

### **Paper by DTA Wales, PLANED and Wales Co-operative Centre**

#### **Innovative Models of Community Housing in Wales**

##### **Background**

It is well known and widely reported that the current Housing Market with Wales and the wider UK is failing. As a nation, we are building less than half the homes we need just to keep up with the new households forming each year. Private rents are soaring in many parts of the country and house prices are continuing to rise. Land prices and the culture of land banking over many decades to control the availability of land for housing development have also had an impact. At the same time in other parts of the UK there are whole neighbourhoods blighted by empty properties, divestment and failed regeneration initiatives. All of these factors have pushed home ownership beyond the means of many people.

However, as part of the wider Foundational Economy, housing is not only a vital and fundamental part of people's every day lives but it directly contributes to economic prosperity of people, and to their health and wellbeing.

Welsh Government has made a commitment to build 20,000 new homes during the lifetime of the Government and is very supportive of co-operative and community led housing, and of co-operation in general. The First Minister's 2018 manifesto sets out visions to use more asset-based approaches, which focusses on building strengths of a community, rather than focus on the problem issues. He also calls for a more democratic Wales and wants to establish more community owned enterprises, and calls on the government and business to be more co-operative, while making a firm commitment to stepping up efforts to promote co-operative provision in social care.

##### **Innovative Solutions**

Co-operative and Community Led Housing (CCLH) offers communities, society, Government, and ultimately the people of Wales alternatives to the traditional, broken housing market. It is part of the solution to a complex problem, rather than a panacea for all the current housing issues we face, but undoubtedly it is an area which has been underestimated and overlooked, within Wales and the UK for many years, unlike other European countries. Not only can CCLH contribute towards addressing issues of housing need, affordability, and lack of supply, it can also help tackle issues regarding the quality of housing, the cost of living, community empowerment, ownership and control, creating local jobs, supporting local economic development and improving people's health and wellbeing.

The tide is starting to turn with national support organisations such as the Confederation of Co-operative Housing (CCH), Co Housing Network, National Community Land Trust (CLT) Network, the Co-operative Councils Innovation Network (CCIN) working hard on a UK level to increase the awareness of and opportunity for communities to explore innovative models of housing. Significant support is now being levered in other parts of the UK to make this happen.

Co-operative and Community Led Housing (CCLH) meet a range of needs in an inclusive way:

- for people on different income levels
- for particular groups of people

- for different tenures (renting, owning or asset sharing)
- for building new homes or buying and adapting existing residential or other buildings.

However, developing housing schemes takes time. People involved may have to devote several years from the initial idea of a scheme to when people move into new homes. It doesn't have to be a Herculean effort though. With Planners, funders, communities and landowners all taking a proactive position on CCLH and working together, it can be a real choice for many people who cannot afford to own a decent home, such is the current housing crisis.

The rewards for those who have made that effort are high. People who have been involved in developing new CCLH rarely regret it. This is evident from early findings of the CCLH Wellbeing research being launched by WCC in November. For many residents this can make the difference between staying in the communities they have lived for many years or having to move away. Providing mutual support and shared facilities can reduce social isolation and improve wellbeing.

A Social Return on Investment (SROI) study demonstrated that volunteers, who had received training to build CCLH stayed in work and stayed in the homes they had built, delivered £5 of social value for every £1 invested in the scheme. (Canopy, Leeds;

<https://www.ehnetwork.org.uk/newsitem/canopy-report-reveals-the-benefits-empty-homes-project>)

There are fantastic new CCLH schemes being developed all over the UK. See Appendix A with a range of relevant case studies.

CCLH is a general term which encompasses many solutions and approaches. So although we talk collectively about CCLH, it is important to understand that it can take several forms and covers all tenures, including housing co-operatives, community land trusts (CLTs), tenant management organisations (TMOs), co housing, community led self-build schemes and self-help housing groups who renew empty homes. CCLH involves local people in playing a leading and ongoing role in solving local housing problems, creating genuinely affordable homes and stronger communities. It can involve building new homes, returning empty homes to use or managing existing homes.

It can also take a range of approaches from a very strong grassroots led model where a group of people come together to make a scheme happen; to an existing organisation (such as housing co-operative or a development trust) developing a scheme; or a third model, called a "top down, bottom up approach" where a Local Authority or a Housing Association leads on setting up a scheme and recruits founder members to form a community around the scheme as the homes are developed.

These different approaches can sometimes overlap.

However within CCLH, several core principles will occur:

1. Meaningful community engagement and consent occurs throughout the process, not necessarily initiating, managing the development process, or build the homes themselves (though some may)
2. The local community group or organisation owns, manages or stewards the homes in a manner of their choosing
3. The benefits of the scheme to the local area and / or specified community group are clearly defined and legally protected in perpetuity e.g. through an asset lock.

**See Appendix A for case studies of different types and approaches of CCLH.**

### **Opportunities for Growth of CCLH within Wales**

Despite the case studies above, within Wales, until now take up has been slower and the focus has mainly been on one approach; namely the development of housing co-operatives, using the “top down, bottom up approach”. The Welsh Government introduced the Co-operative Housing Project in 2012 which supported the development of a number of schemes and renewed support for this scheme in 2016. This provided flexible revenue funding to develop co-operative housing schemes through the Wales Co-operative Centre and capital funding through its mainstream programmes. The Nationwide Foundation has also supported aspects of this project since 2014.

The project provided support and advice to groups and organisations across Wales to stimulate the co-operative housing sector, in turn creating more affordable homes, for people in need. In its first seven years it has helped to develop and renovate 137 affordable homes, upskill over 250 people in co-operative principles and has worked to raise awareness of co-operative housing in Wales.

Although the project supported a range of CCLH schemes, it's 3 “pioneer schemes” were all hosted by a housing association and accessed social housing grant via the Welsh Government. These pioneer projects were Home Farm Village Housing Co-operative, Old Oak Housing Co-operative, and Loftus Village Association Housing Co-operative.

In West Wales, the regional Development Trust, PLANED takes a community led approach to rural development. Based on an identified local need in 2016 PLANED secured EU Leader funding to explore a pilot within Pembrokeshire focusing on the exploration and development of community land trusts. Community Land Trusts (CLTs) are another form of community led housing, set up and run by community groups and local neighbourhood groups to help solve housing problems in their local area. These community led initiatives develop and manage homes as well as other community owned assets (such as local shops and post offices). The development of the Pembrokeshire CLT pilot has received financial support through the Wales Co-operative Centre's CCLH programme. This support has brought in expert knowledge and advice from Wessex CLT.

CLTs act as long term stewards of housing, ensuring that it remains genuinely affordable, based on what people actually earn in their area, not just for now, but for every future occupier. There are now over 225 Community Land Trusts in England and Wales, half of which have formed in the last few years, and the model promoted in Pembrokeshire by PLANED, takes the best of what has already been delivered elsewhere, and is made bespoke to the needs of communities within Pembrokeshire. This includes working not only with the community groups, but also by promoting the benefits to local developers and land owners, in order to promote the transparency and gain wide ranging support.

In April 2019, the Nationwide Foundation and Welsh Government have demonstrated their commitment again by investing in a further programme of support for the Co-operative and Community Led home sector. A 3 year revenue support programme, called **Communities Creating Homes**, commenced in April 2019 and will run for 3 years, which aims to help the Co-operative/Community Led Housing (CCLH) sector in Wales to build capacity, scale and sustainability. The Wales Co-operative Centre are leading the 3 year programme, and have partnered with the Development Trusts Association Wales (DTA Wales) to deliver the early stage support “Explore” stage.

One of the most positive aspects of this new initiative is that it will support all types and approaches of CCLH. There will be a much stronger bottom-up drive to enable the CCLH movement in Wales to develop and thrive, creating more affordable housing for people in need. Therefore, the new programme will be accessible to groups, regardless of size, tenure and equity, and through all stages of development and operation. We will also support groups looking to bring empty properties back into use, and de-regulated housing providers who may benefit from moving into CCLH models. The new programme adds to the work already done in Pembrokeshire by PLANED, by further supporting the first 4 emerging community land trusts to move ahead, incorporate, secure their sites, and implement their business models.

### **Clearing the path for Co-operative and Community Led Housing to scale up**

In addition to the roll out of the revenue support under the new Communities Creating Homes programme until 2021, we feel there is potential and the need to scale-up and mainstream CCLH activities, in order for Wales to maximise the opportunities to create a thriving co-operative and community led housing sector that would also make a huge contribution to affordable housing, community wellbeing, and the foundational economy in a time of inequality, with fractured-lines and breakdown in social cohesion across our communities.

The key barriers faced by those seeking to develop CCLH solutions are:

- Access to affordable land and/or property
- Gaining planning approval and consents
- Accessing finance, particularly capital
- Skills, knowledge and capacity to develop and sustain CCLH solutions in the future

### **Access to land / property**

The time to find and acquire a suitable site, undertake outline viability work, start to secure and interest in the site and to raise the finance to develop a scheme can take several years.

We believe more could be done via Community Asset Transfer to help communities and Public Service Boards identify and secure sites for potential CCLH schemes. More productive use could be made of underutilised land and buildings owned by public (and private) sectors, with social investment/corporate social investment promoted as part of the CCLH movement.

Adopting a community rights framework which would also include using Community Asset Transfer for CCLH or using current disposal legislation more widely would partly address this land availability issue.

### **Gaining Planning Approval**

The lack of capacity within Planning teams, the increasing likelihood of having to pay fees to speak to a Planning Officer in the early stages of a scheme's development, and the lack of understanding/appreciation of the range of CCLH models, their benefits and the availability of communities to create housing solutions for themselves, all contribute to the slow progress in Wales of the CLH solution.

We would welcome the opportunity to meet with planners from Welsh Government and Local Authorities to promote the benefits of CCLH to the planning process and to seek feedback on draft “simple” guidance notes to help CCLH groups navigate the system.

### **Accessing Finance**

We appreciate that the Welsh Government provides some capital funding for the development of affordable rented housing and low-cost home ownership (LCHO) products, and is further exploring its loan investment funding programmes to enable funding to go further.

However new grassroots organisations and community led organisations, with no prior track record in housing, struggle to access funding for this reason or because they do not fit into the lenders criteria.

We believe Section 106 funds could additionally be used to provide much needed capital to the community sector to kick start a CCLH solution, something which is not currently taking place in Wales but has worked elsewhere in the UK, for instance Leeds Community Homes.

Another underused resource is Prudential Borrowing through the Public Works Loan Board Fund. This proved successful for Merthyr Valleys Homes when developing the Taf Fechan Housing Co-op. Accessing longer term funding at lower interest rates made this scheme viable.

Financial Transaction Capital Funding is used to assist the development of affordable housing in different ways including Help to Buy, and, Wales Stalled Site Fund. A scoping exercise could be undertaken on the viability of making this funding available to the CCLH sector.

### **Skills, knowledge and capacity**

Some areas of Wales have benefitted from dedicated support for particular types of CCLH, which could be expanded and built upon. PLANED in Pembrokeshire has developed a depth of understanding in terms of community land trusts working with partners in Wales and England, whilst Powys County Council (via WCC) have appointed a Cohousing Officer to explore how this model of housing can support both ageing and intergenerational populations in rural communities. In addition to this WCC are recognised as the Expert Hub in Wales, and as part of the “Communities Creating Homes” programme will be further developing regional CLH networks so that this expertise is shared more effectively and widely across Wales and the UK, and so that the learning is disseminated and transferred from one community to another enabling CCLH to develop more quickly and effectively.

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