

GUIDE FOR HOUSING PROMOTERS TO SUPPORT OPPORTUNITIES FOR COMMUNITY-LED HOUSING – WEST ESSEX & EAST HERTS SHMA



Illustration from LILAC.

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Considerations for community-led housing
projects for strategic sites, West Essex & East
Herts SHMA Group

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How to use this 'Guide'

The detail set out below is to enable negotiations to be undertaken for the potential development of community-led housing projects within strategic sites across the West Essex & East Herts Strategic Housing Market Area, especially within the Harlow & Gilston Garden Town initiative and other sites being considered for 'garden communities'.

This information is set out in a sequential format to assist housing developers and site promoters to understand the context of local requirements to incorporate community-led housing proposals within the build out activities of strategic sites and to understand what different practical 'scenarios' could involve.

The Guide therefore:

- (a) summarises the key planning policy position within the West Essex & East Herts Strategic Housing Market Area;
- (b) notes how Briefs for the 'masterplanning' of strategic and Garden Town sites will refine specific policy requirements and connections for the delivery of community-led housing projects and opportunities;
- (c) notes the 'additionality' from community-led housing delivery that can be attractive to housing promoters and developers;
- (d) provides an indicative overview of community-led options for land and property development
- (e) outlines a number of example scenarios for the actual take-up of community-led projects
- (f) provides other background information within suitable appendices.

1. SHMA policies for the Garden Town area and 'garden communities'

1.1 At the time of writing, Local Plans in the West Essex and East Herts Strategic Housing Market Area are at different stages of completion and adoption. In Table One below, a summary of the policy positions of the Local Planning Authorities is set out in regards to density, affordable housing delivery and management, and self-build and custom housebuilding.

TABLE ONE - 2018 Summary of Local Plan policy positions : West Essex / East Herts SHMA

Requirements for @2 acres (0.80936 Ha)	East Herts	Epping	Harlow	Uttlesford
Local Plan ave. densities/acre	(HOU2) 'density informed by the character of the local area'	(SP3) 50 per hectare (towns); 30-50 hectare (villages)	(H2) Character of the locality. Justified in supporting text.	Large towns 35-60 hectare; 30-50 hectare elsewhere
Affordable housing %	'up to' 35%' (sites under 10, and 11-14); 'up to' 40%' (sites 15+ / 0.5 hectare); 84% Afford Rent; 16% Intermediate	(H2)40% (sites on 11+) : size / mix as per market housing	(H8) Provide at least 30% Affordable Housing on major developments (10 dwellings or more). Reduction requires viability assessment for justification	40% on sites 11+; 2-3 beds; 70% afford or social rent / 30% Shared Ownership or intermediate
Affordable Housing management	Registered Providers (RPs)	RP, unless otherwise agreed	Normally by Registered Providers	Preferred RPs
Exemption sites	AH 'in perpetuity'; could be small % market housing	AH; could be small % market housing if viability requires		AH; minimal % of market housing, if viability requires
Price (£) of each plot for Affordable Housing	Site specific negotiations	Site specific negotiations	Site specific negotiations	Site specific negotiations
Self-build / Custom-build	1% of plots on sites >200; need as per SB Register	No specific %; 'Provision should be made...' (SP4)	(H9) 5% of developments >50	Proposals for SB/CB housing 'will be supported'
Other policies	'Starter Homes' % to be negotiated if the tenure is included by legislation.		(H6) CLH Supported on appropriate sites	'supports the development of CLTs' (para. 4.30)

Status of Plan-making varies for each LA, at the date of publication of this Guide. Check latest online.

1.2 No policy position have yet been developed for the costing of 'plots' to facilitate individual self-build

or custom-build development.

2. The ‘masterplanning’ of community-led housing within strategic sites, the Harlow and Gilston Garden Town and other garden communities

2.1 Each of the four councils working as part of the CLH Steering Group have developed, or have emerging policies for strategic sites to include a masterplanning-led approach. For example, DES1 Masterplanning, in the East Herts DC Main Modifications consultation document, and Epping Forest District Council’s submission Local Plan (SP3 H (i), (ii) and (iii)), extracted in Appendix 2). Through these masterplanning approaches, there are significant opportunities to introduce community-led housing solutions within a requirement to deliver a mixture of tenures for new dwellings, community empowerment and long-term stewardship of assets.

2.2 The planning policies will establish the principle, and the Brief for the masterplanning of each site will need to include specific references to searching out and applying the best practice for community empowerment through the design process and the formulation of the delivery strategy. This is not ‘business as usual’, as it requires a bottom-up collaborative approach. The Brief will need to make clear that community-led housing will need to be incorporated, and which meets all the Common Principles for community-led housing set out in Appendix 1.

“Having the community at the forefront of a new scheme can give it much more local support and reduces the risk of failing at the planning hurdle. Once built, CLH tends to provide a more stable and supportive environment – a place that is efficient and well looked after because everyone who lives there is invested in its success.”

2.3 Planning policies which include a framework for Councils and site promoters working together and embedding community and stakeholder empowerment will provide a basis for introducing new delivery mechanisms for housing delivery. Examples of such policy positions have been provided in Appendix Two. These explain that in the case of Garden Town principles, there is the need for the public sector to work collaboratively with the site promoters, and for long-term community engagement strategies to actively include for community and stakeholder empowerment to be embedded in design and delivery.

2.4 Some lenders (such as pension funds) are interested in investing in long-term returns from secure rental property at low yields, and are looking at community-led housing as this secure rental sector. Local authorities can also use their General Fund Public Works Loan Board borrowing capacity, lending to CLH bodies at a blended rate between a ‘social benefit’ rate, and a market rate. This generates a revenue return to the local authority, from both projected ongoing saving in outgoings for homelessness provision, combined with a margin uplift between the PWLB interest rate and the on-lending rate to the CLH organisation.

2.5 Each local authority will be entering into negotiations with strategic site promoters and developers, and will want to explain the benefits of promoting community-led housing, in order to incentivise its delivery. The Garden Town Project Director may also be tasked to participate in these negotiations (See Appendix 5 for a table of answers to ‘Frequently Asked Questions’ from site promoters.).

¹ http://www.ccinhousing.co.uk/wp-content/uploads/2018/01/Community_Led_housing_Report_2017.pdf

2.6 The provision of community-led housing opportunities will demonstrate:

- The mix of dwelling types and ownership tenures should be essentially the same as in policy;
- Some community-led housing will be in the market housing arena, not 'Affordable Housing' as described in the NPPF, and will be bespoke instead of speculative in nature;
- There are trade-offs to be made, such as the long-term stewardship of community-led housing siting with the residents and the community (who may not currently be Registered as a provider of Social Housing);
- Community led housing options are likely to be in addition to Housing Associations as the LA preferred housing provider, purchasing 'planning obligations' which have been built out by the developer, not in competition with them;
- In most cases, the price paid for land for community-led housing will be at no additional cost – i.e. the price for the land being no different from the price of any land which is fully policy compliant (see appendix 4, for an income and expenditure viability explanation);
- Some CLH options could require the local authority to put some resources in at an early stage of the project, especially if a transfer of land is to be arranged from a developer, but in such instances funding from MHCLG through the Community Housing Fund could be secured.

3. 'Additionality' delivered by community-led housing

3.1 The decision to promote community-led housing will be led by the local authority as part of their leadership in place-shaping. The approach proposed will be breaking new ground for many site promoters and developers.

3.2 Leadership from the local authorities will be required to show the benefits which community-led housing delivery approaches can bring to landowners and site promoters. These are likely to include the following benefits:

- faster progress through the planning system, as a result of greater community support;
- 'pre-sales' of land parcels with fixed land prices, marketed specifically to CLH groups keen to build a variety of homes and neighbourhoods for between 25-300 homes and associated facilities;
- an alternative market for land, which are currently not a part of traditional housebuilders market group – tapping into the 80% of the population who do not currently see themselves purchasing a new home from these existing providers;
- 'downsizers' - households looking to move into suitable smaller homes, when they no longer have dependents living with them are more likely to be attracted to homes which they have had a part in designing, to their own requirements (Cohousing can be particularly attractive, as they look to the future for mutual support, and certainty in delivery timescales).
- the ability of community-led housing approaches to see potential opportunities in land, which might have been missed by traditional housing providers;
- the ability of community-led housing approaches to deliver high levels of sustainability, and potentially a lower parking provision;
- the ability of CLH to inject new forms of investment (e.g. personal wealth and group mortgages) to

cross-fund non-standard affordable housing products from ‘market housing’ ;

- pre-planning engagement with the planning authority and community, to build trust and explore opportunities which deliver benefits for local community;
- the willingness to deliver policy-compliant affordable housing to meet local planning obligations, and to be in accordance with NPPF;
- the willingness to meet other local policy requirements within the development, e.g. public realm; green infrastructure (community growing spaces).

4. An overview of community-led housing ‘options’ for land and property development

4.1 An overview is summarized in Table Two of six types of community-led housing approaches - including individual self-build development - and of their typical tenures, land acquisition, sources of finance and likely governance / stewardship arrangements.

TABLE TWO - OVERVIEW OF COMMUNITY-LED HOUSING OPTIONS FOR LAND AND FINANCE

Types:	Tenure choices/ policy position	Usual basis for land cost	Typical Sources of finance – for development and long-term	Likely governance & stewardship
A. Individual Self-build	1. Market sale. 2. Low-cost AH ownership	Plot as % of residential land value per acre	Individual mortgages	None - individual freehold properties
B. Group self-build	1. Sale 2. Affordable rent / ownership	1, As A above 2. Group plot part-valued by LA ‘AH policy’	1. As A above 2. Development loan, then sale receipts / rental revenue	1. Individual freeholds 2. Collective ownership of freehold + rent / leasehold
C. Custom build	1. Sale 2. Affordable rent / ownership	1, As A above 2. Group plot part-valued by LA ‘AH policy’	1. As A above 2. Development loan, then sale receipts / rental revenue	1. Individual freeholds 2. Collective freehold - Separate rent / leasehold
D. Community Trust	1. Affordable rent 2. Low-cost ownership 3. market	1. Plot valued by LA ‘AH policy’ 2. ‘Exemption’ policy value	1. Development loan / ‘Grant’ 2. Sale receipts / rental revenue	Collective freehold Separate rent / leasehold

	rent/ownership	3. Gifted		
E. Co-operative	Usually for rent	1. Plot valued by LA 'AH policy' 2. 'Exemption' policy value	1. Development loan / 'Grant' 2. Sale receipts / rental revenue	1. Collective freehold + rent 2. Collective stewardship + rent
F. Cohousing	1. Sale 2. Mixed tenure	1, As A above 2. Group plot part-valued by LA 'AH policy'	1. As A above 2. Development loan, then sale receipts / rental revenue	Collective freehold + rent / leasehold
G. Self-help rehabilitation	Usually for rent	1. Lease property 2. CPO'd unit	Development loan + rental revenue	Collective stewardship + rent

4.2 The types of community-led housing in Table Two are not mutually exclusive, and a number of different kinds of community-led project could be subsequently developed within a single strategic site.

5. Scenarios for community-led housing within West Essex & East Herts SHMA

5.1 The following scenarios describe the potential ways in which various community-led housing projects could be delivered against local requirements, and through pro-active work of the public sector.

5.2 There are four project scenarios which are structured against four headings:

- Governance
- Land and buildings (type of ownership and control)
- Finance
- Construction and Design

5.3 The scenarios describe potential ways in which community-led housing can be 'cost-neutral' to the site promoters of strategic sites, when compared to traditional ways of delivering policy compliant large scale development, including affordable housing and other planning obligations.

5.4 The scenarios as set out, use typical density figures *for modelling purposes only*. Note that this is the upper end of the density range that can be exemplified within the submitted text of Local Plans in the SHMA area.

5.5 It is likely that some of the community-led schemes will want to increase the intensity of occupation, in which case there will be more dwellings per acre. For example, a senior cohousing scheme will often be made up of mainly 2bed homes (although to encourage 'downsizing' these will often be approx. 100m²). CLH schemes can share garden and community growing spaces, to encourage mutual support and the

building of social capital. Some will restrict car ownership through car sharing, or keep parking to the perimeter of their scheme, requiring less parking space. So, the same number of dwellings may require smaller sites, or more dwellings may be accommodated on the same one acre site area. Density² should also be considered in terms habitable rooms, number of bedrooms, number of bedspaces and also the site coverage ratio.

5.6 Some CLH schemes may want to explore greater sharing of communal spaces, such as laundries, cooking and recreation spaces. Recently developed co-operative schemes in Zurich such as the cooperative building society mehr als wohnen (More than Living), are using an average personal space requirement of 35m² for single person accommodation, with much more shared communal space in clusters, as well as general public realm, at their Hunziker-Areal³ development.

5.7 The key recommendation would be for at least part of such CLH provision to be within the masterplanning requirements for neighbourhood centres. In circumstances where CLH is being promoted to include a sharing of space and other facilities, such communal space that can also be accessible for the general public can form part of a wider public realm strategy desired to be located near to local facilities.

² Draft New London Plan, Chapter 3 – Design, Policy D6 Optimising housing density:

B. The following measures of density should be provided for all planning applications that include new residential units:
(1) number of units per hectare; (2) number of habitable rooms per hectare; (3) number of bedrooms per hectare, and (4) number of bedspaces per hectare.

C. The following additional measures should be provided for all major planning applications :

(1) the Floor Area Ratio and (2) the Site Coverage Ratio (Gross External Area of ground floors /site area)

These built form and massing measures should be considered in relation to the surrounding context to help inform the optimum density of a development.

³ <https://www.mehralswohnen.ch/dokumente/>

(6) SCENARIO 1 - A COMMUNAL NEIGHBOURHOOD FOR SENIOR HOUSEHOLDS

1.1. 12-40 adults in approximately 25-40 households.

SUMMARY DESCRIPTION	
Governance:	
Who is involved in decision-making?	The group, usually forms as a single legal body - constituted as a company limited by guarantee; or a community benefit society; or a community interest company
How can other stakeholders influence decisions?	Generally, the group will work for themselves, influenced by planning policies If the scheme is to provide a % of 'affordable housing' there will be agreements to reach with the local authority.
Potential type of CLH scheme	This could be planned on the basis of being a cohousing neighbourhood, a co-operative, or a community trust.
Land and buildings:	
	The price for the site will be established by a residual value calculation, taking account of the balance of income from future sales prices against total costs including design, planning & construction costs; professional fees; planning obligations and Community Infrastructure Levy; strategic/enabling infrastructure, and Developer's cost of borrowing capital.
who owns it pre-construction?	Usually the group, or a partner organisation acting on their behalf, will purchase the site.
who owns the buildings once they are complete?	The site will be owned Freehold, by the group's legal body. The ownership of the individual homes may be: <ul style="list-style-type: none"> • Owned by a lease • 'Owned' under a mutual home ownership share • Rented at market or social rents The ownership of a 'common house' and other common areas would remain with the freehold body. NB. Some units may be leased to a partner body (like a housing association) who then let units back to members of the CLH group who will rent, rather than own, their home.
Finance:	
for site purchase	There is likely to be a requirement to future leasees that they provide an element of individual loans to the Legal Body for this purpose.
for pre-development activity	Individual loans to the Legal Body, as above.
for construction	The Legal body will usually borrow funds for this purpose. This could be from a bank or possibly from other available loan facilities, such as from Homes England. Grant can be available for a percentage of construction costs for homes which satisfy MHCLG policy requirements, obtainable from: <ul style="list-style-type: none"> • Affordable Housing Programmes • 'Community-led grant Programme' (2016-2020) • Other Grant might be available for homes which satisfy local authority policy requirements:

	<ul style="list-style-type: none"> • Right to Buy receipts [141] • Community Housing Fund • Health & Social Care budgets
long-term	At completion, any development finance loans will need to be paid off. Usually, individuals will be able to obtain mortgages if they are buying a lease, subject to the construction form being mortgageable. If the homes are to be rented, then a capitalised rent will need to be assessed in order to attract a long-term equity loan (e.g. from a bank or pension fund), and the Legal Body would take the loan on the basis of the rental income.
Construction & Design:	
who is in charge?	The group will usually establish a Design & Construction committee, with a lead 'client' representative
who does it?	Construction is usually carried out through a traditional tendered process by SME builders
who pays for it?	The Legal Body will be the client. The Legal body finance construction as set out in the Finance Section above.

Land

1.2. In this scenario of community-led housing, the local authority would invoke their planning policies for example policies regarding placeshaping, masterplanning, garden communities requirements, housing supply, affordable housing and self-build and custom build housing, and require that a site of between 2-3 acres (0.809 – 1.214 Hectares) was identified as part of the masterplanning process for a senior cohousing scheme, much as they would for 'sheltered housing'. From the SHMA, and relevant studies on the needs of our Ageing Population⁴, as part of the overall housing offer, the housing need is clear for unsupported housing for over 55s, during the plan period.

1.3. A scheme for 25-40 homes, on 2-3 acres (0.809-1.214 Hectares) should be consistent with the local density policies, in Table 1 above.

DENSITY	Site size		Site size	
	2 acres	0.809 Hectares	3 acres	1.214 Hectares
25 dwellings	12.5 dwellings per acre	30.89 dwellings per Ha	8.3 dwellings per acre	20.59 dwellings per Ha
30 dwellings	15 dwellings per acres	37.07 dwellings per Ha	10 dwellings per acre	24.71 dwellings per Ha
40 dwellings	20 dwellings per acres	49.42 dwellings per Ha	13.33 dwellings per acre	32.95 dwellings per Ha

1.4. The cost for the 2-3 acres (0.809 – 1.214 Hectares) of land will be a price arrived at through a combination of a figure for the market rate of the percentage of plots that will be for properties obtained at open market rates, plus a figure at a lower rate for any percentage of plots that will be for 'affordable' properties, as delivered against planning policy requirements, plus any further adjustment according to other policy requirements. If land is sold as a serviced parcel without

⁴ For example: The 2016 Study into the "Impact of an Ageing Population in the Epping Forest District"

planning permission, the cost for 2 acres could be anything from £27,000 to £3.5m per acre. Which is a parcel plot cost of between £1,350 - £175,000 (using 20 dwellings per acre [49.42 dpHa]).

1.5. **Affordable Housing policies** – these vary for the local authorities in the study area, and include a minimum figure in some of them. The following calculation has taken a normative percentage requirement of 40% of homes to be for affordable housing, provided on site.

1.5.1. For a scheme of 40 homes, 16 will be affordable housing in accordance with this normative planning policy. All of the policies assume a split of their affordable housing between ‘social and affordable rented and ‘intermediate’ housing, in accordance with NPPF definitions. For modelling assumptions, depending on the local authority policies, between 28% and 34% of the total number of dwellings should be at social and affordable rents, with the remainder made available as ‘intermediate housing’ for sale or rent. So, between 11 and 14 homes at social and affordable rents and between 2 and 5 homes for low cost ownership/intermediate rents.

1.6. It may be that the local authority will want to identify existing social housing tenants who are under-occupying and have expressed a desire to move into a smaller home, and support them to set up a cohousing group.

1.7. The residual land price will reflect and take account of the appropriate planning policies for affordable housing as well as other planning obligations, for example contributions for education provision.

1.8. It is likely that the cohousing group will also aim to deliver some of the remaining 60% of the homes at sub-market sales prices, linked to the cost of production and incomes if possible. If public subsidy has been used, resale prices are expected to be kept at affordable levels.

INDICATIVE MIX			
Market CLH	Sub-market CLH	Low-cost ownership, affordable housing	Affordable rent (using LHA levels from Broad Rental Market Area (BRMA))
60%		40%	
50%	10%	5%	35%
20 homes	4 homes	2 homes	14 homes

Construction

1.9. Most cohousing and community self-build schemes will want to pre-purchase land directly from the landowner. They will then obtain their own detailed planning permission in accordance with the strategic masterplan. Issues regarding the cascade of S106 planning obligations on each plot can be resolved through the use of plot passports, design codes and ensuring that the intention for individuals to buy plots or groups of plots is considered in advance by the lawyers drafting the S106 clauses.

1.10. The HACT LA Toolkit includes suggestions for standard S106 clauses, but it may be appropriate for the West Essex & East Herts SHMA authorities to consider scoping a brief for their solicitors at this stage to provide greater clarity for landowners and potential CLH groups.

Finding a CLH partner during the masterplanning process

1.11. The local authority will need to assist the promoter to find a suitable cohousing group. Help will be available from bodies like the UK Cohousing Network, who can advertise the site on its networks. The local authority could also advertise the site through its Self Build Register to find potential individuals interested in cohousing. Once there is a functioning local community-led housing hub established, the hub can also assist with identifying and supporting members of cohousing groups.

Key Attractions for this scenario

- 'pre-sales' of 2-3 acres (0.8-1.21 Hectares) land parcels;
- an alternative market for land, injecting new forms of investment (e.g. personal wealth from existing homeowners and group mortgages) to cross-fund non-standard affordable housing products by an integrated provision of 'market housing' with properties for social rent/affordable rent;
- land parcels in local centres can attract this value, and values increased for surrounding parcels though early occupation
- high levels of sustainability, and lower cost for on-site traffic movements or parking provision;
- Pre-planning engagement with the planning authority and community, to build trust and explore opportunities which deliver benefits for local communities as well as meeting planning policies;
- faster progress through the planning system, as a result of greater community support;
- a proven supportive neighbourhood environment, with an innovative combination of shared and private facilities;
- a framework for mutual support, that strengthens individual resilience and independence.

The recommendation would be for this scenario to be part of the masterplanning for neighbourhood centres, so that it can be near to facilities.

See Appendix 3 for a summary of the Cannock Mill case study for senior cohousing.

Site plan for New Ground, Barnet, London – illustrating possible layout of homes around a shared space,



(6) SCENARIO 2 - COMMUNITY TRUST WITH 100% AFFORDABLE HOUSING

2.1. Approximately 50-60 households. (Although there are examples of CLTs which are much larger, in urban areas, emerging in the UK and delivered in USA, Switzerland, Italy and Sweden).

SUMMARY DESCRIPTION	
Governance:	
Who is involved in decision-making?	<p>The community trust (CT) usually forms as a single legal body - constituted as a company limited by guarantee; or a community benefit society; or a community interest company</p> <p>A Community <u>Land</u> Trust is a corporate body which satisfies the conditions below:</p> <p>Condition 1 - Is that the body is established for the express purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets in order –</p> <ul style="list-style-type: none"> • To provide a benefit to the local community and • To ensure that the assets are not sold or developed except in a manner which the trust’s members think benefits the local community <p>Condition 2 – Is that the body is established under arrangement which are expressly designed to ensure that:</p> <ul style="list-style-type: none"> • Any profits from its activities will be used to benefit the local community (otherwise than by being paid directly to members) • Individuals who live or work in the specified area have the opportunity to become members of the trust (whether or not others can also become members) • The members of a trust control it. <p>The Community Trust may employ a development manager to co-ordinate scheme development, reporting to the Trust legal body.</p>
How can other stakeholders influence decisions?	<p>It is likely to be a fixed requirement for a Trust to further the social, economic and environmental interests of an area.</p> <p>Anyone who lives or works in that area can become a member, and such members control the Trust, and influence its decisions.</p>
Land and buildings:	
The price for the site will be established by a residual value calculation, taking account of the balance of income from future capitalized rental income/sales prices against total costs including design, planning & construction costs; professional fees; planning obligations and Community Infrastructure Levy; strategic/enabling infrastructure, and the borrowing costs of loan capital.	
who owns it pre-construction?	<p>Usually the Trust, or a partner body (like a housing association) acting on its behalf, will purchase the site.</p> <p>If the Trust is working in partnership with a local authority or a developer, the land may remain in the partner’s ownership, with a development agreement setting out the terms under which the Trust will acquire final ownership.</p>
who owns it once buildings are complete?	<p>The site may be owned freehold by the Trust legal body and the units managed directly by it.</p> <p>The site may be leased (with the possibility of ownership being</p>

	<p>transferred at some future date to the Trust legal body) in which case the trust could enter a management agreement with the owner (such as a Registered Provider) on a 60-year lease to manage the units (especially if there has been grant from Homes England).</p> <p>Individual homes may be:</p> <ul style="list-style-type: none"> • Owned by households on a lease • ‘Owned’ under a mutual home ownership share • Rented at market or social rents
Finance:	
for site purchase	The Legal Body can raise funds from ethical sources (such as the National CLT Fund), or other funders
for pre-development activity	The Legal Body can raise funds as above, or appoint a development partner.
for construction	<p>The Legal body will usually borrow funds for this purpose. This could be from a bank or possibly from other available loan facilities, such as from Homes England.</p> <p>Grant can be available for a percentage of construction costs for homes which satisfy MHCLG policy requirements, obtainable from:</p> <ul style="list-style-type: none"> • Affordable Housing Programmes • ‘Community-led grant Programme’ (2016-2020) • Other <p>Grant might be available for homes which satisfy local authority policy requirements:</p> <ul style="list-style-type: none"> • Right to Buy receipts [141] • Community Housing Fund
long-term	<p>At completion, any development finance loans will need to be paid off by the Trust.</p> <p>Usually, individuals will be able to obtain mortgages if they are buying a lease, subject to the construction form being mortgageable.</p> <p>If the homes are to be rented, then a capitalised rent will need to be assessed in order to attract a long-term equity loan from a suitable lender (e.g. bank or pension fund), and the Trust would take the loan on the basis of the rental income.</p>
Construction & Design:	
who is in charge?	The legal body of the Trust can directly commission, or work in partnership with a local authority or developer. Usually the Trust will establish a Design & Construction committee, with a lead ‘client’ representative
who does it?	If directly commissioning, construction is usually carried out through a traditional tendered process by SME builders; Where the Trust is in partnership, construction procurement will often be led by others
who pays for it?	If directly commissioning, the Trust will be the client. Where the Trust is in partnership, others may pay for construction stage costs, and re-coup the costs at a later pre-determined date.

Land

- 2.2. In this scenario of community-led housing, the local authority would invoke their planning policies for example policies regarding placeshaping, masterplanning, garden communities requirements, housing supply, affordable housing and self-build and custom build housing, and require that a site of 3 acres (1.214 Hectares) was identified as part of the masterplanning process for a community trust scheme, much as they would for 'typical affordable housing'. For this scenario (other mixes could be adopted to suit local circumstances) a mix of dwellings is assumed, with 100% of these homes provided for people with a local connection, potentially linked to a parish council area. Each local authority would need to consider this as distinct from their existing policies (such as for Rural Exception sites) and new CLH policies may need to be developed. 35% of the total homes (87.5% of the total policy compliant 'affordable housing' @40% of the total) would be rented at Local Housing Allowance rent levels, and the remainder, 65%, would be sold **leasehold**, with an 'in perpetuity' covenant, at a price linked to 30% of the local median income. In 2017 gross weekly incomes in Epping Forest DC⁵ were £636.90. Sales prices, in the first instance, would therefore be around £249,250 - £166,167⁶ depending on prevailing mortgage interest rates. The freehold remains with the CLT, and individual homes are not entitled to leasehold enfranchisement, so that the homes remain affordable in perpetuity. None of the homes would be sold as 'market sale' homes.
- 2.3. A scheme for 50-60 households, on 3 acres (1.214 Hectares) should be consistent with the local density policies, in Table 1 above.

DENSITY	Site size	
	3 acres	1.214 Hectares
50 dwellings	16.67 dwellings per acre	41.18 dwellings per Ha
60 dwellings	20 dwellings per acre	49.42 dwellings per Ha

- 2.4. The cost for the 3 acres of land will be a price arrived at through a combination of a figure for the market rate of the percentage of plots that will be for properties obtained at open market rates, plus a figure at a lower rate for any percentage of plots that will be for 'affordable' properties, as delivered against planning policy requirements, plus any further adjustment according to other policy requirements. If land is sold as a serviced parcel without planning permission, the cost for 3 acres could be anything from £27,000 to £3.5m per acre. Which is a parcel plot cost of between £1,350 - £175,000 (using 20 dwellings per acre).
- 2.5. **Affordable Housing policies** – these vary for the local authorities in the SHMA, and include a minimum figure in some of them. The following calculation has taken a normative percentage requirement of 40% of homes to be for affordable housing, provided on site.
- 2.5.1. For a scheme of 60 homes, 24 will be affordable housing in accordance with this normative planning policy. All of the policies assume a split of their affordable housing between 'social and affordable rented and 'intermediate' housing, in accordance with NPPF definitions. For modelling

⁵ <https://www.nomisweb.co.uk/reports/lmp/la/1946157216/report.aspx?town=epping>

⁶ Weekly gross income = £636.90, so annual gross income = £33,233 (weekly x 52.18 weeks per year).

30% of annual gross income = £9,970.

£9,970 can pay for a mortgage, at 6% interest for £166,167 capital sum, at 4% interest capital is £249,250.

assumptions, depending on the local authority policies, between 28% and 34% of the total number of dwellings should be at social and affordable rents, with the remainder made available as 'intermediate housing' for sale or rent. So, typically between 17 and 21 homes at social and affordable rents and between 3 and 7 homes for low cost ownership/intermediate rents.

- 2.6. For this scenario, the residual land price will reflect and take account of the specific interpretation of appropriate planning policies for affordable housing as well as other planning obligations, for example contributions for education provision. For instance, should the interpretation of the policies acknowledge the 65% of the leasehold homes at income-related sales prices, as consistent with affordable housing definitions in the NPPF⁷, then this notional amount of land (3 acres /1.214 Ha) could deliver 100% affordable housing (60 homes) located within a larger area, of say, 9 acres (3.64Ha) that is itself a parcel of a wider strategic site area, and where the other 6 acres (2.43Ha) could deliver 90 market homes (15 Dwellings per acres; 37 dwellings per Ha), in accordance with the requirements for a mix of tenures in local policy.
- 2.7. Issues of 'affordable housing' clusters would need to be addressed through an agreed local lettings strategy between the local authority and the CLH group. The local lettings strategy could include reference to the Self-build Register, or a new arrangement to be agreed between the local housing authority and the CLH group.
- 2.8. Schemes should be assumed for development with no use of capital grant or loan finance from public sources: where such finance is sought, this will be dependent on the characteristics of individual schemes meeting the terms of the finance available. In such instances where public support is provided, resale prices are expected to be kept at the same percentage of incomes for future sales to maintain affordability in perpetuity.

⁷ As agreed in the Section 106 agreement for St Clements hospital CLT, London.

2.9.

INDICATIVE MIX		
Low-cost ownership, affordable housing CLH for sale where 30% of median local incomes is the cost of a mortgage (allocated to key workers and others not on the LA Register, via a CLT local allocations procedure)	Low-cost ownership, affordable housing (allocated via LA Choice-Based lettings)	Affordable rent (using LHA levels from Broad Rental Market Area (BRMA))
60%	40%	
	5%	35%
36 homes	3 homes	21 homes

2.10. All of these homes should be eligible for grant, as affordable housing. However, land prices should assume that grant is not available, as future grant regimes are likely to change, and cannot be taken into account as part of any scheme viability at site purchase.

2.11. For information, to receive investment grant, the Trust will need to be an Investment Partner with Homes England, or work with an existing registered provider. At the point at which the rented homes are occupied, the landlord for the Affordable Rent homes, will need to be a Registered Provider (RP) with the Regulator of Social Housing. The local authority will also need to agree to the Trust providing management for the affordable housing, otherwise than their existing ‘Preferred Partners’.

Construction

2.12. If a housing association has partnered with the Trust it is likely that they will need to pay a development management ‘fee’ (probably in the region of 6% of scheme costs). This is likely to be in line with ‘at cost’ fees which the Trust would otherwise need to pay consultants, such as quantity surveyors, development managers and architects to carry out the same services. Alternatively the Trust can negotiate with the promoters to buy completed units, built to their specification and design, if this is more economical. This approach would mean that the Trust would not be incurring cash-flow for construction finance costs, but would then pay a property promoter / developer for this at practical completion. This could ‘back to back’ with the purchase by future residents of their homes.

2.13. Issues regarding the cascade of S106 planning obligations on the parcel of 3 acres can be resolved through the use design codes and ensuring that the intention for the Trust to buy the parcel is considered in advance by the lawyers drafting the S106 clauses.

2.14. The HACT LA Toolkit includes suggestions for standard S106 clauses, but it may be appropriate for the West Essex & East Herts SHMA authorities to consider scoping a brief for their solicitors at this stage to provide greater clarity for landowners and potential CLH groups.

Finding a CLH partner during the masterplanning process

2.15. The local authority will need to assist the promoter to find (or create) a suitable Community Trust. Help will be available from supporting bodies (such as Locality, or the National CLT Network or the Confederation of Co-operative Housing) who can advertise the site via their networks. The local authority could also advertise the site through its Self Build Register to find potential individuals interested in establishing a trust. The local authority could also work with the parish councils to set-up

a new Community Trust for the strategic site. Once there is a functioning local community-led housing hub established, the hub can also assist with identifying and supporting members of community trusts.

2.16. The local authority could apply to the proposed Community Housing Fund for revenue and capital grant (subject to the final prospectus issued by Homes England) to support it to purchase the site at the appropriate residual land value, and then transfer the asset to the Trust.

Key Attractions for this scenario

- 'pre-sales' of 3 acres land parcels;
- integrating affordable rent with income-related home ownership models in the approach for this land parcel, allows other parcels to accommodate higher levels of market homes, subject to the masterplanning approach;
- through early occupation by the Trust, surrounding parcels values will rise;
- Pre-planning engagement with the planning authority and community, to build confidence and explore opportunities which deliver benefits for local community as well as meeting planning policies;
- Faster progress through the planning system, as a result of greater community support;
- Reduced costs from community involvement and participation, by showing best practice processes, working with existing residents and community agencies.
- Ability to satisfy community appetite for 'local' lettings.

The recommendation would be for this scenario to be located near to public transport hubs and education/health facilities as part of the masterplanning of the whole site.

(6) SCENARIO 3 – COMMUNITY TRUST WITH 100% RENTED HOUSING AT AFFORDABLE AND REDUCED RENTS - ‘BUILD TO RENT’

3.1. Approximately 50-60 households. (Although there are examples of CLTs which are much larger, in urban areas).

SUMMARY DESCRIPTION	
Governance:	
Who is involved in decision-making?	<p>The community trust usually forms as a single legal body - constituted as a company limited by guarantee; or a community benefit society; or a community interest company</p> <p>A Community Trust will be a corporate body which satisfies the conditions below:</p> <p>Condition 1 - Is that the body is established for the express purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets in order –</p> <ul style="list-style-type: none"> • To provide a benefit to the local community and • To ensure that the assets are not sold or developed except in a manner which the trust’s members think benefits the local community <p>Condition 2 – Is that the body is established under arrangement which are expressly designed to ensure that:</p> <ul style="list-style-type: none"> • Any profits from its activities will be used to benefit the local community (otherwise than by being paid directly to members) • Individuals who live or work in the specified area have the opportunity to become members of the trust (whether or not others can also become members) • The members of a trust control it. <p>There could be other opportunities for future governance by the tenants of the units when development is completed.</p> <p>Trusts may employ a development manager to co-ordinate scheme development, reporting to the trust body.</p>
How can other stakeholders influence decisions?	<p>It is likely to be a fixed requirement for a trust to further the social, economic and environmental interests of an area.</p> <p>Anyone who lives or works in that area can become a member, and such members control the trust, and influence its decisions.</p>
Land:	<p>The price for the site will be established by a residual value calculation, taking account of the balance of income from future capitalized rental income and costs including design, planning & construction costs; professional fees; planning obligations and Community Infrastructure Levy; strategic/enabling infrastructure, and Developer’s cost of capital. A CLT will usually pay a development manager.</p>
who owns it pre-construction?	<p>Usually the CLT, or a housing association acting on their behalf, will purchase the site.</p> <p>If the CLT is working in partnership with a local authority or a developer, the land may remain in their ownership, with a development agreement setting out the terms under which the CLT will become the ultimate owner.</p>

who owns it once buildings are complete?	The site may be owned freehold or leasehold by the CLT. It can enter a management agreement with a Registered Provider, on a 60 year lease to manage the scheme on its behalf (especially if there has been grant from HE) or manage directly. Individual homes may be: <ul style="list-style-type: none"> • Rented at market or social rents
Finance:	
for site purchase	The Legal Body can raise funds from the CLT Fund
for pre-development activity	The Legal Body can raise funds from the CLT Fund, or appoint a development partner.
for construction	The Legal body will usually borrow, from a bank or possibly from Homes England loan facilities. Some pension funds are interested in investing in long-term returns from secure rental property at low yields. Grant can be available for homes which satisfy MHCLG policy requirements, which may be: <ul style="list-style-type: none"> • Affordable Housing Programmes • 'Community-led grant Programme' (2016-2020) • Other Grant can be available for homes which satisfy Local authority policy requirements, which may be from: <ul style="list-style-type: none"> • RtB receipts 141 • CH Fund
long-term	At completion, any development finance loans will need to be paid off by the CLT. Some pension funds are interested in investing in long-term returns from secure rental property at low yields. For rental homes, a capitalised rent will need to be assessed in order to attract a long-term equity loan from a bank or pension fund, and the CLT would take the loan on the basis of the rental income. Local authorities can also use their PWLB borrowing capacity, lending to the CLT at a blended rate between a 'social benefit' rate, and a market rate. This generates a revenue return, from both projected ongoing saving in outgoings for homelessness provision, combined with a margin uplift between the PWLB interest rate and the on-lending rate to the CLT.
Construction & Design:	
who is in charge?	The CLT can directly commission, or work in partnership with a local authority or developer. Usually the CLT will establish a Design & Construction committee, with a lead 'client' representative
who does it?	If directly commissioning, construction is usually carried out through a traditional tendered process by SME builders; Where the CLT is in partnership, construction procurement will often be led by others;
who pays for it?	If directly commissioning, the CLT will be the client. Where the CLT is in partnership, others may pay for construction stage and re-coup the costs later.

Land

3.2. In this scenario of community-led housing, the local authority would invoke their planning policies for example policies regarding placeshaping, masterplanning, garden communities requirements, housing supply, affordable housing and self-build and custom build housing, and require that a site of 3 acres (1.214 Hectares) was identified as part of the masterplanning process for a community trust scheme, much as they would for 'typical affordable housing'. For this scenario (other mixes could be adopted to suit local circumstances) a mix of dwellings is assumed, with 100% of these homes provided for people with a local connection, potentially linked to a parish council area. Each local authority would need to consider this as distinct from their existing policies (such as for Rural Exception sites) and new CLH policies may need to be developed. 35% of the total homes (87.5% of the total policy compliant 'affordable housing' if it is @40% of the total) would be rented at Local Housing Allowance rent levels, 5% would be rented at rent levels linked to 30% of median gross local incomes and the remainder, 60%, would be rented at between 40% of median gross local incomes and full market rents to 'key workers'.

3.3. In 2017 median gross weekly incomes in Uttlesford DC⁸ were £616.40. The 2017 Nomis data is shown in the table below.

2017 data from NOMIS WEB		
	Median Gross weekly income	Calculated Potential weekly rent @ 30% of median income
East Hertford Council	£654.50	£196.35
Epping Forest District Council	£636.90	£191.07
Uttlesford District Council	£616.40	£184.92
Harlow Council	£524.30	£157.29

3.4. The freehold remains with the CLT, and the 60% 'CLT' homes are not entitled to right to buy, so that the homes remain affordable in perpetuity. None of the homes would be sold as 'market sale' homes.

3.5. A scheme for 50-60 households, on 3 acres (1.214 Hectares) should be consistent with the local density policies, in Table 1 above.

DENSITY	Site size	
	3 acres	1.214 Hectares
50 dwellings	16.67 dwellings per acre	41.18 dwellings per Ha
60 dwellings	20 dwellings per acre	49.42 dwellings per Ha

3.6. The cost for the 3 acres of land will be a price arrived at through a combination of a figure for the market rate of the percentage of plots that will be for properties obtained at open market rates, plus a figure at a lower rate for any percentage of plots that will be for 'affordable' properties, as

⁸ <https://www.nomisweb.co.uk/reports/lmp/la/1946157221/report.aspx>

delivered against planning policy requirements, plus any further adjustment according to other policy requirements. If land is sold as a serviced parcel without planning permission, the cost for 3 acres could be anything from £27,000 to £3.5m per acre. Which is a parcel plot cost of between £1,350 - £175,000 (using 20 dwellings per acre).

3.7. **Affordable Housing policies** – these vary for the local authorities in the SHMA, and include a minimum figure in some of them. The following calculation has taken a normative percentage requirement of 40% of homes to be for affordable housing, provided on site.

3.7.1. For a scheme of 60 homes, 24 will be affordable housing in accordance with this normative planning policy. All of the policies assume a split of their affordable housing between ‘social and affordable rented and ‘intermediate’ housing, in accordance with NPPF definitions. For modelling assumptions, depending on the local authority policies, between 28% and 34% of the total number of dwellings should be at social and affordable rents (less than LHA), with the remainder made available as ‘intermediate housing’ for sale or rent. So, typically between 17 and 21 homes at social and affordable rents and between 3 and 7 homes for intermediate rents.

3.8. For this scenario, the residual land price will reflect and take account of the specific interpretation of appropriate planning policies for affordable housing as well as other planning obligations, for example contributions for education provision. For instance, should the interpretation of the policies acknowledge the 65% of the homes at income-related rents, as consistent with affordable housing definitions in the NPPF⁹, then this notional site of 3 acres (1.214 Ha) can deliver 100% affordable housing (60 homes). This could mean that if this parcel were part of a larger site of say, 9 acres (3.64Ha) within a strategic site area, the other 6 acres (2.43Ha) could deliver 90 market homes (15 Dwellings per acres; 37 dwellings per Ha), whilst maintaining the policy requirement of 40% of the total homes as affordable housing over the 9 acres (3.64Ha).

3.9. Issues of ‘affordable housing’ clusters would need to be addressed through an agreed local lettings strategy between the local authority and the CLH group. The local lettings strategy could include reference to the Self-build Register, or a new arrangement to be agreed between the local housing authority and the CLH group.

3.10. Schemes should be assumed for development with no use of capital grant or loan finance from public sources: where such finance is sought, this will be dependent on the characteristics of individual schemes meeting the terms of the finance available. In such instances where public support is provided, ‘CLH’ rents are expected to remain linked to local incomes to maintain affordability in perpetuity.

INDICATIVE MIX			
Rents between 40% of median gross local incomes and Market rents [similar to the Mayor of London’s London Living Rent] (allocated to key workers and others not on the LA Register, via CLT local allocations procedure)		Income related rents at 30% of gross income (allocated via LA Choice-Based lettings, to key workers, e.g. nurses; teachers; police officers)	Affordable rent (using LHA levels from Broad Rental Market Area (BRMA))

⁹ As agreed in the Section 106 agreement for Somerleyton Road, Brixton, London.

60%	40%	
	10%	30%
36 homes	6 homes	18 homes

3.11. 40% of these homes should be eligible for grant, as affordable housing. However, land prices should assume that grant is not available, as future grant regimes are likely to change, and cannot be taken into account as part of any scheme viability at site purchase. 60% of these homes will be eligible for support through the Homes England ‘Build to Rent’ programme, now incorporated into the Home Build Fund.

3.12. For information, to receive investment grant, the Trust will need to be an Investment Partner with Homes England, or work with an existing registered provider. At the point at which the rented homes are occupied, the landlord for the Affordable Rent homes, will need to be a Registered Provider (RP) with the Regulator of Social Housing. The local authority will also need to agree to the Trust providing management for the affordable housing, otherwise than their existing ‘Preferred Partners’.

Construction

3.13. If a housing association has partnered with the CLT it is likely that they will need to apply a 6% development management ‘fee’. This is not much more than the ‘at cost’ fees which the CLT will need to pay consultants, such as quantity surveyors, development managers and architects to carry out the same services. Alternatively the CLT can negotiate with the promoters, and buy completed units, built to their specification and design, if this is more economical. This approach would mean that the CLT would not be incurring cash-flow for construction finance costs, but would then pay the promoter for this at practical completion, at the point when the future residents are buying their homes.

3.14. Issues regarding the cascade of S106 planning obligations on the parcel of 3 acres can be resolved through the use of design codes and ensuring that the intention for the CLT to buy the parcel is considered in advance by the lawyers drafting the S106 clauses.

3.15. The HACT LA Toolkit includes suggestions for standard S106 clauses, but it may be appropriate for the West Essex & East Herts SHMA authorities to consider scoping a brief for their solicitors at this stage to provide greater clarity for landowners and potential CLH groups.

Finding a CLH partner during the masterplanning process

3.16. The local authority will need to assist the promoter to find a suitable community land trust. Help will be available from the National CLT Network, who can advertise the site on its networks. The local authority could also advertise the site through its Self Build Register to find potential individuals interested in establishing a CLT for rented homes. The local authority could also work with the parish councils to set-up a new community land trust for the strategic site. Once there is a functioning local community-led housing hub established, the hub can also assist with identifying and supporting members of community land trusts.

3.17. The local authority could apply to the proposed Community Housing Fund for revenue and capital grant (subject to the final prospectus issued by Homes England) to support it to purchase the site at the appropriate residual land value, and then transfer the asset to the CLT.

Key Attractions for this scenario

- 'pre-sales' of 3 acres land parcels;
- integrating affordable rent with key worker rents and market rents in the approach for this land parcel, allows other parcels to accommodate higher levels of low-cost ownership homes, subject to the masterplanning requirements;
- though early occupation by the Trust, surrounding parcels values will rise;
- Pre-planning engagement with the planning authority and community, to build trust and explore opportunities which deliver benefits for local community as well as meeting planning policies;
- Faster progress through the planning system, as a result of greater community support;
- Reduced costs from community involvement and participation, by showing best practice processes and using the ability of the Trust to raise funds from charitable sources to fund this activity.

Our recommendation would be for this site to be located near to public transport hubs and key worker employment sites as part of the masterplanning of the whole site.

(6) SCENARIO 4 – SELF-BUILD BY A GROUP OPERATING COLLABORATIVELY

4.1. Approximately 15-20 households.

SUMMARY DESCRIPTION	
Governance:	
Who is involved in decision-making?	The group, usually forms as a single legal body - constituted as a company limited by guarantee; or a community benefit society; or a community interest company
How can other stakeholders influence decisions?	Generally, the group will work for themselves, influenced by planning policies
Potential type of CLH scheme	This could be planned on the basis of being a cohousing neighbourhood, a co-operative, or a community trust.
Land and buildings:	
	The price for the site will be established by a residual value calculation, taking account of the balance of income from future sales prices and costs including design, planning & construction costs; professional fees; planning obligations and Community Infrastructure Levy; strategic / enabling infrastructure, and the of cost of borrowing the capital.
who owns it pre-construction?	Usually the group, or a housing association acting on their behalf, will purchase the site.
who owns it once buildings are complete?	The site will be owned Freehold, by the Legal Body, whilst the individual homes may be: <ul style="list-style-type: none"> • Owned by a lease • 'Owned' under a mutual home ownership share • Rented at market or social rents
Finance:	
for site purchase	The Legal Body can raise funds from sympathetic sources or other funders; the local authority could require the land to be transferred to it on behalf of the Legal Body and then sold on to the Legal Body by the local authority as an 'asset of community value'.
for pre-development activity	The Legal Body can raise funds as above, or appoint a development partner. Individual loans to the Legal Body might be required from households intending to own a property at the end of construction. An architect/development manager will usually be commissioned to manager the design process and preparing the planning application.
for construction	The Legal body will usually borrow funds (e.g. from a bank or possibly from Homes England loan facilities). Grant can be available for a % of construction costs for homes which satisfy MHCLG policy requirements, obtainable from: <ul style="list-style-type: none"> • Affordable Housing Programmes • 'Community-led grant Programme' (2016-2020) • Other Grant might be available for homes which satisfy local authority policy requirements: <ul style="list-style-type: none"> • Right to Buy receipts

	<ul style="list-style-type: none"> • Community Housing Fund
long-term	<p>At completion, any development finance loans will need to be paid off. Usually, individuals will be able to obtain mortgages if they are buying a lease, subject to the construction form being mortgageable.</p> <p>If the homes are to be rented, then a capitalised rent will need to be assessed in order to attract a long-term equity loan from a bank or other lender, and the Legal Body would take the loan on the basis of the rental income.</p>
Construction & Design:	
who is in charge?	The Legal Body will usually establish a Design & Construction committee, with a lead 'client' representative for common parts. Individual self-build works to complete a property may be the agreed responsibility of some individual households, subject to any site-wide criteria, such as a requirement for completion within a fixed timeframe
who does it?	Construction is usually carried out by a combination of work supplied by the incoming households, and likely to be under guidance from a self-build project manager. Some aspects of construction can also be completed through a traditional tendered process by SME builders
who pays for it?	The Legal Body will be the client and will finance construction as set out in the Finance Section above. If directly commissioning or organising the works on-site in partnership with other development partners, other bodies may pay for the construction stage and re-coup the costs later. Individual self-builders intending to purchase their properties will be required to meet the finance for their own homes in due course, likely to be post-construction.

Land

4.2. In this scenario of community-led housing, the local authority would invoke their planning policies for example policies regarding placeshaping, masterplanning, garden communities requirements, housing supply, affordable housing and self-build and custom build housing, and require that a site of 1 acres (0.4047 Hectares) was identified as part of the masterplanning process for a community self-build scheme, much as they would for 'typical affordable housing'. For this scenario (other mixes could be adopted to suit local circumstances) a mix of dwellings is assumed, with 100% of the 'market' homes provided for people with a local connection, potentially linked to a parish council area. Each local authority would need to consider this as distinct from their existing policies (such as for Rural Exception sites) and new CLH policies may need to be developed. A % of the total homes could be rented at Local Housing Allowance rent levels (to meet the policy requirement for 'affordable rented housing'), and a % could be ultimately sold as 'intermediate' low-cost home ownership, factoring in the 'sweat-equity' of self-build into the site prices – all to be built collaboratively through the self

build group working together on-site. The scenario could permit some % of the plots to be sold as individually-worked plots for separate self-build households.

- 4.3. The cost for the 1 acre of land will be a price arrived at through a combination of a figure for the market rate of the percentage of plots that will be for properties obtained at open market rates, plus a figure at a lower rate for any percentage of plots that will be for ‘affordable’ properties, as delivered against planning policy requirements, plus any further adjustment according to other policy requirements. If land is sold as a serviced parcel without planning permission, the cost for 1 acre could be anything from £27,000 to £3.5m per acre. Which is a parcel plot cost of between £1,350 - £175,000 (using 20 dwellings per acre).
- 4.4. A scheme for 15-20 homes, on 1 acre (0.4047 Hectares) should be consistent with the local density policies, in Table 1 above.

DENSITY	Site size	
	1 acre	0.40468 Hectares
15 dwellings	15 dwellings per acre	37.07 dwellings per Ha
20 dwellings	20 dwellings per acres	49.42 dwellings per Ha

- 4.5. **Affordable Housing policies** – these vary for the local authorities in the study area, and include a minimum figure in some of them. The following calculation has taken a normative percentage requirement of 40% of homes to be for affordable housing, provided on site.
- 4.5.1. For a scheme of 20 homes, 8 will be affordable housing in accordance with this normative planning policy. All of the policies assume a split of their affordable housing between ‘social and affordable rented and ‘intermediate’ housing, in accordance with NPPF definitions. For modelling assumptions, depending on the local authority policies, between 28% and 34% of the total number of dwellings should be at social and affordable rents, with the remainder made available as ‘intermediate housing’ for sale or rent. So, between 6 and 7 homes at social and affordable rents and between 1 and 2 homes for low cost ownership/intermediate rents.
- 4.6. It may be that the local authority will want to identify existing social housing tenants, or applicants on their Housing Register, as well as those on the Self-Build register who are interested and have expressed a desire to work as a self-build group, and support them to set up a self-build group.
- 4.7. The residual land price will reflect and take account of the appropriate planning policies for affordable housing as well as other planning obligations, for example contributions for education provision.
- 4.8. Schemes should be assumed for development with no use of capital grant or loan finance from public sources: where such finance is sought, this will be dependent on the characteristics of individual schemes meeting the terms of the finance available. In such instances where public support is provided, resale prices are expected to be kept at the same percentage of incomes for future sales to maintain affordability in perpetuity. This is usually achieved by a resale covenant for a fixed percentage.

INDICATIVE MIX		
Market CLH – community self-build	Community self-build Low-cost ownership, affordable housing	Community Self-build Affordable rent (using LHA levels from Broad Rental Market Area (BRMA))
60%		40%
	10%	30%
12 homes	2 homes	6 homes

Construction

- 4.9. Most community self-build schemes will want to pre-purchase land directly from the landowner. They will then obtain their own detailed planning permission in accordance with the strategic masterplan. Issues regarding the cascade of S106 planning obligations on each plot can be resolved through the use of plot passports, design codes and ensuring that the intention for individuals to buy plots or groups of plots is considered in advance by the lawyers drafting the S106 clauses.
- 4.10. The HACT LA Toolkit includes suggestions for standard S106 clauses, but it may be appropriate for the West Essex & East Herts SHMA authorities to consider scoping a brief for their solicitors at this stage to provide greater clarity for landowners and potential CLH groups.

Finding a CLH partner during the masterplanning process

- 4.11. The local authority will need to assist the promoter to find a suitable self-build group. Help will be available from national bodies like the National Custom and Self Build Association (NaCSBA) and the Community Self-Build Agency (CSBA). The local authority will need to advertise the site through its Self-Build Register to find potential individuals interested in community self-build. Once there is a functioning local community-led housing hub established, the hub can also assist with identifying and supporting members of community self-build groups.
- 4.11.1. The local authority could apply to the proposed Community Housing Fund for revenue and capital grant (subject to the final prospectus issued by Homes England) to support it to purchase the site at the appropriate residual land value, and then transfer the asset to the community self-build Legal Body, once the enabling infrastructure has been completed. In this case, the local authority could retain an element of the freehold, and use the ground rent and the lease to the Legal Body to recover revenue and maintain levels of affordability in perpetuity through a resale covenant.

Key Attractions for this scenario

- ‘pre-sales’ of 1 acre land parcels / serviced plots;
- an alternative market for land, injecting new forms of investment (e.g. personal wealth from existing homeowners and group mortgages as well as ‘sweat equity’) to cross-fund non-standard affordable housing products from ‘market housing’;
- values increase for surrounding parcels of development land through early occupation;
- pre-planning engagement with the planning authority and community, to build trust and explore opportunities which deliver benefits for local community as well as meeting planning policies;
- faster progress through the planning system, as a result of greater community support.

Our recommendation would be that as a part of the masterplanning process, sites for community self-build are incorporated into wider residential areas.

APPENDIX 1 – PRINCIPLES FOR COMMUNITY-LED HOUSING

Common principles - The legal form and activities of each community-led housing scheme depend on the outcomes needed, but schemes that are genuinely community-led all share common principles:

- The community is integrally involved throughout the process in key decisions – for example: what is provided, where, and for who. They don't necessarily have to initiate the conversation, or build homes themselves.
- There is a presumption that the community group will take a long term formal role in the ownership, stewardship or management of the homes.
- The benefits of the scheme to the local area and/or specified community group are clearly defined and legally protected in perpetuity.

Approaches which adopt these common principles include community land trusts; co-ops; cohousing; mutual home ownership; mixed economy rental; community self-build; and combinations of these.

A more recent version of these principles which we understand that Homes England and the Greater London Authority (GLA) are minded to adopt requires that **“community consent occurs throughout the development process” and that the long term role should be “in a manner of the community’s choosing”**.

APPENDIX 2 – EXAMPLES OF MASTERPLANNING POLICIES EXTRACTS FROM EPPING FOREST DISTRICT COUNCIL'S SUBMISSION LOCAL PLAN (SP3 H (I), (II) AND (III) AND SP4 C) – PLACE SHAPING AND EAST HERTS DISTRICT COUNCIL'S MAIN MODIFICATIONS CONSULTATION VERSION LOCAL PLAN (DES1 - MASTERPLANNING)

EFDC Policy SP 3 Place Shaping

H. Strategic Masterplans and development proposals must reflect and demonstrate that the following place shaping principles have been adhered to with respect to the scale of development proposed:

- (i) strong vision, leadership and community engagement;
- (ii) provide for the long-term stewardship of assets;
- (iii) provide mixed-tenure homes and a range of housing types and sizes;

EFDC Policy SP 4 Development & Delivery of Garden Communities in the Harlow and Gilston Garden Town

...

C. The design, development and phased delivery of each Garden Town Community must accord with the following principles:

- (i) The public sector will work pro-actively and collaboratively with the private sector to design, and bring forward the Garden Town Communities to: (a) secure a high-quality of place making; (b) ensure the timely delivery of both the on-site and off-site infrastructure required to address the impact of these new communities; and (c) provide and fund a mechanism for future stewardship, management, maintenance and renewal of community infrastructure and assets;
- (ii) Community and stakeholder empowerment will be embedded in the design and delivery of each Garden Town Community from the outset and include a long-term community engagement strategy.
- (iii) Inclusion of opportunities for community-led housing development;
- (iv) Agreeing appropriate and sustainable long-term governance and stewardship arrangements for community assets including green space, the public realm areas and community and other relevant facilities prior to the submission of outline planning applications. Such arrangements will be funded by the development and include community representation to ensure residents have a stake in long term development, stewardship and management of their community;
- (v) A Strategic Masterplan will be developed for each of the Garden Town Communities setting out the key development design and delivery principles and guide development proposals. Planning applications and any other consenting mechanisms for the Garden Town Communities will be required to be in general conformity with the Strategic Masterplans which have been formally endorsed by Epping Forest District Council and where appropriate Harlow District Council;

East Herts District Council's Chapter 17 Design & Landscape – new policy

<https://www.eastherts.gov.uk/mainmodifications>

17.4 Planning Applications

17.4.1 Development proposals can often be controversial, therefore it is important that appropriate appraisals are undertaken to inform the site planning, layout and design process, and that local communities and stakeholders are engaged throughout. The District Council expects a high standard of design in new development and as such will require that all 'significant' applications undertake a Masterplanning process. The significance of a development will be measured not only on its scale, but on the potential impact on the community and local character of the place into which it is to be introduced, and the ability to bring forward benefits to the community. Generally, a threshold of fifty homes or more will apply. However, in some cases, a smaller scale of development may be considered to have a significant effect. The Masterplanning process enables issues to be addressed collaboratively at an early stage, enabling applications to progress to detailed or hybrid stages more quickly, therefore speeding up the decision-making process and ultimately the delivery of development. The detail to be considered through this process will be commensurate to the specific proposal. To achieve this, applicants should ensure:

1. A comprehensive design process has been carried out including: a site and context appraisal and assessment of relevant policies; involvement with the local community; and the design of the development scheme based on assessment, involvement, and evaluation of information collected;
2. That in the design of the scheme there should be clear evidence that design principles based on the sustainable development objectives set out above have been followed, understood and integrated within the constraints of the development proposal. It is essential that skilled architects, landscape architects and drainage engineers are involved in the early stages of any development proposal, to ensure that the potential of any site can be maximised;
3. That where necessary, a Design and Access Statement has been completed and accompanies the application. The statement should make it clear how the proposal has integrated sustainable design principles into the scheme. The Statement should clearly justify the proposal by explaining how it will create safe, accessible, vibrant and sustainable development which respects its landscape setting and complies with British Standard 5837 (2012). Applicants will be encouraged to use the Building Futures Sustainable Design Toolkit and the Home Quality Mark within their Design and Access Statements.

Policy DES1 Masterplanning

- I. All 'significant' development proposals will be required to prepare a Masterplan setting out the quantum and distribution of land uses; access; sustainable high quality design and layout principles; necessary infrastructure; the relationship between the site and other adjacent and nearby land uses; landscape and heritage assets; and other relevant matters.
- II. The Masterplan will be collaboratively prepared, involving site promoters, land owners, East Herts Council, town and parish councils and other relevant key stakeholders. The Masterplan will be further informed by public participation.
- III. In order to ensure that sites are planned and delivered comprehensively, any application for development on part of the site will be assessed against its contribution to the Masterplan as a whole.

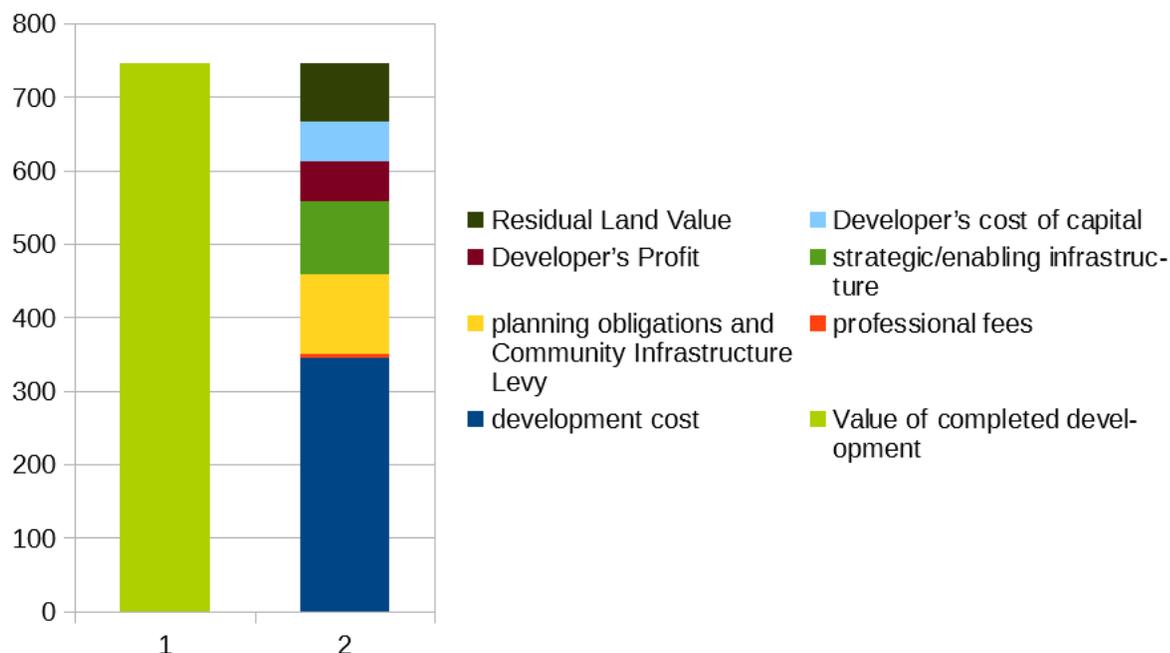
APPENDIX 3 - CASE EXAMPLE, CANNOCK MILL SENIOR COHOUSING

CASE STUDY:				
Cannock Mill CoHousing, Colchester	STAGE 1	STAGE 2	STAGE 3	STAGE 4
23 houses and flats, and refurbished Mill building as the shared house	GROUP FORMING & SITE FINDING 2009-14	DESIGN 2015-16	CONSTRUCTION 2017-18	OCCUPATION "LIVE" 2018 ->
Governance:				
Who is involved in decision-making?	Formed company limited by guarantee. Directors are the future home owners. Site search started by group in 2009.			
How can other stakeholders influence decisions?	Limited to the planning authority and local neighbours.			
Land:				
Who owns it pre-construction?	The Cohousing company bought the land. Each member provided initial loans of £10,000			
Who owns it once buildings are complete?	The Cohousing company own the freehold, individuals own a 999 year lease for their individual house/flat			
Finance:				
- for site purchase	Raised from individual loans paid to the not-for-profit company.			
- for pre-development activity	Raised from individual loans paid to the not-for-profit company.			
- for construction	From HCA Home Builders loan;			
- long-term	From individual mortgages			
Construction & Design:				
Who is in charge?	The Board of the company is in charge. A sub-committee of the company act as the 'client'.			
Who does it?	Local contractor tendered in 2016. Completion is due in October 2018.			
Who pays for it?	Individual homes are suitable for 'right-sizers' at 144m ² , costing the combination of the share of the land and a share of the build cost, estimation approx. £493,000 at 2018 valuations.			

“Homeowners aged over 65+ in England and Wales have £611 billion of equity in their property.” Prudential equity release index

APPENDIX 4 –COMMUNITY-LED HOUSING INCOME AND EXPENDITURE VIABILITY

Chart shows a typical financial assessment for a strategic site of approximately 5,000 homes



Community led housing is able to flex and reduce development costs; cost of capital, and profit to reduce the overall expenditure, in order to balance this with the value of the completed development in regards to the residual land price, in a way that a speculative development is not able to risk.

Community-led housing delivering affordable housing in accordance with the NPPF, and local planning policy, as an alternative to traditional products, may have a higher completed development value.

Community-led housing can be considered ‘cost neutral’ in comparison to other delivery mechanisms as it can adjust the following items:

Reduce total scheme costs:	Increase Value of completed development
Self-delivery; self-procurement (LA support may be required to CLH groups during the forming and legal incorporation stages)	Cross-fund non-standard affordable housing products from ‘market housing’
Deliver social infrastructure through the scheme, in kind for planning obligations, e.g. community growing, public realm management	
Source finance from additional sources not current used in typical developer housing	

APPENDIX 5 - FREQUENTLY ASKED QUESTIONS ABOUT CLH:

Q1. What does 'community-led housing' mean for me and my site?

'Community-led housing' is the term used to describe a variety of ways where by local households and local communities can arrange to create homes for themselves. It is an umbrella term to denote ways whereby households can arrange for dwellings to be built for themselves and their communities, and control how the final design and construction can take place. Included in such practice will be property built as 'self-build' dwellings, and properties customised to fit the desires of incoming households.

Q2. Is 'community-led housing' different to affordable housing?

Proposals for 'community-led housing' are proposals that evolve from the aspirations of local households and community groups to create homes and neighbourhoods for themselves and their local communities. Such properties are invariably for occupation by the households that are driving such aspirations and proposals forward. The proposals for some of those homes are likely to be that they are 'affordable', both in terms of the cost to the incoming households, and in the manner in which they will have been crafted to conform to the planning authorities overall policy requirements for 'affordable housing' and to meet local housing need.

This can mean that formal approvals for planning applications which involve market and / or affordable housing units can involve agreements that 'community-led housing' proposals are a means to deliver at least some of the approved units.

'Community-led housing' could also be part of the background to units that might be proposed for an 'exemption site', providing that the tenure and occupation of the properties is to be in accord with the detail of the policies supported by the local housing and planning authorities.

Q3. What is the local policy on 'community-led housing'?

National policy set out in the National Planning Policy Framework (para 50) states that local planning authorities need to identify local demand for people wanting to build their own homes and to make provision for it in their local plans. The strategic plans and policies of the planning authorities in the West Essex & East Herts Strategic Housing Market Area provide guidance for dealing with local proposals for 'community-led housing'.

Q4. Do we have to provide 'community-led housing'?

The strategic plans and policies of the planning authorities in the West Essex & East Herts Strategic Housing Market Area state the requirements to enable community-led housing to take place. There are no inclusions in the policies that these requirements can be substituted by other property delivery, or through negotiation that might lead to other arrangements like 'off-site' contributions.

Q5. How much land is needed for 'community-led housing'?

There are initial targets in the strategic plans of the planning authorities for the delivery of plots and land for people to build their own homes..

A variety of scenarios have been produced to assist the local planning authority and promoters work collaboratively through the masterplanning stages, taking account of community-led housing delivery.

There will be an appetite for land to be available both as individual plots for the creation of individual properties and land to be available for collaborative schemes to build a collection of properties or even whole neighbourhoods. Some of these proposals could be the basis of agreements to be reached between land-owners and developers that amounts of land are released for one or other 'community-led housing' proposal. In effect the instigators of such proposals will be one form of commissioners for the take-up of the development land or plots.

Q6. Does 'community-led housing' cost us money?

There is no money required to be an initial outlay on 'community-led housing' that is different for the development of land for other residential use in local strategic plans and policies.

The provision of 'serviced plots' for 'self-build' construction set out in local strategic policies represent the same level of initial service connections for the subsequent construction of dwellings as required by other properties, and will be costed according to market and policy norms.

It is feasible that some proposals for a collective provision of properties that are being designed with vehicle use restricted to only part of a development site could involve less-costly infrastructure with a reduced level of local roads or driveways.

Q7. Who actually builds 'community-led housing'?

'Community-led housing' can be built in a variety of ways. It can be by the households involved (as in 'self-build' schemes); or through the customising of the designed properties provided and erected by housing suppliers (like 'kits') or by housing developers; or commissioned by groups, to be constructed by their engaged builders; or by other agents, such as a housing association partner. Some schemes are set up to provide construction training for local communities, alongside the delivery of the completed units.

There has been no single means chosen by local projects for how they provide and construct properties to meet 'community-led housing' aspirations. [See Definitions]

Q8. Will 'community-led housing' take up' valuable development land?

All 'development land' is valuable, in as much as it is likely to have a monetary value in excess of a value for agricultural purposes. The 'community-led' element of any proposed residential scheme is one way of

providing the required plan-led targets for housing provision within the planning authority's boundaries. In that 'community-led housing' proposals will need to conform with established strategic plans and policies, the practical examples of 'community-led' activities will be no more and no less than what stems from other more conventional ways to provide local housing.

The identity of 'community-led housing' developments may come to be designed differently from other more conventional means of shaping modern housing development, however experience elsewhere suggests that community-led designs and developments have appreciated substantial increases in value, rather than realised any loss in value.