

# COMMUNITY LED AFFORDABLE HOUSING

The options &  
The Beer CLT project



# TWO BASIC MODELS

Community works in partnership with a Housing Association (HA) as the owner/manager

Community acts independently and is the owner and manager and Registered Provider (RP)



# BOTH WILL DELIVER AFFORDABLE HOUSING

## Community in partnership with a Housing Association

- HA does the actual development
- HA owns the houses
- Management by the HA
- A lot less work for the community

## Community acting independently

- The community undertakes the development or buys the affordable element
- The housing asset is owned by the community
- The community manages the selling and letting
- A lot more work for the community



# Beer CLT decided to go the “do it our selves route”

- It took a lot of input because we took the total development route
- We were therefore in control of what we built
- We obtained grant funding to allow market houses to be sold as discount sale houses
- We increased the number of affordable houses
- We paid for it by cross subsidising rental with discount sales
- TO DO THIS WE HAD TO BECOME AN RP Registered Provider



# WHAT EVER PATH YOU TAKE YOU NEED A COMMUNITY STRUCTURE

- To be the legal entity to own the land
- Make contracts with an HA
- Own and manage the housing asset



# A Community Land Trust (CLT) is the ideal legal entity to fulfil this role

- It has a recognised legal structure
- It transfers individual and community responsibility into a corporate structure
- It can be set up to do more than just housing
- It can receive investment funding from individuals



# There is plenty of support from CLT Network



## Start up funding

We offer access to free expert support and small grants to help you from the initial "glimmer in the eye" to being a legally incorporated CL...



## Pre-development funding

You'll need grant and loan funding to work up your plans and secure planning permission.



## Development Finance

To build your project you'll need development finance. You'll need capital funding to buy the land or assets and build the homes and you'l...



## Community funding







### Start a CLT - Setting up and building membership

Brief guidance on building membership and support as well as legal structures and good governance.



### Start a CLT - Business planning, tenure, land and planning

Basic guidance on business planning; proving housing need; tenure choices; acquiring land and gaining planning consent.



### Start a CLT - Building the homes, including self build

Basic guidance on developing the homes, including self build



### CLT Handbook

If you need more detailed guidance, the CLT Handbook is a comprehensive guide to setting up and running a CLT. It is available FREE to Members.



### National CLT Network Model Rules Sponsorship Service

The National CLT Network has template 'Rules' for a Community Benefit Society and offers a sponsorship service for all organisations using the...



### Developing non-housing assets

CLTs can develop and own any asset or enterprise important to a local community





# THE MAIN THING IS

- You are not alone
- Its been done before
- There's financial help
- There's mentor support
- Basically there's nothing to stop it happening except a viable project and a willing community



# HOW TO GET STARTED



# HOW TO GET STARTED

Identify a project

OR

Generate community interest  
and set up the structure



# IDENTIFY A PROJECT

- Establish a core group
- Explore site and build options
- Prove project viability in principle
- Use this to generate wide community interest
- Build on this interest to develop the community group
- Identify skillsets and experience
- Establish a small working committee
- Allocate tasks and spread the load



# Street scene



plan





# Get a delivery team together



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# Option 1

CLT purchases the affordable houses from the developer

- Need to agree with developer and LA that you will be the affordable partner
- You need to agree all purchase costs
- Little or no build input so much easier
- Requires smaller initial loan if sales and grant arranged
- Less risk
- Will deliver only the affordable houses conditioned in the planning



# Option 2

CLT buys and develops full site this could be; market and affordable or all affordable depending on the site and planning

- Bigger project
- Requires more input
- Requires bigger development loan
- Greater risk
- Greater reward as you decide what market or discount sales used to cross subsidise affordable leading to more affordable houses.



# PROJECT VIABILITY

Approach the project as a business  
Don't get bogged down in "fluffy"  
aspirations  
It must stand up financially



# PROJECT VIABILITY

Build or purchase costs

=

Sales proceeds

+ grants

+ any long term loan which  
must be serviced by rental  
income



# What finance do you need

Development finance to buy land and build or buy houses

- Short term development Loan Finance

Capital to enable ownership

- Grant Finance
- Sales income
- Long term loan
- Member investment



# Finance Options

Short term development loan, secured against land and buildings

- District council, social lenders, CHF

## Capital

- Grant support, HCA, DHCLG, District council via Wessex
- Sales income from either discount or market sales
- Long Term mortgage serviced by rental income
- Develop community investment scheme



How the ownership model can  
change the number of affordable  
houses delivered.





Commercial developer with HA	8 Market houses		
	7 Affordable taken on by HA		
	£732000 developer profit (20%)		
CLT buys 7 affordable units from developer	3 sold at 80% market value		
The developer still makes his profit	4 rented at 80% market rent		
Same number of affordable houses	Residual loan of £305000		
Grants + sales + residual loan	Paid off in 20 years		
Community will own 4 and control 3	Community will own asset worth £820000		
CLT as developer decides on tenure split and	Only 4 Market houses not 8 leaving 11 Affordable		
Can increase the number of affordable units	5 sold at 80% market value		
No developer profit, surplus stays in community	6 rented at 80% market value		
11 affordable 5 20% discount sales 6 20% discount rent	Residual loan of £379000		
Community will own 6 and control 5	Paid off in 20 years		
	Community will own asset worth £1231000		

# Beer CLT Little Hemphay 7 houses

- CLT initial meetings Oct 12, land purchased Oct 13
- Build start Feb 14, Occupation Feb 15
- Site purchased at market value £305,000
- Initial planning Permission 4 market & 3 affordable houses
- Build estimate including land £1,060,000
- Staged loan from EDDC to cover land and build £1,060,000
- Actual final build and land cost £1,065,000



# Beer CLT Little Hemphay 7 houses

- We turned 2, 2beds into 3 beds and fitted solar panels
- We delivered 4 rental properties and 3 discount sales
- We sold 3 houses at 80% market value rent 4 at 80% market rent
- We had grant of £200,000
- After initial sales and grant receipt we repaid £755,000
- After 2 years we repaid further £15000
- We currently owe £290,000 covered by 70% rent income
- Our asset value is £900,000+
- We will repay a further £50,000 in 4 years
- All loans will be repaid in 15 years



# The benefits to the community

- Letting and sales policies set by the community
- Community owned and managed assets are proving to be better maintained and less expensive to run
- The asset is owned by the community
- The value of the asset can be used by the community for further projects.



# To Conclude

- Community owned housing will deliver more homes with strong conditions for occupation by people with local connections.
- Community input is not insignificant, during the build and ongoing management.
- Registration as an RP including ongoing reporting can be time consuming.
- Community owned housing can bring benefits in so many ways such as, enabling extended families stay in the towns and villages they were brought up in.







	Commercial developer			
EXPENDITURE	units	m2	unit rates	totals
Based on unit development of	15			
Site Purchase market	8		60000	480000
site purchase affordable	7		10000	70000
Build costs market	8	120	1500	1440000
Build costs affordable	7	95	1400	931000
Total cost				2921000
INCOME				
Market sales	8	135%	324000	2592000
Affordable sale 10% profit on build cost	7	106%	151580	1061060
Retained for rental	0		157300	0
Sales income				3653060
Developer profit				732060
Developer profit % on GDV				20%



	Commercial developer				CLT buys affordable units			
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Total cost				2921000				1061060
INCOME					EXPENDITURE			
Market sales	8	135%	324000	2592000	Sale of market	0	324000	0
Affordable sale 10% profit on build cost	7	106%	151580	1061060	Sale of aff at 80%	3	205200	615600
Retained for rental	0		157300	0	Retained for rent	4	0	0
					Grant income	7	20000	140000
Sales income				3653060	Sales & grant income			755600
Developer profit				732060	Residual loan			305460
Developer profit % on GDV				20%	Rental income	4	7200	28800
					Repayment		75%	21600
					Repaid in approx 20 years			
					Residual asset value at current rate			820800

	Commercial developer				CLT buys affordable units				CLT develops				
EXPENDITURE	units	m2	unit rates	totals	EXPENDITURE				EXPENDITURE	units	m2	unit rates	totals
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Developer profit				732060	Residual loan			305460	Residual loan				-426600
Developer profit % on GDV				20%	Rental income	4	7200	28800	OR				
					Repayment		75%	21600	Market sales	4	135%	324000	1296000
					Repaid in approx 20 years				Affordable sale 80% market value	5	80%	205200	1026000
					Residual asset value at current rat			820800	Retained for rental	6		0	0
									Grant income	11		20000	220000
									Sales income				2542000
									Residual loan				379000
									Rental income	6		7200	43200
									Repayment			75%	32400
									Repaid in approx 20 years				
									Residual asset value at current rate				1231200