Briefing: Community Housing Fund beyond 2020

The Community Housing Fund (CHF) has been much-delayed, and now risks developing a pipeline of projects only to withdraw funding when they are ready to start on site.

We are asking the Government to extend the CHF beyond 2019-20, allowing unspent money to rollover and continuing with £60m per year. This will ensure it achieves its objectives[1] to increase supply and deliver a lasting legacy in the form of a financially self-sustaining body of expertise.

The Social Housing Green Paper has proposed greater certainty in affordable housing programmes and notes that “the stop-start nature of programmes has led to peaks and troughs in delivery" which "slows down the pace of delivering new homes" and provides "poorer value for taxpayers' money".

The Government announced the CHF in April 2016, re-launched it in November 2017 and opened the revenue prospectus for bids in July 2018. Both this and the forthcoming capital prospectus will close for bids in December 2019, giving less than 18 months for groups to take advantage of the Fund.

Rationale for extension – delivery of homes

We shared a sector survey with government in December 2017, identifying a pipeline of at least 5,810 homes in deliverable projects anticipated to be completed between 2018-22 if funding were released immediately and delivered through a four-year funding programme.

Of the total we expect 60% to go through the revenue programme before making a capital bid, These groups will be unlikely to bid for capital before the current window closes in December 2019.

Having funded projects to get to the point where they are ready to build/renovate, the Government cannot then withdraw the funding to deliver them.

Rationale for extension – lasting legacy

We are pleased that the Government’s third objective is to deliver a financially self-sustaining body of expertise to support the further development of the pipeline and are supporting Enabling Hubs to provide this. But their business models depend upon deliverable projects. Having less than two years’ funding certainty for projects is not stable enough to develop those social enterprises.

The short-term funding is also likely to reduce market confidence among the banks, partner developers and housing associations, local authorities and supply chains.

Reviewing the registration system for Registered Providers

Groups must become Registered Providers to access capital grants for low rent homes. This process can take 6-12 months, meaning few will register in time to secure capital funding.

We fully support good regulation of social housing providers. However, the current system of registration is proving lengthy and complex, out of proportion to the risks involved with groups providing so few homes, especially where those homes are controlled and managed by the tenants.

We would like the Government to introduce a more proportionate and efficient registration system for “micro” providers intending to provide fewer than 100 homes.

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[1] From the Homes England prospectus, July 2018, also cited in the letter to local authorities 23/12/2016.

Leasehold reform
The Government has proposed a ban on the sale of leasehold houses, and on the charging of ground rents. These reforms could have a damaging impact on community led housing groups across the country and undermine the Community Housing Fund.

Leasehold enables CLH groups to act as long-term stewards of housing, preserving its affordability for future generations. A third of all CLT housing completed to date has been completed under leasehold. Cohousing groups also commonly use leasehold as an efficient mechanism to for the ownership and management of shared assets such as common houses and gardens.

The Government has indicated that it may exempt CLTs in its consultation response, which we welcome. It has also indicated that its immediate ban on Homes England Funding will allow exemptions “where justified”, and we would argue that all CLH groups should meet that test.

Ground rents are often used by CLTs and cohousing groups that partner with housing associations. A significant proportion of CLTs lease land to housing associations. They collect modest ground rents as their only source of income, which covers their regulatory and governance costs and enables them to continue their community engagement work. A ban on ground rents could similarly adversely affect the appetite of housing associations to partner with cohousing groups. Ground rents may also be used by CLH groups to develop on challenging sites, by capitalising them.

To date the Government has not indicated that it is minded to exempt any CLH groups from this proposal. We urge the Government to allow CLH groups to charge reasonable ground rents.

The Right to Buy
The Voluntary Right to Buy goes against the main aim of many community led housing groups, to keep homes affordable in perpetuity. It would put many communities off starting a project, and landowners from bringing forward the sorts of sites that other housing providers struggle to access.

It particularly affects Community Land Trusts. The Housing and Regeneration Act 2008 set out a definition of CLTs in Section 79 and requires that they "ensure that the assets are not sold or developed except in a manner which the trust's members think benefits the local community".

In March 2016, Baroness Williams of Trafford (then Parliamentary Under Secretary of State for Communities and Local Government) stated in the House of Lords that "housing associations may exercise discretion over sales... where properties are held in a community land trust". This approach is reflected in the voluntary seal struck by the National Housing Federation in October 2015, following work by the National CLT Network.

However, this still leaves room for uncertainty, which puts off some communities and landowners. We have therefore asked that the Government put on the record that CLTs, in view of their statutory definition, are fully exempt from the Right to Buy.

National Community Land Trust Network, September 2018