3. Funding

Down to Earth

Contents

3. Funding

1. Introduction

All new housing needs to be paid for somehow, whether that's through members' own money, loans or grant funding, and likely a mix of many different sources. Fitting all of these together is rarely straight forwards, as can be seen in the case studies at the end of this chapter, so this chapter aims to breakdown the process into three stages, based on a wide range of successful projects. In reality, like with everything to do with CLH, all projects are unique and may deviate from this process, but it is a useful framework from which to work.

2. Funding Stages: an overview

There are several stages to any Community-Led Housing (CLH) project which require different approaches to securing funding. Although these can vary from project to project, they can roughly be thought about as:

1. **Group formation, site search and concept development:** Exploring the shared vision for the project, what are it's aims and how are you are going to achieve them. Developing a business plan and model, putting together a site finding brief, searching for sites which would be suitable for your group's needs, and carrying out initial site assessments.
2. **Full design, planning permission and secured site:** Once you have decided to move forward with a site and concept, this is where you will input significant resources into creating a detailed plan, seeking the relevant permissions and buying the site.
3. **Construction:** Completing the work required to create your homes, whether that is renovating, converting or building new houses.

Finding the right mix of funding at the right stage is going to be crucial to your project. You may have a viable project when looking at the overall forecasts, but unless you can bring in the right funding in the early stages, you will not have the cash flow to get it off the ground or will quickly go bust. Below is a breakdown of the three main stages of funding for a CLH project, based on risk, the amount of funding required, and where that funding comes from.

3. Levels of funding and risk by stage

Stage 1:

It is possible to work to a very tight budget in the early part of the project's development, carrying out much of the work yourselves for free or for a low cost. This is a great chance to explore what your vision is and develop your organisation and business plan, before the added pressure of working with a team of professionals. Grants needed at this stage are small, and availability is good.

Funding needed: Low, £5,000 - £25,000

Funding route: Small grants, member capital investment, crowdfunding, unsecured revolving loan fund

Risk: Medium - The sums at this stage are relatively modest, however the investment made here will be at-risk, therefore if the project is not successful, for example a planning application is refused or the site becomes unavailable, the investor will not be able to recoup their investment. It is therefore impossible to secure a commercial loan at this stage, even from an ethical lender.

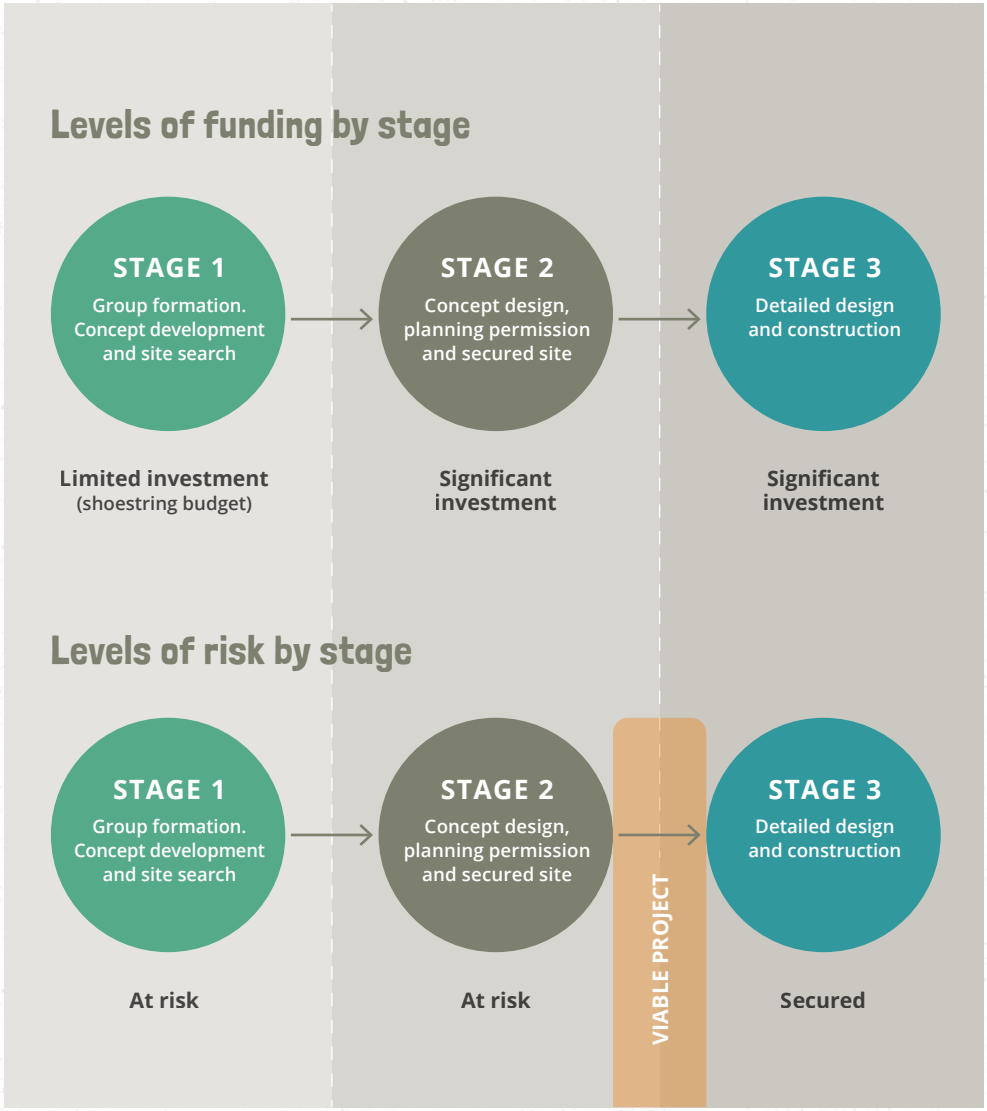
Stage 2:

This is when you will need a more significant financial investment, for the input of professionals such as architects, consultants and solicitors; and fees for permissions such as planning, SAB approval (in Wales) and building regulations. You may also have higher running costs for things such as insurance and accountancy. Due to the high level of investment required, and the lack of security of loans, this is usually the hardest stage of a CLH project to fund, and usually comes from local authorities, government grants (either through the social/affordable housing grant route or a CLH specific grant fund), specialist CLH grant funders, or member capital.

Funding needed: Medium - £60,000 – £600,000 (or £16,000 - £28,000 per home)

Funding routes: Medium sized grant from government or grant funder, unsecured revolving loan, high risk community shares

Risk: High – The sums for this stage are much higher than Stage 1, and like Stage 1 all investment is at-risk, and commercial lending will not be available at this stage.



Stage 3

For the construction and/or site purchase you will need a much larger amount of money, which will most likely come through a combination of a development loan and either grant funding or financial investment by members, or all three. By this point you will hopefully have a viable scheme, and access to finance, therefore although the amount needed is much higher, it should be significantly easier to raise the money than in Stage 2.

Funding needed: High £880,000 - £5.4m avg: £2.2m (£108,000 - £200,000 per home)

Funding Routes: Development loan, grant funding, community shares,

Risk: Low – Once you have an asset to borrow against, whether that is land with planning permission or a property, or you have raised enough finance to pay the percentage of the development costs which the development loan will not cover, you will likely be able to borrow the money that you need to make the project happen.

At–risk and secured loan

At risk - In relation to loan finance, at-risk refers to money which is leant where there is a risk it may not be repaid. This could be if something doesn't go to plan, or the project isn't successful. At-risk or un-secured loans maybe provided by councils or CLH funding bodies, but not commercial banks who require security.

Secured – A loan where the amount borrowed is secured, usually against an asset such as land or buildings, meaning if you can't pay back the money, the lender will take possession of these assets and sell them to recoup their losses. Commercial banks, even ethical ones, will usually only provide secured loans.

4. Funding available by stage

The funding landscape is constantly shifting, and is very different across local authority areas and devolved nations. If a suitable fund doesn't exist, don't lose hope, it may still be possible to convince your local authority, private grant funders or even the government to fund your project and given that it is in a constant state of flux, you never know what is around the corner. It is highly likely you will need to utilize a mix of funding sources at every stage, and be creative in how you fit this all together.

Stage 1:

Grant funding:

- **CLH specific grant funds:** There are funders who have created small pots of funding for groups to explore their ideas and get together a viable proposal. *Examples: DTA Wales, Cwmpas, Tudor Trust, UnLtd, CLT Network Start-up Grant, Resonance, CAF Venturesome, Locality.*
- **Other grant funders:** Other funders, whether they are national or local, may be willing to consider a CLH proposal, especially for the delivery of social housing. *Examples: National Lottery, People's Postcode Lottery, Quaker Housing Trust.*
- **Corporate grant funds:** Many large companies have small grant funds and who may be willing to fund CLH groups, especially when there is a strong community focus. *Examples: Wickes, B&Q, Screwfix, Arnold Clarke.*
- **Local authority:** Some local authorities have provided small grants to get CLH groups to get off the ground, often using money raised through second homes taxes or Section 106 payments. It is worth getting in touch to see if this is possible.
- **Parish (England) and community (Wales) councils:** May provide small grants for running costs through their community funds, or they may be able to access some grant funding on the projects behalf

Revolving loan funds:

- **Local authority:** Funds which lend money which is only paid back if the project is successful. Unlike small grants, these costs still need to be worked into the overall business model, but can bring in finance when starting out, and are looked favourably upon as they recycle money from successful projects . Cornwall Council have created a revolving loan fund, you may be able to convince your council to do the same.
- **Funders:** Some funders have small unsecured loan funds alongside larger grants and secured loans. *Examples: CAF Venturesome and Resonance.*

Member capital investment

- **Member loan:** You may have members who are able and willing to invest money in the project, paid back when the project is successful. These members could be offered an incentive to take the financial risk, such as a discount on the price of their home.
- **Membership fee:** Many groups charge a membership fee, either to join, annually or monthly. A small amount such as £5 p/m each could be enough to cover early running costs.
- **Crowdfunding:** If you have good support locally or online, you may be able to ask for donations, possibly in exchange for 'perks' such as having their name on a plaque once the development is complete.

Stage 2:

Grant funding:

- **CLH specific grant fund:** There are a smaller number of funders who have provided grants of this size for pre-development costs. *Examples: CAF Venturesome, Resonance.*
- **Local authority grant:** Although certainly less common than smaller grants, some groups such as Bristol CLT have received larger grants from the council to bring forward viable schemes.
- **Government grants:** UK Government through Homes England and the Welsh Government have both funded CLH groups, and whilst these funds come and go, there is a strong commitment by both governments to support CLH financially. *Examples: Community Housing Fund – England, Land Buildings Development Fund – Wales*

Loans:

- **Revolving loan funds** (see Stage 2) *Examples: CAF Venturesome, Resonance, Cornwall Council, London Community Fund, Radical Routes Loan Fund.*

- **Community Shares:** If the project is relatively low risk, you may be able to attract individuals and social investors to invest in the project, who would be paid a small interest as well as being paid back their investment after a set time. The risks to the investment would need to be made clear. Yorspace in York for example raised £420,000 through community shares.
- **Loan stock:** Similar to a community share offer, but the individuals or organisations lending do not own a share in the organisation, but they rather loan the money.
- **Member capital investment** (see Stage 2)

Stage 3:

Grant funding:

- **Government social and affordable Housing grants (see below):** This is the primary source of grant funding for the delivery of affordable housing in the UK. Currently it requires being a registered provider (RP) in England or a registered social landlord (RSL) in Wales, or to partner with one. Some CLH groups in England have themselves become RPs, for example Calder Valley. In Wales it is much more difficult (see RP/RSL status info box). As of 2023 Welsh government have funded some CLH organisations on a case-by-case basis through their Land and Buildings Development Fund.
- **Innovation grants:** Grants sometimes become available for utilizing pioneering or sustainable materials, technology, designs or models of delivery. For example LILAC received funding for using straw bale panels and Lancaster Cohousing for sustainable energy creation. Given that most CLH groups want to incorporate sustainability anyway, it is worth being aware of when these funds are released. *(Examples: Innovative Homes Programme (Wales), DEFRA Rural Carbon Challenge Fund, Low Carbon Communities Grant, ISOBIO project)*

Loan finance:

- **Bank lending:** It is likely that a large proportion of the project development cost at this stage will be through a loan from a bank. There are a small number of ethical lenders who will lend to CLH groups. (See 5. Bank Lending below). Depending on the scheme, it may be possible to get a loan with a high street bank or building society. *Examples: Triodos, CAF Bank, Charity Bank, Ecology Building Society.*

RSLs and RP

RSLs & RP – Registered Social Landlords in Wales and Registered Providers in England broadly describe the same thing, which are organisations other than local authorities who build and manage social housing. They must be registered with the respective devolved governments and have reporting requirements. Usually, but not always, these are non-profit housing associations.

The difference between the two definitions, is that in England RPs include for-profit housing associations, whereas in Wales only not-for-profit housing associations are included in the definition of RSLs. Being an RSL or RP is a prerequisite for applying for government grant funding through the Social Housing Fund (Wales) or Homes England funding (England), which are by far the largest grant funds for affordable and social housing. An organisation must also be an RSL or RP to rent housing as social housing, regardless of their funding source.

5. Government funding for affordable and social housing

Affordable and social housing delivered by conventional routes, in almost every case requires grant funding to subsidize a scheme to make it viable, which usually comes from government grants.

When provided by local authorities or housing associations, and sometimes developers, this is accessed through the Social Housing Grant (Wales) and Affordable Homes Programme (England). This provides a percentage of the development costs:

- **Social Housing Grant:** This is paid at a fixed rate of 58% for Social Rent and 25% for Intermediate Rent or ownership (<80% of market value).
- **Affordable Homes Programme (AHP):** This is paid as a percentage of the development costs and varies from project to project from 20-80% of the total costs.

Both funds are paid at key milestones, for example site acquisition, planning permission, start on site, practical completion and exchange of contracts, this can vary as to which stages are relevant and what percentage is paid.

Registered provider / registered social landlord / investment partner status

- **England:**

In England to receive AHP funding, organisations must become a registered Homes England Investment Partner, which involves applying to Homes England who undertake financial due diligence, and review the organisations ability to deliver a successful scheme.

If the organisation is going to manage the homes once they are complete, i.e. they are not just the developer, then they will also need to acquire Registered Provider Status, which involves:

A. Paying a fee (currently £2,500),
B. Paying an ongoing fee (£300 p/a),
C. Being regulated by the Regulator of Social Housing
D. Complying with, the often changing, Homes England policies including - set rent levels and right-to-buy.

- **Wales:**

In Wales registered partners are called Registered Social Landlords (RSLs), and it is currently not possible for CLH groups to register as RSLs. This restricts groups to either partnering with an existing RSL, usually a housing association, or accessing a different grant fund.

If your organisation is partnering with an existing RP/RSL, then you yourselves do not need to be an Investment Partner or Registered Provider. This is often the case with CLH groups who work alongside a housing association who will manage the housing once complete, with the RP being able to draw down the money from Homes England.

The pros and cons of registering for RP status are discussed in the below resources:

Community Led Homes – Registered Provider briefing paper

CLT Network – Statement of RP status for CLTs

Affordable and social housing delivered by conventional routes, in almost every case requires grant funding to subsidize a scheme to make it viable, which usually comes from government grants.

6. Bank Lending

As discussed above, almost every CLH group will need some level of borrowing to carry out the development or redevelopment of housing. This comes in two main forms:

Development loan: Taken out to complete the actual development of housing, from site purchase to practical construction and the associated fees. This is usually a short term loan which has a higher interest due to the level of risk to the lender (typically 5-12%), borrowed for the period of the construction (1-3 years). The amount available maybe at a lower loan to value ratio than a mortgage e.g. you can only borrow 65-80% of the value of the asset at the time, or of the project costs.

The loan is usually drawn down at different milestones, which can be; site purchase, planning permission, start on site and completion. For groups self-managing the construction process, this can sometimes be more regular and specific. For example: upon completion of ground works, on completion of external finish and so on. Development loans may be available on an interest only basis, which would mean you wouldn't need to start paying back the loan until you had finished building the homes, only the interest.

Long term loan (mortgage): Once homes are completed, unless all the homes are being sold outright, the CLH organisation may need to take out an additional long term loan in its name to pay off the development loan, which will be paid off over time through rents and ground rents. This is usually over a longer period (15-40 years) and at a lower rate of interest (4-8%), and may be available at a more generous loan to value ratio.

Both the development loan and mortgage can be offered by the same lender, but not necessarily, and it is sensible to try to find the best rates. Ethical lenders tend to be more flexible than other commercial lenders and adopt a more collaborative approach, therefore it is important to discuss your project with them early on.

Flexible loan: This is a loan offered by some CLH focused lenders, which combines the development stage and mortgage in a single agreement with variable interest rates.

Loan to value / Loan to cost ratios

Loan to value (LTV) ratio: This is the percentage of the value you can borrow against the asset that you own or will own, usually the building and/or land, known as the 'security', i.e. the amount the land or building could be sold for if you defaulted on the loan payments, and the lender repossessed the asset to recoup their investment. This is usually 65 - 80% of the value of the security at any given time, although can be as low as 60% or even 50% for high risk projects.

For new build developments, or those where extensive renovation work is required, the assets are revalued at regular intervals before more money is released by the lender as the value of the asset increases, and to ensure borrowing stays within the required LTV ratio.

Loan to value ratio = loan amount / property value

Loan to cost (LTC) ratio: This is the percentage of the total project cost that the bank will lend to you. It's worth noting that this is how much the project costs, not how much the final development will be worth which is likely to be higher. Most lenders will only lend 70-80% of the total project cost so this would have to be sourced through member capital, grant funding or possibly another unsecured loan.

Loan to cost ratio = loan amount / total project cost

Charges

First and second charge: In the event of your organisation going into liquidation, the first charge is the lender who will be paid first, and with the second being paid with what is left, followed by the third and so on. A commercial lender will always require that they are first charge. If another party such as the local authority, national government or grant funders have provided funding or provided the site for below market value, they may require that they are first charge until a commercial lender comes on board, at which point they will drop to second charge.

Mortgagee in possession Clause: In the case of protected 'affordable' housing (see chapter 5. Tenure Models), lenders will want to know that they will still be able to sell homes easily if they repossess them, which means they may require a 'mortgagee in possession' clause in a Section 106 agreement and/or in a legal charge on the land. This means that if the bank takes ownership of the site, they can sell the house or land on the open market for full market value, without following the allocations policy in the agreement.

A compromise would be to have a clause which states that the bank must follow the allocations policy for a set period

of time, for example 12 weeks, after which if they can't find a suitable buyer, they may sell them on the open market.

This will involve negotiations when drawing up a Section 106 Agreement or legal charge with the local authority. In general, the bank will want the least restrictions, whereas the local authority will want the most stringent, and you will need to balance both of these needs. Most local authorities however realize it is important for housing providers to borrow commercially, and therefore will likely accept some level of compromise.

Other considerations

Fixed rate / variable: Upon completion of homes, organisational mortgages work in a similar way to individual home mortgages with variable rates (where rates go up and down with the Bank of England base rate) and fixed rates (where rates are set for up to five years).

Interest rates / stress test: Banks will want to see that any financial projections have been 'stress tested' to a higher rate of interest than currently available. This makes sure that if rates do go up, your organisation will still be able to afford repayments. Banks will usually require projections to be able to handle an additional +3% to current interest rates, although this could be higher or may stipulate a set interest rate, for example 8%.

Debt service cover: This is the amount of money your financial projections show you can bring in each year to cover the repayment of the loan, after costs such as maintenance, voids (properties sitting empty), and revenue costs. This is usually set at 115% of the monthly/annual payments, i.e. your income after costs needs to be 15% more than that required to repay the loan, to account for unexpected circumstances or issues which may affect your income or costs.

Fees: Most loans will have an arrangement fee associated with them, often a percentage of the loan for example 1% of the loan amount. For a large multi-million pound scheme this can be a significant cost into the tens of thousands, so must be accounted for in financial projections. This is in addition to legal fees.

Ethical lenders: Most community groups secure loans through a small number of 'ethical' lenders, who offer commercial loans with similar or higher rates of interest than high street banks, but are often willing to fund projects which may be higher risk, if they have high environmental or social benefit. They generally offer a more bespoke service and a partnership approach, giving support and flexibility in their offer. It is a good idea to speak with some of these lenders early on, once you have settled on a site and concept, to see what their requirements are and to troubleshoot any issues which may arise later on. Lenders that have support CLH projects are:

- Ecology BS
- Charity Bank
- Triodos
- CAF Bank
- Co-operative Bank

7. Other forms of funding

Asset transfer: Public bodies may be willing to transfer a site or building to a community group for less than market value and sometimes at no cost, for the delivery of affordable housing. This is often local authorities, but church bodies have provided sites for CLH groups, and although less common, sites owned by the government may become available. The site could represent a significant proportion of a schemes cost, and if it is owned by the CLH group you may be able to borrow against it, meaning you may require less grant funding.

Cross subsidy: You may be able to provide additional housing or spaces on your site, which can be sold or rented to help pay for the affordable housing element of a scheme. This could be some market value housing, self-build plots or commercial spaces such as workshops, studios or shop space. With regard to market value housing, you would need to make sure that this did not contravene certain planning conditions for 100% affordable housing. Examples of CLH that have cross subsidised:

- Lyvennet CLT, Cumbria provided 8 self build plots sold on the open market
- Lancaster Cohousing provided 6 market value homes, and commercial space which is rented out.

8. Costs

Costs obviously vary hugely across schemes, depending on the number of homes, the size and tenure of the homes and the complexity of the proposal, as well as how much work you are able to do yourselves, and how much you will need to outsource to professionals. This list is certainly not exhaustive and the below costs are very much approximations based on the case studies but give an indication of the types of costs to consider at each stage.

Stage 1

Revenue costs:

- **Stationery**
- **Marketing materials** - posters, leaflets
- **Venue hire**
- **Visits to other schemes**
- **Accountancy** - you may be able to do this yourselves at this stage
- **Public liability insurance**
- **Membership to bodies** - CLT Network

One off costs:

- **Registration with companies house** - £40
- **Land registry searches** - £7 each
- **Land agent fees** - if needed
- **Legal fees and solicitors fees**
- **Financial advice** - initial feasibility study
- **Research** - housing needs survey
- **Planning consultant** - for particularly contentious sites

Stage 2

- **Surveys:** Ecological, topographic, utilities, structural surveys, geotechnical, drainage, flood risk etc.. - costs can vary widely depending on the site, between £3,000 and £15,000 for a 'greenfield' site, though if the quality of the ground is poor a ground investigation survey could be as much as £4,000 per house.
- **Professional fees (design):** architect, cost consultant, structural engineer, planning consultant, - between 15 and 20% of the total construction cost not including the cost of the land.
- **Project management fees:** 2-4% of total construction cost.
- **Legal fees for site purchase or legal agreement:** approximately £3,000-10,000, though again can depend on the complexity of the agreements.
- **Site purchase:** Affordable housing plots tend to vary from £1 to £20,000 per plot.
- **Planning application fees:** Each local authority will publish their planning fees, there will be a cost for a pre-application and then for a full application for new dwellings or change of use. These will depend on the number of homes being proposed.
- **Building regulation fees:** £270 - £380 per new dwelling, based on 10 dwellings, differs across Local Authority, and cost per home decreases with number of homes)

Stage 3

- **Construction or renovation of homes** (£108,000 - £150,000, or £152,000 - £212,000 adjusted for inflation to 2024 prices)
- **Development loan arrangement fee** - typically around 1.5% of amount borrowed
- **Site preparation**
- **Access and highways creation**
- **Insurance**
- **Utilities connection**

9. Where to find grant funding

As discussed funding for CLH comes and goes, therefore it is important to keep up to date with the funds which are currently open. Below are some of the first places to start looking:

- **CLH enabling organisations:** A great place to start is contacting your local CLH enabling hub, or CLH national support organisation who will likely know what the current CLH funding landscape looks like.

For more general funding pots, there are national search platform websites which are regularly updated.

Wales

- Funding Cymru – A large database of grant funds and loan finance from local, national and international sources.
- Business Wales Finance Locator – Searchable database with grant funds and loan finance

England

- Gov.UK Find a Grant – Search engine for government grants
- The National Lottery - The largest grant funder for community groups in the UK, with multiple funds open at any one time. They work collaboratively, and are usually happy to discuss your requirements, to direct you to the right grant fund.
- **Regional searches** - Many local authority areas have umbrella organisations which support third sector organisations and charities, and who often post details of locally relevant funds, and are able to carry out a funding search for you themselves.
- **Paid for grant finding services** – There are many services which will search for funding on your behalf, for a fee. It is unlikely that funds suitable for a CLH project would not be easily publicly available, so the usefulness of these services isn't proven for CLH groups.
- 360 GrantNav – This website publishes information on grant giving in the UK, showing where grant funding has been awarded, who received it, where it came from and how much was awarded. It is useful to see how other housing projects were funded and by whom. You can search by area, by funder or using a key word such as 'community led housing' or 'community land trust'.

10. How to make yourself fundable – top tips

All funds are different, and applying for funding is largely a case of selling the merits of your proposal in an application. Below are a few general tips for applying to grant funds:

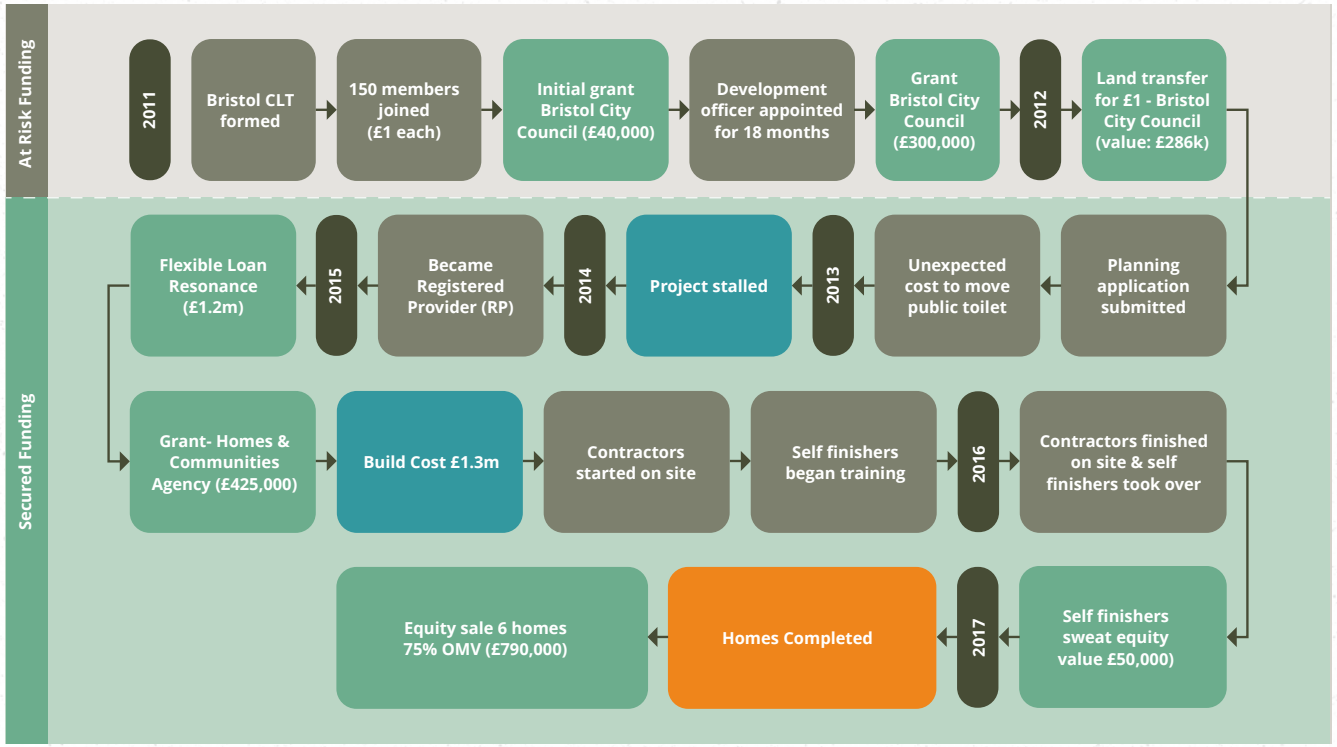
- **Replicability** – Often funders will be looking for projects which will have reach beyond the initial project, and help inspire wider positive change. Pioneering CLH groups do just this, so make sure you highlight how your project will be helping to create a model which will help others do the same.
- **Community benefit** – Funders will be reluctant to fund an organisation which is only going to benefit its own members, so bringing attention to the wider benefits for the surrounding community, future residents and the environment will help build the case that your project has genuine community benefit.
- **Account history** – Many funders will want to see that your organisation can handle its finances, so will want to see an account history with money moving through it, so the sooner you set up a bank account and start keeping detailed accounts the better.
- **Understand the eligibility criteria and grant fund priorities** – Make sure you fully understand what the grant fund is there to support, and firstly whether you are eligible, and secondly if so, if you are able to emphasize certain aspects of your proposal which align with the funder priorities. It may be that the funder would not provide a grant towards your whole project, but would fund a smaller individual part of it. For example a community space for public use, commercial spaces for social businesses as part of your wider proposal, certain sustainability or renewable energy features, or community participation in the design process.

11. Case studies

Bristol CLT, Fishponds Road, Bristol

Gained the support of a sympathetic local authority to find a site and funding for community led affordable housing.

- **Loan:** 60%
- **Grant:** 40%
- **No. homes:** 12 homes in total - 6 shared ownership and 6 social rental
- **Total project cost:** £1.9m or £158,000 per home (2013 prices)
- **Build cost**: £1.3m
- **Cost per m²:** £1,800
- **Total grant funding (40%)**:
  - £345,000 Bristol City Council
  - £425,000 HCA (now Homes England)
- **Total loan funding:** £1.2m (60%)
- **Total from house sales:** £790,000 + £50,000 sweat equity off set



Notes:

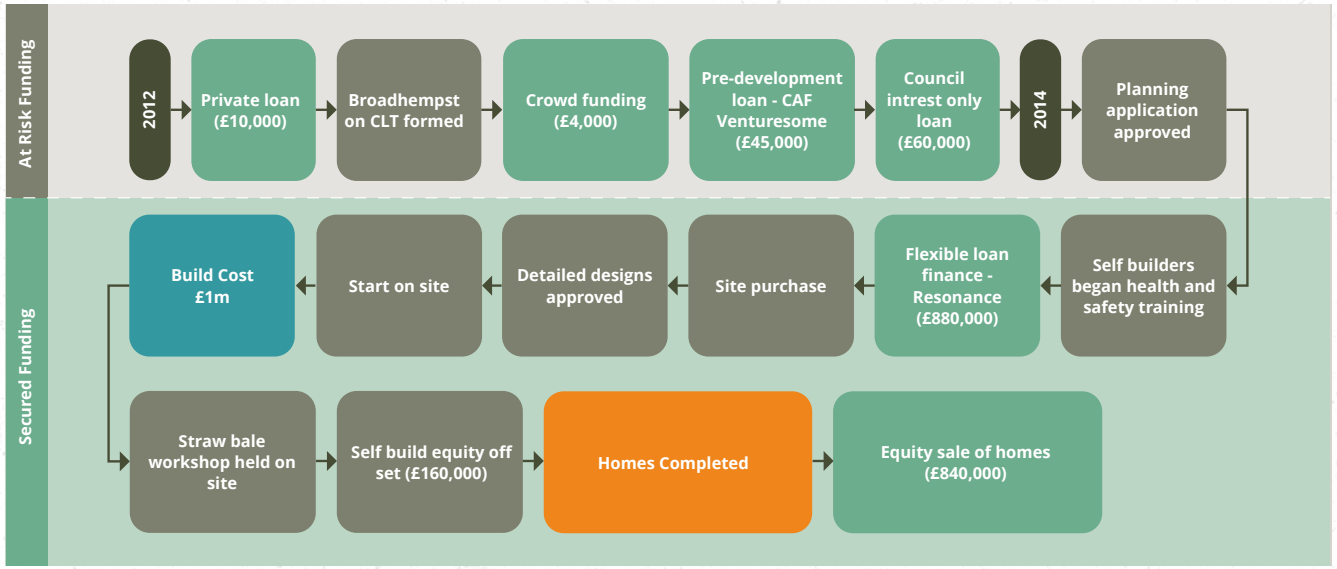
Costs were saved by simplifying the design

This was a self-finish project, where residents took part in the construction work finishing their homes. Sweat equity reduced costs and allowed residents to acquire equity in their home, although at an organisational level this value was largely cancelled out by the administration of the self-finish element of the build.

Broadhempston CLT, Devon

Going it alone, a CLT using the capacity within the local community to develop and physically build affordable homes in their village without a housing association partner or significant grant funding.

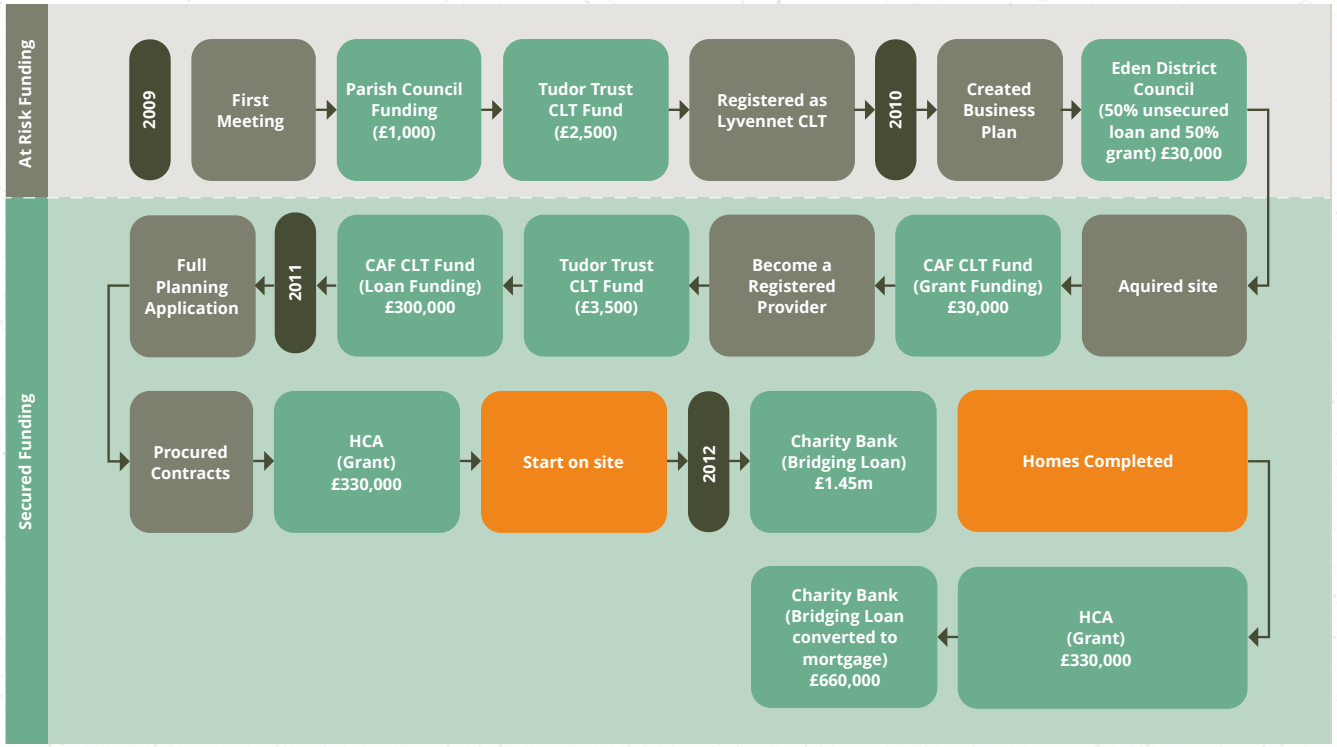
- **Loan:** 100%
- **Grant:** Negligible
- **No. homes:** 6 homes, all 6 shared ownership
- **Total project cost:** £1m or £166,000 per home, 25% of which was sweat equity to residents, (2013 prices)
- **Build cost:** Unknown
- **Cost per m²:** Unknown
- **Total grant funding:** Crowd funding - £4,000
- **Total loan funding:** £1m
- **Total from house sales:** £840,000



Lyvennet CLT, Cumbria

A classic CLT model using a mixture of grant and loan funding to build affordable homes for local people in a rural location.

- **Loan:** 72%
- **Grant:** 37%
- **Member finance**: 0%
- **No. homes:** 20 homes in total - 12 rental and shared ownership, 8 self-build plots
- **Total project cost:** £1.8m or £150,000 per home (2011 prices)
- **Build cost**: Unknown
- **Cost per m²:** Unknown
- **Total grant funding:** £667,000 (37%)
  - HCA - £660,000
  - Parish council - £1000
  - Tudor trust - £3,500
- **Total loan funding:** £1.13m (72%)
  - Charity bank – Bridging loan - £1.45m, Mortgage - £660,000
  - CAF CLT fund - £300,000
  - Council - £30,000
- **Total from house sales**: Unknown



Gung Ho Housing Co-operative, Birmingham

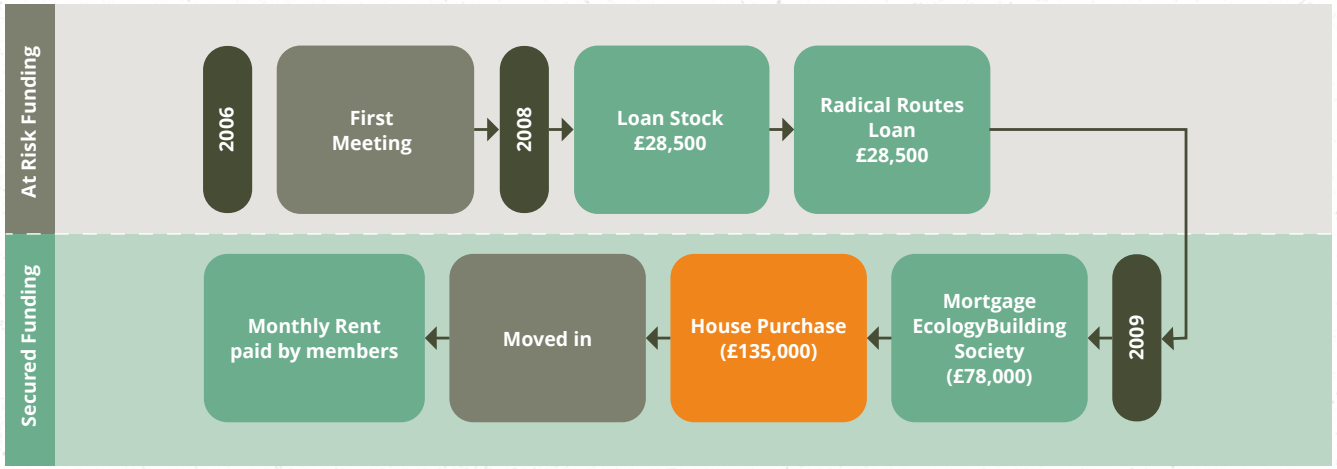
A fully mutual housing co-op, buying and living co-operatively in a 5 bedroom house, using a mixture of loan stock, Radical Routes loan and ethical mortgage.

- **Loan:** 100%
- **No. homes:** 5 bedroom shared house
- **Total project cost:** £135,000
- **Total grant funding:** £0
- **Total loan funding:**
  - Loan stock (borrowed directly from other individuals and co-operatives) - £28,500
  - Radical Routes loan - £28,500
  - Member capital finance loan- £78,000

Learning:

Most commercial lenders will not lend the full amount to purchase a property, usually capped at 80%, so it is necessary to raise the other 20% separately.

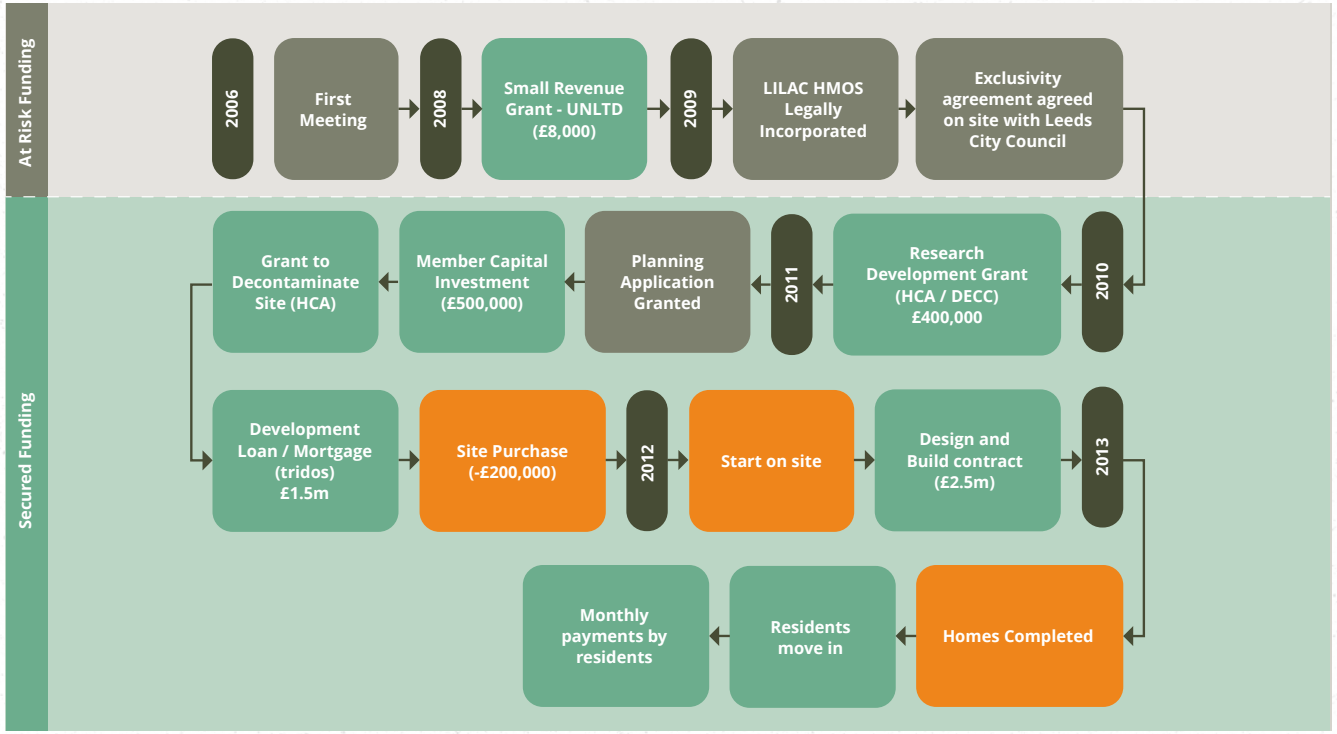
Gung Ho used a combination of a loan from Radical Routes, which stipulated that they must match that amount through raising loan stock themselves which they did.



LILAC, Leeds

A cutting edge model for delivering intermediate housing based on local wages not house prices, using mainly loan finance, with grant funding and member finance allowing the affordability of the homes.

- **Loan:** 60%
- **Grant:** 20%
- **Member finance**: 20%
- **No. homes:** 20 homes, all mutual home ownership scheme, (MHOS)
- **Total project cost:** £3m or £150,000 per home (2012 prices)
- **Build cost**:
  - Build only cost - £1.8m
  - Design and build contract - £2.5m
- **Cost per m²:**
  - Gross - £1744
  - Build only - £1081
- **Total grant funding:** £410,000
  - HCA / DECC- £420,000
  - UnLtd - £8,000
  - HCE grant for decontamination – undisclosed
- **Total loan funding:** Triodos - £1.5m
- **Total member capital investment:** £500,000



Learning:

The LILAC's use of the MHOS model sets maximum monthly payments based on peoples wages, with people only paying 35% of their household income. Members build up equity in the development as a whole rather than their own home, which they can take with them when they leave.

This model works really well for intermediate housing e.g. housing for those who cannot afford market value housing but earn too much to be eligible for social housing. Because state benefits cannot be used to acquire equity, those receiving them cannot be residents of LILAC.

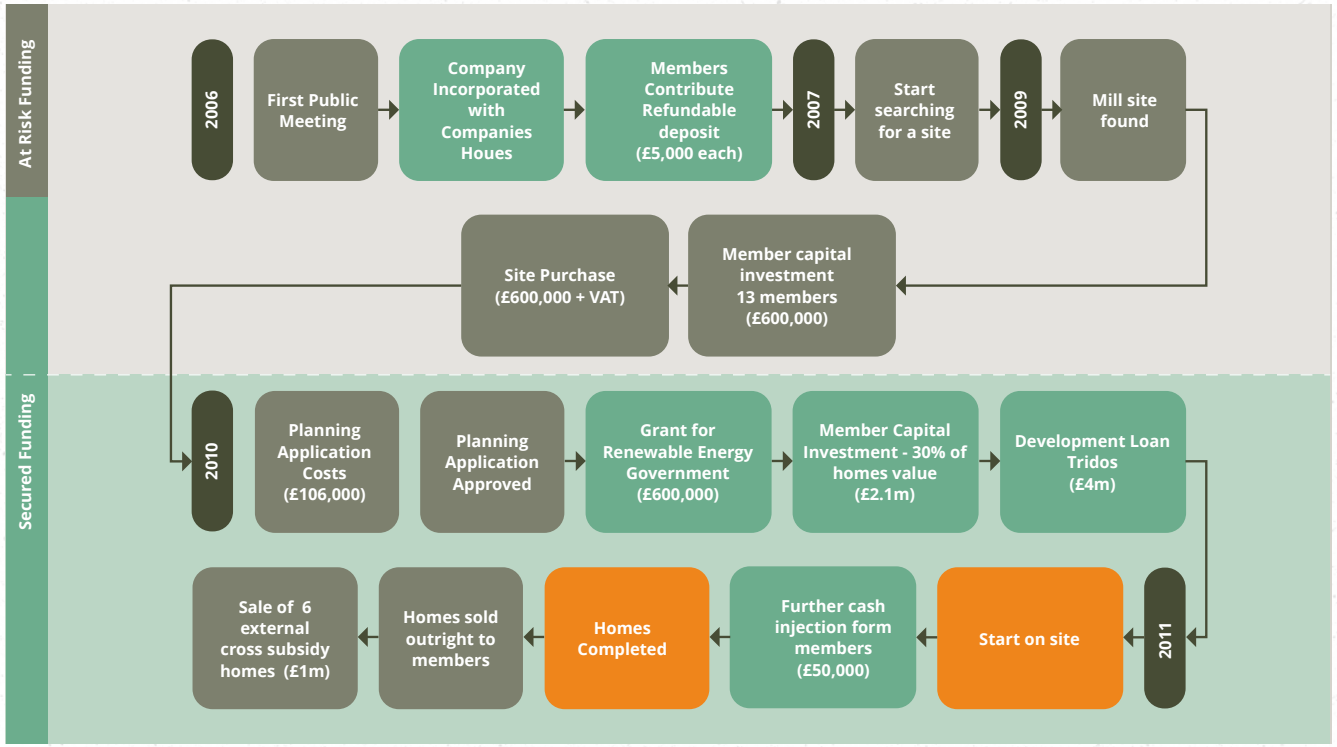
The common house proved difficult to fund separately, and although LILAC applied for dozens of grants, they were all unsuccessful, so the cost had to be split between members.

Access to a significant amount of private capital of around £500k, meant house prices could be kept much lower as borrowing costs were reduced, especially in the development stage when interest rates are much higher than a mortgage.

Lancaster Cohousing, Lancashire

A large cohousing development where members with capital leant money to the group to enable the project to develop.

- **Loan:** 50%
- **Grant:** 8%
- **Member finance**: 43%
- **No. homes:** 35 leasehold 2-3 bedroom homes and common house, 6 cross subsidy market sale homes + 1000m² of rentable workspaces
- **Total project cost:** £8m
- **Build cost**: £5.4m
- **Cost per m²:** £1,658
  - Gross - £1744
  - Build only - £1081
- **Total grant funding:** £600,000
  - Low Carbon Communities grant (for upgrades to the mill coworking space) - £100,000
  - DEFRA Rural Carbon Challenge Fund (For hydroelectric and district heating) - £500,000
- **Total loan funding:**
  - Triodos - £4m
  - Member capital finance loan - £3.5m



Learning:

Members who contributed time to project management could recoup this through sweat equity. They were reimbursed at a rate of £15p/h.

Members had to submit £5k with their application and make a payment of 30% within 6 weeks.

Homes are sold for £110-302k which is more than the average locally, but is justified through the additional shared spaces and quality of the homes.

The site lent itself to building 6 extra houses separately to the main development which were sold on the open market and which helped to cross subsidize the cost of the development, making it cheaper per house.

The mill was converted to rentable workspaces, including private and shared workshops, studios and offices which are occupied by small businesses and freelances. Residents of Lancaster cohousing get a discounted rate. It was paid for with grant funding and is now run co-operatively.

Community Led Housing:

How to Guides

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5. Tenure Model

6. Planning Permission and Building Control

7. Self-build

8. Design

9. Procurement Routes

10. Construction

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