

CHAPTER 3

Proving housing need and allocating CLT homes

CASE STUDY Holsworthy CPT

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**‘Communities can
make it happen.
Communities pitching
in on their local patch
– if every village did
something similar,
what a difference it
would make’**

Helen Rawe, Secretary, St Minver CLT

CASE STUDY

How do you prove your project is needed: Holsworthy CPT

Homes for Holsworthy was formed in 2005, as a viable solution to a local shortage of affordable housing. The small market town of Holsworthy, in Devon, has seen house prices rise sharply due to pressure for retirement and second homes. In 2004, a housing needs survey showed that house prices had reached almost 13 times the typical local family earnings, putting property ownership out of the reach of many local people. Homes for Holsworthy believes that people should be able to stay in their own locality to enable them to contribute to preserving their communities. To restore a more balanced local community, Homes for Holsworthy has committed to providing 50 affordable homes in the town and surrounding areas.



How do you prove your project is needed: Holsworthy CPT

To date, the Trust has delivered 15 homes in several stages through self-financing schemes, using revolving grant funding from the local authority and loans from Charity Bank and the CLT Fund. The Trust retains a 30-40% equitable interest in the homes it sells, keeping control of resale prices through pre-emption agreements. Homes are made available at 60-70% of their open market value. They have also pioneered a 'Do It Yourself Equity Ownership' (DIYEO) scheme which allows purchasers to choose their home on the open market, paying as much as they can afford. Homes for Holsworthy provides an equity mortgage to pay for the rest of the open market value.

Making homes affordable for local people was at the centre of the vision for Holsworthy Community Property Trust. Its allocations policy, agreed with Torridge District Council, reflects the aim to provide for the squeezed "middle market", between those eligible for social housing and open market buyers.

There are three criteria that must be met by all applicants for a Holsworthy CPT home:

- They must be unable to afford a home on the open market
- They must have a household need that is suitable for the home
- For a shared equity scheme, they must be able to demonstrate that they can afford to purchase an equitable interest in the home. For a rental home, they must be able to afford the outgoings required.

The Trust uses five further criteria to decide priority between applicants for the homes: local connection, local employment, local residence and family connections, moving from one HCPT or housing association property to another within the area, and length of wait. The Trust aims to give priority to young people, to maintain the vibrancy of the area for the future.



3.1 Introduction

A clear need for affordable homes is usually the main impetus to set up a CLT. Local people will be aware of family members, friends, employees and others who are seeking, but are unable to find local homes that they can afford, either to rent or buy. However, to demonstrate this need to the local planning authority and to investors and lenders, there needs to be more than anecdotal evidence; it has to be supported by proper research and documented evidence captured in a **housing needs survey**.

The allocation of those homes will, if the CLT is seeking to access Homes and Community Agency (HCA) grant, be set out in an **allocations policy**, that will need to be agreed with the local authority.

In addition, the definition of affordable and local need may also be set out in a **Section 106** agreement, which will be part of the granting of planning permission in the case of rural exception sites or where provision of affordable homes is a condition of a larger development. This is explored in more detail in Chapter 6.

A CLT will therefore need to engage with the local authority at the earliest stage and throughout this process to both demonstrate and evidence need and ensure that any conditions for development do not contain any impediments to delivery.



Homebaked CLT working on the design proposals.

3.2 Housing needs surveys

To give planning permission for affordable housing a local planning authority will require evidence that there is a need for the new homes. Local authorities have to undertake a 'Strategic Housing Market Assessment' (SHMA) to identify both housing need and demand in the local authority area. Some SHMAs will provide data down to the ward level and can be used to inform the evidence for housing need.

However, in order to obtain the necessary detail required for a planning application, it may be necessary to conduct a housing needs survey. This will usually be at a parish or other defined level. The survey will identify households in the community whose incomes are insufficient to rent or buy suitable accommodation on the open market. It will also obtain information, confidentially, on gross household incomes, savings or equity, number of members of the household and ages. It may also identify hidden homelessness, for example, a young couple staying in a parental home, unable to afford to set up on their own. The results will be reported in such a way that household identities are not revealed and cannot be guessed. However, it may be useful to invite confidential inclusion of contact details to stay in touch with potential beneficiaries of the CLT homes after the survey.

In rural areas there may be a Rural Housing Enabler who can help a CLT carry out the housing needs survey. Enablers are usually either based at the Rural Community Council or local authority. It's worth a community group working closely with the enabler from the start. Most enablers are a mine of information; they will be aware or able to find out about available land and who owns it, and will know if any surveys have been carried out recently. They will also have a wide range of useful contacts who might be able to assist the CLT.

If a CLT wants to carry out its own survey, an enabler will be able to offer advice on how to ensure that the survey covers all the information areas required and that the data is properly analysed and reported on. A CLT should also work with the local housing authority to agree the methodology of its survey and hence be sure that its findings will be rigorous enough and acceptable as evidence of need.

In order to ensure that its survey is comprehensive, the CLT will need to mobilize as many people as possible to help carry it out. Local knowledge may be needed to identify all in need of housing in the area, who might otherwise be missed by a survey posted out only to local addresses. There may be people who work in the community or have the opportunity to work in the community but cannot do so as they have nowhere to live; as well as those who have a community connection but have had to move away. The CLT may choose to put information on its website or in the local media, or ask those already living in the village whether they know of anyone that fits the description.

Hand delivered surveys, with someone at hand on the doorstep to explain why the survey is needed, may elicit a far higher level of response than a posted survey. Those who deliver the surveys may offer to collect them at a later date. Stamped addressed envelopes or secure local drop off points for the return of completed surveys may encourage people to fill them in. Some people may ask for help to fill out a survey, and it may be necessary for anyone fulfilling an advisory role to have a criminal record (CRB) check. Any volunteers involved in the survey who will be dealing with the public should be given training on how to go about it, what is appropriate behaviour and what will be expected of them in their role.

3.3 Housing allocation policies

CLTs are often motivated by the desire to house particular types or sizes of households considered by the community as important to retain or attract to the area, or for whom the housing available is not affordable. Examples might be young people, larger families or the elderly.

The demand for the CLT homes is likely to exceed the supply. A **fair and defensible policy** to decide on who is granted housing needs to be drawn up and agreed upon by the CLT itself. The allocation policy a CLT draws up will also need to be applied when a rented home becomes vacant or the CLT exercises a pre-emption right to nominate a new purchaser under a shared equity lease (See Chapter 6 Tenure options). With only the limited availability provided by re-lets and re-sales with homes changing hands only every 10 years on average, any list of potential applicants may become out of date and it will not be worth maintaining a CLT-specific waiting list unless the CLT has at least 10 homes.

Local authorities have mainly implemented ‘choice-based lettings’ schemes. When a home becomes available through the local authority or a housing association or other provider, it is advertised in the press and online. Interested households need to put their name forward, and a decision is then taken in accordance with the local authority’s policy. When affordable homes are provided through specific planning arrangements (e.g. Section 106 agreement), applicants might need to have a ‘local connection’.

Some CLTs may favour working with the local authority and housing association and let them decide priorities, while making sure that all those households that the community itself is aware of having the opportunity to apply.

Most CLTs, however, prefer to draw up their own policy to allocate the homes and to be able to take the final decision on who should receive the housing offer. This could include giving extra priority to those with local connections.

However, if the CLT wishes to apply for capital funding from the Homes and Communities Agency (HCA), the CLT will need to ensure that nominations arrangements are **agreed with the local authority**.

Furthermore, if the CLT wishes to be the landlord of these homes and therefore become a Registered Provider, it will need to abide by the HCA’s Regulatory Framework (2012). This requires that registered providers shall let their homes in a fair, transparent and efficient way and demonstrate how they ‘contribute to the local authorities’ strategic housing function and sustainable communities’, which includes meeting obligations through nominations agreements. In addition, the Regulatory Framework states that ‘Registered providers shall clearly set out, and be able to give reasons for, the criteria they use for excluding actual and potential tenants from consideration for allocations, mobility or mutual exchange schemes’.

Therefore, a CLT that is a registered provider should engage with the local authority about lettings policies and eligibility and carefully consider the terms of any nominations agreement before entering the agreement. This will mitigate the risk of a CLT being subject to nominations from local authorities that do not fit in with the ethos and aims of the CLT.

Once an allocations policy has been agreed the CLT and the local authority will need to know that it is administered correctly.

Best practice examples are available on the National CLT Network website
www.communitylandtrust.org.uk