



Homes
England

Community Housing Fund

Prospectus

July 2018
Homes England



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Homes England
Windsor House
42-50 Victoria Street,
London SW1H 0TL
Telephone: 0300 1234 500

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July 2018

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Prospective bidders should note that this document relates only to the Community Housing Fund that will be delivered by Homes England. This covers all of England outside London.

The Government is working with the Greater London Authority (GLA) to develop a similar scheme in London (see www.london.gov.uk/CLH)

Ministerial Foreword

The rate of house building in England is now the highest we've seen in all but one of the last 30 years; last year, we saw 217,000 new homes built. We are on track to achieve the Government's aspiration for a million new homes by the end of 2020 and another half a million by the end of 2022. In order to deliver the homes that we need – and in the places that they are needed – we need to maintain the current momentum and still go further. That is why the Government is putting in place a package of radical new measures which will raise delivery rates to on average 300,000 per year by the mid-2020s. Achieving this bold ambition means that we will need to realise the potential offered by all sectors of the house building industry.

The community-led approach to house building galvanises local support and is driven by the commitment and energy of the very individuals and communities that it will benefit. This local support means that this sector is able to deliver locally affordable new homes in places and on sites where commercial speculative house builders cannot. As a result of the close engagement and creativity of local people, the community-led model typically delivers high design quality, high standards of construction and energy efficiency, and uses progressive, innovative building techniques. It supports the smaller house building companies and helps sustain the local economy by providing homes that are affordable at local incomes. For all of these reasons, the Government wishes to see the community-led house building sector grow.

Despite the benefits of community-led house building, the sector in the UK remains very small compared to many other countries in Europe and North America, currently delivering only around 400 units per year in England – less than 0.3% of total housing output. With the right kind of investment, this output could increase several fold over time to more closely match that being achieved elsewhere. Through the Community Housing Fund, the Government is making a further £163m available up to March 2020 across England, creating a once-in-a-generation opportunity to set the sector on that trajectory. This fund will provide ordinary people across England with an additional and realistic option for meeting their housing needs, delivering lasting benefit for themselves and their communities.

I hope that everyone within the community-led house building sector will seize the opportunity presented by this fund. In this way, we will see the community-led sector flourish and make a real – and permanent – difference to the way that housing is delivered.

Chapter 1: Introduction

1. The objectives of the Community Housing Fund (the Fund) are to:
 - increase housing supply in England by increasing the number of additional homes delivered by the community-led housing sector;
 - provide housing that is affordable at local income levels and remains so in perpetuity; and
 - deliver a lasting legacy for the community-led housing sector in the form of an effective and financially self-sustaining body of expertise within the house building industry in England.
2. In order to ensure that we are able to fully support these aims, the Fund will be split into two phases. The first phase, launched with this document, will support applications for revenue funding for project-specific activities that support development of community-led housing proposals and capital bids for local infrastructure projects that will result in housing developments that meet the criteria for being community-led.
3. Bidding for capital funding to support the costs of building new community-led housing schemes will be covered under the second phase of the Fund. See paragraph 11, below, for further details.
4. Support will be available from the Fund across both phases over the two years from 1 April 2018 to 31st March 2020. This is in addition to £60m¹funding that has already been allocated directly by Government to 148 councils in December 2016.
5. The Fund will be managed and delivered by Homes England in England (outside London). The Government is working with the Greater London Authority (GLA) to develop a similar scheme in London (see www.london.gov.uk/CLH).

What is community-led housing?

6. Community-led housing is about local people playing a leading and lasting role in solving local housing problems, creating genuinely affordable homes and strong communities in ways that are difficult to achieve through mainstream housing.
7. In order to ensure that the schemes supported by the Community Housing Fund are truly community-led, proposals should ensure that:
 - meaningful community engagement and consent occurs throughout the development process. The community does not necessarily have to initiate and manage the process, or build the homes themselves, though some may do;

¹ £60 million boost for communities affected by second homeownership - <https://www.gov.uk/government/news/60-million-boost-for-communities-affected-by-second-homeownership>

- the local community group or organisation owns, manages or stewards the homes and in a manner of their choosing, and this may be done through a mutually supported arrangement with a Registered Provider that owns the freehold or leasehold for the property; and
 - the benefits to the local area and/or specified community must be clearly defined and legally protected in perpetuity.
8. The community-led housing sector comprises a wide range of ownership, occupancy and management models including (but not limited to) community land trusts, co-operatives and cohousing. Within the sector a range of tenures are possible, including shared ownership, rent, and market sale. The community-led housing sector is adept at developing specific ownership and tenancy arrangements that best suit the local circumstances and preferences and this diversity and pragmatism will be recognised in the delivery of the Fund wherever possible.
9. Leasehold houses – The outcome to the consultation on unfair practices in the leasehold market was published in December 2017². The Government is working to bring forward legislation as soon as Parliamentary time allows to prohibit new residential long leases from being granted on houses, whether new build or on existing freehold houses. In bringing forward legislation, the Government will consider further whether there are particular cases where leasehold houses can be justified and, if they can, the Government will work with sectoral partners to ensure that leasehold houses are provided on acceptable terms to the consumer.

Routes to delivery

10. Broadly speaking, there are 3 main routes to delivery for community-led housing:

- Group-led: Grassroots ‘start-up’ groups responding to housing need or demand, or people seeking to deliver their own homes.
- Extension of community based activity: Existing community based organisations with local roots decide to provide housing in addition to their current activities, or increase their existing provision, for and on behalf of the local community.
- Developer-Community partnership: A local authority, landowner, housing association or small builder wants to provide housing that benefits the local area in perpetuity. They access community-led housing expertise to recruit ‘founder members’ from within the community and support them to take over ownership, stewardship and/or management of the homes, or they may support an existing group or organisation to deliver their ambition.

² Tackling unfair practices in the leasehold market - Summary of consultation responses and Government response (December 2017):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/670204/Tackling_Uncivil_Practices_-_gov_response.pdf

Bids for community-led housing development

11. Homes England is inviting applications from organisations wishing to develop community-led housing for the funding on offer in Phase One.
12. As noted above, funding for Phase One of the Fund will not cover bids for the capital build costs. Groups with affordable housing schemes that are sufficiently progressed so as to be ready to apply for capital subsidy for affordable housing products may be able to bid for funding through the Shared Ownership and Affordable Homes Programme 2016-21 -
www.gov.uk/government/collections/shared-ownership-and-affordable-homes-programme-2016-to-2021-guidance.
13. It should be noted that there is no guarantee that success in applying for early stage set-up costs (“seedcorn funding”) would lead to the award of any further funding towards development costs, including any capital funding sought from Homes England.

Chapter 2: Fund principles

What will the funding cover?

14. Phase One of the Fund will make grants available to eligible organisations to help cover the revenue costs of project-specific activities that will support development of community-led housing proposals, and the capital costs of local infrastructure projects that will result in housing developments that meet the criteria for being community-led. Examples of eligible uses of grants include:

Revenue costs

- Community group capacity-building, including seedcorn funding to get started.
- Project-specific professional fees and costs, including feasibility work, design work.
- Planning applications, business planning and project management.

Capital costs for infrastructure

- Development of associated infrastructure which will support community housing development, which may include:
 - access roads/roundabouts to open up a site;
 - site remediation or flood attenuation; and
 - utilities.

15. Prospective applicants should be aware that, in order to deliver value for money in respect of the available funds, Homes England will need to limit the total amount of central government funding made available to any individual project. Any funding awarded under either element of Phase one of the Fund – or from other central government sources – will need to be taken into account by Homes England in the assessment of applications for further funding from the Fund. Homes England will not, however, apply a strict cap on the amount of grant funding that any one project may receive under the Fund (subject to the recipients compliance with State Aid requirements, where relevant – see paragraph 68).

16. The Fund will be delivered in a way that is consistent with the objective of increasing housing supply in England and delivering value for public money. Funding will therefore not be awarded for schemes that are likely to proceed without funding. Groups applying for funding under Phase One should note that capital funding for the development of community-led housing under Phase Two will not be available for schemes that would be delivered by the market on a commercial basis.

17. If, under Phase Two, funding is requested for a scheme on a site developed as market housing and delivering affordable homes provided under a S106 agreement, the homes receiving support from the Fund will need to be additional to those that would be delivered under the S106 agreement alone.

Local authority funding to support community-led housing development

18. In addition to the costs listed above, funding will be also available to local authorities who wish to support community groups looking to develop community-led housing proposals in their areas; for example, to employ staff to provide advisory services, information and support to groups.
19. Where a local authority is applying for funding and has previously received funding from the Community Housing Fund (for example, through the one-off allocation in 2016), Homes England will, in assessing any application, take account of the use to which that previous funding has been put.

Conversions and refurbishments

20. In addition to new build homes, the Fund will support activities which will lead to the conversion or refurbishment of existing buildings for housing where there is evidence of need for this form of development.

Innovation

21. Homes England recognises that some of the best developments are designed using a degree of innovation in response to particular characteristics of the local area or the needs of specific groups. When developing community-led housing schemes, prospective bidders are encouraged to consider recent publications and research, to develop new ideas and concepts, and to build on appropriate good practice to develop schemes that are innovative in terms of design, delivery, management, tenure, funding and location.
22. In particular, through this fund, we are keen to see proposals that show a commitment to good design, use of innovative housing construction products such as modern methods of construction (MMC), and make use of innovative funding mechanisms.

Limits on payments

23. Homes England will not apply a strict cap on the amount of grant funding that any single project may receive under the Fund. It is not expected, however, that the Fund will cover 100% of the total costs of a bid. Bidders will be expected to demonstrate that they have maximised other sources of funding (such as cross-subsidy or joint working with local partners) to lessen reliance on central government funding. For applications for revenue funding our expectation is that groups should contribute at least 10% of the estimated costs of developing the community housing proposal.
24. Revenue costs associated with providing housing related support services for homes delivered as a result of this fund, which would otherwise be provided through the welfare system/Universal Credit, are not eligible for support under this fund.

Who can apply?

25. Bidding is open to all organisations which are, or intend to become, constituted as a body corporate³, or an equivalent form of constituted body. Eligible organisations include (but are not restricted to):

- a registered charity;
- a Company Limited By Guarantee;
- a Community Benefit Society
- a Co-operative Society;
- a Community Interest Company;
- an organisation of another type operating as a social enterprise and principally reinvesting their surpluses for social benefit;
- a Registered Provider; or
- a local authority.

26. Local authorities or Registered Providers may apply on behalf of community groups and, in those cases, the lead bidding organisation will remain directly accountable for the funds, where appropriate.

Registered provider status

27. Because Phase One does not entail the provision of grant directly towards the construction costs of affordable housing, it is not a requirement for organisations bidding under Phase One to be a registered provider of social housing.

28. It should be noted, however, that organisations who intend to be the landlord of completed low-cost rental properties funded by Homes England capital grant, either through future phases of this fund or any other Homes England affordable housing grant programme, must be - or intend to be - registered as a provider of social housing with the Social Housing Regulator before completion of any developments funded through those programmes and any payment of funding. Full details of how to register are available online at: <https://www.gov.uk/register-and-de-register-as-a-provider-of-social-housing>.

29. Organisations are encouraged to consider the implications of seeking registration with the Regulator and to familiarise themselves with the ongoing obligations of being a Registered Provider of social housing. Information on that can be found here <https://www.gov.uk/government/publications/regulatory-standards> and here <https://www.gov.uk/government/publications/social-housing-regulation-regulating-the-standards>. Fees now apply to registered providers – the initial fee is currently £2,500 (payable on successful registration) and there is an annual fee dependent on the numbers of units a provider has. Further information can be found here <https://www.gov.uk/government/publications/fees-for-social-housing-regulation>. Homes England is unable to provide grants towards the cost of an organisation becoming a Registered Provider of social housing.

³ A body corporate is any body which has been formally incorporated, usually by registration as a company with Companies House under the requirements of the Companies Act 2006.

30. Organisations would also need to consider alternative plans should their application for becoming a Registered Provider of social housing not be successful.
31. The requirement to be a Registered Provider of social housing does not apply to organisations that will not act as the landlord of low-cost rental property. Where an organisation is delivering homes for low-cost homeownership (Shared Ownership), for example, there is no requirement for that organisation to be a registered provider.

How the Fund will operate

32. Phase One of the Fund is broken down into two principal elements:

- Applications for revenue funding for capacity building and pre-development costs, including revenue grants to local authorities to support community groups.
- Capital bids for associated infrastructure costs which will support community-led housing development.

33. Eligible organisations may apply for one or more of the elements of the Fund. There is no restriction on the number of bids that one organisation can submit (subject to the recipients compliance with State Aid requirements – see paragraph 68)

i) Applications for revenue funding for capacity-building and pre-development costs, including revenue grant to local authorities to support community groups

34. Under this route, organisations can apply for revenue funding to support a wide range of activity which will support the preparation and instigation of community-led housing proposals. Appropriate costs may include:

- the costs of forming a corporate body
- feasibility studies
- surveys
- architects fees
- legal fees
- training and capacity-building

35. Funding will be made upon the attainment of specified payment milestones as set out in Chapter 6 (Payment of grant).

36. We welcome applications for funding to support schemes to create mixed use developments (i.e. comprising residential and non-residential elements). Funding is, however, only available to support the housing elements of the project (including, where relevant, communal facilities such as a residents lounge or a shared kitchen).

37. Local authorities may apply for revenue grants to support community groups to develop community-led housing projects in their area. This may include employing additional staff to support local groups to develop their proposals to provide assistance with identifying potential demand for community-led housing in the area, and/or assistance with identifying potential development sites. Revenue grants to local authorities will be limited to those proposals for which additional resources can be shown to be particularly instrumental in helping to bring community-led schemes forward.

ii) Capital bids for associated local infrastructure costs which will support community-led housing development

38. Under this route, local authorities can bid for capital funding to support the development of small scale infrastructure projects associated with the development of community-led housing, such as access roads, roundabouts or services needed to open up a site.
39. In order to comply with State Aid restrictions, capital grants for local infrastructure projects will only be awarded to local authorities. Other kinds of organisations (such as community groups) are encouraged to request their local authority to submit an application on their behalf and to act as the accountable body for the grant.
40. Bids for infrastructure costs should clearly demonstrate that such costs are properly chargeable to the housing development, i.e. for the sole use of the residents or to comply with any statutory obligations that may have been imposed.
41. It should be noted that funding for infrastructure costs under Phase one of the Fund will not support the acquisition of land or properties for community-led housing developments. Funding for this element of development will be made available under Phase two.

Chapter 3: Bidding for Funding

How to apply

42. Phase One of the Community Housing Fund is now open and Homes England welcomes applications from any eligible organisations.
43. This is not a one-off bidding opportunity. The Fund will remain open to receive new applications until funding is fully committed (or until 31 December 2019, whichever occurs first). This will allow bidders the time to work up their proposals before applying.

Homes England Bidding Portal

44. All organisations applying to the Fund will be required to submit details of the proposed activity through the Homes England bidding portal via the following link: <https://bids.homesengland.org.uk>
45. Guidance on completing this process is available on GOV.uk.

Bid requirements

46. All applicants will be required to submit the information set out below:

Details of the bidding organisation including:

- Name of lead applicant organisation
- Type of Organisation (e.g. Company Limited by Guarantee, Community Interest Company, Local Authority)
- Whether the applicant organisation is registered as a body corporate
- If not registered as a body corporate, the plans for the applicant organisation to become registered a body corporate
- The Objects of the organisation
- Company Registration number (if applicable)
- Date of Registration (if applicable)
- Registered office address
- VAT Registration number (if applicable)
- Registered provider number (if applicable)
- Website address (if any)
- Principle contact for all enquiries
- The principle contact's position or job title within the applicant organisation
- Address, telephone number and email address for correspondence
- Name of other partners associated with the bid (i.e. if the lead applicant organisation is bidding on behalf of other organisation(s)).

Funding route applied for:

- Revenue funding for capacity building and predevelopment costs
- Capital funding for associated infrastructure costs (local authorities only)

47. Depending on the funding route applied for, further information will then be required via the portal, including:

- The total amount of grant sought for the purposes of the bid
- Total costs for the associated works/activity for the purposes of the bid
- A summary of the activity for which funding is sought (see paragraph 48 for further details)
- All funding sought or obtained from elsewhere and the contribution to be made from the applicants own resources
- Forecast milestone achievement dates and/or the grant draw down profile (see Chapter 6, below)

48. As part of the funding application, bidders must enter into the portal details of the works or activity for which grant is being sought. This should include an outline of the plans for developing community-led housing, covering the following items:

- What is proposed to be built, including the number of homes and tenure etc, if known
- Where the homes will it be built
- Whether proposed development site has already been identified
- If so, whether the land has been secured or what are the proposals for securing it
- The current planning status of the site
- The current land use planning use class
- An outline of how the community will benefit from the proposed scheme, including details of who is expected to buy/rent the homes to be developed
- Details of community engagement already carried out or proposed

49. Bidders may also upload other relevant information to support their applications into the portal (for example scheme design plans).

Bidding - next steps

50. Following submission to the bidding portal, Homes England will assess applications received against the assessment criteria for the Fund. These are set out in Chapter 4.

51. Additional information may be sought from the bidding organisation at this stage if required.

Chapter 4: Assessment criteria

52. Homes England will assess all bids received against the following key criteria:

- Value for money
- Deliverability
- Strategic fit

Value for money

53. Homes England will assess bids based on the value for money that they demonstrate to ensure that the Fund can deliver maximum impact.

54. In order to ensure the funding available supports as many projects as possible, Homes England will expect bidders to ask for the minimum level of funding required to support development of their proposals at each milestone stage.

55. Bidders will be expected to demonstrate that they have taken full advantage of alternatives to central government funding. For applications for revenue funding our expectation is that groups should contribute at least 10% of the estimated pre-development costs of the community housing proposal. For capital bids for infrastructure bidders are required to demonstrate where they have maximised their other sources of funding to contribute towards the total costs. Alternatives funding sources may include cross-subsidy from market sales of existing community housing developments, favourable financing terms or donations in kind (such as land or property).

56. The funding contribution does not need to be fully in place at the time of applying for funding. Evidence should, however, be provided with the application to show that an appropriate fundraising strategy is in place.

Deliverability

57. The Fund will run until 31st March 2020. All payment milestones associated with funding allocated under the Fund must be achieved by this date. Actual completion of associated community housing may occur beyond this date, where appropriate. The key test for payment is that all activity associated with the milestone for payment has been completed (see Chapter 6: Payment of Grant).

58. It is not expected that groups will have fully worked up community housing schemes before applying. Before becoming eligible for funding beyond the first milestone, however, groups will need to have reached a stage where they can demonstrate that their proposals are deliverable.

59. Assessment of capital bids for infrastructure will also take account of the degree of support from the local authority for the proposed works and the associated community housing development, including: the availability of a suitable site; planning status (e.g. planning permission); and the degree of engagement by the local community.

60. Consideration will also be given to the group's capacity to deliver the project. Projects which have progressed furthest towards the development phase are likely to be able to make the strongest case for funding on deliverability grounds.

Strategic fit

- 61. Assessment will take account of the extent to which the proposed scheme or activity is likely to contribute to the aims of the fund as outlined throughout this prospectus.
- 62. In order to ensure that the schemes supported by the Fund are genuinely community-led (according to the definition in paragraph 7 of this document), applications will be assessed on the level of community engagement and support shown throughout the development process. Applications which can show higher levels of community support will be more likely to receive funding than a similar proposal with little evidence of support.
- 63. We expect the close collaboration of the community to lead to community-led housing delivering important additional benefits in respect of the quality of design, innovative construction technologies, tenures and approaches to financing. Proposals that are innovative in these regards may be more likely to receive a favourable assessment than those that are not.

Know Your Customer' requirements

- 64. Where we intend to make an allocation, we will conduct a due diligence check with reference to Homes England's Know Your Customer (KYC) policy. We will ensure ourselves of the applicant's viability and discharge our responsibilities in relation to fraud and money laundering. This includes, but is not limited to, the collection of evidence of the identities and addresses of all leading participants in the scheme/project, the provision of confirmation of registration/incorporation, appropriate financial accounts and evidence of any funding lines available to the bidder. Where possible, we will use publicly available information and information already held by the Homes England; however where queries arise, or if further information is required, a request will be made to the applicant.

Equalities, diversity and health inequalities

- 65. Local authorities and Homes England are subject to both general and specific equalities duties introduced by the Equalities Act 2010 from 1 April 2011. This means that we must have regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in the exercise of our functions.
- 66. We want to be sure that housing funded under this fund will meet the diverse housing needs of all sections of our communities, whether defined by geography, need or interest.
- 67. Applicants will be asked to confirm as part of their application that their proposals will meet key equalities priorities that are identified and agreed by local

authorities.

State aid

68. Organisations bidding for funding should be aware of the following information in relation to State Aid.
69. ‘State Aid’ can occur whenever state resources (which include grants being given through the Community Housing Fund) are used to give *selective* assistance to an ‘undertaking’ (in other words a legal entity that is undertaking commercial market-based activity). The ‘aid’ gives that undertaking an advantage compared to others, and this can distort competition, which, as a threat to the functioning of the internal market within the Union, must be avoided.
70. All aid is illegal unless it can be made ‘compatible’, for example where it is granted and used within the context of an exemption, which we deal with below. A concise and helpful explanation of the basics of State Aid can be found at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/261384/bis_13-1330_state_aid_the_basics.pdf
71. Applicants may also wish to refer to the European Commission’s “Notion of State Aid” guidance which is a useful starting point:
http://ec.europa.eu/competition/state_aid/modernisation/notice_aid_en.html .
72. Many applicants find it useful to seek specialist legal advice from a lawyer when designing their projects to meet the requirements of State Aid law. It is ultimately the responsibility of the recipient of any funding to ensure that they comply with State Aid law. During the project, grant recipients must take responsibility for and manage State Aid issues connected with it, for example by collecting appropriate information to demonstrate compliance with the terms of the relevant exemption.
73. If the European Commission finds that funding which is non-compliant State Aid has been awarded, the grant recipient is required to repay the funding. Therefore applicants are recommended to consider State Aid issues early in the conception and development of their proposal and seek further specialist legal advice in cases of doubt.
74. We would anticipate that the following exemptions/clearances will apply in the context of the Community Housing Fund:
75. **Revenue funding** – Small amounts of funding are permissible under the ‘de minimis’ rules as they are not considered sufficiently distortive of the market. The total amount of de minimis aid (which can take various forms including grant, loans subsidised contracts) awarded over a three year period, including any de minimis funding allocated through this fund, must not cumulatively exceed €200,000 (sterling cash equivalent). Only aid awarded specifically as ‘de minimis’ aid will count towards this cumulative cap. Payments made under different exemptions in respect of state aid (such as the General Block Exemption Regulation) are not taken into account in assessing the total quantity of de minimis aid awarded.

76. In order to ensure that all payments comply with the ‘de minimis’ rules, all applicants must declare in their grant application all public assistance which they have received as ‘de minimis’ funding for the current and previous two fiscal years from any European (not only UK) grant-giving bodies. Any applicants that would, when including any funding allocated through this fund, exceed the ‘de minimis’ limit will not be eligible for funding.
77. Homes England will provide a grant notification letter to all successful applicants. Organisations are required to retain this notification for three years and to include any grant received through this fund in any future State Aid declarations to other grant giving bodies to whom they make a grant application.
78. Applicants are asked to note that funding available under the Community Housing Fund for revenue funding purposes is anticipated to make up only a very small proportion of the €200,000 limit.
79. **Capital funding for local infrastructure** – This funding is being made available exclusively to local authorities to make publicly owned land or land anticipated to be made available for the benefit of the community at a considerable discount below current market values ready to put to the market to build, for example by ensuring that it is connected to utility (water, gas, sewage and electricity) and transport networks. Such funding will not concern the construction of buildings or the management of land and as it concerns a public task rather than constituting economic activity is not considered to give rise to state aid - provided that the land and infrastructure is subsequently then made available to all potential users on equal and non-discriminatory terms.
80. **Capital funding for community-led housing development (Phase two)** - The requirements for the capital funding for community housing development costs element of the Fund are still being designed, but at this stage we would anticipate that such funding would be compatible with state aid law by virtue of the Services of General Economic Interest (SGEI) decision (2012/21/EU), provided that applicants are able to design their applications to meet the criteria for such aid, including demonstrating that the housing will meet the conditions set out in this prospectus and that they are legally constituted in such a way that the funding can be provided at least cost to the community.

Application timetable

81. The application process commences on 2nd July 2018, and will remain open to receive new applications until funding is fully committed (or until 31 December 2019, whichever occurs first).
82. Bid assessment will be carried out continuously throughout the funding period, and dependant on the level of bids received we would anticipate that the decision making process on a full application would take no more than 6-8 weeks from the time of the initial bid submission.

Chapter 5: Contracting

83. All successful applicants to the Community Housing Fund will be required to enter into a legally binding funding agreement with Homes England.
84. The form of funding agreement used may vary to take account of the organisation type and whether the grant provided will be revenue funding for capacity-building and pre-development costs or capital funding.
85. Organisations in receipt of revenue funding under the Community Housing Fund will be required to submit a Statement of Grant Usage, certified by its accountant, setting out the funded activities for each financial year in which grant was paid. For local authorities this information should be provided by the relevant Section 151 Responsible Financial Officer.
86. Organisations are required to declare any grant received through this fund in any future State Aid declarations to other grant giving bodies to whom they make a grant application.

Chapter 6: Payment of grant

88. A contract needs to be in place before any payment can be made. Payments under the Community Housing Fund will be made on a scheme-by-scheme basis. Funding will be paid out in stages after specified milestones have been achieved.

i) **Applications for revenue funding for capacity building and project specific predevelopment costs**

89. For applications for revenue funding the key payment milestones will be as follows:

Milestone	Maximum payment claim at each milestone
Milestone 1 Body corporate, or equivalent legal entity, established. Summary/outline of proposed project.	Not more than 25% of total CHF allocation
Milestone 2 Initial community housing proposals developed - outline business / finance plan, viability / feasibility assessment, site identified	Not more than 50% of total CHF allocation, inclusive of previous milestone payments
Milestone 3 Progress on developing community-led housing proposals - Results of feasibility study / site identified	Not more than 90% of total CHF allocation, inclusive of previous milestone payments
Milestone 4 Detailed housing proposals developed - planning consent and building control consent established, detailed design drawings produced	At least 10% of the total CHF allocation

90. The achievement of milestones - and therefore payment - will require self-certification by applicants and the production of specific relevant evidence. Self-certification should be carried out by qualified professionals involved with the proposal or someone with a defined role named in the legal documents of the body corporate.

91. Grant payments for revenue funding will be made up to a defined percentage of the total Community Housing Fund allocation for each milestone as set out in the above table:

92. At each milestone stage, organisations will be required to provide an update on community engagement and support for the proposed development.

First milestone - Body corporate established:

93. Before any payments are made, groups must have constituted themselves as a body corporate or an equivalent constituted entity (e.g. a registered charity). Community groups will be asked to submit details about their organisation and provide evidence of its establishment as a legal entity (such as memorandum and articles of association and a completed Companies House registration).
94. At the first milestone groups will also be required to provide an outline programme proposal setting out details of the proposed community-led housing scheme, including what they propose to build, the location of the homes and how they intend to deliver the proposal.
95. Once that information has been received and confirmed, the first milestone payment will be made, subject to completion of the Homes England 'Know Your Customer' requirements set out in paragraph 64 above.

Second milestone - Initial community housing proposals developed, viability / feasibility assessment and outline business / finance plan:

96. At the second milestone, groups will be required to confirm that they have progressed initial proposals for a community-led housing scheme and that, where appropriate, professionals (for example an architect or quantity surveyor) are involved to ensure proposals have necessary level of technical expertise to succeed.
97. In order to develop a scheme appraisal and outline feasibility study, it is expected that organisations will need to retain the services of professionals such as architects, surveyors and legal or financial advice (some of which may be on a pro bono basis from interested members of the community).
98. Organisations must submit an outline statement of the proposed scheme updating the points covered in the initial application for funding:

- Update on build proposals and the approach to financing the works;
- Progress on identifying a site for the proposed development and the procurement the building works;
- Details of the viability/feasibility assessment to be carried out (i.e. how the development will be funded) and by whom

Third milestone - Progress on developing community-led housing proposals – Results of feasibility study / site identified

99. To achieve this milestone, organisations must provide an update on progress of the community-led housing development proposal, including:
- Results of the feasibility study
 - Details of discussions with the relevant local authority around seeking support for the community housing development
 - Details of the site/building identified for the development (plus details of any restrictions/covenants that may be placed on it)
 - Details of any associated capital infrastructure works (if required) to open up the site for development

Fourth milestone - Detailed housing proposals developed

100. At the fourth milestone, organisations must demonstrate their progress towards sufficiently progressed detailed plans for the proposed community housing development, including:

- Confirmation of the approach to financing the community housing development works
- Progress on securing a site/building for the development
- Confirmation of the approach to securing planning and building control consent for the proposed site
- Initial design drawings
- Procurement details for securing a builder/developer to deliver the scheme
- Confirmation of the proposed tenure for the homes (i.e. for rent, shared ownership or market sale)
- Details of the proposed allocations / marketing policy for letting or selling the homes

ii) Capital bids for associated infrastructure costs

101. For capital bids for associated infrastructure costs grant payments will be made to Local Authorities upon evidence of completion of set milestones.

Milestone 1: Start on site – 90% of total CHF allocation

Milestone 2: Completion – 10% of total CHF allocation

Revenue grant payments to Local Authorities to support community groups

102. Payments of revenue funding to Local Authorities to support groups to work towards developing community-led housing proposals in their areas will be made subject to the authority providing satisfactory evidence that the money is being spent in accordance with the activities detailed in their bid(s).

103. Payments would be made at quarterly intervals in arrears subject to a review of the funded activity and with annual profiles agreed in line with public sector annularity.

Chapter 7: Contacts

104. If bidders have any questions about the Fund or how to bid, they are advised to email Homes England at communityhousingfund@homesengland.gov.uk. Bidders should note that where questions raised may be of general applicability to all prospective bidders, these and our response will be published on the Homes England GOV.uk website.

105. To discuss particular scheme proposals, bidders are invited to contact the Homes England area investment teams. Details of area leads for this Fund are provided in the table below:

Homes England Operating Area	Contact name	Email address	Telephone number
Midlands	Sarah Streater	Sarah.Streater@homesengland.gov.uk	0115 852 6905
North East, Yorkshire and the Humber	Helen Fielding	Helen.Fielding@homesengland.gov.uk	0113 394 9393
North West	Ann Seipp	Ann.Seipp@homesengland.gov.uk	0161 200 6136
South East	Becky Ashley	Becky.Ashley@homesengland.gov.uk	0122 337 4001
South West	Matt Dodd	Matthew.Dodd@homesengland.gov.uk	0117 937 7221

Other support available

106. Further information for groups interested in developing community-led housing is available in the links below:

The National Community Land Trust Network –
<http://www.communitylandtrusts.org.uk/>

UK Cohousing Directory –
<https://cohousing.org.uk/>

Self-Help Housing Network –
www.self-help-housing.org/

The Confederation of Co-operative Housing (CCH) –
www.cch.coop/

Locality –
<http://locality.org.uk/> (search community-led housing)