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LESSONS IN COMMUNITY LED HOUSING: (1) FOR FUNDERS AND POLICYMAKERS

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Lessons in Community Led Housing:

(1) For Funders and Policymakers

Summary study findings

In 2017 Power to Change launched its Homes in Community Hands (HCH) programme, to support community led housing (CLH). Focusing on five urban areas across England, HCH funding has helped plan and develop individual housing projects, develop enabler organisations, and capitalise other investment and funding mechanisms. Our evaluation tracked the programme between 2019 and 2022, and built a significant evidence base of primary and secondary data. We show the programme to have made grants in excess of £5.1m – 60 grants to 44 different organisations (including 37 CLH groups). In varying forms and to different extents, the programme has supported the planned development of between 4,000–5,000 homes including 1350 planned by the groups receiving direct grants. We suggest a wider range of impacts to people and place will be felt in the coming years.

The key contributions of the programme are:

1. Helping improve the national infrastructure for CLH and increase its influence
2. Supporting hubs in the promotion of CLH and the development of new enabling services
3. Enabling hubs to build local relationships and influence local conditions to support CLH

The implications for community led housing:

The study sets out a range of implications and actions required to create an improved funding and policy regime for CLH. It also suggests how the national infrastructure for CLH can be oriented to new agendas and institutions and how local enabler hubs must diversify their income. Finally, it details implications for CLH groups facing challenging funding environments.

Key messages for funders and policymakers

The evaluation provides critical lessons on funding and policy, with important implications:

- Recent funding and finance has been effective in growing the pipeline of CLH homes, and creating more supportive local ecosystems for CLH. However, funding reductions have impacted heavily, and the restrictive nature of current funding creates damaging trade-offs. Long term, patient funding and finance is now required for long term impacts. Funding for enabler hubs has been shown to be effective in fostering new projects, but these organisations are facing financial challenges. Resourcing hubs properly will likely be a critical component of any strategy to grow CLH.
- CLH projects can deliver strong housing impacts, not least in terms of maximising the number of affordable homes on a given site. However, the true impacts of CLH are much broader, affecting environmental sustainability, community cohesion and integration, neighbourhood improvements, community involvement, and increased employment and training local economy. CLH should be seen as an effective means for levelling up, and the sector should be given access to funding for wider community ownership initiatives, e.g. through the Community Ownership Fund.
- In the five areas funded by the HCH programme, major strides have been made in creating CLH 'ecosystems'. Such ecosystems are constituted of supportive partnerships, conducive local policies and strategies, and strong enabling services. But these ecosystems are fragile and need resources and concerted effort to be sustained and adapted.

..... Lessons for funders and policymakers

The evaluation of the HCH programme has provide some crucial lessons on the development of CLH in England, and how we can refine our funding and policy environment to support this sector.

The contribution and shortcomings of funding and policy

- Programmes like HCH can stimulate new projects and help them progress. £2.5m in grants to CLH groups has created a pipeline of 1,350 potential homes. But crucially, this was initially allied with the government's Community Housing Fund, showing the importance of diverse funding sources. The effect of funding interdependencies is grossly underestimated.
- Whilst effective in generating new projects, the funding regime has been short-termist. Without certainty in policy and funding, the probabilities of CLH project completion will decline and development timescales will increase. International examples show significant delivery of homes can be achieved if funding commitments are made long term.
- CLH developments have become dependent on limited funding streams. Government grant programmes and policy making has driven groups to develop standard tenures like Affordable Rent. Without alternative sources of more flexible capital funding, innovation in development practices, tenures, pricing, sustainable design could potentially decline.
- Alternative funding and finance can make an impact (e.g. CAF Venturesome's funds are supporting a potential 289 new homes) but this often requires patient, philanthropic capital. These new sources of capital are needed to create a diverse funding and finance system.
- Investment in enabler hubs helps nurture CLH locally. HCH funds helped hubs grow CLH locally to the extent that nearly 160 *more* homes are planned in these areas than we would otherwise have expected. But hubs must be sustainable and evidence from this evaluation suggests many are fragile and at risk of shrinking their size and scope. There are variations in models across the five HCH funded hubs, but there are clear signs of effective practices in all. Funders and national bodies need to keep learning 'what works' and embed this as rapidly as possible.

A spectrum of unique impacts

- HCH funded projects are a route to narrowing regional/local disparities, or what we might now call 'levelling up'. Two thirds of HCH funded groups were located in the 30% most deprived areas. Funders and policy makers need to understand how CLH can help address disparities through enhanced community empowerment and control.
- Our HCH evaluation shows the potential for CLH in terms of maximising affordable housing. At an aggregate level, projects supported by the HCH programme will deliver a potential 4,000-5,000 homes in the coming years. Crucially, however, affordable housing delivery will be maximised on CLH sites. On average, HCH funded projects will deliver up to 10 per cent more affordable homes per site than the average project funded under the government's Affordable Homes Programme.
- That said, CLH is rarely just about housing impacts. Our HCH case studies reveal how CLH groups are trying to address housing need alongside environmental sustainability, community cohesion and integration, neighbourhood improvements, and enhanced community involvement, and increased employment and training local economy. Funders and policy makers must see CLH through the eyes of those activists developing projects. In the words of one interviewee, their group is trying *'to improve the infrastructure and built environment whilst making sure low-waged current residents aren't driven out'*. The imperative for this group is social, economic and environmental change. Our surveys show how 30-35% of CLH project budgets are allocated to creating new commercial space, facilities for the wider community and public services, physical infrastructure improvements, enhanced green space and leisure facilities, as well as investment in energy provision.
- To restrict CLH to siloed housing funds will minimise impacts, so it is incumbent on funders and policymakers to understand and value the broad benefits of CLH, and support it accordingly.
- Perhaps one reason this issue has been missed is because the impacts from CLH are so poorly measured. Whilst our HCH evaluation helps address this in a limited way, much more needs to be done to track the impacts from CLH over the long term.

The importance of ecosystem development

- Across the five areas supported by the HCH programme, the number of CLH groups and potential homes has grown markedly. This is the result of concerted efforts on several fronts; building grassroots interest in CLH, having enabling support in place for CLH groups, building relationships with other housing developers, and affecting changes in local policy. Funders and policymakers are part of the ecosystem for CLH, and can play a vital role in strengthening it. Policymakers across the country can learn from the five HCH areas, to introduce dedicated CLH policies, have dedicated site disposals for CLH, use of devolved funds to support projects and provide access to revenue and capital funding.
- CLH will only provide the critical impacts above if funders can target revenue and capital funding appropriately, and policymakers apply lessons from what works to create a conducive ecosystem.

..... Implications and actions

The above highlights a number of implications for the CLH sector, and actions required by funders and policymakers to support its development:

- **The government should urgently renew the Community Housing Fund**, not least given its levelling up objectives. CLH groups and enabler hubs have experienced a cliff edge in funding, through the loss of such resources. Lessons have not been learned from past interventions. The Cooperative Housing Agency in the 1970s and the Empty Homes Community Grants Fund in the 2010s showed evidence of the social impact of such community led/based housing models. However, longer term and consistent support is required if these types of intervention are to be maximised and sustained.
- **Government, charitable funders, ethical lenders and other stakeholders should help build a funding and finance system that offers patient, long-term financial commitments.** Hubs hope to reduce reliance on grants and are making efforts to generate and diversify revenue sources, but they need more time, and having appropriate funding and finance for CLH groups is a predicate to hub sustainability. There may be a place for traditional lending in CLH, but given the broader values of CLH we must find better mechanisms for resourcing development that does not worsen the financialisation housing, and which does not contribute to an ecologically unsustainable economic system. Citizen-based finance and credit systems should be explored and supported.
- **There is a need for more flexible criteria within existing funding programmes to deliver the varied benefits of CLH.** CLH groups face significant dilemmas when it comes to capital funding. The government's Affordable Homes Programme is the only major source of such funding, but its restrictive nature has stifled CLH innovation and the ability to deliver genuine affordability. It has hampered the development of mutual home ownership and the retrofit of existing properties.
- **HCH-funded projects have impacted far beyond housing, and so national CLH bodies need to understand and evidence what happens if we fail to fund the housing component of such schemes.** Without housing-related funding to HCH projects there would likely be less support services for vulnerable groups (tied to accommodation), fewer improvements to high streets, less investment in green space and shared facilities, and so on. Funders do not adequately understand this. With the broad political support for 'community ownership', expanding the quantum of public funding for this, allied with access for CLH groups, would be a positive step forward.
- **Investing in sub-regional enabling infrastructure can be just as important as funding for CLH groups.** Providing resources for hubs can affect changes not only in the number of groups forming and homes planned, but also changes in local policy, access to sites and wider relationships with other actors. But this infrastructure is not yet on a sustainable footing, and the gains made could be lost without more support.

- **Funders should support the national infrastructure organisations to properly understand and promote the potential of CLH, so the sector can demonstrate its role in this ongoing policy agenda.** Our evaluation shows the potential of CLH in helping meet some of the government's levelling up 'missions', not least in terms of wellbeing, living standards, housing and pride in place. Deepening this understanding will be critical, irrespective of the policy labels given to such programmes now or in the future.
- **Funders and policymakers should support longitudinal assessments of CLH impact.** There is a dearth of evidence on the long-term impact of CLH on residents and communities. Power to Change is committed to funding light-touch research activity in the coming years, which will capture qualitative and quantitative data on the impacts of HCH funded projects.

Further information and evaluation reports

<https://www.shu.ac.uk/centre-regional-economic-social-research/projects/all-projects/homes-in-community-hands-evaluation>

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Power to Change is the independent trust that strengthens communities through community business. We started life in 2015 and use our experience and evidence to bring partners together to fund, grow and back community businesses in England to make places thrive. We are curious and rigorous; we do, test, and learn. And we are here to support community business, whatever the challenge.

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CRESR is a leading applied policy research and evaluation centre. For over thirty years we have undertaken critical, theoretical and empirical research into key regional, social and economic patterns within the UK and internationally, influencing policy design. We have significant experience in policy evaluation, helping to establish the impacts of programmes, interventions and strategies, whilst understanding 'what works' in terms of policy, funding and practice.