Self Organised
Architecture

ROADMAPPING A VIABLE COMMUNITY-LED HOUSING SECTOR FOR IRELAND

Self-organised and Community-Led Housing models (Cohousing)
and the Community Land Trust as a basis for enabling democratic and
permanently affordable housing and urban renewal in Ireland

GETTING YOUR GROUP READY

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SOA Research CLG is a not-for-profit action
research think tank formed in 2017 to research
and promote cooperative and collaborative
approaches to housing in Ireland.

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Executive Summary

This Getting Your Group Ready guide is one of a series of five handbooks produced by SOA, aiming to roadmap a viable Community-Led Housing sector in Ireland. While the other handbooks are aimed at a variety of audiences, this guide is specifically addressed at Irish Community-Led Housing groups.

Inspired by the growing international Community-Led Housing (CLH) movement, as well as traditional meitheal and cooperative approaches to community building in Ireland, groups of people are coming together across the country to take initiative in solving their local housing needs.

These needs are multi-faceted and acknowledge that quality housing must address multiple factors, including, but not limited to, long-term affordability.

Social cohesion, innovative environmental design, self-help and skills training, empowerment of marginalised groups, and addressing loneliness, are just some of the concerns which Irish Community-Led Housing groups are striving to solve on their own terms.

This guide is intended to assist Irish CLH groups in the early-stage organisation of your project, based on experience gained by community-led groups both in Ireland and in other European countries. It highlights a range of issues to consider as you plan your project. It should be noted from the outset that there is currently little or no state support or infrastructure available for Community-Led Housing groups in Ireland, and the focus of SOA's other four handbooks is aimed at instigating changes in this respect. Despite this current lack of support, there are a range of groups across the country planning their own community-led projects at present.

The guidance in this **Getting Your Group Ready** booklet is intended to assist Irish CLH groups in the short-to-medium term. As such, it focuses on elements of project planning which are not dependent on potential state supports such as low-interest financing or public land leasing for Community-Led Housing, which may or may not become available at a later date, as the benefits of community-led approaches are recognised.

Our brief introduction, **What is Community-Led Housing?** provides some context for community-led approaches to housing in Ireland, demonstrating that this is by no means a new or revolutionary approach, but rather one which is based on traditions of 'self-help' housing and mutual support in this country.

The subsequent **Early-Stage Guidance** sections are based primarily on advice provided by the London Community-Led Housing Hub in its **Getting Your Group Ready** document, along with further advice provided by communityledhomes.org in their **Group Stage** guidance. Although these resources are not written with the specific Irish context in mind, there is much useful general guidance contained in them, and we recommend that Irish groups consult these documents for more detailed guidance.

There is additional reference in this section to experience shared by Community-Led Housing groups in Germany, particularly in relation to the value of a professional **Facilitator**, as well as **preliminary advice** on recommended legal forms of incorporation which should be considered by Irish CLH groups, depending on your specific aims.

Finally, the guide concludes with a **Roadmap Infographic** summarising the steps to organising the early stages of your project. This Roadmap is intended as a checklist for Irish CLH groups, and is followed by a list of recommended **Resources** for further reference.

We hope that this **Getting Your Group Ready** guide will provide insight for Irish groups on both the **benefits** and the **risks** of pursuing a Community-Led Housing project in Ireland at present, and will assist your group with the tools to visualise the coordination of your project.

While there are no guarantees of support for CLH from Irish public bodies or financial institutions at the time of writing, we hope that an understanding of the steps outlined in this guide will help your CLH group to organise itself to the extent required to be taken seriously as a viable entity by potential lenders, local authorities, and other potential project facilitators.

SUPPORTING INFORMATION

In addition to the content above, the **Appendices** contain additional supporting guidance, including:

- A **Brief History of Cooperative Housing in Ireland**

- A summary of **Loan-Stock in the Irish Context**, intended as informationt to assist your group if you are considering a Community Loan-Stock Offer to part-finance your project

- A summary of the potential **Advantages and Disadvantages to seeking AHB status** for Irish CLH Groups, and associated issues to consider

- An **interview with Brendan Conway of the London Community Led Housing Hub**, outlining what is expected from CLH groups who apply for Hub support in London, and key considerations which groups should be thinking about from an early stage

- Three proposed **Roadmaps to Financing a CLH Project in Ireland**, intended as possible routes for an owner-occupied, cooperative rental, or Community Land Trust project in Ireland

"I think that's a fundamental issue of our time. Democracy is being questioned, it seems to be failing in some places, and that comes down to the fundamental challenge to be able to make compromises, and accept people who are thinking a little bit differently, or even a lot different.

I think these projects can be good at that, learning to understand who we are, but to accept that we don't always have the best way, or the right way. I think it's fair in cohousing projects to look at them as sort of schools of democracy, and places where people are trained in social skills and communication skills. It's a significant thing to be able to organise meetings well, to prepare them, to moderate them, to document them. To understand how people can make decisions in different ways."

RESIDENT/ORGANISER
Spreefeld Housing Cooperative, Berlin
In interview with SOA, January 2020

Glossary

COHOUSING

Cohousing communities are organised to foster mutual support, drawing on the skills and resources of residents to contribute to life in the scheme. In most projects, each household is self-contained, but residents collaborate in managing communal spaces, and share decision-making through a legally defined arrangement. Shared spaces can range from a simple community garden, through to shared guest bedrooms, kitchen/dining spaces and/or communal laundry or tool shed facilities. Many cohousing groups cultivate an ethos of sharing resources and space, with a view to reducing their environmental footprint and increasing community activities and mutual support.

COMMUNITY LAND TRUST

Community Land Trusts (CLTs) are organisations set up to develop and manage homes and protect assets of community value, including affordable homes, workspace and green space. CLTs use legal structures such as covenants to provide long-term affordable housing, often by linking prices to local income or setting prices at a proportion of market rate. In the UK, their legal incorporation is typically in the form of a limited company, community benefit society and/or a charity.[1]

COMMUNITY-LED HOUSING

Community-Led Housing, as categorised by the stakeholder groups participating in this project, is a socially, environmentally and economically sustainable approach to housing, with the following features:

1. Meaningful community engagement and consent throughout the process. The community does not necessarily have to initiate and manage the development process, or build the homes themselves, though many do.
2. The local community group or organisation owns, manages or stewards the homes in a manner of their choosing.
3. Benefits to the local area and/or specified community are clearly defined.

(For the rationale underpinning this description, please see the accompanying **Overview** handbook, p.56.)

COOPERATIVE

Cooperative homes are managed and owned by members of the co-op. Residents are members of the co-op and participate in management and decision-making. Mutual support, cohesion and shared activities are a feature of co-ops. Cooperative housing is a strong feature of the housing landscape in many European countries, representing 17% of the housing stock in Sweden and Germany for example. In the UK, 70,000 people nationally are cooperative members, with more than 300 co-op housing schemes in London alone.[2]

MUTUAL HOME OWNERSHIP SOCIETY (MHOS)

The MHOS model is a relatively new concept, designed in the UK as an alternative to conventional home ownership. Instead of individuals owning their own homes, all the properties on a development are owned by a cooperative society. Residents pay a monthly charge to the cooperative society, in return for which, they build up equity in the society. This gives residents an interest in the value of the housing assets owned by the cooperative. When a resident leaves, they can take this equity with them, the value of which may be indexed to an appropriate external measure such as local wages.[3]

PART V

Part V of the Planning and Development Act 2000 outlines the conditions by which a developer is required to meet their obligations to contribute to delivery of social and affordable housing. When submitting a planning application, developers must specify how they intend to comply with these obligations. This is typically done by transferring a certain percentage (up to 10%), either of the undeveloped land or of the completed homes, to the local authority for allocation to social housing.[4]

SELF-HELP HOUSING

Self-help housing involves a group of people repairing and bringing empty properties back into use, usually with the help of volunteers. Many projects work with unemployed and/or homeless people, offering free accommodation and the opportunity to work on bringing a home back into use before moving in on a permanent basis.[5]

ABBREVIATIONS

AHB   Approved Housing Body
CHG   Cohousing Group
CLG   Company Limited by Guarantee
CLT   Community Land Trust
CLH   Community-Led Housing
DAC   Designated Activity Company
IPS   Industrial and Provident Society
OMC   Owners' Management Company

01

Introduction

What is Community-Led Housing?

Community-Led Housing provides a framework for residents and communities to collaborate in the creation and revitalisation of new and existing neighbourhoods.

The goal of Community-Led Housing (CLH) is to empower community groups to create affordable and sustainable homes which address their particular local housing needs in a holistic manner. The unique feature of this approach is the **empowerment of future residents to meaningfully participate in the design, development and long-term management of their homes.** The term Community-Led Housing encompasses a wide range of approaches, including Cooperative housing, Cohousing, Community Land Trusts (CLTs), and Self-Help Housing. Although no two CLH projects are the same, all share a common goal of meeting specific local housing needs via a process of collaboration, empowerment and mutual support.

Community-Led Housing is premised on the conviction that a house is not just a building, or an asset, **it is a home - a place to live.** As such, community-led approaches take a holistic view of design and strive to ensure the social, environmental and economic wellbeing of inhabitants. CLH is a **ground-up approach**, which enables groups of people to pool their assets and collective resources to build homes and communities which meet their particular needs, whatever they may be, in a sustainable manner.

Community-Led Housing builds on a tradition of independent cooperative and community-build housing, which was a feature of Irish housing creation until the mid-1980s. This tradition pre-dates the formation of the Irish State, encompassing for example the 'meitheal' tradition of community building, and the building societies of the late 19th century. More recently, self-help building cooperatives providing affordable homes for their members were a 'Third Arm' of Irish housing throughout 1950s to the early 1980s.[1]

NOTE: For a Brief History of Irish Cooperative Housing in Ireland, please see Appendix A.

In recent years, self-help and cooperative approaches to housing have re-emerged in Ireland and internationally under the umbrella term of **Community-Led Housing**. This re-emergence can be attributed to a range of economic and other factors, but it is primarily due to a desire to create homes which better suit the needs and means of residents.

Today there are a range of Community-Led Housing groups across Ireland exploring ways to collectively create their own homes together. They are inspired by international examples, as well as homegrown initiatives such as **Kildorrery Community Development** in Cork[2,3], **Tramore Development Trust** in Waterford[4], **Cloughjordan EcoVillage** in Tipperary[5], and **Camphill Communities** in Kilkenny and nationwide.[6]

These groups are working with organisations such as **Ó Cualann Cohousing Alliance**, whose mission is to *"Build communities, not just houses,"* and **SOA**, to develop innovative approaches which address their various needs. These needs include, but are not limited to:

- **Creating long-term affordable housing**

- **Community integration and social cohesion, addressing loneliness and isolation**

- **Empowerment of residents to have greater 'agency' and inclusivity in the creation of their homes**

- **Innovation in the design of environmentally-sustainable housing and neighbourhoods**

- **Bringing disused and neglected buildings back to life, by renovating small sites or empty buildings that other developers don't consider**

- **Addressing the integration and empowerment of people with support needs (disability, older age, single families, homeless people) and low incomes**

- **Providing skills training and education to those who would otherwise not have the means to acccess them**

- **Democratic stewardship of land for the benefit of the community**

- **Advancing lifelong-learning in sustainable and regenerative practices**

Eight of these Irish Community-Led Housing groups are profiled in the accompanying **Overview** handbook. They are based in counties across Ireland, (including Kilkenny, Cork, Limerick, Offaly, Galway, Tipperary, Dublin and Wicklow) and have adopted a variety of approaches to empowering their members. In so doing, they provide template approaches which others might follow.

Why Community-Led Housing?

This booklet is intended as an early-stage guide for those in Ireland who are considering initiating a Community-Led Housing project.

Before embarking on this process however, if you or your group are interested in initiating a project, you should first **consider carefully what aims you want to achieve**, and then explore all potential routes to achieving these aims.

It is important to note that setting up a Community Land Trust, a cooperative, a cohousing project or any other form of Community-Led Housing is not an outcome in itself: it should never be the reason for setting up a Community-Led Housing scheme.

It is also important to understand which desired outcomes are unique to Community-Led Housing that cannot be achieved by other approaches.

Likewise, if you or your group are considering establishing a particular model of Community-Led Housing, such as a Community Land Trust, a cooperative or cohousing, you should first discuss what outcomes you are seeking to achieve, in order to be sure that the model you are considering is the right way to achieve them.

According to The Confederation of Co-operative Housing: [7]

"There are many positive outcomes that can come from community-led housing, but they don't magically happen because the organisations are community-led. At the outset, there is a need to identify and be clear about what intended outcomes can be delivered from a community-led housing scheme... If this is not done – then it is going to be harder for community-led schemes to gain support from those they need support from."

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Early-Stage Guidance

The following sections, encompassing initial early-stage guidance for you and your group in the development of your project, are based primarily on advice provided by the London Community-Led Housing Hub in its ***Getting Your Group Ready*** document, and further advice provided by **communityledhomes.org.uk** in their Group Stage guidance. Although these resources are not written for the specific Irish context, there is much useful general guidance contained in them. We recommend that groups in Ireland consult these documents for more detailed guidance.

There is additional reference to experience shared by Community-Led Housing groups in Germany, particularly in relation to the value of a Project Facilitator, as well as recommended legal forms of incorporation which should be considered by your group, depending on your specific aims.

Vision, Mission, Aims

Once you've decided that a community-led approach is right for your project, the next step is to establish your vision and aims.

Establishing a Vision

Once a few initial members have come together to form a group, a useful early step is to **draft a Vision Statement** which sets out what you aim to achieve, and why. Agreeing a shared vision will clarify your group's purpose and help you in making sometimes difficult decisions later on about the groups' priorities, and if required, what compromises can be made.

According to the London Community-Led Housing Hub[1], it is helpful to address the following questions in your Vision Statement:

VISION
- **How did you meet and come together as a group?**
- **Are you based in a particular area of Ireland?**
- **How do you describe yourself collectively?**
- **How do you make decisions?**

COMMUNITY
- **Who are the homes for?**
- **What motivates you to start a CLH project?**
- **What will the experience of living in these homes be?**
- **Are you responding to housing need that isn't being met by the housing market?**
- **What kind of relationship will your project have with the wider community?**

A Vision Statement is also a useful document for **communicating with potential partners and investors.** It is worthwhile categorising your group's priorities into **'Must-Haves' and 'Nice-to-Haves'**, that is, deciding which objectives are essential to the group and will not be negotiated on, and which objectives could be compromised on if required.

According to **communityledhomes.org**, it is helpful to consider your objectives in terms of desired **outcomes**. As noted above, setting up a Community Land Trust is **not an outcome**, but rather a means to achieving outcomes. Once your group discusses its aims, you may find that a CLT is not the right way to go.

Targeted outcomes often relate to a particular threat or opportunity. For example, you may want to:

- **Provide more homes that people in your group or local area can afford**
- **Bring empty homes or commercial properties back into use**
- **Give renters more control over their homes**
- **Live in a community and share more of your life with neighbours**
- **Revive a run-down neighbourhood, or sustain village life**
- **Run shops, post offices, community centres or other services in addition to housing**
- **Learn to build or decorate your home, or learn governance skills**

Establishing your group's vison and objectives will in turn influence how you should incorporate, and what funding might be available to you. It may also help to explain why you think a Community-Led Housing approach will be better able to achieve your objectives, a message which may need to be communicated to potential funders and supporting organisations.

Residents and Members

An important early decision that a group should make, and which should be reflected in your Vision Statement, is whether your project will be 'resident' or 'community' governed. (Typically **cooperatives and cohousing** are **resident governed**, but **Community Land Trusts** can often be **community governed**.) It is important to agree as a group who will live in the homes you create (ie. who are the residents), and who will make decisions about the homes (ie. who has control).

Typically the members of a cooperative or cohousing project will also be residents, who collectively manage and control the project. People from the wider community who are not residents of the project will not have any control in the organisation, although they may benefit from shared facilities provided by

it. The organisation may also maintain a waiting list of prospective members from the wider community who wish to live there when space becomes available.

A Community Land Trust, in contrast, is typically community owned, in that anyone from within the defined area/region which the CLT encompasses can become a member by purchasing a share. This means that all members, whether they live in the homes or not, will have a say in the organisation of the CLT and the allocation criteria for homes.

If the project is to be community owned, or wishes to seek support in terms of state grants or discounted land, it is important to define who will benefit from it, in other words, who the project stakeholders are. According to Community Led Housing London:[2]

> *"Whilst there may be small savings to be made in how you manage your project, significant affordability will usually come from a subsidy of some sort. This may be through grants, securing land at a discount or cross-subsidising with market value housing. It may be hard for public bodies to grant significant amounts of funding or agree to sell subsidised land, if the project is solely for the benefit of the group members. It is a good idea to evidence how the project's benefits are protected for others and achieve public policy objectives."[3]*

Defining Affordability

Another important item to include in your Vision Statement is a **definition of what 'affordability' means for your group**. What constitutes affordability for members of a particular group will depend on a range of factors, including local income/rent levels in your area, the level of savings and equity which

members can contribute, and whether the project is intended to provide homes for members only, or for the wider community.

Community Land Trusts, or indeed any project which aims to provide homes for the wider community, may find it useful to assess housing needs, as well as average incomes and rents, in their chosen area. As noted above, in the UK it is a requirement for projects defined as Community Led Housing, and receiving grants or subsidies, to clarify how benefits (such as affordability) for the local area and/or specified community will be defined and legally protected in perpetuity.

Member Recruitment and Retention

Most CLH projects start out with a core group of engaged members, or even a single individual. But at some stage, any group will likely have to broaden its membership to achieve a critical mass of committed members. SOA is not aware of any clear data on the number of members recommended for a successful CLH project. However, most of the successful cooperatives and cohousing projects we've studied and visited in the course of this project would encompass somewhere between 10-50 households, although some have less, and some significantly more (see Mehr Als Wohnen, Switzerland.) A Community Land Trust can have thousands of members, although in most cases many of these would not be residents but rather, members of the broader community.

There are many ways to broaden your group's membership. A good place to start is by publicising your Vision Statement, inviting those interested in joining your group to get in touch. Many groups also host events which prospective members can attend to learn more about the project. Depending on the skills

or resources available to you, it can also be beneficial to create a website for your group, as has been done by Common Ground Co-Housing, Collaborative Housing Limerick, and Cloughjordan EcoVillage, to name just a few.

According to **communityledhomes.org**, if you are a group aiming to provide your own housing *"it's important to quickly establish democratic and inclusive ways of working, so that new members can shape the project as much as founder members, and so you work effectively together over many years."*

For CLTs or other community groups aiming to provide homes for anyone within a defined area, *"you will need to recruit a larger and more diverse membership. If you get a significant proportion of the local population to join, including members with different backgrounds that reflect your local area, this will give you much more power when talking to your council. It will also ensure your project reflects local views."*

Community-Led Housing projects take a significant amount of time to realise, so **retaining members and maintaining optimism and motivation** can sometimes be challenging. Some early members will often drop out during the process, others will join later on, but it is important to maintain the critical mass required to meet your objectives. One way to keep members engaged and motivated is to organise occasional or regular social events. According to **Community Led Housing London**, these are an important way for members to *"get to know each other better, build trust, and share ideas. Some groups organise trips, shared meals, or meet for drinks."*[4]

Celebrating successes, even small ones, is also a very important way of maintaining motivation, positivity and enthusiasm about the group's progress.

Skills Audits

When starting out with an initial group of members for your project, it is helpful to conduct a **Skills Audit**. This is a useful exercise in terms of clarifying the skills and expertise required by the group to achieve your objectives, as well as assessing the capabilities and willingness of your existing members and networks to contribute these skills.

> **PREPARING A SKILLS AUDIT SIMPLY INVOLVES:**
> - Compiling a clear list of all the skills your group needs in order to meet your objectives.
> - Compiling a complementary list of the knowledge, abilities and skills of your members, stating what they are each willing to commit to the project in terms of time and responsibility.
> - Once you have an idea of who can do what, agree on who can carry out different tasks.

It is important to consider each individual's availability along with their particular skillset. If somebody has very little availability, they may be most efficiently able to contribute by briefing or mentoring other members. Along with hard skills, it is worth considering the abilities of your various members in terms of 'soft skills', such as leadership, communication or problem-solving.[5]

For those skills which your members do not already possess, it may be possible to arrange training in certain key skills for those who are willing to commit the time and potentially, funding, to learn. Alternatively, it may be necessary to contract a professional to provide certain skills or to explore the willingness of the groups' wider network of contacts to contribute their expertise. It's always particularly useful to involve people with accounting, legal, business and governance skills.

Decision-Making Processes

Collective decision-making is a prominent feature of Community-Led Housing, and there are a variety of processes employed by CLH groups to reach agreement. Some of these include: consent decision-making, democratic decision-making (percentage majority, or simple majority voting) and delegation of decisions to subcommittees or individuals.

It is important that all members are listened to and have the opportunity to voice their opinion, and equally important that progress is made and that clear time limits are set for making decisions, wherever possible.

> *For further guidance on various decision-making processes, see the Consensus Handbook, and the sociocracy.info web resource.*

Working with a Facilitator

Community-Led Housing is a complex process. To aid the successful realisation of projects, it can be helpful for groups to recruit professional facilitation expertise to guide key elements of the project. 'Project manager' and 'community facilitator' are two particularly useful roles.

In Germany, these roles are combined as a 'project facilitator', who takes care of the preparation and implementation of the delivery of a project on behalf of the CLH group client. This facilitator *"is a confidante and representative of the interests of the clients: they manage the entire project in their interest. That is why their most important task is to keep track of things. In short: the bigger the project, the more important the project manager is."* [6] In countries such as Germany, Community-Led Housing is well established, with professionals who have developed the capacity and skills to undertake both of these roles.

However, as Community-Led Housing is an evolving field in Ireland, it is likely at present that Irish groups will require the services of two or more professionals to provide the range of skills required. A '**community facilitator**' and a '**project manager**' will be likely to provide the ideal combination of services.

Community Facilitator Role

A **'community facilitator'** typically provides essential 'soft skills', supporting groups in devising suitable decision making and communication approaches for its members, which ensure inclusivity and group cohesion. In the UK some of these services are provided by the qualified staff of Community-Led Housing 'Hubs'.

A community facilitator can also act as a mediator between groups members as required, and should be skilled in successful conflict resolution methods.

Services provided by a community facilitator might include, among others:

- **Management of group meetings (This task requires being able to differentiate between the interests of the individual and needs of the group)**
- **Conflict resolution and mediation**
- **Public relations**
- **Concept and Mission Statement development**
- **Advice on decision-making**

Project Manager Role

A **'project manager'** manages the **construction development process**. In Germany, project management services provided by a 'project facilitator' typically include:[7]

- **CONTRACTS FOR LEGAL FORMS**
  Arrangement for solicitors to prepare contracts for a wide variety of legal forms and constellations, depending on the project and the needs of the group. If necessary, the project manager can also take on further administrative tasks for the group.

- **CREDIT CHECK**
  Checking the finances of all participants in order to minimise financial risks at an early stage.

- **SITES**
  Checking the appropriateness of a purchase price, evaluating land, legal and construction risks and assisting with conclusion of the purchase contract.

- **CONSTRUCTION PROJECT MANAGEMENT**
  Responsibility for the detailed listing of the total costs, keeping the invoice lists and the processing of payment transactions. This also includes on-going cost tracking and their regular dispatch, the preparation of time and cost plans, as well as the long-term calculation of the profitability and cash flow of the project. The project manager supports CLH groups with financing (ownership) and the procurement of financing (cooperative), represents CLH groups with respect to authorities, architects and builders, and takes out the necessary insurances.

  In addition to drawing up a final account at the end of the construction period, they make standard cost allocations to all parties involved and account for individual special requests from CLH groups.

- **PLANNING CONTRACTS**
  Concluding contracts on behalf of the clients/builders with the various specialist planners, such as soil appraisers, architects, structural engineers, test engineers and building services engineers.

- **CONSTRUCTION CONTRACTS AND WORKS**
  Concluding the contracts for the various trades and processing the final invoices. Both with general contractors and with individual trades. In addition, the project manager takes on contractual matters relating to development, demolition, the outdoor facilities, house connections and the heat supply. They attend construction site appointments to clarify contractual issues and, if requested, take part in the construction committee. In addition, if required, they also coordinate other contractual matters, such as access and drive-over rights, the use of public space, as well as insurance contracts and follow-up support after completion and occupancy.

Typical Fee Arrangements

In the UK and elsewhere, the above services are agreed individually for each project and can vary in scope. In Germany, the fee specifically for **construction supervision** can be between 1.5% and 3.5% of the gross construction costs, depending on the amount of the construction costs and the agreed tasks.

> **NOTE: In Germany a project facilitator is not a protected profession (such as a solicitor or an architect).**

Conclusion

In the UK, some aspects of these two roles are typically taken on by architects, project managers, or business and governance experts. The increasing number of Community-Led Housing Hubs across the UK also assist many groups, particularly in the early stages of projects. For those areas where a Hub has not yet been established, Community Led Homes UK provide a register of Advisers who have been "fully accredited through the Community Led Homes Training & Accreditation Programme."

In Ireland, Community-Led Housing facilitator roles are as yet undeveloped, but some architects, surveyors, or project managers, community facilitators, or a combination of such consultants, may have the necessary skills to coordinate a majority of the required tasks.

The involvement of a skilled and experienced **project manager** is likely to reassure your group's funders and other partners from whom you may require support.

The involvement of a suitable **community facilitator** will help to ensure group cohesion and the implementation of effective and inclusive decision-making processes.

Establishing a Robust Organisation

Meetings and Communication

As noted by one of our Berlin interviewees, "*It's a significant skill to be able to organise meetings well, to prepare them, to moderate them, to document them.*" Meetings are a prominent feature of Community-Led Housing; it is important that they are run efficiently in order to reach decisions and move forward.

It can be useful to nominate a chairperson to ensure meetings are well run. This person will facilitate the meeting, making sure that priority issues are addressed, that everyone's voice is heard, and that meetings are kept within the allotted time. You may decide that someone in your group is particularly suited to this role, or you may decide to have a rotating chairperson for different meetings.

Minutes should be recorded for all meetings, describing what was discussed and agreed. This is important, both to update any of those who could not attend and as a record of decisions made, in case there is any doubt about these at a future point. Minutes should ideally be recorded by someone other than the chairperson, and should be circulated to all members after the meeting.

You might find it helpful to set up a group email or a web-based project management tool to schedule meetings and communicate with everyone. Some Irish groups are using platforms such as Slack, Basecamp, and Loomio for this purpose.

Roles and Responsibilities

Organising a Community-Led Housing project is a time-consuming task, so it is important that roles and responsibilities are shared among the members. Most groups will assign a few key roles at early stages, primary among them being Chairperson, Secretary and Treasurer. According to Community-Led Housing London[1], key duties related to these roles include:

CHAIR
- Makes sure the group functions properly and is managed effectively
- Encourages full participation and that all matters are discussed
- Represents the organisation with funders, the local authority, and potential partners

SECRETARY
- Organises meetings and helps the chairperson to prepare an agenda
- Takes minutes and makes sure these are circulated with other members
- Maintains records and documentation, including all governing documents
- Leads on communication with group members

TREASURER
- Financial planning, reporting and budgeting
- Funding, fundraising and income
- Banking, bookkeeping and recordkeeping

There are a range of other roles which could be assigned depending on the skills and numbers within your group. These could include for instance a **social media** officer, a dedicated **fundraising** officer, a **webmaster**, or a dedicated **events** organiser.

Legal Incorporation

Much of the early work of a group can be conducted with just an informal steering group, so in most cases it is advisable not to rush into incorporating as a legal entity. Doing so too soon may result in finding that your legal form doesn't match your needs. As soon as you begin managing money, contracting consultants, or engaging in negotiations over land however, it will be necessary to incorporate as some form of legal entity or company.

The appropriate legal form will depend on a range of factors. Among these are your group's decision as to who your beneficiaries and members are, how you will be governed, tenure options, which funding options you aim to pursue or avail of, and particular goals you may have, such as maintaining affordability in perpetuity.

> **NOTE: Any individual or group embarking on a housing project should engage their own independent legal practitioner, and take legal advice in the light of their particular circumstances, plans and resources.**

The following preliminary guidance addresses in particular three potential Community-Led Housing models which have been the subject of SOA's *Roadmapping CLH* research project. These are:

1. A 'Standalone Cooperative' Model
2. An 'Owner-Occupier' Model
3. A Community Land Trust (Owner-Occupied)

'STANDALONE COOPERATIVE' MODEL

This model addresses a Community-Led Housing group who wish to form a legal entity **with cooperative rules** to buy and finance the development of land. The development would include cooperatively owned homes and common spaces. Members invest their equity in shares in the collectively owned 'company' to finance land and other costs. Member shares (equity) may rise in value over the life of the project.

In this scenario, the entire development remains the property of the Company. Individual householders never become owners of their homes, instead they rent their individual dwellings from the Company, of which they are a member.

A Designated Activity Company (DAC) would be the optimum legal form for this approach, for the following reasons:

- A DAC has share capital which would facilitate the investment of capital by members in the Company

- The objects (purpose) of the DAC will be stated in the Constitution so that the Company may only pursue these objects unless the members resolve to change the objects

- A DAC is a well-established form of company readily recognised and understood by funders and lenders

- The Constitution of a DAC, if carefully drafted, may provide for the governance and management of the Company in accordance with cooperative principles

- A DAC will have the legal power to create a debenture with a floating charge, should such be required as security for borrowing by the DAC

The share capital structure of the DAC will need to be carefully designed and described in the Constitution, to take into account the particular requirements of the CLH group, both as to voting rights and the treatment of members' equity. The CLH group will need to take both legal and financial advice on this at an early stage.

NOTE: An Industrial & Provident Society (IPS) would be entitled to use the word 'cooperative' in its name. However, aside from this an IPS **would not** be a suitable legal form for the 'Standalone Cooperative' model described, for the following main reasons:

- An IPS has no power to create a floating charge (a debenture) as security for borrowing.

- An IPS is subject to significant restrictions and oversight requirements on raising funds. The statutes governing societies provide that an IPS may not raise funds except under, and in accordance with, the prior written permission of the Registrar of Friendly Societies. The only exceptions to this rule are: (a) raising a cumulative amount of no more than €30,000 in share capital in any six-month period or (b) borrowing from a bank or (c) raising funds from a public body such as a local authority, department.

- Industrial & Provident Societies are often not well understood by some institutional lenders, some public authorities, and indeed, some professionals. The language of the legislation governing societies is different from that governing companies and the documentation looks different. These hurdles of unfamiliarity can be overcome, but this may take time and effort, and a doubt may remain in the mind of the questioner.

- Company law legislation, which is more developed and modern than the relatively antiquated IPS legislation, would facilitate greater creativity in the design of an appropriate share capital structure and appropriate governance procedures for a 'Standalone Cooperative'.

'OWNER-OCCUPIER' MODEL

This model addresses a Community-Led Housing group who wish to form a legal entity to buy and finance the development of land. The development would include privately-owned homes, along with collectively-owned common spaces. Members invest their equity in shares in the collectively-owned company to finance land and other costs.

Once again, a DAC would be the optimum legal form in this scenario, for the same reasons listed above under the 'Standalone Cooperative' model.

Once the initial purpose of the DAC (that is, to develop the project) has been achieved, the members could decide to amend the objects of the DAC and retain it as the 'Owners' Management Company' (OMC) to manage collectively-owned spaces.

Alternatively, it would be possible to convert the DAC to a CLG (the usual form of company used for an Owners' Management Company) by following prescribed procedures which require the conversion to be approved by the shareholders, and certain returns made to the Companies Registration Office.

COMMUNITY LAND TRUST (OWNER-OCCUPIED)

This model addresses a Community-Led Housing group who wish to create a Community Land Trust (CLT) as a registered company, to own and develop land for owner-occupied affordable housing in perpetuity. Given its purpose to take land out of the speculative market, for the benefit of the local community, this company may also seek charitable status. Given its purpose to create permanently affordable homes, applying for Approved Housing Body status may also be an option.

* **NOTE:** The Community Land Trust is to date an untested model in the specific Irish context. As such, further legal investigation is required to establish the optimum legal form for this approach.

Setting up a Bank Account

When starting out on a project, members of the group often undertake fundraising to cover small early-stage costs, such as printing, travel and room hire.

As soon as you begin managing significant amounts of money however, such as grants, member Milestone

Payments (see below), or other sources of funding, you will need to **set up a bank account** for the group.

Once you have opened an account, it is important to **keep a record of all transactions and file receipts from the outset**. Typically, the Treasurer will take responsibilities for these duties, but it is important that they report regularly to the group regarding the current balance and how it is being spent. This reporting should maintain transparency among group members, as well as potential funders or partners.

It is good practice to have **at least two unrelated members managing the bank account**.

Documentation

Make sure everything is documented and accessible to group members. This is particularly important once your group becomes an incorporated entity. Key policies, annual accounts and meeting minutes should be kept on file, and will assure members of the group and external funders that your organisation is trustworthy. As the group grows and the project progresses, there are likely to be additional records to be kept.

Most groups upload records and documents to a central drive online with shared access. Some records, such as those relating to your incorporation, will be made available online, for example through the Companies Registration Office (CRO).

According to Community Led Housing London[3], important records to keep include:

- Membership Register
- Minutes
- Registration Certificates
- Financial Accounts and Annual Returns
- Register of Governing Members' Interests (People should be governing CLH groups in the interest of the organisation. Once a governing board has been established, all board members should outline any conflicts of interest.)

Financial Planning and Auditing

Discussing personal finances can be a difficult subject. But it is important for the members of a Community-Led Housing group to be open and honest with each other about each individual's or household's personal finances and what they can contribute to the project in this respect.

Members should also be transparent and realistic as to what purchase or rent prices they can afford in the medium to long-term. According to Community Led Housing London:[1]

"It is important that a group is comfortable being open and transparent when it comes to finances, before investing time on a project. You should look to establish values around finance at an early stage and to feed these into your objectives. There should be transparency about how much money the organisation has, and how it will be spent."

Knowledge is power: understanding how financing works can enable more creative approaches. See SOA's **FINANCE handbook** for potential approaches to financing CLH projects in Ireland, including template spreadsheets which can assist groups in calculating your collective financial means.

Financial literacy is a crucial skill which your group must develop in order to successfully realise your project. According to the London CLH Hub:

"Poorly prepared and organised CLH groups will not be successful in attracting funding. You will need to embrace a level of financial literacy to tell your story well, using language that is relevant to potential lenders. Lenders and investors tend to be focused on values, returns, certainty of income flows, security of capital. However, managing the financial risk depends on being able to recognise and manage other risks, such as political and organisational risks (ie good governance, fair, competent and consistent decision-making)."

Develop a Business Plan

Every Community-Led Housing group will eventually need a strong business plan, as you are effectively establishing a community business. A business plan is an important tool which will help you to secure the support of potential partners, and build confidence and financial literacy among your own members.

A business plan is an evolving document, and at the early stages you won't have all the detail. But it is important to attempt to **sketch out the full plan from the early stages**, as it will assist you in clarifying your group's process and aid in defining costings throughout the various stages of the project. Some of the templates and roadmaps in this document can help you to sketch out your plan.

According to communityledhomes.org, some suggested elements of a business plan include:

- **A SYNOPSIS OF YOUR VISION STATEMENT** what you hope to achieve, including:

  - **VALUES -** the principles that are fundamental to your vision
  - **CONTEXT -** what need or demand your project is meeting

- **ORGANISATION -** who you are, your structure, and your strengths and weaknesses

- **OBJECTIVES -** these should be clearly articulated as SMART goals (specific, measurable, achievable, realistic and time-bound)

- **ACTION PLAN -** the steps you plan to take, noting who will be responsible for them and when they will need to happen

- **FINANCIAL PLAN -** likely costs throughout the process, and how you will fund them

- **SENSITIVITY ANALYSIS -** the 'what if' analysis that considers how you can flex to cope with changes to costs, revenues, and so on.

Developing a Financial Concept

Preparing a business plan will help your group to clarify your **Financial Concept**. There are a range of factors to consider in estimating the likely costs and timelines for your project. Most groups require professional advice in this area in order to finalise their plans. However, there are some useful questions in relation to the overall financial concept which your group should discuss and clarify among members at a relatively early stage, including:

- **How many households** (and members) will be in the group?

- **Will your homes be houses or apartments**, or a mix of both?

- **What tenure types are envisaged?** Ownership, cooperative rental, social housing, and so on.

- **What proportion of the project will be private homes**, and what proportion will be shared space?

- **What, if any, are the key shared spaces which your group aim to develop?**

- **How do your members define affordability?** What constitutes an affordable rent or purchase price for your members? (See section above on Defining Affordability)

- **What percentage of the project costs can your members provide from the group's equity?** Typically in the UK, groups will bring a minimum of 10% own-equity to the project, although on average, an equity contribution in the range of 15-25% is more typical in the UK/Europe.

- **What breakdown of typologies are you intending to provide?** In other words, the proportion of one-bed, two-bed, three-bed homes, 'cluster' apartments and so on

- **What size will each of these homes be?** Area in m^2

- **How is your site to be procured?** Purchased outright, leased, discounted, donated?

- **Is there a concept for living and working** or other uses that might subsidise or provide income to the project post completion?

If there is an aim to have substantial shared facilities, it may be worthwhile to prepare a separate business plan for these spaces for the medium-long term, to ensure that their maintenance and upkeep do not become a drain on member finances over time.

Milestone Payments

Milestone payments are predetermined amounts provided by each member of the group at key stages in the project from their own financial resources. For resident-led CLH projects in particular, milestone payments can be a valuable way to focus minds within the group. Introducing member payments at a relatively early stage can be important in order to establish the 'dreamers' from the 'doers', and also to demonstrate member commitment to potential external funders.

In the case of Cloughjordan EcoVillage for example, an agreement was prepared between members and the company, outlining milestones to be achieved and timelines for doing so, with each timeline marked by a payment from members. Ultimately members paid €15,000 each upfront. The CLG made it clear to its members that this was a risk, which in the case of the Cloughjordan project could be recouped by members against the value of their site.

Milestone payments are also an effective way of setting targets and timelines for the realisation of a CLH project, which can serve to give confidence to members when they are achieved. Relatively small milestones (for instance, payments of €1,000-€2,000) are better to begin with than a large initial commitment. In the case of Cloughjordan CLG, the confidence achieved via reaching initial small milestones was then leveraged towards a loan-stock offer, as members were by this stage assured that they were ready to invest at the next level. This was important, as while loan-stock contributions were sourced from wider networks, in Cloughjordan's case, a significant portion of the loan-stock also came from group members themselves.

Focusing On A Site

Finding a site is one of the biggest challenges faced by Irish groups at present. It is a key milestone for any Community-Led Housing project, and securing a site typically provides an anchor and focus for group members, allowing other elements of the project to progress.

There is a range of potential approaches to finding a site to build new homes, some of which are mapped out in more detail in SOA's **LAND** handbook. They include:

- **BUYING PRIVATE LAND ZONED FOR HOUSING.** This can be difficult if the local land market is very competitive unless your group has a lot of money, a partner able to bid for you, or a land agent to help

- **BUYING OR LEASING PUBLIC LAND** requires strong support from the public land owner and the capacity on their part to go through a disposal process or asset transfer. SOA is advocating for policy changes in this area to encourage local authorities to consider long-term leasing of public sites to CLH groups

- **BEING PART OF A LARGER DEVELOPMENT** perhaps fulfilling a developer's 'Part V' obligations to provide affordable housing. (See Appendix C on AHBs and CLH for some suggestions as to how this might work)

A site can be secured by outright purchase, or by an **option agreement**, which gives you the right to buy the site outright once you have planning permission. Alternatively the site could be leased on a long lease, (for example 75, 99 or 125 years), which will involve paying an annual rent for the period of the lease, rather than a lump sum at the start.

Where possible, securing an **option agreement** is generally preferable to outright purchase, as this allows the group to secure planning permission *before* committing to purchase.

Many groups in the UK and elsewhere have managed to acquire sites at lower prices to make affordable homes viable. This is most common where there are local landowners who wish to support Community-Led Housing, or public bodies that have policies to allocate sites for affordable housing provision based on social value criteria. There are strict rules governing what charitable and public bodies can do with land however, due to state aid rules and the requirement to obtain 'best consideration'. This is another area where SOA is advocating for increased policy support in Ireland, and more detail on this topic can be found in our POLICY and LAND handbooks.

An alternative to purchasing a vacant site is to finding existing buildings to renovate. Depending on the condition and adaptability of the buildings, and the aims of your group in terms of typologies, this can in many cases be a quicker and easier process than building new homes.

A Site-Finding Brief

According to communityledhomes.org, unless you already have a site or building in mind, you should draw up a brief for your own benefit and for any consultants and land agents you might employ to help you. This brief should cover:

- Group details and contact
- Project purpose
- Preferred geographical areas
- Required access to facilities, utilities and transport
- Project size
- Project type (general housing or specific needs)
- Type of site (just land or land+buildings)
- Funding and finance availability to secure the site
- Consultants appointed

Investigating Sites

According to communityledhomes.org, before securing a site or building you must thoroughly check that it is suitable, that the finances will stack up and that you could get planning permission. It's possible that you may have expertise within your group to do a lot of this. But you may also need the help of:

- A planning consultant to advise on whether the project is likely to gain planning consent and what conditions may affect viability
- An architect to produce a sketch scheme layout, and arrange specific reports from experts
- A quantity surveyor to facilitate price negotiation and settlement of heads of terms for land purchase

These consultants will help you to investigate issues such as:

- Local planning context
- Topology and ground condition
- Ecology and archaeology
- Highway access
- Proximity of services
- Flood risk
- Clarity/definition of site boundaries
- Existence of any retaining walls

Clarifying these and other issues will help you to draw up a sketch plan, work out the number/type of homes and other facilities, and the likely works needed to make the site suitable for your project.

From this, your group can develop a viability assessment. This helps you to check that you can afford the site, and tells you how much you can pay for it. You start with your likely envisaged income from any sales, rents and grants. Then you deduct your running costs and the cost of the development. Whatever remains, after deductions, is the amount you can pay for the land, known as a residual land value.

You should check this residual land value against an independent valuation for the site. The main professional body for valuers in Ireland is the Society of Chartered Surveyors Ireland (SCSI).

Securing The Site Or Building

According to communityledhomes.org, when you come to negotiate on the site or building, you will need some additional professional services, including:

- A solicitor for conveyance of the land/property, advising on price negotiation and future contingency payments
- An accountant to ensure the transaction is structured in tax-efficient way to cover VAT, stamp duty and capital gains tax

The taxes you pay will depend upon a range of factors, including the legal form your group has taken (as some legal entities, such as charitable organisations, can benefit from tax relief) and whether you purchase land (which attracts VAT) or homes already under construction (which doesn't).

Also

Detailed Guides on Development Options & Process and Working With Consultants are available from the Community-Led Housing Hub in London. While not written for the specific Irish context, there is a wealth of valuable general guidance contained in these documents.

SOA's **LAND** handbook further articulates possible routes to securing a site in Ireland.

Early-Stage Roadmap

A CHECKLIST TO PREPARE YOUR CLH GROUP

03

01

FORMING YOUR GROUP

○ **ESTABLISH A SHARED VISION**
Prepare Vision Statement with aims, motivations and priorities

○ **RESIDENTS AND MEMBERS**
Decide whether your project will be 'Resident'- or 'Community'-governed

○ **DEFINING AFFORDABILITY**
Clarify an understanding as to what affordability means for your group

02

GETTING ORGANISED

○ **MEMBER RECRUITMENT AND RETENTION**
Develop a member recruitment strategy with transparent criteria for membership

○ **INTRODUCE YOUR GROUP AND VISION**
To potential members and supporters via appropriate communication platforms

○ **CARRY OUT A SKILLS AUDIT**
Assess skills required and capabilityof your members/networks to contribute these skills

○ **TRANSPARENT DECISION-MAKING PROCESS**
Agree a process to ensure that all members have the opportunity to voice their opinion

○ **ENGAGE A FACILITATOR**
For expertise not within your group, as identified in your skills audit

NOTE:
This checklist refers to the Early Stages of a Community-Led Housing project.

For a full project Roadmap please refer to the accompanying **Overview** handbook.

ESTABLISHING A ROBUST ORGANISATION

MEETING AND COMMUNICATION
Establish processes to ensure meetings are efficiently run and recorded

SHARE ROLES AND RESPONSIBILITIES
Assign key roles early on, such as Chairperson, Secretary, Treasurer etc.

LEGAL INCORPORATION
Incorporate as a legal entity. Consider appropriate legal form carefully

SET UP A BANK ACCOUNT
Record all transactions from the outset

DOCUMENTATION
Make sure everything is documented and accessible to group members

05

FOCUS ON A SITE

DECIDE ON SITE PROCUREMENT
Will site be purchased, leased, or part of a larger development?

A SITE FINDING BRIEF
May be helpful to prepare a brief for locating an appropriate site

INVESTIGATING SITES
Before securing site, confirm suitability, finances and that you can get planning permission

OBTAIN AN OPTION ON THE SITE
Allows your group to secure planning *before* committing to buy

SECURING THE SITE OR BUILDING
When negotiating purchase, you will likely need the expertise of a solicitor, accountant and architect

04

FINANCIAL PLANNING & AUDITING

DEVELOP A BUSINESS PLAN
This is an evolving document, but important to sketch out full plan early on

DEVELOP A FINANCIAL CONCEPT
Useful to estimate key metrics such as project scale, proportions and financing at an early stage

MILESTONE PAYMENTS
These can be a valuable way to focus minds, demonstrate member commitment, and set timelines project deliverables

Resources

KEY TOOLS/REFERENCES

1. <u>GETTING YOUR GROUP READY</u> document, Community Led Housing Hub London
2. <u>FINANCIAL APPRAISAL</u> document, Community Led Housing Hub London
3. <u>Additional Resources</u>, Community Led Housing Hub London
4. <u>People & Power Guidance</u>, The Confederation of Co-operative Housing
5. <u>Basecamp</u>: Tool for communications, sharing etc.
6. <u>Slack</u>, tool for group communication and project management.
7. <u>Miro</u>, collaborative online whiteboard for project planning.
8. <u>Enabling Spaces Game</u>, Co-design resource developed by LiD Architecture.
9. <u>Almenr</u>: Danish online co-op platform.
10. <u>Real Dania</u>: Danish Senior Cohousing Resource.
11. <u>Crowdbuilding.nl</u>: Dutch community building resource.

CASE STUDIES

1. <u>1001 Co-op Homes</u>, Confederation of Cooperative Housing (UK)
2. <u>Cohousing Case Studies</u>, UK Cohousing Network (UK)
3. <u>Success Stories of Urban CLTs</u>, National CLT Network (UK)
4. <u>London CLH Projects Map</u>, Community Led Housing Hub, London
5. <u>Berlin Case Studies</u>, CoHousing Berlin
6. <u>Case Studies from around Europe</u>, Right to Build Toolkit
7. <u>Projects from around the World</u>, CoHabitat.io

TEMPLATE ROADMAPS

1. <u>Model representing four generic ways that custom and self-build projects can be brought forward</u>, Right to Build Toolkit (UK)
2. <u>Steps to Forming a Community Led housing Group</u>, Community Led Homes (UK)

CLH GROUPS IN IRELAND

1. <u>CLH Groups in Ireland</u>, SOA
2. <u>Community Land Trusts in Ireland</u>, SOA

Appendices

Appendix A

A Brief History of Cooperative Housing in Ireland

Community-Led Housing builds on a tradition of independent cooperative and community-build housing, which was a feature of Irish housing until the 1980s. This tradition pre-dates the formation of the Irish State, encompassing for example the 'meitheal' tradition of community building, the Building Societies of the late 19th century, and more recently, the Public Utility Societies which operated in Ireland until the 1970s.[1]

Local, self-help, home ownership building cooperatives providing affordable homes for their members date back to the 1950s in Ireland.[2] In the 1960s and early 1970s, more co-operatives continued to be formed and, in 1973, the National Association of Building Cooperatives (NABCo) was set up to represent cooperative housing nationally. A typical cooperative housing scheme during this period focused on home ownership, and involved between 8-20 homes, although in a few cases, between 130-150 homes were built by local co-ops over a number of years.

By the late 1970s, Irish housing co-ops were catering to about 5% of the Irish housing market and were hailed as the "Third Arm" of Irish housing, alongside local authorities and private developers.[3] Throughout the 60s and 70s, housing co-ops had typically been supported by local authorities, who provided sites, loans and technical advice to varying degrees to groups. However, with the abolition of property rates in 1977, a significant source of income to local authorities was lost, to be increasingly replaced by income from development levies and stamp duty. During the late 1970s and 1980s property values began to rise sharply, with national average house prices increasing six-fold between 1974-1990.[4] Local authority loans, which had previously supported many co-op housing projects in the 60s and 70s, did not keep up with these property prices, making it increasingly difficult for co-ops to finance construction.

In the 1982 pamphlet *Co-operative Housing in Ireland*, editor Vincent Tucker notes there had also been some criticism of cooperative housing in Ireland at that time, in that it provided little support to unemployed or low-income families who could not secure or repay loans to build.[5] Until that point, Irish housing co-ops had been primarily focused on home ownership, and Tucker suggested that an exploration of rental models more common in other European countries, could provide a more affordable solution for low-income families.

While cooperatives struggled due to the absence of a single local-authority point-of-contact, local authorities themselves also struggled to engage with co-ops due to the *"proliferation of Housing Co-Operatives which have no contact with each other and whose viability they have no means of evaluating."*[6] The coordination of efforts by individual societies was highlighted as a crucial role of the then young NABCo organisation (now Cooperative Housing Ireland). The need for education of cooperative members, and the general Irish public, in the advantages of cooperatives was also flagged as an important consideration.

In an essay included in Tucker's 1982 pamphlet, Bernard Thompson of NABCo noted the organisation had faced *"difficulties arising from the fact that our education system, in our rapidly urbanising industrialised society, tends to encourage people towards personal attainment rather than mutual effort, with a resulting commercialisation of thought and little sense of "mutuality of interest". It can also be seen that our public and political administration system tends to encourage social dependence, rather than helping people to help themselves by providing realistic aids for efforts aimed at self reliance through mutual interdependence in co-operatives and other types of community development organisations."*[7] Thompson argued that increased partnership between local authorities and *"well-organised"* cooperatives would empower Irish people to work together to meet their housing needs.

A complementary paper delivered by Frank Moloney of Cork City Council argued that the cooperative housing movement *"creates a sense of togetherness which can never be achieved by a Local Authority Housing scheme, or a Private Estate Development."* He and other writers in this pamphlet envisaged a huge potential role for housing cooperatives in addressing urban renewal and compact development.

By the late 1970s however, increasing amounts of homes were being built by speculative private developers, and due to increases in household income, with women now empowered to continue in employment after marriage, privately-built homes were now affordable for families.

NABCo began to receive a reduced number of inquiries from small cooperative groups. At the same time, with local authority housing provision focused primarily on families, increasing need emerged for appropriate housing for marginalised groups, such as the homeless, single parents and older people. NABCo began exploring the potential for rental cooperatives to meet these needs.

The 1980s was a difficult decade in Ireland, with rapidly rising unemployment and emigration. A 1982 European Commission Study Paper[8] highlighted underdevelopment of the cooperative sector in Ireland compared with other EU countries, while expressing optimism due to increasing activity and education in the sector. However, the authors note a feature of Irish culture which had contributed to underdevelopment of the cooperative sector to that point:

"In the past the traditional solution to unemployment in Ireland has been emigration, either away from the land to more prosperous parts of Ireland or, more commonly, overseas to the UK and the USA. It is only now that such emigration has come to a virtual halt because of the increasing lack of opportunities elsewhere that co-operatives have even been mentioned as a possible source of employment creation and service to the community."

Emigration began to soar again in the early 1980s, and the potential for increased cooperative activity envisaged by the EC researchers was not realised. The authors also reference the limited support which Irish local authorities could offer cooperatives at this time, citing the limited power and resources they had post-1977, and the primacy of central rather than local government in directing economic development.

In 1979, the new Housing (Miscellaneous Provisions) Act allowed the Department of the Environment to pay a 'grant-in-aid' to NABCo, enabling it to hire fulltime staff for the first time to support cooperatives.[9] From the early 1980s however, a multitude of factors, including government housing policy priorities of this period, and prevailing cultural attitudes towards home ownership and houses in particular, led to an increasingly binary system of housing development, focused on the one hand on private development by speculative developers, and on the other, the provision of homes for those on lower incomes via social housing. This binary public and policy focus was maintained at the expense of alternative approaches to housing such as cooperatives.

During the early 1980s, NABCo became involved in addressing the homelessness crisis of the time, and worked with organisations such as The Iveagh Trust and Simon to form what is now known as the Irish Council for Social Housing (ICSH), who began providing advice and registration services to voluntary housing associations, the forerunners to AHBs.[10] In 1984, the Department of Environment introduced a new Capital Assistance Scheme to finance mortgage loans to AHBs to provide *rental* accommodation. Loan repayments and interest charges were fully waived subject to allocation of not less than 75% of homes to local authority waiting list applicants. The CAS scheme led to NABCo supporting Ireland's first cooperative rental scheme, the 13-home 'Greenlawns' project in Coolock, with rents linked to household income rather than market rates.

The optimism expressed at the 1982 conference that cooperatives could play a major role in inner city and urban regeneration of vacant building stock ultimately proved misplaced. This was due at least in part to prevailing 1980s cultural attitudes which rejected urban apartment living for suburban new-build developments, and policies supporting this preference. Thus the idea of co-ops engaging in extensive urban regeneration was perhaps ahead of its time in 1980s Ireland.

The launch of the CAS scheme coincided with an increased focus by NABCo on the *provision* of cooperative rental homes to new members allocated directly from local authority waiting lists. A range of sites were provided by local authorities in Dublin for this purpose, leading to the creation of 276 houses and apartments at seven locations throughout the 1990s. Members for these projects were recruited at *"advanced stages on the basis that the cooperative dwellings would meet their housing needs, as assessed by their Local Authority."* [11] While interested members *"participated in information and familiarisation programmes about co-operatives, membership responsibilities, and the terms and conditions of tenancy"*, they were not generally involved in the design of homes.[12] Thus the 'self-help' element of cooperative housing in Ireland became somewhat diminished from the mid 1980s, as provision of homes for those in need via social housing was increasingly prioritised by the sector over empowerment of small cooperatives to meet their own needs.

Due in part to the various reasons outlined above, an independent cooperative housing sector has not emerged in Ireland to the same extent as it has in Europe and elsewhere. Today this sector is re-emerging under the umbrella term of **Community-Led Housing**.

Appendix B

Loan-Stock in the Irish Context

WHAT IS COMMUNITY LOAN-STOCK?

Loan-stock is an unsecured, fixed-term and fixed-interest loan, a form of debt which is non-transferable, and cannot be sold on by the lender. It is essentially a form of peer-to-peer lending which bypasses banks.

As part of the conditions of a loan-stock offer, potential lenders are typically offered a range of interest rates to choose from (including zero interest), along with a choice of terms (for example 3 or 5 years). Once the loan-stock capital matures, it must be repaid to the lender, although it can be paid in the form of further loan-stock if that is made clear in the condition of the issue.

WHAT IS THE VALUE OF COMMUNITY LOAN-STOCK FOR CLH?

According to Co-operatives UK[1], *"Loan-stock is ideal for a highly targeted ethical investment because it does not require legal advice to issue, and so is available to smaller organisations (though large or unusual issues should carefully assess whether legal support might be necessary) ... and the stability of the investment can provide a great deal of support, especially to a new enterprise."* *

> *NOTE: In the UK, companies and cooperatives (IPS) can issue loan-stock without issuing a legally drawn prospectus, due to an exemption under the Financial Services and Markets Acts 2000. In Ireland, peer-to-peer lending is not currently regulated. As such, any Irish group considering a loan-stock offer should seek preliminary legal advice to fully understand their relevant obligations and the potential risks.

If organised carefully, loan-stock can be particularly beneficial to community-led projects. It provides a mechanism to harness community goodwill towards a project, typically from friends and supporters, to source low-interest funding which can supplement more traditional mainstream lending streams. As the purchase of loan-stock does not include decision-making power in the organisation/project, there is no danger that the lenders would have control over the project. In this respect, it may be a more appropriate form of financing for a community housing project than, for example, a community share offer.

Co-operatives UK further notes that loan-stock is *"a package which is more attractive to the borrower than the investors"*, although benefits to the investor include *"a high level of accountability (since you know exactly where your money is invested and what it is being used for), interest to prevent your investment losing value, and a close personal connection with the project."*

It should be made absolutely clear to all lenders that loan-stock is an **unsecured loan**, which therefore carries an element of risk to lenders.

WHAT SHOULD BE INCLUDED IN A LOAN-STOCK OFFER DOCUMENT?

A review of the loan-stock offers prepared by Bunker Cohousing (UK)[2,3], Chapeltown Cohousing (UK)[4], and Loveworks Co-operative (NI)[5] reveals the following common contents:

1. A **summary of the proposed project** and explanation as to why it is worth supporting as an ethical investment

2. The **Period of Offer**, detailing the time period during which loans will be accepted. (Loan-stock must be issued at set times. Open-ended periods of issue are forbidden)

3. The **overall amount targeted** by the loan-stock offer. (This is also often put in context by describing the breakdown of financing for the project as a whole: that is, the proportion of financing provided by commercial loans, member equity, grant funding, and any other sources in addition to the loan-stock)

4. The **minimum and maximum loan amounts accepted**, often with additional suggestions for alternative intermediate amounts which a lender can consider. (The process for issuing loan-stock certificates should be also clearly articulated)

5. The **length of investment**. Typically options of for example one-, three- or five-year periods are offered, and the lender must choose their preferred time period. It is important that the borrower plans a programme for return of the capital borrowed (including interest if necessary) at the end of this period

6. The **interest-rate options**. Typically, rates of circa 1- 3% are offered, with many offers providing an additional zero interest option for lenders to consider. (The process for calculating interest payable should be clearly described here)

7. A **clear description of the risks involved**, highlighting the fact that loan-stock is an unsecured loan, and that lenders may not have recourse for compensation in the event of default on loan repayment. Another risk which should be noted is that lenders who need to access their money before the end of their loan period may not necessarily be entitled to do so. (NOTE: It is however prudent of the borrower to plan for returning some of the borrowed capital in case

of emergency.) It is also typically highlighted here that the holder of loan-stock will not have any rights to attend meetings or participate in any way in the management of the company/project

8. **Architectural/Planning drawings** of the project can be a valuable addition, if available

9. The envisaged **benefits to lenders** are typically articulated in the document

10. A 2-3 page **Loanstock Application Form** which lenders are invited to fill out and email/post to the organisation is typically included at the end of the offer document (See sample Application Form from Loveworks Co-op, below)

Case Study Example No.1

CLOUGHJORDAN ECOVILLAGE [6]
In the early to mid 2000s, Cloughjordan Ecovillage organised a very successful loan-stock offer to finance their project.

An option agreement was negotiated with the landowner which allowed their CLG to apply for planning before purchasing the land. This was very important, as the site had doubled in value by the time they came to purchase. However, planning had not yet been obtained when it came time to exercise the option, so the group couldn't secure financing for land purchase from the commercial banks. Clann Credo agreed to finance 50% of the purchase if Cloughjordan could raise the other 50%, which they decided to do via loan-stock.

They were lucky to have a barrister in the group who put together a two-page legal document, allowing investors to provide an unsecured loan. Loans ultimately ranged in size from €1,000 to €30,000. A range of interest options (from 0-3%) were offered to investors; they were pleasantly surprised that the majority of investors chose the zero-interest option. The offer was helped by the fact that many of the contributors were members and would benefit directly from the project.

Through this loan-stock process they raised €0.5M from members and extended community networks, funding the remaining cost of the site. They then used the site as security to access development loans from commercial banks.

The project organisers observed significant nervousness around cooperatives and CLGs in the Irish mainstream banking sector, who preferred to deal with private companies. This created a challenge in securing development finance, so Cloughjordan CLG offered a second loan-stock issue to bridge the gap between project costs and bank lending, raising a further €750,000 for the project.

NOTE: The requirements of the various loan-stock lenders varied. Some were happy to invest with virtually no guarantees or paperwork, others requested to see business plans and repayment timelines before they would commit to lending.

Case Study Example No.2

BUNKER HOUSING CO-OPERATIVE (UK) [7]

Bunker is a self-build housing co-operative for low-income families and individuals in Brighton & Hove. It currently has four phases of home building envisaged, with the first phase at Plumpton Road (two homes) completed in April 2020.

Bunker members are self-building their houses, with the help of professionals, using a modular system and a cross-laminated timber structure. Run as a cooperative, rents will be just £1,000 a month, per three-bedroomed family home. The cooperative will own the houses, which will be on a site leased from Brighton & Hove City Council (BHCC). Residents will be members of the cooperative and be both landlords and tenants.

The initial Plumpton Road scheme of two three-bed homes was 70% financed through a £350k (40-year) mortgage from Ecology Building Society. The mortgage is between the cooperative and the EBS, and is secured on the value of the homes and the leasehold of the land (the project also received a £5k grant from Seedbed and a £30k grant from Brighton & Hove CLT financed from the Community Housing Fund).[8]

In addition, circa 20% of the project financing was raised via £110k loan-stock from individuals and cooperatives. The majority of the loan-stock was raised from other UK housing cooperatives, with a significant proportion of stock also raised from individuals who supported the project. In the UK, registration as a fully mutual and provident society allows you to offer loan-stock to other cooperatives and individuals. Loan-stock is not secured on the cooperative's houses, but in this case is to be financed by rental income.

THE PROCESS

1. The cooperative listed, researched and then contacted individuals/organisations, sending them a loan-stock pack and offering access to supporting documents

2. They set the parameters of a minimum £500 investment, length of loan period (5,10,15,20, or 25 years) and the interest rate (0% - 3%)

3. The pack contained a pledge form to fill, promising to lend Bunker loan-stock

4. They talked on the phone, answered emails, attended meetings, gave talks and visited several cooperatives to explain who they were and what they wanted to do

5. When they were ready for their loan-stock investment, they contacted the people who had pledged and asked them for the investment

6. They supplied bank details, acknowledged test payments, and provided proof of caveats (planning permission etc.)

7. After receiving the money, they posted a signed and sealed loan-stock certificate, and any other records required by the lenders. (Some asked for copies of bank statements and a headed letter)

8. Clear and detailed records of all loan-stock transactions were kept

9. They set up annual interest payments to automatically go out of their account

10. They kept lenders up to date with their progress

There were three defined issue periods of loan-stock, reflecting key project development stages, in 2016, 2017, and 2019. Bunker emphasise that *"dealing with other people's money is a matter of serious and continuous responsibility"*, but add that *"with adequate attention it is not difficult to master the process of managing a loan-stock scheme."*

RECOMMENDATIONS FOR IRISH GROUPS

Loan-stock is not as commonly used in Ireland as it is in the UK, particularly for housing cooperatives. Therefore it may be advisable for any Irish group considering a loan-stock offer to first seek legal advice as to whether their group's legal structure and aims are suitable for such an offer.

In the event that the decision is made to pursue a loan-stock offer, Bunker Housing Co-operative have recommended the following as key components to the success of their offer:

1. A **robust business case**, **project plan**, **architect's drawings**, a **40-year spreadsheet** and a well-put-together **loan-stock pack**.

2. **Having a wide network of project supporters**. Bunker note that their network of lenders included: Friends of friends, people wanting to help, wanting more affordable housing in the city and/or wanting a better return on their money than current interest rates or an ethical investment.

3. Being **actively involved in local and national co-operative networks**. Bunker attended meetings and contacted as many housing co-ops as possible to ask them whether they would invest.

4. Having a strong group with a **core subcommittee working on loan-stock**. They recommend having **one lead** member overseeing this process.

5. A **strong social media presence**, so that organisations can see project progress and what activities are happening at any given stage.

6. **Support from national organisations**. Some national organisations shared Bunker's loan-stock issue, including the National CLT network.

7. Being **flexible & persistent**– trying as many different ways as possible to raise loan-stock.

8. Having **a quick win in the numbers** – for example, *"we need €x in total and have already raised €x."*

SAMPLE LOAN-STOCK APPLICATION FORM

Please see overleaf a loan-stock application form prepared by Loveworks Co-op in Northern Ireland, for reference purposes only. Loveworks' full loan-stock offer document is available here.

NOTE: Loveworks is a worker-owned enterprise cooperative, NOT a housing cooperative. Nonetheless, their application form is included to provide an indication as to the typical terms & conditions of a loan-stock offer.

Loanstock Terms and Conditions

1. Interest

Interest shall be paid at the rate specified in the relevant application form.

Interest will be paid at the end of the term of the loan specified in the relevant application form. Interest is calculated and compounded on the loanstock each year on the 1st April, meaning it is added to the loanstock balance so will earn additional interest in subsequent years. Interest is paid gross and you are responsible for declaring it to the tax authorities. No amount of interest less than £1 shall be credited. Interest shall be rounded down to the nearest £1 for these purposes.

2. Repayment

Loanstock will be repaid in full after the number of years specified in the relevant application form. Loveworks may repay loanstock at any time at its discretion, including interest due up to that point provided the following conditions apply:

a. a written application stating the amount requested to be repaid is sent to Loveworks together with the loanstock certificate.

b. repayment will normally be made within the following periods of time after receipt of notice:
- up to £500, 1 month
- £501 up to £1,500, 2 months
- £1,501 up to £2,000, 3 months

c. where part of the loanstock only is repaid, a new certificate for the outstanding amount shall be issued to the holder.

3. Repayment on default

Repayment of any loanstock is due in full immediately if Loveworks:

a. is in breach of these terms and conditions with regard to that loanstock;

b. is overdue on any interest payment in respect of that loanstock by 21 days or more

c. Loveworks passes a resolution for winding up, or goes into liquidation, or has an administrative receiver appointed over any of its assets, or has an administration order made against it, or an effective instrument of dissolution is made by the members of Loveworks.

4. General

a. All loanstock applications are accepted at the discretion of Loveworks.

b. These terms and conditions shall not give the holder any rights to attend meetings or participate in any way in the management of Loveworks

c. These terms and conditions shall not in any way be affected by the holder becoming or ceasing to be a member of Loveworks.

d. Loanstock is non-transferable (i.e. it cannot be sold on to another person)

e. Loveworks will issue a loanstock certificate to fully paid-up loanstock holders. We aim to issue the certificate within three months from closing date.

Application for loanstock of Loveworks Co-operative Limited

Issue of unsecured loanstock maturing **(please circle one)**   2023   2025

I wish/ my organisation wishes to apply for …………………………………. pounds of loanstock (minimum £100 max £2,000) in Loveworks Co-operative Limited at **(please select one)** 0% 0.5% 1% 1.5% 2% annual rate of interest on the terms and conditions described in this offer.

Name	
Address	
Postcode	
Phone numbers	
Email	

If the applicant is an organisation, please also provide

Organisation's Name	
Position held	

I confirm that:

- I support the objects of the Co-operative
- I am 18 years old or older
- I/we have read the offer document (including the risk factors set out in this document) and above terms and conditions and I/we accept them.
- I understand that the Board of Directors may reject my application, and not obliged to tell me why it has been rejected and that the board may conduct such checks as neces sary to comply with money laundering regulations
- I agree to all the information disclosed being held on a computer database in compliance with EU General data Protection Regulations (GDPR). I understand that this information will be used by Loveworks only and will not be passed to third parties.

Signature:		Date:
Payment: I wish to pay by	☐ cheque	☐ bank transfer
Bank transfer should be made to Loveworks Co-operative's bank : Sort code 95-06-79 and Account no. 30132993		
Cheques should be made payable to Loveworks Co-operative Limited and crossed a/c payee only		

Please send your completed application form with your payment by the deadline of **7th February 2020** to the Loveworks Cooperative, 1 Jellicoe Park, Belfast BT15 3JZ.

Thank you for your support!

Appendix C

Summary Analysis - Issues to Consider for Community-Led Housing Groups in seeking Approved Housing Body status

An Approved Housing Body is a non-profit housing organisation which has been recognised as such by the Department of Housing, Local Government and Heritage. The following is a brief summary of SOA's understanding of the potential advantages and disadvantages of attaining AHB status for CLH groups.

> **NOTE: Some of the below analysis may be subject to adaptation following the pending release of the government's new Affordable Housing Scheme.**

CONCLUSION

The AHB structure in its current format **does not appear optimal for a community-led cohousing or cooperative housing project**, primarily due to the obligation that AHBs currently have to accept nominations for tenancies from the social housing waiting list. It is not possible to say with certainty that CLH groups could nominate their own members with the agreement of the local authority in any or every case. This system in its current form may create obstacles to formation and coherence of a group in advance of the construction process. The level of regulation required, along with the restricted terms under which an AHB can be formed, are also potentially unsuitable for a one-off or mixed-income CLH project.

There are, however, **likely to be significant advantages to a Community Land Trust forming as an AHB**. Primary among these are, firstly, the reassurance that clear regulatory oversight can provide to state bodies or local authorities, who may consider transferring public land to a CLT, and secondly, a certain economy of scale in administration which a CLT may be in a better position to provide than a single cohousing or cooperative project.

There may also be multiple potential advantages, for both parties, in **collaboration between an existing, experienced AHB and a standalone cohousing/ cooperative project.** For the AHB, advantages may include diversification of the income mix of a project, along with the potential provision by the CLH group of shared amenities for the overall project. The CLH group in turn is likely to benefit from the development experience of the AHB, along with potential access to AHB-owned land and/or financing streams.

POTENTIAL ADVANTAGES OF THE AHB MODEL (FOR A CLH PROJECT)

- Increased **potential to access government financing.**
- Increased **potential to access state-owned land.**
- **Potential exemption from development levies** or other taxes.
- Assurance to additional funders/stakeholders that your organisation falls under **a recognised regulatory framework.**[1]

> **IMPORTANT NOTE: Any potential access to state-owned land would be subject to negotiation and agreement with the relevant local authority, as a first point of contact. Any granting of exemptions from development levies is a reserved function, and as such must be approved by elected councillors.**

POTENTIAL DISADVANTAGES

- The single greatest disadvantage of the AHB structure for a Community-Led Housing project is potentially the **requirement for projects seeking state fundng to waive nomination rights in favour of local authority allocation from social housing lists**. This requirement presents a significant obstacle to early group formation and agency for future residents in co-designing their homes. It is unclear to what extent nomination rights could be negotiated on a case by case basis with particular local authorities. For more detail, see section on Part V overleaf.

- Formation of an AHB **does not guarantee access to Housing Finance Agency or similar funding streams.** An AHB must be a 'qualified borrower' to avail of HFA funding. The process of qualifying as such takes at least 4-6 weeks, can only be undertaken once registration as an AHB is complete and is not guaranteed.

- There is a **significant regulatory and administrative burden** on AHBs, which is currently voluntary but will become mandatory once the new Statutory Regulator is appointed in circa one year's time (2022).

- According to the Department's website[2], an AHB must have **provisions preventing the distribution of any surplus, profit, bonus or dividend to its members.** Clarification is needed to establish whether equity accrual by members of a cooperative would be allowable.

A NOTE ON PART V

Part V of the Planning and Development Act 2000 outlines the conditions by which a developer will meet its obligations to contribute to delivery of social and affordable housing. When submitting a planning application, developers must specify how they intend to comply with these obligations. This is typically done by transferring a certain percentage (up to 10%) of the undeveloped land, or of completed homes, to the local authority for allocation to social housing.[3]

In the case of a Community-Led Housing project, the future residents themselves are typically acting collectively in the role of developer. Many Irish CLH groups are made up of members who are on the social housing list, or would qualify for this list. In order to enable the group cohesion, which is an essential element of Community-Led Housing, it is important that future residents are involved in the process at the earliest stage possible. Therefore, further clarification is required on the circumstances in which Community-Led Housing groups might be able to meet their Part V obligations from their own membership.

A NOTE ON 'AGENCY'

The current approach of the AHB sector could be categorised as **tenant-focused rather than tenant-led**. In Community-Led Housing, resident empowerment, self-help and 'agency' in long-term management of homes are essential features. It remains to be seen whether accommodating CLH initiatives would require something of a mindset adaptation within the sector, in such a way as to balance the standards governing support of vulnerable people with resident empowerment, self-help and self-determination.

> **NOTE: According to the Department of Housing, Local Government & Heritage, any body applying for AHB status will have to include in their application "a written statement from both the relevant Local Authority and the Irish Council for Social Housing or Co-operative Housing Ireland to confirm that the 'new' body – if given AHB status – would be meeting a need that is not already being addressed by any extant AHB or have the potential to deliver on a scale that is not currently being achieved by an extant AHB."** [4]

A COMMUNITY LAND TRUST (CLT) AS AN AHB

The advantages to a Community Land Trust (CLT) of forming as an AHB may be significantly greater than those which an individual CLH group would experience.

In the case where a CLT aims to take **publicly-owned land** into trust, the benefits of forming an AHB to do so are much the same as those articulated above.

As the creation of permanently affordable housing is the primary goal of a Community Land Trust, it is likely that there would also be benefits to a CLT seeking to take ownership of **land from private (non-state) sources**, in forming as an AHB. Some CLTs in the UK for example, have thousands of members: the investment in time and administrative activity may be more appropriate for a CLT of a certain scale, particularly if the CLT is in a position to hire administrative staff.

Given that a Community Land Trust also has an obligation to include the wider community in its membership and governance, the additional regulatory oversight provided by a statutory regulator may provide extra assurance for all involved.

Registration as an Approved Housing Body may enable a CLT to access state funding for rented homes, alone or in partnership with another AHB. It could also lower the CLT's borrowing costs.

Such an approach may be most viable for an urban CLT, as there may be more potential in this context to provide a sufficiently large number of homes in a relatively concentrated area, to justify the administrative responsibilities of forming an AHB.[5] Another reason why an urban CLT might consider registering as an AHB is that the cost of land and properties in urban areas often makes it virtually impossible to deliver genuinely affordable housing without subsidy.

An umbrella CLT for a whole city would have the capacity to act as quickly (or more quickly) as private developers in providing the necessary financing and associated obligations, and to access wider EU funding streams.

POTENTIAL ADVANTAGES OF COLLABORATION BETWEEN A COMMUNITY-LED HOUSING PROJECT AND AN EXISTING AHB

There may be significant potential advantages for a Community-Led Housing group in considering a partnership with an experienced Approved Housing Body. By 'partnership' in this case, we refer to the possibility of the CLH group remaining as a stand-alone entity (that is, without AHB status), and sharing a portion of a site owned by an established AHB.

Depending on the arrangement, advantages for a CLH group could potentially include:

- Access to serviced land at cost or on a long-lease arrangement. Such an arrangement could also potentially save the group on the costs of finance if land was purchased during the construction period at a fixed price per home built.

- Reassurance to lenders and other stakeholders that some elements of site preparation are managed by an organisation with significant experience, who falls under the regulatory oversight of the AHB sector.

- Potential project management support and/or advice to the group from the AHB. This could involve for example, advice on procurement strategies, some oversight/advice on overall costs by the AHB's Quantity Surveyor, or access to the AHB's database of suitably qualified professionals. This could be an especially mutually beneficial process if the CLH group has secured some funding to pay for professional advice or feasibility work for the early stages of their project.

- AHB as 'development agent': An AHB could be appointed to manage the development process on behalf of a community group, acting as their development agent. Depending on circumstances, the AHB could also fund the scheme over the development period (covering the risk) prior to the scheme being handed over to the community group on completion. By this time, the group would need to have put in place long-term funding arrangements, which is normally easier for a completed scheme.[6]

- An AHB could also act as initiator of a project, by inviting applicants to take part in a community-led project which the AHB is facilitating.

GENERAL CRITERIA TO NOTE

See below some of the general criteria which any body applying for AHB status must comply with:

WHO IS ELIGIBLE TO REGISTER AS AN APPROVED HOUSING BODY?[7]

An AHB will be eligible to register with the Regulator if:

- it is a company with at least 5 directors
- it is a registered society
- it is a friendly society
- It is a charitable trust with at least 5 trustees

and includes in its constitution:

- the provision or management of dwellings for the alleviation of housing need

- the prohibition of the distribution of any surplus or profits to its members

- a requirement that all of its property be applied solely for the purpose of its objective.

WHAT ARE THE ACCEPTABLE LEGAL FORMS FOR AN AHB?

Applications for approved status will be considered from the following:[8]

- Limited Companies formed by guarantee of their members and not having a shareholding, registered under the Companies Act 2014;

- Societies registered under the Industrial & Provident Societies Acts, 1893 – 2014;

- Trusts incorporated under the Charities Acts.

FINAL POINT TO NOTE

Any CLH group or organisation which is considering applying for AHB status should first discuss their plans with their local authority, to establish whether and how their project might comply with the requirements of the Development Plan.

Furthermore, a letter of support from the local authority will be required as part of any application to the AHB Registration office.

Appendix D

Interview with Brendan Conway, London CLH Hub

Brendan is the Land & Development Lead at the Community-Led Housing Resource and Advice Hub in London. SOA interviewed Brendan in March 2020 about the work of the Hub and its role in supporting collaborative housing groups. The following excerpts are taken from this interview, and although the conversation is focused on the London context, these excerpts are intended to inform Irish groups on potential issues worth considering in developing your own projects.

QUESTION 2
Why does THE HUB support cohousing projects?

The Mayor of London, to give him the credit he deserves, recognised that Community-Led Housing had a legitimate say in how to add additional homes to deal with the huge shortage there is in London. So our mission is primarily to support and offer advice to community-led groups so that they can ultimately build their own units as part of the overall affordable housing provision from the Mayor of London, from the Greater London Authority, and from the boroughs. So our mission is very specific, it's around additional units for community-led groups, under the cooperative model, Community-Led Housing, Cohousing, Community Land Trusts. But we work specifically with them to give them the technical ability and resources they need so they can actually access land and start to build for themselves.

QUESTION 3
What assistance/supports do you offer to collaborative housing groups?

It starts at the early stage. We would take groups at a very early stage of their conversation, or intention, and we would take them all the way through to getting the units built, and managing them. So an example would be, a group would approach us, or we would identify a group through our network, who understands our profile, and we would sit with them at a very early stage just to listen to their understanding of what they are as a group, what is their intention. We look at a very early stage at that. And their intention has to fit two main criteria we look for:

- How is the community represented within the intention? So why are they doing it, and who are they doing it for, which is the same type of question.

- They protect the affordability of the homes that they build in perpetuity.

Once we've established that through a very early stage, we'll sit with groups literally when they're having those exploratory conversations, and we try to make those conversations material by saying we can add some technical advice to get this conversation moving. And a lot of the groups we work with would not have even formed yet as a legal entity, we will pay for their incorporation through the National CLT Network, through the Cohousing Network, we will give them the money to incorporate, and that is the first step. We'll take them every step of the way.

You mentioned perpetuity there. A question which comes up regularly in Ireland is, what's to stop a Land Trust, or a Cohousing Group, abolishing those restrictions after 20 years, and putting the house back on the open market. How would you evaluate the risk of that?

It would have to be very clearly articulated within their Articles of Association, and their governance. So if they write into the legal structure of the organisation, that in 20 years' time you can sell these units, we would have to take a view on that. Is that genuinely community-led affordable housing in perpetuity? That's a very easy thing to test, because if that intention is there, we'll identify it from early on. So if we have a group of ten people, and they're trying to build 15 properties, and their affordability model is set up in a certain way, you'll have to do the viability modelling on the basis that it's going to pay down the debt over 20 years, or 35 years, or whatever it is. You will identify a moment when the debt's paid off. And it has to be very clear what happens then. Are they allowed to exit by selling the properties on the open market? That doesn't necessarily mean it's not community-led, but it does mean it's not affordable in perpetuity.

You can write whatever you need into the model. And some of the models we're looking at in relation to Mutual Home Ownership, allow this conversation to happen, but it has to be done as part of your governance, and it has to be done with an agreement by everybody that this is the right thing to do.

OK. I suppose what's happened with some CLTs is that the intention is there at the beginning, and it's written in, but 20 years on, the Board dissolves or whatever, they dissolve the CLT. At that point, is the idea that in order to retain the homes they would have to pay something back to the Greater London Authority?

Not necessarily. Once the money is released, the capital grant is released, it's released. But as part of our role in the Hub, we would do a sense-making check. As in, is this genuinely Community-Led Housing in perpetuity? We'll have gone through such an amount of due diligence with a group, from being there with them, that we would recognise if the intention was to sell in 20 years' time. We would have asked them, so what are you going to do in 20 years' time, when you've paid off all your mortgages? It does become a live question. So that's why spending a lot of time with groups at an early stage, bringing these questions to the table, is quite important.

We had a meeting last night with a cohousing group, and I asked them to tell me how much money they have. And they did that exercise, we gave them a template to say listen, there's 14 members of this group, how much equity have you got? What are you putting into the pot? So if I'm putting £400,000 in, I'm selling my house to become part of a cohousing group, and you're putting in £20,000, what does my £400,000 mean against your £20,000? These are really important questions that you need to test very early within the life of the group. Because these assumptions that you make around equity and exit, will become massive challenges once you get into a project. We would actively encourage groups to do facilitated sessions around equity, equity release, ...*what happens when this happens*? Unless you're doing that in a very transparent way, in the spirit of real collaboration around what community or co-production means, you're going to really lose sight of that conversation, because it will come up somewhere in the organisation at some point.

There is a danger that you can over-design these things, but we try to be realistic. Of course people's circumstances change in 20 years, however, at least have the conversation early enough within your governance structure, so that you identify what happens in 20 years. And that's the real essence of this, hardwire these conversations into the DNA of the group, so that the challenges that can have been seen elsewhere don't come up within five years. That's the real piece of deep governance and deep collaborative enquiry that the group have to do.

QUESTION 4
What criteria must groups/individuals comply with to access your support?

Very little criteria. It always comes back to those two questions of *"What is your intention around your community?"* As in *"Who are you doing this for, are you doing it for yourself or for the wider community?"* Just demonstrate what your intention is. And *"Are you clear that the affordability is going to be protected in perpetuity?"* Those two things are enough to start a conversation. We would ask that question of two guys sitting in a pub, who are talking about this, and a developer who wants to come in and work with a community group at a high level. We'd be saying to a developer – *"What is your intention, why are you doing this?"* If you're doing it to sprinkle pixie-dust all over a planning application, and ultimately you're just trying to drive your profit, we'll see it. And if you're doing it, from the other end the two guys in a pub, they're just doing it because they want to live together, and they don't want to engage with affordability, and governance issues, we'll see that as well.

QUESTION 5
What income brackets would the majority of your 'clients' fit into?

It's as diverse as the projects themselves. We will have young millennials, key workers, teachers, doctors, nurses. We will have people who want to downsize, who are at a stage in their life where they're empty-nesters, they have access to a large quantity of equity in their properties. We'll have diverse groups around the arts. But more often than not, the one thing that is consistent is, they feel disenfranchised from the property market. They haven't got the ability to control how they live. A lot of them will be in rented accommodation, a lot of them will feel that affordability is a big issue. Possibly the best groups we find are the ones that have a lot of diversity within them. So that's why we work around intergenerational living, what those models are. But more often than not, the groups will form around the one main issue for them, which is they cannot afford to live where they work, which is in London.

You say some of the 'best' groups have a lot of diversity. Diversity and multi-generational living are something that we (SOA) would promote a lot, but have you seen evidence that that's a benefit? Or is it more, the belief of the Hub, that it is?
Yes, you would look at some of the work London CLT have been doing, that is quite a diverse community. You need to see that a group has the ability to

represent its community almost as well. Diversity pushes conversations and narratives very early. And whether that's around BAME, or refugees, or whatever those marginalised groups in your community, how they turn up in Community-Led Housing usually demonstrates that the group have a very strong understanding of what their community need is.

QUESTION 6

What is the most common difficulty which groups approaching the Hub face?

A lot of it is down to just simple stuff, understanding how the development journey works. Also the basic stuff around organisation. Getting themselves organised where they even fill out application forms correctly so they can even open a bank account, so we can give them funding. A lot of it is around just getting groups to be consistent in their approach. **After we've given groups our initial advice and told them what to do, we can't continue to engage with them very long if they don't follow that advice. So the group have to work at getting organised, understanding that they may have different skillsets within their group, so doing a skills audit to see who might drive different elements.** And just by the nature of groups, if they're not very resilient, often they'll fall away. So getting them to the start line is almost as hard as anything else.

Once we get them to the start line, we've incorporated them, the next journey is to turn them into a good client. So they become able to brief an architect, brief a surveyor, instruct the relevant professional bodies they need, or partners they need, to go after sites. There's a degree of financial literacy required, technical elements, we can give them all of that support, bring them through workshops, but until they actually do it themselves you never know. So you almost have to kick away the stabilisers and let them wobble a little, or a lot. It's just building their confidence, getting them to that point where they have the ability to be well organised, that their group works well, their governance is working, they're making the right decisions, they're able to become good clients, they're able to instruct an architect. If you get them to that point you're almost there.

The second thing is just understanding the language. One of the challenges of our sector perhaps is that there's a lot of different categories of affordable housing. So how do we standardise our language. And speak in simple plain English. The industry language used by building professionals doesn't automatically flow from a group. So last night, we were with a group and we did a little online tutorial around what a

Schedule of Accommodation looks like for your group. So it's actually giving them the technical ability to be able to understand the development process.

And I know, even seasoned developers find it hard to develop. This stuff takes time, it takes three, four, five years sometimes. And you're working with groups who may not get that sometimes. They think that things are just going to happen by accident. It doesn't, it's all work.

Do you brief them on that at the beginning? Is it one of the first things you say, that this is going to take time?

As a Hub there's a skill in managing expectations and being very realistic. That's why, when we give groups funding, there's no point in giving them £50,000 when £5,000 will give you a sense if they're capable of taking the £50,000. So it's early stage work, assessing what the skills are within the group, where their competency is, what are they lacking, and seeing how they respond. So if we ask a group ten times to open a bank account... you know, come on, they have to do the work.

QUESTION 12

What measure of affordability (in perpetuity) are you working from?

Affordability can be anything. Affordability for a cohousing group can be 80% of market value, it can be 10% of market value. As long as they are able to buy the site, build it, pay back their loans, that's affordability. As long as you don't go broke. We know the costs of building are high, the cost of land is high, so most people just want to be able to pay off their mortgages.

Affordable is can I afford to pay my mortgage off every month? Is it not disproportionate so it means I'm able to live, outside my mortgage payments? That's what affordability means. Now in London there's London Affordable Rent, there's London Living Rent, that pays that for you, but with cohousing there can be a little bit more flexibility. So we're talking to a cohousing group at the moment and I'm saying to them, you're saying that affordability for you is £160 a week for a one-bed apartment. You might need to be able to charge £250 a week, which increases the amount of rent, makes it less affordable, but it allows the deal to happen. Where the market rent might be £500 a week, can you afford to pay more to make this deal happen? We don't squeeze affordability, you build affordability into your model.

> **NOTE:** For the full transcript of this interview, please see SOA's POLICY handbook.

Appendix E – Financing Roadmaps

Roadmap No.1
Tenure Model: Standalone Cooperative

Roadmap No.2
Tenure Model: Owner-Occupier

Roadmap No.3
Tenure Model: CLT with Owner-Occupier

ROADMAP NO 1.

Tenure model: Standalone Cooperative

01 COHOUSING GROUP FORMS A DAC OR COMPANY WITH CO-OP RULES (NOT AN AHB)

02 **CO-OP ENGAGES A PROFESSIONAL TEAM TO MANAGE THE PROCUREMENT PROCESS**
Co-op takes out loan for project development and professional fees (Credit Union Community Loan or other)

03 **INDIVIDUAL RESIDENTS RAISE CIRCA 10-20% DEPOSIT/EQUITY**
Co-op buys land on planning approval with own equity/loan from Clann Credo /CFI/HBFI

04 **CO-OP OBTAINS LONG-TERM LOAN APPROVAL FROM BANK: LOAN SECURED ON THE FUTURE VALUE OF THE HOMES AND THE LAND.**
Individual 'rents' (repayment+ maintenance) include proportional cost of shared spaces and will finance the long-term loan

05 **CO-OP COMPLETES MEMBERSHIP AND ORGANISES WAITING LIST TO REPLACE MEMBERS WHO LEAVE**

06 **CO-OP CONSTRUCTS PROJECT**

07 **ON COMPLETION**
Co-op begins repaying loan with 'rent' from residents

08 **CO-OP MAINTAINS PROPERTY/ MANAGES SINKING FUND**

09 **RENT MAY DECREASE ON LOAN REPAYMENT.**
Residents' equity accumulates as loan is repaid to a pre-agreed maximum value. Default by resident results in co-op recovering individual home. Individual home is re-allocated to persons on its waiting list. Project default results in homes and land reverting to lender

ROADMAP NO 2.
Tenure model: <u>Owner-Occupier</u>

01

COHOUSING GROUP (CHG) FORMS A DAC COMPANY
Legal form to allow group to buy and develop land

02

CHG TAKES OUT TERM LOAN FOR PROJECT DEVELOPMENT AND PROFESSIONAL FEES AT OWN RISK
(Credit Union Community Loan, Clann Credo, CFI, or other)

03

INDIVIDUAL RESIDENTS RAISE 10-20% DEPOSIT/EQUITY FOR CHG COMPANY
CHG DAC buys land on receipt of planning permission, preferably with own equity (loan-stock, savings) and/or with term loan from Clann Credo /CFI/ HBFI Development Loan

04

INDIVIDUALS OBTAIN OWN MORTGAGE APPROVAL FROM OWN LENDER (SHARE OF DAC AS DEPOSIT)
Individual mortgages include proportional cost of shared spaces. Configuration, location and size of individual households fixed (red-line)

05

CHG DAC RAISES DEVELOPMENT FINANCE FROM BANK / HBFI WITH LAND AS SECURITY

06

CHG DAC CONSTRUCTS PROJECT

07

ON COMPLETION, CHG DAC IS DISSOLVED, OR CONVERTED TO OWNERS' MANAGEMENT COMPANY
Individuals buy their own homes from the CHG DAC. CHG DAC repays development loans and is wound up with €0 profit/debt, or converted to an OMC

08

CHG FORMS OWNERS' MANAGEMENT COMPANY TO MAINTAIN PROPERTY/MANAGE SINKING FUND

09

RESIDENTS OWN THEIR OWN INDIVIDUAL HOUSEHOLDS AND HAVE A SHARE IN OMC
Residents repay individual mortgages and maintenance charges. Default results in CHG having first right of buy-back or individual home is put on market / reverts to lender

ROADMAP NO 3.
Tenure model: CLT with Owner-Occupier

01

COMMUNITY LAND TRUST REGISTERS AS A DAC AND/OR A CLG WITH CHARITABLE STATUS (POSSIBLY AN AHB)

02

CLT TAKES OUT TERM LOAN/ HAS REVOLVING FUND FOR PROJECT DEVELOPMENT AND PROFESSIONAL FEES
(Credit Union Community Loan for fees/commercial development loan)

03

CLT BUYS LAND ON PLANNING APPROVAL
Land purchased with residents' equity (deposits) and/or community shares and/or with a loan from Clann Credo/CFI

04

INDIVIDUAL RESIDENTS RAISE 10-20% DEPOSIT/EQUITY AND ORGANISE OWN MORTGAGE APPROVAL FROM OWN LENDER
Individual mortgages include proportional cost of shared spaces. Mortgages secured on the leasehold of the completed homes.

05

CLT RAISES DEVELOPMENT FINANCE FROM BANK / HBFI WITH LAND AS SECURITY

06

CLT CONSTRUCTS PROJECT

07

ON COMPLETION
CLT sells leasehold homes to individual households (apartments) or agrees co-ownership structure of individual houses with residents. Term and development loans are repaid by CLT from proceeds of sale

08

RESIDENTS + CLT FORM OWNER MANAGEMENT COMPANY TO MAINTAIN PROPERTY/MANAGE SINKING FUND.
Residents pay rent if scheme has a shared ownership structure. Otherwise, residents pay a service charge

09

RESIDENTS REPAY INDIVIDUAL MORTGAGES.
Default results in CLT having first right of buy-back or individual home reverts to lender. Individual home is re-allocated to persons on CLT waiting list/ re-marketed by lender (worst-case)

Endnotes

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R50 Cohousing, Berlin
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