

Homes for Holsworthy Community Property Trust



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| Location | Holsworthy, Devon |
| Founded | 2005 |
| Legal Structure | Community property trust |
| Description of services | To buy, build and manage properties in Holsworthy and the surrounding area for shared equity sale or for rent to local people who are unable to afford open market prices |
| Key assets | 15 affordable homes |
| Employees | One part-time |
| Volunteers | Ten part-time |
| Most important skill set(s) to successfully running the business | Knowledge of planning regulations |
| Biggest obstacle to success | The planning department |
| Relationships | <ul style="list-style-type: none"> – Local authority – Third sector funding body |
| Notes | <ul style="list-style-type: none"> – Homes for Holsworthy CPT's business model is based on the target of building 50 homes, it charges approximately £500 administration fee per property – The aspiration is that income from administration fees, as well the development fee taken from each property will provide an annual income that would pay for a part-time staff member and support any future ventures moving forward – To build or renovate houses, Homes for Holsworthy CPT uses a non-recourse loan model, accessing loans from Venturesome and the Charity Bank. This model enables the CPT to secure a loan based on collateral (in this case houses). A non-recourse loan model allows for the CPT to borrow money, without the risk of repayment if the project does not go ahead |



This case study provides an overview of Homes for Holsworthy Community Property Trust (CPT) and describes the factors that are perceived to underpin its success. The findings are drawn from research commissioned by Power to Change and carried out by NatCen Social Research and WPI Economics. More information about the study and additional research reports can be found on the Power to Change website.

Overview of Homes for Holsworthy Community Property Trust

In 2001 Holsworthy's local economy was affected by an outbreak of foot and mouth disease, which affected farm production and had a negative impact on the local and rural economy. As a result of this the area of Holsworthy was earmarked to receive funding from the Market and Coastal Town initiative (MCTi), a community-based regeneration initiative set up by the then government to support market and coastal towns. The regeneration funds stimulated a wide range of consultations in Holsworthy to try to establish key needs and suggested uses for the funds. From these consultations it became apparent that a lack of affordable housing for young people in the local area was a problem.

As a result of conversations locally, a small group of people decided to set up a community property trust to address the issue of affordable housing for young people living in Holsworthy and the surrounding areas. Homes for Holsworthy Community Property Trust (CPT) (also known as a community land trust), was established as company limited by guarantee and a registered charity in 2005.

Homes for Holsworthy CPT have successfully renovated and built 15 affordable homes. The CPT uses a shared equity model when selling homes to people who live in the local area; this means that it provides an equity loan that covers a percentage of the property value. Essentially this enables people living in the local area the opportunity to secure a mortgage with a small deposit. Homes for Holsworthy CPT does not charge any rent or interest on the equity share, but charges an annual administration fee of approximately £500. This model provides people in the local area with an affordable way of getting onto the housing ladder. For each property developed the CPT takes a development fee to cover the costs of CPT time and effort.

Homes for Holsworthy CPT is run by a volunteer board and has one paid member of staff who works on a part-time basis, as well as various consultants who receive payment for projects they complete. For example, a local architect provides support and advice as and when needed and also attends board meetings.

In the last two years, Homes for Holsworthy CPT has also taken on the lease of the local youth club, which had been closed by the county council. The trust uses grants to support the running of the youth club.

Success factors for Homes for Holsworthy Community Property Trust

Business

Success factors related to the business included a realistic and flexible business model, access to finance and the ability to diversify.

Business model

A key factor in Homes for Holsworthy CPT's success has been its ability to develop a business model that has realistic targets. The business model has also been set up to ensure the CPT is financially independent of loans and grants in the long-term.

Homes for Holsworthy CPT's business model is based on the target of acquiring an equitable share in 50 homes and it charges an administration fee of approximately £500 per property. The aspiration is that income from administration fees, as well the development fee taken from each property, will provide an annual income that would pay for a part-time staff member and support any future ventures.

Board members regularly review the business plan and adapt it to align with the political and economic climate. For example, in response to the 2008 recession, Homes for Holsworthy CPT scaled back the speed at which it intended to develop a 50-home portfolio. However, in light of the recently announced Community Housing Fund, which was established to tackle the high levels of second home ownership, board members are confident they will have access to finance that will enable them to grow the CLT's housing portfolio in line with their original plan.

Access to funding

At the initial stages of set up stage Homes for Holsworthy CPT received a £30,000 grant from the district and county councils, which was provided by second home council tax funds. The grant allowed those involved in setting up the CPT to develop memorandum and articles of association, register as a company and also draw up allocation policies.

To build or renovate houses, Homes for Holsworthy CPT uses a non-recourse loan model, accessing loans from equitable lenders such as Venturesome and the Charity Bank. This model enables the CPT to secure a loan based on collateral (in this case, houses). A non-recourse loan model allows for the CPT to borrow money, without the risk of repayment if the project does not go ahead.

Diversification

While Homes for Holsworthy CPT was initially interested in housing, members were also keen to support other community interest projects in the Holsworthy area. This wider social objective was set out in the CPT's memorandum and articles of association developed when first set up. The trust was able to take steps to broaden its remit when the local youth centre was closed. Devon County Council decided to close the youth centre, which was used regularly by up to 50 young people each week. As Homes for Holsworthy CPT was already constituted and running a business, board members felt the CPT was a natural vehicle to take on lease of the youth club. The CPT was able to negotiate taking the lease of the

youth centre from the county council for a 'peppercorn' rent. The county council also gave the CPT a £10,000 grant to support the running of the youth centre.

People

The skills and expertise of volunteer board members, and access to a dedicated paid member of staff to support the running of CPT, have both contributed to its success to date.

Skill and expertise of board members

At the centre of Homes for Holsworthy CPT's success is the involvement of a community-led housing expert. At the initial stages of the CPT's development a local resident who had extensive expertise in community-led housing agreed to join the board. The CPT benefited from this board member's knowledge of potential funding they could access from local authorities; they also helped them cut through the red tape of setting up the CPT and provided Homes for Holsworthy CPT with some credibility, at a time when they had no track record. This led to successfully accessing the initial funds from the local authorities and also facilitated the initial non-recourse loans agreed with Venturesome and Charity Bank to help deliver Homes for Holsworthy CPT's first housing scheme.

The board also benefits from members who have a wide range of skills and connections to the local community. For example, board members include a property lawyer, who is the board chair, and a local district council councillor who has been involved from early on in Homes for Holsworthy CPT's development. Given that skills to navigate planning regulations were highlighted as a key requirement, these skillsets are invaluable to the CPT.

In addition to the current group of board members, succession planning has begun to ensure that expert board members are replaced with board member or paid consultants who have similar skills and experience to support the board with their aspirational business model.

Dedicated paid staff

Homes for Holsworthy CPT has a part-time paid administrator and co-ordinator who is an accountant by profession. The administrator brings valuable financial acumen, as well as being able to lead important activities such as co-ordinating community consultations and supporting pre-development work for new housing schemes. As noted above, consultants are also utilised to plug the gaps in skills and knowledge. For example, a local architect provides advice and support to the board and is paid on a per task basis.

Community and external environment

Promoting its social objectives to access support from the community, and being able to access affordable land, have contributed to the Homes for Holsworthy CPT's success.

Ability to reach out to local community

Homes for Holsworthy CPT reaches out to the local community where it is developing homes via consultations, leaflets and the use of social media. The CPT's key social objective is to provide more affordable housing for local people in the Holsworthy area. Focussing their communication strategy on their social objective helps garner local support and has reduced the opposition to new housing developments.

Access to affordable land

Access to affordable land is critical to the success of the CPT. Across the 15 homes that Homes for Holsworthy CPT has built, land has either been transferred for free or been sold for below market value. Acquiring affordable land cheaply or without payment allows the CPT to develop housing schemes that are financially viable and affordable.

Financial information

The following table provides an overview of the Homes for Holsworthy Community Property Trust's income, expenditure and assets for the period 02/05/2015 to 30/04/2016.

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| Income | £33,982 |
| Expenditure | £32,517 |
| Difference between income and expenditure | £1,465 |
| Annual income from grant or subsidy | £10,330 |
| Fixed Assets | £172,062 |
| Current Assets | £494,251 |
| Net Assets | £448,669 |
| Surplus/deficit on ordinary activities before taxation | Information not provided – charity's activities fall within exemptions offered by the provisions of the Income and Corporation Taxes Act 1988. |

Source: Holsworthy Community Property Trust Limited, 2016 Accounts, Companies House