



How to Start your own Low Cost Housing Project

....ooOoo....

Last update: 07.04.10

Introduction

Wells-next-the-Sea is a thriving seaside town on the North Norfolk coast with a resident population of 2,500. Set in an Area of Outstanding Natural Beauty, Wells is a renowned holiday destination and relies heavily on tourism as one of the major sources of income. As a result, there is a growing demand for holiday properties, retirement and second homes. This has meant house prices in the last decade have risen dramatically. Local people, who are the life-blood of the community here, are increasingly unable to afford to buy or even rent property in the town and some have had little option but to live elsewhere.

In 2006, Wells Area Partnership – WAP (<http://www.wellsareapartnership.org.uk>) was set-up by a group of local people keen to do something positive about housing and other economic and social issues. Working alongside Wells Town Council (<http://wellstc.norfolkparishes.gov.uk>), WAP commissioned a survey into the housing needs of local people. The aim of the survey was to determine the existing and future housing needs of households in Wells-next-the-Sea, particularly those on low or modest incomes. The survey helped to identify the number, type and tenure of affordable housing that was required and also the views of residents regarding an affordable housing development within the town. It produced some startling results:

52 households had experienced a family member having to move out of Wells in the previous five years due to high house prices.

At that time the average terraced house in Wells costs £253,750 against £147,033 elsewhere in North Norfolk.

More than 50% of households in Wells had a joint income of less than £20,000 pa.

111 Wells area households needed immediate new housing

20% of houses in Wells were second homes and increasing each year

As a direct result of this survey Homes for Wells, a charitable, not-for-profit, organisation, was launched to address the problem and look at ways to provide affordable homes for local people. For Wells to continue to thrive as a diverse rural community, it is vital that a good balance of young and old, single people, couples and families along with the volunteers and workers are able to live in the Town and surrounding area.

Aims

Homes for Wells was set up with the aim of offering low cost housing to local 'key workers' as a priority (a person in an occupation such as Teacher/Health Worker or working in a voluntary capacity such as Lifeboat Crew/ First Responder who provides an essential service to the community of Wells and the immediate surrounding villages, but due to low wages needs help to find housing). Other people, who have a proven connection to the area and have lived here on a full time basis for the previous 5 years or for 5 years full time in the past, are a second priority.

Applications are prioritised according to suitability to the property on offer, connection and service to the community.

To build a portfolio of properties, Homes for Wells launched a local appeal via the media, wrote letters to second home owners asking for help with professional and financial assistance and to local landlords, offering a tenancy matching service provided the property was fair rented. This proved successful and within the first two years, HfW has enabled ten local people and families to move into affordable accommodation and we have been promised, by two people, that they will leave us properties in their wills.

Thanks also to a sizeable donation from a local business, HfW hopes to buy or build its first property in the near future and will continue partnership working with landlords, landowners and local housing bodies to enable long term security for local people who rely on HfW to provide affordable housing.

This has only been achievable thanks to the dedication of a small group of volunteers that make up the Homes for Wells Board/Committees and the generosity of local people, visitors and local businesses and of course there is still a long way to go...

But HfW was started at the height of the property boom. The idea was met with a lot of scepticism and feeling that it was too huge a mountain to climb.

Well, the biggest house starts with the first brick and we are pleased to say we are still here and

growing.....

Ten Steps to Starting Your Own Low Cost Housing Project...

STEP ONE: Establish a Need

Establish if there is a genuine housing need within your community. This is essential when it comes to gathering evidence and the need for local support. The Parish Council is the best place to start. You need to create a housing led 'working party' and then either:

1. Create your own housing needs survey
2. Refer to your local District Council housing data (although this may not be localised enough)
3. Work alongside your local rural community council. We worked with Norfolk Rural Community Council (<http://www.norfolkrcc.org.uk>). They will help design and print a questionnaire on your behalf, collate the information received and provide a written report on their findings – for a small charge. Distribution is up to you.

STEP TWO: Public Meeting

Hold an open public meeting to report the findings of the survey. This will help generate support (and hopefully donations) to begin the creation of the Society/Trust if you deem there to be a significant enough need. In Wells, we included the surrounding parishes so that we could help more people and also gain more support. You may find an adjoining parish or area also has similar needs, in which case joining forces could be the way forward, especially in more rural villages and towns.

STEP THREE: Assemble a Board

To form a Society/Trust you will need a Board of Directors (Chairperson, Vice Chairperson, Treasurer, Hon. Secretary plus others) and meet 3 or 4 times a year. This group of people will form the core of the organisation. Ideally people with an expertise in property/development, fundraising, and business/finance and in particular a solicitor would be beneficial, but not essential. There is a lot of paperwork involved in setting up a Low Cost Housing Project and although most can be completed by the society, help from a solicitor should prove invaluable. The most important factor is that this group of people believe in the aims of the housing society and are willing to help establish it.

STEP FOUR: Which legal 'form' to follow?

There are various options open to your society as to which 'form' your group should adopt. The following explains the route HfW selected but we would advise you take advice as to what would be best for you.

HfW wanted limited liability which to register with the Charity Commission would have required us to be a registered company under the Companies Acts. The rules under the Companies Acts are very time consuming. The alternative was to just set up a trust which would have given us no protection personally. Many bodies such as ours that are related to housing opt for the Industrial and Provident option. We followed this route and found a constitution that fitted the bill.

As an I & P the Charities Commission classes us as an exempt charity. Whilst we cannot register with the Commission we are still subject to charity law and certain of their rules do apply to us. The Inland Revenue has confirmed our charity status.

HfW is therefore a recognised charity, but not a registered one, but a charity nonetheless. The Commission website does state that if anyone queries why an exempt charity is not registered with them, when applying for funding, they will write a letter confirming the status of the exempt charity and why they are not registered, which should be sufficient for their purpose.

There are three main types of legal form that can be used namely:

1. A trust- to be registered at the Charities Commission
2. A company limited by guarantee this is registered at the Charity Commission and also Companies House
3. An Industrial and Provident Society that is registered with the FSA and whose charitable status is confirmed by the Inland Revenue

The Charities Act 2006 introduced a new legal entity called Charitable Incorporated Organisations. These give the benefit of limited liability without the need to register with Companies House. This part of the act is however not yet in force..

You should take legal advice as to which method is best for you and your organisation.

One issue that played a large part in our decision was the amount of administrative assistance we had available to complete the various forms and documents that are required by the organisations you are registered with. The paperwork required for registration with the Charity Commissioners and Companies House can be onerous. If you have a paid administrator this is not so much of a problem as it would be if you were relying purely on volunteers.

The rules of the Charity Commission are constantly changing and with some exceptions they are bringing formerly exempt bodies' within their jurisdiction and requiring registration. At present this just applies to an I and P with an annual income over £100,000

Not-for-profit organisations need to have a Mission and a Vision statement. This should be a short document, which explains the reason your organisation exists, who it hopes to help (i.e. local people) and how (through providing low cost accommodation). This statement is selling the vision to potential board members and advisers and well as public so it is an important document.

The Housing Federation (www.housing.org.uk) may be of help. The HF represents 1,200 not-for-profit housing associations in England and campaigns for better housing and neighbourhoods. Membership is dependant on the number of houses owned by your society and provides extensive help and advice etc. It is not essential to become a member but you can buy Model Rules from them to enable you to file as an Industrial and Provident Society with the Financial Services Authority.

The society will also require a business address. Initially you could ask the local Parish Council clerk if you could use their address or it could be a Board members home address.

STEP FIVE: Organisation

Once you have the project off the ground (and if you have enough volunteers) the Board would benefit from dividing into sub committees allowing individuals to concentrate on their areas of expertise. At Homes for Wells the following have been established:

New Development Committee: to concentrate on acquiring land and developing properties, to liaise with local builders/developers/landowners. Members with expertise/contacts in building, planning and developing an advantage.

Fundraising Committee: to focus on fundraising and promoting legacies. The smaller fundraising events although may not produce the greatest profitable gain should be looked upon as promotional work and therefore equally important. Members with experience in fundraising an advantage but enthusiasm, creativity and commitment are essential. Your local voluntary services group will be able to assist with all areas of fundraising, grant application etc.

Housing Committee: to promote the society to landlords and to liaise with landlords/tenants on property maintenance and carry out tenancy checks. Expertise in letting management and/or property maintenance is beneficial.

Allocations Panel (possibly an offshoot of Housing committee). Particularly important is for the panel to initially compile clear guidelines on allocating properties for the Boards approval. HfW amended the general list of Keyworkers to fit the criteria of their area. e.g.: fishermen and members of their lifeboat crew etc were added as they provide an essential service to the town.

To ensure clear guidelines and support communication, each sub-committee will need to compose either Terms of Reference or a Policy and Purpose to be approved by the Board.

STEP SIX: Administration & Financial Procedures

Your Society will need to have a co-ordinator or administrator who is willing to run the day-to-day affairs of the Society. This can be a volunteer (maybe the Chair or secretary of the Board) although a paid administrator (should funds allow) would be beneficial as the initial setting up of the society is particularly time consuming. It would be beneficial to contact other local organisations to share/rent a room/office for the administrator, as it will provide a base to meet applicants/ landlords hold meetings etc. If not the village hall (or pub!) can provide a good meeting place.

All not for profit housing organisations will require insurance. This should include Directors and Officers Liability and Public Liability. Any person employed by the society must also be insured. An administrator/co-ordinator, if co-opted to the Board, will normally be covered by the Directors and Officers Liability. If you can persuade an Insurance Agent to join the team this would be extremely advantageous. All properties owned by the society will need building and landlords insurance.

When letting properties, there are various rules and regulations that must be adhered to. Information relating to these can be obtained by visiting:

<http://www.direct.gov.uk/en/HomeAndCommunity/BuyingAndSellingYourHome/LettingYourHome/index.htm>

To ensure the society is easily recognisable the organisation will need a logo and ideally create some, if not all, of the following:

- a) Office stationery (letter heading), plus donation form, gift aid form, standing order form, application form,
- b) Landlords agreement (giving the society authorisation to supply a tenant), short hold tenancy agreement (this is a legally binding agreement so should be checked by your legal representative)
- c) Leaflets (to assist in promoting the Society)
- d) Information for Landlords (to cover the legal responsibilities of a landlord), information for new tenants (information on moving into their new home) plus a tenant's handbook (for tenants living in properties managed by the Society and should cover responsibilities, maintenance, frequently asked questions etc)

All forms should be made available to download from the organisations website.

You will find as the organisation develops leaflets and application forms will require amending/adjusting according to your requirements. Wherever possible ensure duplicating/printing is kept to a minimum to avoid accumulating masses of out of date literature.

There are various organisations you will be required to register with and procedures that must be followed. These will depend on the legal structure of the organisation but include:

Appointment of a treasurer - It is essential that a treasurer be appointed to look after the financial accounts, bank accounts etc. If possible an accountant or other financial person should be appointed however it is not essential.

Appointment of a firm of accountants - The amount of work to be carried out by the firm will depend on the status of the treasurer but in any event an annual review of the accounts will be needed.

Appointment of bankers - The Board should select a bank to operate the current account, and possibly deposit accounts for the group. At least three Board members should be authorised to sign cheques and two signatures will be required for each cheque.

Gift Aid - The organisation should register with the Inland Revenue for Gift Aid, this will enable them to reclaim an extra 20% of donations from individuals who pay income tax. Although HfW is not a registered charity' after providing the Inland Revenue with details of our set up they accepted Homes for Wells as a charity for tax purposes. Revenue & Customs can provide information and guidance to help with claims.

Registration - The organisation will need to register either with the Charities Commission or the Financial Services Authority and submit annual returns to them.

Professional advice should be sought to ensure your organisation registers with the body most appropriate for your organisation.

STEP SEVEN: Raising Funds & Developing

There are numerous ways of fundraising within a community from sponsored events, auctions, wine tasting's, to pamper evenings, car boot sales and open gardens. The only limit is your imagination. The Internet is a mine of information and ideas and with a good fundraising team this is an excellent way of raising funds and promoting the society.

Do not get disheartened if these events do not raise large amounts – the publicity is invaluable.

Legacies are another way of ensuring the longevity of the society. You may consider designing a suitable leaflet that provides details of the organisation and how people can provide support after their death. Try contacting local solicitors who may be willing to display the leaflets on your behalf.

Although fairly time consuming, larger amounts may be obtained through grants made by organisations such as local governments, specific charities or local organisations e.g.: Big Lottery, Area Partnerships, and Charity Directories etc. Once a suitable source has been identified it will be necessary to contact the organisation to ascertain their particular criteria. Another option is to create a Community Land Trust using one of the legal forms mentioned above being a non-profit organisation that owns land or property for the benefit of the local community. The land can be used for affordable housing, workspaces or community facilities. This is a relatively new option and various forms of funding are available for such community projects. For more information see www.communitylandtrust.org.uk

It may be of advantage to become a Registered Social Landlord although this would depend on your particular circumstances and advice should be sought on this.

You are unlikely to find a source that will, for example, purchase a property outright for you. You will therefore need to identify a particular project, whether it is a new project or ongoing and estimate the amount of funding required. In some cases the total amount may have to be raised by making applications to a number of funders.

Documentation required will probably include: accounts relating to your organisation, estimates of costs involved, memoranda and articles relating to your organisation, evidence of previous fundraising along with evidence of who will oversee the project and the benefits and outcome.

Other options to follow are purchasing land and/or developing property within your area. Establishing contact with local developers, builders, estate agents and your local Housing Association is essential. Should a development opportunity arise and you have insufficient funds to develop a complete site it may be possible to develop one property, let it at an affordable rate and then obtain a mortgage to develop the next property and so on. Alternatively your local Housing Association may be able to assist with either match funding a development or by a partnership.

Land and property will most probably be at a premium in your area so consider all possibilities no matter how unlikely - just sometimes they may come to fruition. Consider an exception site i.e. on land just outside the current planning boundary as. Advertise in local publications and at meetings that you are looking for land. Building land in estate agents may be expensive so try to find some of your own.

STEP EIGHT: Publicity/Marketing

Media coverage and open public meetings are the best way to let people know about what you are trying to achieve and how they can help.

Media – the ‘human interest’ story, the personal plea and message is always a good place to start. If you can, find people in your area who are in housing need and ask their permission to write about their particular story. It could be a family who has lived in the town/village for years but their son/daughter can no longer afford to stay there. Ask if they are willing to be interviewed and contact your local newspapers, radio and tv. Your local area partnership should be able to provide a list of local media contacts, alternatively your local library or Internet should be able to help.

Once people hear about your Society, they can begin to help. You will also need to keep supporters informed of the society’s latest plans and achievements. Regular contact should be established with the local and national media plus newsletter updates should be compiled regularly and sent to all supporters, in particular those who live out of the area. Wherever possible these should be sent by email to avoid unnecessary costs.

Engage with members of public, landlords, estate agents, 2nd homeowners, and media – word of mouth is often the best form of publicity, particularly in a small community.

Encourage supporters to become Shareholders for a nominal sum of £1.00 – suggest a maximum of 25 to start with. The board can always increase this figure at a later date. Shareholders are entitled to attend the Annual General Meeting and are eligible for election to the Board. They may also bring a particular relevant expertise, which is invaluable.

Your Society will also need a basic website as soon as possible. Basic sites can be set up fairly simply by using templates available on the Internet but to obtain a more professional appearance you may wish to employ the services of a professional web designer. Ensure the site is designed in such a way that it is fairly straightforward to add additional content/pages. As the Society expands so too will your website.

With local landlords on board, support from your community and your fundraising team in operation the Society should start to accumulate funds. Contact with local developers is beneficial, as some new developments are required to provide affordable accommodation for the community. It may be possible to make an arrangement whereby the developer provides either accommodation for use by the society or funds to enable it to purchase/develop their own properties.

Once you have purchased your first property/land you will find grants/funding easier to apply for and your Society should, therefore, go from strength to strength.

STEP NINE: Tenants and Landlords

Once the community begins to hear about your plans you will begin to get enquiries from prospective tenants. Posters and articles published in local papers and magazines should give details on who is eligible to apply and where they can obtain application forms. You may find your local library, post office etc would be willing to keep a supply and they should also be available to download from your website.

Keep in touch with your applicants as their circumstances may change regularly. To succeed you will need the support of your local community, businesses and town council. Local landlords need to be encouraged to use the society to supply tenants instead of contacting an agent. *These properties need to be let at below the commercial rate*. In return the society can provide the Landlord with any necessary paperwork at cost and to offer to manage properties for a nominal monthly sum.

Assured Short hold Tenancy Agreements can be obtained from various sources but should always be checked by a solicitor prior to use by the Society. If your referencing company recommends the tenant(s) has a Guarantor to cover any non-payment of rent the tenancy agreement will need to be amended accordingly.

As from April 2007 all damage deposits taken for Assured Short hold Tenancies (ASTs) are regulated under the Housing Act 2004. This means that any deposit taken must be protected by one of the 3 government appointed schemes. Information on deposit protection can be obtained from the Internet. The schemes are funded by the interest accumulated on deposits held and so there is no charge to the society.

In addition most rental properties require an Energy Performance Certificate. An EPC gives information on a building's energy efficiency in a sliding scale from 'A' (very efficient) to 'G' (least efficient). Every EPC also has a recommendations report showing how you could

improve the rating and make the property more attractive to tenants. Charges for EPC's vary greatly so it is advisable to shop around.

It will also be necessary to arrange for tenants to be independently referenced to ensure they are suitable for taking on a tenancy. Once again information can be obtained from the Internet and once registered with an agency a completed report will usually be supplied within a few days. The agencies check should build up a full and complete profile of the applicants' suitability. They should check for discrepancies in residential history, 'borrowed' identities, undisclosed adverse credit history, fictitious employers etc.

Landlords may also require the society to carry out an inventory of their property – this should be a hard copy to include details of condition/decoration of each room plus the exterior along with any fixtures and fittings. A photographic record is also advisable. The co-ordinator or a committee member can complete inventories.

STEP TEN: Managing the Housing Society Long Term

Fundraising and promoting of the society will be required until it has adequate properties for its needs. Funding and grant applications will require up to date statistics relating to the local housing needs and it will therefore be necessary to ensure that a survey is compiled every 3 years. This should also provide you with data to show that your endeavours are having a positive effect on the community.

You will need to be aware that properties 'loaned' to the society are not a permanent solution to the housing needs of an area. Private landlords' circumstances can change and it is inevitable that some of your tenants will be given notice to vacate their property. Keep in regular touch with both Landlords and tenants ensuring you are aware of any potential change in circumstances.

Long term it is essential that you concentrate on acquiring properties that can remain in perpetuity with the society. It will be necessary to ensure properties owned by the society are maintained regularly. 6 monthly checks should be carried out on any properties owned or managed by the society, ensuring any problems are quickly dealt with.

With the help and support from your community we trust you will be able to provide a solution to your local housing needs.

***GOOD LUCK IN YOUR
ENDEAVOURS***

....ooOoo....

Homes for Wells

email: office@homesforwells.co.uk

in conjunction with



...ideas into actions

Wells Area Partnership

email: office@wellsareapartnership.org.uk

both organisations can be contacted at:

**The Sackhouse,
Jicklings Yard
Wells-next-the-Sea
Norfolk, NR23 1HT**

tel: 01328 711378

....ooOoo....

The information contained in this document has been taken from sources considered by Homes for Wells to be reliable but no representation; warrant or undertaking is given as to its accuracy or completeness. Views and opinions expressed are provided in good faith but are subject to change without notice. In no event will Homes for Wells or its associate, Wells Area Partnership, be liable for any loss or damage arising out of the use of or reliance on the information or opinions provided.