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UKCN / NESTA POLICY SEMINAR BRIEFING: Policies, roles and tasks required in undertaking 'cross-tenure' Cohousing developmentⁱ

- **How might a Cohousing group best use its 'social capital' to drive a diverse partnership?**

Cohousing's greatest difference from conventional housing schemes is its connectedness between prospective 'neighbours' from the start..... there is a clear sense of there being an 'added value' to the proposed development beyond what would be achieved in more traditional customer / supplier relationships

This is intentional, not accidental, but still requires work to develop and strengthen - groups need to give time and effort to their own development dynamics and consolidation of group cohesion, in parallel to other tasks and requirements demanded by phases of physical on-site development.

Groups need to remember that there will remain particular risks attached to making 'life investments' in collaborative settings, distinct from arranging the building of just a single private dwelling – it is not enough to *assume* that the same values are automatically held in common, there is a need to make all members understood in advance of the group's need to act collectively in a smooth and effective manner.

- **What local policies could best enable community-led neighbourhood initiatives?**

Groups need their communication with external bodies and partners to be with one single and unified voice when seeking to influence planners and policy makers and promote the benefits of taking up of community-led models of neighbourhood creation.

Facilitators may be required between professionals and Cohousing groups, able to put things into user-friendly language – an experience relevant to draw from here will be the kinds of community engagements that has gone into work with estate regeneration projects.

Cambridge is one area that has provided some funds towards the costs of such a role, and to test 'market appetite' for developers and constructors who could have an interest in assisting community-led ideas.

The nearest UK equivalent at present may be help that is supporting professional help to assist different Community Land Trust initiatives (a little akin to the Dutch provision of a kind of 'collective commissioning grant' to help groups develop their partnership proposals.

The CLG's "Custom-build Implementation Group" is looking at providing additional guidance to offer to local authority sector officers. The thrust of national Coalition policies is to favour local approaches, but this needs to negotiate ways that mutually-based initiatives can move beyond customary constraints on the allocation of resources.

In order for 'Cohousing' to be identifiable in conversations between local authority housing and planning personnel Cohousing groups need to engage in any forthcoming consultation over the next 12 months on the formation of new Local Plans or subsequent Neighbourhood Plans.

Most individual cohousing proposals are likely to score highly on aspects such as 'sustainability' and design code : key planning matters that will be 'material considerations' that Cohousing groups will need to evidence will be overall scheme viability and deliverability.

Groups should be aware of the potential pluses and minuses of courting local political backing on planning issues if the authority's views subsequently change leaving the group vulnerable. 'Indigenous' groups from within the boundaries of an authority, or from around the community that is living by an identified site, will prove more supportable than those that could appear to have 'plonked themselves down', with minimal local connections.

- **What financial and legal frameworks will best secure the development finance for a mix of tenures ?**

At present it is not evident if there needs to be some particular 'financial vehicle' in place to help Cohousing developments. Groups have been in long-winded discussions with bodies like the Co-op Bank and Triados, however there are mixed messages coming out of the finance sector about what level of support can be currently achieved for community-led housing schemes.

A crucial element of current development schemes across the housing sector is where might funds can be found to cover any required 'infrastructure costs', at least up front..... perhaps local authorities could help here and take an equity stake in the subsequent development.

More information is required from continental experience (like Scandinavia and Germany) on the kinds of financial support or 'business bonds' that community-based and 'mutual' schemes can draw on, to see what this could suggest for the UK.

Cohousing groups and UK Cohousing Network need to work with the Mutual Housing Group to help initiatives for new funding support to be as flexible and as inclusive as possible across the 'mutual' sector.

It was agreed that it will be most helpful to have financial tools that fit the different stages of a group's development journey – set-up costs, feasibility work, professional engagements, planning, construction, etc.

In terms of specific legal and financial frameworks that groups have been using, 'agreements' in place include the following kinds of issues:

Example 1 : Lancaster

: Lancaster has 'front-loaded delivery' including payment for the Common House, with properties to be occupied in tranches on their completion.

: Group has used a pre-development agreement for each household to provide a non-returnable £5,000 which will be used as an initial pot for development costs;

: binding agreement to each member (linked to terms of the whole group's developmental finance) to provide buy 30% deposit of projected sales price, and buy completed property on long-term lease;

: Lancaster group discussed the difficulty in binding purchasers to the project through pre-sale agreements : the requirement to put down a sizeable deposit, pay a further 30% deposit at the start of construction, and the issue of 28 days notice to sign a legal agreement to 'lease', should in theory be sufficient leverage

: 28 days notice to complete property purchase – if member household risks defaulting on this then Cohousing group has latitude to drop cost in order to achieve sale completion;

: if overall sale falters, the group has the legal right to resale the defaulted property at a 30% discount, but could also help defaulting member with option to move in on a rental basis (via subsidy from cross-member loan that could be available if required).

Example 2 : LILAC

: all properties to be delivered at the same time, for a common date for members to occupy;

: completed properties will require a set percentage of each household's net monthly of income

In general it was felt advisable that groups allow for being able to rent out non-occupied dwellings if sales are not achieved at the desired rate, and to have contingency financial arrangements in place for bridging loans, if sale or rent-related income was not being achieved to programme.

- **How are design issues best agreed (a) for the neighbourhood; and (b) for the Common House?**

The whole of a site being considered for a Cohousing neighbourhood needs to be considered holistically – i.e. including all the interactions between landscape design, internal and external elements of building design, the space(s) between buildings, and the space(s) within which peoples' interaction is to be encouraged.

What might any existing property dictate by way of sensible roles for the Cohousing group? – the Threshold Centre's site had a farmhouse and barns and some other buildings already used for short 'holiday' purposes, and it was considered more appropriate to use the first for 'common' facilities, and engineer the living units from the rest of buildings on the site.

Crucial for local authorities is established policies for how the site could interact with 'highways' issues, in terms of vehicle traffic to and from the site, and for parking provisions – Cohousing will need to 'sell' its vision here!

The benefits being proposed by a Cohousing project need to be phrased in the kind of public language with which design professionals are familiar – such as indicative assessments under the like 'Building for Life' criteria, and other 'good practice' recommendations from CABI / the Design Council / the Glass House.

Cohousing clearly has some pertinent experience to describe for how resident-led intentional design can be undertaken, and demonstrate emerging good practice on creating public or semi-public space that increases social interaction.

Crucially the 'Code for Sustainable Homes' assessment criteria currently fails to recognise the contribution made towards the overall 'sustainability' of a site by the quality of common or shared areas within the site.

Groups should seek to access the experiences of others for how design professionals have operated in support for developing Cohousing communities. Interactions *between* professional services will be one area of relationships that groups will need to manage – example between architects and landscape agents, if both are involved. Cohousing groups will also need to consider their own responses – if advice suggest modifications to original ambitions what can the Group 'let go of'? and what process will they use to come to that position?

The Common House needs to be placed on site where it can be a natural hub of activity, encouraging the maximum amount of incidental contact and participation between people on site and not be isolated from this.

- **What could the Homes and Community Agency and other RSL partners provide?**

RSLs have clear experience as enablers of local initiatives, but what local examples can they provide of enabling community-*led* schemes?

Some RSLs are increasingly looking to make large decisions, involving the delivery of large volumes of properties, and less likely to help support smaller more-intensive schemes.

It will be a substantial challenge to get RSLs to operate as a *partner* in a community-led project, when they may be more familiar and comfortable with taking an automatic lead in the development process. There could be a very supportive role here for the National Housing Federation to promote such a cultural approach within the RSL sector, and to help with establishing more connections here with similarly-minded bodies at an international level.

Some very supportive RSLs have come forward to date - for example Hanover, Synergy, Plus Dane – ready to operate in a Cohousing partnership to acquire a few units within larger mixed-tenure schemes (to the outcomes similar of many private sector led development schemes).

Where RSLs could demonstrate particular help would be in any assistance with financial liquidity to address a scheme's developmental cash flow needs, or assistance in acquiring a site.

At current HCA grant levels, the level of grant finance that might be available would not cover much of a Cohousing project's expenses. The new 'revolving fund' (£10m / yr for 3 years), could cover up to 75% of scheme costs, offers more hope, but is an unknown element at present and will have a limited life.

- **What do Cohousing groups need to clarify in using development and construction partners?**

Community-led and managed schemes run a definite tightrope between being a 'community group' and having to operate as a kind of property developer that will be commissioning the services, including construction services, that will enable the new-build neighbourhood to take form.

The difference between Cohousing development and conventional new-build housing development could be summarised as:

- the process of building social capital requires front-end investment in future residents that is not prevalent in traditional development (mainstream developers can view this as unduly protracted, involving hassles, delays, etc., and just a drain on capacity);
- schemes are 'resident designed', not through the usual arrangements of a 'developer';
- there is a basic self-selection or pre-selection of the scheme's residents (in accordance with agreed allocations and sales policies);
- intentional and high degree of attention to social and environmental aspects of community building, not just to the physical aspects of the buildings;
- instead of the risks of a traditional speculative procurement route, building housing with the aspiration that they will find buyers on completion, Cohousing's changes the dynamics of 'risks' into just meeting the group's aspirations in a realistic manner.

Groups acting as their own developers need to go with the flow of what works..... groups making offers to external 'developers' to help their projects more than as mere construction agents will need to overcome any prior assumptions or prejudice about usual developers' outcomes, profits, etc.....

Cohousing groups may nevertheless try to partner up with a 'developer' to benefit from the latter's construction experience, familiarity with supply chains and financial resources, and other property management knowledge.

The Cohousing model can be attractive to developers as:

- it represents building 'to order', especially if there is a clear articulated design & development brief;
- the Cohousing group being the client helps lower overall risk as purchasers and occupants are pre-identified and self-selected;
- developers and housing providers are seeking innovative models of delivering and managing new housing - Cohousing has the potential to deliver low ongoing costs, demonstrate high retention of occupants and bring in internal cross-subsidy for affordable units;
- Cohousing can demonstrate the development of clear good practices the Lancaster group identified two named contacts that were authorized to be a 'glass wall' to liaise and issue instructions to the builders and design team, thereby removing any distraction from the rest of the group.

Construction contracts for the actual building phase could be on the lines of traditional design & build processes, as a partnering 'open' relationship, as a bespoke construction project, or through other arrangements governed by relevant Heads of Terms in all cases it will be crucial to have the relevant agreements in place before the actual construction phase commences.

- **How can homes be released for occupancy in the most inclusive manner?**

Scheme planning conditions or 'Section 106' clauses may state that any 'affordable properties' have to be provided and their use allocated at early stages in the development programme.

Cohousing groups therefore need to engage with local authority housing professionals at the earliest opportunity, so that any initial view that some or all of the properties should relate to established allocation principles and procedures can be considered and negotiated prior to scheme completion.

Securing a form of a 'local lettings agreement' with the local authority may prove to be the best route is to secure the means to identify households that are seeking or would prioritise a Cohousing lifestyle, while at the same time achieve some transparency in allocation procedures to avoid local disquiet.

Groups will have a need to quiz households on their motivations for seeking Cohousing accommodation – providing clear information on the obligations that all members will have - and to be involved in the deliberations of what decisions are finally taken on property allocations.

The Threshold Centre has model procedures defining selection and allocation procedures and keeps its own 'waiting list' of interested potential members, and feels that the sense of 'marketing' the project to prospective members never really stops

The Community Project in Sussex was able to use a large building on site as temporary accommodation during the construction phase, for households that had released other property-based equity in order to complete on their Cohousing obligations.

What actions have been identified for the UK Cohousing Network?

- **Core messages and communication** – the Network's new Groups Co-ordinator is creating a Communications Plan to propose how the Network can be involved in relevant national events and conferences and contribute to articles on Cohousing in relevant planning and regeneration journals
- **Design** – more lobbying is required to promote an inclusion of the contribution provided by 'common areas' and 'common facilities' into the criteria of the Code for Sustainable Homes, and within any scheme design standards criteria endorsed by the HCA.
- **Resources and training** – the Network should establish a list of professionals that have experience of working with cohousing groups, (e.g. on the designing and financing of common facilities), and use established networks like the RTPI as vehicles for reaching planning and design professionals.

- **Research** – some key topics will include :
 - how can the Network promote increased mixed tenure development and flexible financial lending to support this?
 - asking projects ‘what have you wished you had done, but did not do?’
 - to what extent is Cohousing able to demonstrate particular success with long-term ‘social cohesion’?
 - in being aware some housing providers like *aspects* of Cohousing, for example considering ‘virtual’ cohousing groups in existing settlements, are there measures to welcome new applications of Cohousing, whilst protecting it against dilution?

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ⁱ Detail provided through discussion at ‘Round Table Seminar’ - NESTA / UK Cohousing Network, 28 March 2012. The seminar started with a précis of earlier discussions hosted in through NESTA’s support fund.