



# Community Led Housing at Ecology

Jon Lee, Community and Business Development Manager



# Supporting sustainable business and communities

We take a bespoke approach to lending, provided it meets our sustainability criteria:

- ✓ **development finance** for high-end (minimum EPC A) energy efficient dwellings usually built to sell on the open market (or to rent out)
- ✓ **renovation** of dilapidated stock for energy efficient retrofit to create affordable homes
- ✓ the promotion of new **green building techniques including MMC**
- ✓ Development finance and long term mortgages for **community housing projects and their buyers**, enabling people to build/renovate affordable housing in places they want to live
- ✓ Mortgages to **sustainable businesses and community “not for profit” organisations** to support social enterprise and projects that benefit the **environment and society**

# State of play

- Impact of Brexit on the price and availability of materials and labour
- Added impact of Covid 19 on the supply chain, construction industry, but also on lifestyles, desired living and working patterns, the value of community interaction, placemaking with nature in mind
- Rising interest rate environment / cost of living crisis, geopolitical situation
- Inertia due to many of these factors, and pressure on grant funders to meet the difference – finite ability to service long-term debt and deliver affordable accommodation
- Continued pressure from second homes, holiday lets, the rise of Air B & B and impact on the private rental market for regular tenants

# State of play

- Need to accelerate retrofit programme to meet net zero carbon and current Scottish Govt. legal targets
- New planning announcement in Scotland in support of Passivhaus equivalent requirements for new developments!
- Massive ongoing problem of a broken housing market and demand for affordable homes in fragile communities
- Relatively little appetite in the mainstream UK finance community to support community led solutions (unless at scale to well established organisations) and relatively little support to lend where restrictive covenants mean mortgages are not vanilla.

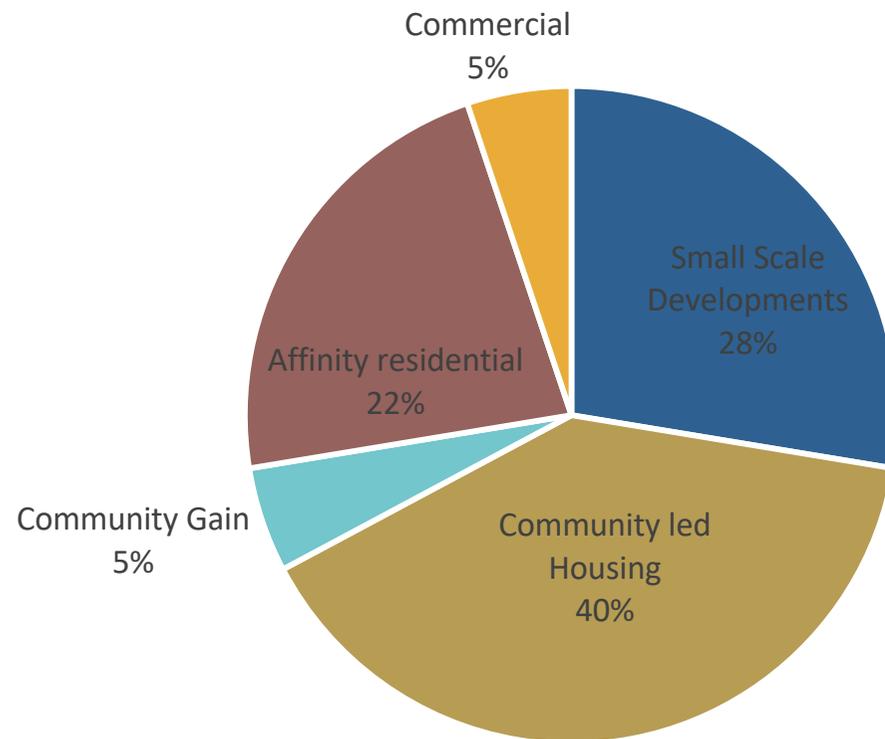
# Community-led housing lending at Ecology

- Development finance for groups available (up to £3m and a maximum LTV of 80% at any phase)
- Stage payments available benchmarked against the increasing value of the plot / site
- Longer term mortgages supported by rental income over up to 40 years
- “Affinity” residential mortgages available to buyers, including shared ownership (up to 95% of share) and restrictive price covenants (e.g. up to 90% of restricted sale value)
- Willing to look at deep renovation / conversions and unusual tenures



# Where is the money going?

CBLT Lending pipeline by volume of cases 2022/23





Park Ecovillage Trust, Findhorn, EPC A homes for affordable rent



# Impactful lending – Community Led Housing

- From supporting 24 CLH projects in 2022, we helped to create community ownership of 164 residential properties.
- Often these are in fragile rural communities and help sustain other services such as schools and shops.
- Others are in more urban settings, often impacted by high property prices, second home ownership, private landlords and holiday lets, which further restrict the ability of local people to afford their own homes.

Staffin Community Trust – housing, offices and a health centre!



# Impactful lending

- 13 cases in 2022 were either Community Land Trusts or other forms of Housing based Trusts. Our funding to these groups is supporting the creation of:
  - 79 new affordable living spaces for local people, either for rent or affordable purchase under restrictive resale covenants, including serviced plots for local self-builders under sustainable design codes and 7 new homes specifically designed for older people
  - 6 new business units for local enterprises (Ettrick and Yarrow and Staffin)
  - 1 new health centre (Staffin)
  - Repopulation of an abandoned island community (Ulva)



The Manse,  
Ulva, NWMCWC





The Old School House, Pennyghael, Mull and Iona Community Trust retrofit

# A few tips / learnings

- We know projects take time. Contingencies and updates on costs absolutely critical. Not enough to assume 10% will do anymore
- Stress testing for interest rate changes is more important than ever. Just because they already put the price up, doesn't mean it won't go up again!
- Sense check that your buyers can still afford to buy / borrow too
- Factor in pay back in the current climate on energy efficiency when evaluating impact and affordability
- Keep all your stakeholders in the loop, even if bad news arrives that makes your project look "iffy". Talking about it early is always the best way to work.
- Our interest is in making things happen that make a difference to your community and deliver a sustainable impact.