
BUILD YOUR OWN HOME - THE LONDON WAY

SUPPORTING CUSTOM BUILD HOUSING

AND COMMUNITY RIGHT TO BUILD

FUNDING PROSPECTUS

MAYOR OF LONDON

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Foreword by the Mayor of London Boris Johnson

London has a proud architectural heritage. Its streets have developed over centuries with the distinctive contribution of architects and builders, creating groundbreaking housing types from Georgian squares to Brutalist modernity. The uniqueness of London's vernacular is part of the reason why millions of people want to invest, live and visit the capital every year, and is at the heartbeat of our economy.

It is essential for that economic future that we continue to deliver more quality homes, that are distinguished by good design. That is why I have set challenging targets for housing delivery in the capital. And it is why I have already sought to end the era of poorly designed, cramped homes, and renew the capital's traditions of design excellence by introducing higher standards through the London Plan.

London's communities should be at the heart of this development, as well as many hundreds of Londoners who would like the opportunity to design and build their own home. The programmes set out in this prospectus aim to do just that through £8m of funding.

This bidding prospectus is in two parts. The first provides £5m of loan funding for Custom Build to pilot an approach to developing a new London vernacular. This will be showcased through a site proposed by the London Borough of Newham in Custom House but there are many other opportunities throughout London. It is the first step in producing a concept which can then be developed at scale and speed by a range of housing providers. The successful bidders will benefit from the assistance of a panel of leading architects.

This prospectus is also a clarion call to communities to propose alternative sites which could participate in this experiment in a powerful street-scene for the 21st Century. Through the introduction of the Community Right to Build, the Government has set local communities free of the traditional planning framework, enabling them to unleash their aspirations. The £3m of resource funding can therefore be used in a complementary way to Custom Build but can also be used to prepare plans for a diverse range of other developments desired by local communities.

Finally, creating jobs and growth is at the heart of my Mayoralty and this investment announced today will support that. I expect organisations interested in accessing this funding to ensure that young Londoners can take advantage of the jobs created by this investment and to provide training opportunities through apprenticeships on the homes that are built through these unique programmes.



Boris Johnson
Mayor of London

1. Introduction

Background

1. The Mayor has £8m of funding for 'Build your own home - the London way'. As well as supporting Custom Build Housing and Community Right to Build it will help to develop a new London vernacular, support communities to deliver their aspirations, stimulate economic growth and jobs for Londoners and increase housing supply.
2. The funding links back to *Laying the foundations – a housing strategy for England*, published in November 2011 by HM Government. The national housing strategy recognised the importance of Custom Build Housing and the difficulties of groups accessing conventional loan finance and pledged £30 million, £5 million of which will be used in London, of short-term project finance on a repayable basis.
3. The Localism Act 2011 introduced a new Community Right to Build. Giving communities a new way to deliver the development they want – be it homes, shops, businesses or facilities – where the benefits of the development will be retained by the community for the community. In order to help communities bring forward Community Right to Build proposals the Government has agreed to make available £20.5 million, £3 million of which will be used in London, of funding to help communities bring forward such proposals.
4. Although the funding in London will be administered as part of one programme it will consist of two separate pots as follows:
 - a. a capital pot of £5m to support Custom Build Housing; and
 - b. a resource pot of £3m to support community led groups aiming to achieve Community Right to Build Orders.
5. The combination of both of these funds together into this programme is intended to amplify the volume of this message and raise awareness of these opportunities as widely as possible. All of this should help achieve greater outputs for London. The GLA are keen to engage with community groups, landlords large and small, tenants' and residents' associations, and volume and enabling developers.
6. Funding for both of these funds outside London is being administered by the Homes and Communities Agency. Organisations interested in delivering Custom Build Housing in the rest of England can find more information [here](#) and those interested in Community Right to Build [here](#).

Programme aims

A new London vernacular

7. Although the volume of homes involved in this experiment is likely to be small we are looking for proposals which could be developed in the future at considerable volume, scale and speed. This could then have the potential to make a significant impact in increasing housing supply in London.
8. We want to encourage housing that has a clear and sophisticated urban intention, and improves and civilises the streets and public spaces around it. There are certain qualities that characterise the best parts of London and London has many great urban places created

by housing. These programmes will enable communities to deliver a bespoke housing product tailored to their needs.

9. To assist the development of designs which respond to the unique context of London and harness the creativity and vibrancy of this great City we have on hand design experts to offer a pro bono design review to successful applicants to either fund. This will help to promote excellent design and the opportunities presented by this fund to the widest audience possible.

Innovative use of public land

10. The Custom Build funding will be showcased on a site in Custom House, currently in the ownership of the London Borough of Newham. There are also other Boroughs (see chapter three paragraphs 11-15) keen to engage with Custom Builders and to build and sustain development momentum. The success of these projects could blaze the trail for other Boroughs or public-sector land-owners and highlight the benefits of a different and innovative disposal method. We are open to proposals for other sites which could further this experiment in a new London vernacular, whether they are in public, private or mixed ownership. The GLA is particularly keen to use this as an opportunity to engage with communities in relation to our own land holdings. If you have ideas for land we own we would be keen to talk to you and hope that this fund will be the catalyst for delivering community aspirations.

Jobs and Growth for London

11. As well as providing incentives for development through the custom and community build routes, the aspiration is that these programmes will bring forward significant numbers of jobs and apprenticeships directly and indirectly. Proposals which have a greater economic impact in terms of jobs and growth will be prioritised. The skills developed through the projects which are financed through these programmes will, in turn, grow capacity in the economy, communities and housing supply chain.

Supporting the aspirations of communities

12. The GLA is particularly keen to see community groups take advantage of this funding as this would help to fulfil a key pledge in the London Housing Strategy. For Custom Build we will prioritise applications which can demonstrate that they are genuinely community led, as these are considered to face the greatest disadvantage in accessing development finance. Community Right to Build funding is solely available to Community Organisations constituted in such a way to enable them to obtain a Community Right to Build Order (see appendix four).
13. The Department for Communities and Local Government has funded a support hub that will provide help and advice to community groups interested in playing a greater role in their area. This includes, but is not limited to, organisations interested in applying for a Community Right to Build Order. This support hub will include a range of guidance notes, information, toolkits, case studies and a dedicated helpline.
14. Locality is providing the support hub services, and championing the Community Right to Build by providing support and advice to communities throughout. Locality will also provide one-to-one support to some early adopters of the Community Right to Build and additional support to trail blazer communities.
15. Locality is the leading UK network of community enterprises, development trusts, settlements and social action centres. Locality support organisations to work effectively

through best practice on community enterprise, community asset ownership, community rights, collaboration, commissioning support and social action.

16. Locality helps people to work together to create and capture local wealth, and set up local organisations for the benefit of their communities. Locality works at national and local levels to influence government and others to increase support and investment for the community movement. It was formed in April 2011 by the merger of the Development Trusts Association and bassac.
17. Further information on Locality and the services they offer to interested communities is available on their [website](#).

A responsive process

18. This document contains the criteria for the £8m of funding which we believe will best meet the needs of London and encourage all interested organisations to maximise opportunities. That does not mean that these proposals are set in stone. We are keen to use this funding most effectively in the unique context of the London housing market.
19. Although we cannot promise to act on all of them, we welcome suggestions and proposals as to how these criteria could be further tailored to fit London and thus enable the funding to be used more effectively.
20. The GLA will keep these criteria under review during this ongoing programme of funding and make appropriate and necessary changes. Any changes will be fully and properly publicised and communicated.
21. Please note, this document provides further information to organisations wishing to access this funding in London. For organisations interested in accessing this funding outside of London please see the Homes and Communities Agency website¹ for the Custom Build Prospectus and the application guidance for Community Right to Build funding.

¹ http://www.homesandcommunities.co.uk/sites/default/files/our-work/crtb_prospectus_300512.pdf and http://www.homesandcommunities.co.uk/sites/default/files/our-work/custom_build_homes_fund_prospectus.pdf

2. Capital funding - Custom Build Housing

Custom Build Housing – general rules for all sites

1. The loan funding is only available for group Custom Build Housing projects. Custom Build Homes are defined as homes built or commissioned by individuals or groups of individuals for their own use, either by building the home on their own or working with builders. Group Custom Build projects are where developers build group schemes for clients on larger sites or where registered housing providers or self organised community groups work with a developer or contractor to bring forward a custom build home project.
2. This funding is not available to individual self-builders, due to the desire to stimulate group self-build in London. There is however a wealth of information for self-builders available at the [self build portal](#) including detailed advice on how to get started. If you are an individual interested in joining a group project you may also be able to find opportunities advertised there.

Eligible applicants

3. The funding will only be granted to organisations that are an appropriately constituted body², of good standing and with the capability to deliver their project.
4. Community groups that do not meet the above definition are encouraged to partner with an appropriately constituted body. The GLA's due diligence process (see further below) will carry out checks to ensure the proposed entity is suitable to receive Custom Build funding.
5. In order to ensure that the fund is not being used speculatively applicants will be asked to confirm that no prospective occupier involved in a scheme has sold more than two properties in the last two years. Organisations involving such individuals will not be eligible to apply for funding.
6. Local authorities are not eligible to apply for funding. Where local authorities wish to provide financial support to custom build groups they are expected to use their own resources to do so. However, local authorities will not be precluded from working closely with an eligible group to support them in other ways to bring forward a project.

Eligible costs for funding

7. To ensure the intended effect of the fund is maximised, loans will be available for residential (use Class C3) projects, including 'live-work' units.
8. Both market and affordable Custom Build Housing proposals will be eligible for funding. Qualifying expenditure includes:
 - Land acquisition costs;
 - Site preparation costs;
 - Construction of supporting infrastructure/utilities directly related to the construction of the homes;
 - S106 planning obligations, Community Infrastructure Levy and S278 agreements ;
 - Construction costs for the homes; and

² Appropriate legal entities include: bodies registered with the Charity Commission as a charity, registered as an incorporated body with Companies House or with the Financial Services Authority as an industrial and provident society. They also include Community Land Trusts and Community Organisations recognised under the 2011 Localism Act.

- Associated professional fees related to the project after planning permission has been granted.
9. Proposed non-residential development will not be funded unless they are required as a result of planning obligations. Where the custom build homes are part of a larger development, any costs associated with s106 requirements, supporting infrastructure etc, must be appropriately apportioned to the custom build homes.

Numbers and value of homes

10. To ensure that a range of housing needs can be met by projects and maximise the numbers of custom build homes produced by the fund, the maximum average eligible cost of each home (including land, construction and associated fees) that will be supported with a Custom Build loan is £360,000. This limit will be applied to the average (mean) cost of homes in a scheme.

Jobs and growth

11. The Mayor wishes to see this funding used where it will have the maximum economic impact. All bidding organisations will have to commit to providing ongoing monitoring information to enable this to be tracked and to maximising employment opportunities for young Londoners. Detailed submissions in terms of the jobs and apprenticeships that would be created will be used to advantage applications that are otherwise assessed of equal merit.
12. The GLA can offer guidance and support to organisations inexperienced in offering apprenticeships. If you require support or guidance in relation to apprenticeships please e-mail CBH@london.gov.uk.

Loan funding

13. Funding will always be made as a loan to be repaid, with interest rolled-up and applied at commercial rates ranging from 2.3% to 11.7% per annum (see appendix one for the full range of interest rates that will apply).
14. This will ensure the funding complies with EU State Aid rules and should be equivalent to offers that could be put in place by private sector lenders by 2015.
15. The interest rate to be applied for individual applications and projects will be determined by an assessment, carried out by the GLA, based on the financial standing of the bidding organisation and level of security offered.
16. Loan funding for approved projects will be capped at 75% of their eligible costs, as agreed at the application stage. This means applicants must have access to a minimum of 25% of the project's funding. As stated above, the mean average eligible costs per unit must not exceed £360,000 per home. Therefore the maximum possible loan per home (averaged across a project) should not exceed £270,000. Applications for lower amounts of funding, which support increased numbers of homes will be prioritised.
17. Funding will be paid in stages, agreed at the outset of the project, taking account of the agreed project budget and cash flow and subject to the progress of work across the scheme. Successful applicants will submit a loan draw-down claim confirming the progress made to that point and that the scheme cash flow and budgets are consistent with those agreed at

the initial approval. No loan funding will be payable until a planning permission is in place. If the fund is over-subscribed, schemes which are further advanced in the planning process will be given priority.

18. It is likely that some projects will be financed by prospective purchasers committing deposit monies, with a Custom Build loan making up the difference to the full project cost. Custom Build loans help to finance the development phase of the project and once plots or homes are sold or let to occupiers, repayment of the loan plus interest will always become due. The GLA cannot extend these loans to individuals who will need loans from retail mortgage lenders. The Department for Communities and Local Government, with support from the National Self-Build Association and other partners, is engaging with retail mortgage lenders to encourage greater availability of self-build mortgages. The GLA will support, promote and engage in this work.
19. The sales (disposals) to occupiers could take the form of a serviced plot (without a built home), or a plot with a partially completed home (requiring final fit-out) or a home at practical completion which has been built out to the requirements of the identified purchaser. A single project might include a mix of all of these types of sales.
20. Interest is added to the loan from the date of the agreement and is “rolled-up” on a daily basis. The total amount to be repaid will be forecast at the outset and agreed as part of the project budget and cash flow. The cash flow will be updated regularly as the project progresses so the amount to be repaid will always be known. A loan illustration is included in appendices two and three.
21. The loan agreement will have a “long-stop” date, agreed on a bespoke basis for each project, by which all plots or homes must have been sold and the funding repaid. Some project long-stop dates may be after 31 March 2015, when the fund closes. The longstop date will trigger repayment of the loan in full, plus accrued interest regardless of whether sales have been achieved. Where an organisation experiences project or financial difficulties in achieving this date we will encourage them to engage with us at an early stage.
22. Loans that can demonstrate earlier repayment will be advantaged in the application assessment process.
23. The loan will be pro-rated across the homes so that a sale of a single plot or completed home triggers repayment of its proportion of the loan and interest.
24. The GLA will require that a charge is registered on the site title as security for the loan before any funding can be drawn down. The GLA’s charge will be progressively released as occupiers purchase their homes and their mortgage lenders provide funds to individual purchasers to legally complete their purchase.
25. The GLA will give a legal undertaking to release its charge once the loan has been repaid so that retail mortgage lenders are in no doubt that they can secure their own debt. This should not therefore constrain the choice of lenders available to owners.
26. If a custom home builder has an element of secured bank lending in place to part-fund the development phase, the GLA may agree to postpone its security charge behind that of the first lender. However, if the GLA is unable to take a first charge it may require a higher interest rate for the Custom Build loan to reflect the greater risk of non-recovery if default occurs. Further details are included in the section on loan agreement terms (see below).

Loan agreement terms

27. Organisations awarded loan funding will enter into a loan agreement with the GLA. Loan agreement Heads of Terms are available on the GLA website.
28. The loan offered by the GLA at the end of the due diligence process will be based on the GLA's view of the minimum financial support necessary for the project to proceed. The quantum and the type of investment offered by the GLA will be based on the GLA's appraisal of the project and may be less than the funding sought.
29. Loans will be on a commercial basis to be repaid as homes/plots are sold. Each agreement will have a longstop date by which time all the loan must be repaid. The interest rate will be calculated using the EC Reference rate plus a margin calculated on the basis of an assessment of creditworthiness and security offered. For more information see appendix two.
30. Other key terms include:
 - a. The agreement will set out milestones for project delivery including longstop dates for starts and completions of homes or serviced plots.
 - b. It is required that all schemes in which the GLA advances loans will be managed on an open book basis. Borrowers will be required to provide regular reports on progress including construction progress, homes started, and quarterly project cash flow updates.
 - c. It is anticipated that funding will usually be drawn down against defined qualifying expenditure.
 - d. The GLA will lend no more than the amount agreed following due diligence (up to 75% per cent of the agreed costs). Successful applicants will be expected to exercise rigorous cost control. No additional loan funding will be made available and any additional costs incurred over those anticipated at application stage will need to be met by other sources of finance.
 - e. A commitment to the number of jobs and apprenticeships to be created, in line with the information submitted in application for funding
 - f. A commitment to the level of design to be achieved in the development, in line with the information submitted in application for funding
 - g. The GLA loan will be secured through a charge on the land.
31. It is envisaged that for some projects partly financed by bank loans, an intercreditor deed (ICD) will be required. A standard form ICD will be made available to shortlisted applicants.

Relationship to other funding

32. Projects that benefit from public sector capital funding to support housing development such as from Get Britain Building will not be eligible. Projects which have benefited from resource funding for Community Right to Build (see chapter four) may apply and will be considered for the fund. However, receipt of Community Right to Build funding does not guarantee that an application for a Custom Build loan would be successful.
33. Custom Build loans can be accessed by projects with existing grant allocations from the 2011-15 Affordable Homes Programme. If the proposed Custom Build Homes are part of an allocation within this programme, the landlord must be a Registered Provider and the terms of the Custom Build loan do not alter the obligations of the 2011-15 Affordable Homes Programme framework delivery agreement i.e. the tenures that can be provided and the conditions precedent for grant payment are unaffected. In this context, Custom Build

will be the procurement route for Registered Providers of social housing and Custom Build loan funding (if an application is successful) is a potential source of development finance.

How to apply for funding

34. In subsequent chapters this guidance outlines a showcase site and other land opportunities offered by certain London Boroughs, but this funding is not restricted to these sites. We are therefore also calling for expressions of interest to use this funding on other sites throughout London. The sites could be in the ownership of the bidding organisation or a different public or private land-owner. Deliverability of proposals will be a key assessment criteria
35. Proposals will be assessed upon submission on a case by case basis. Proposals which can clearly demonstrate deliverability, value for money, quality and regard for design, and community demand will be looked upon favourably.
36. There will be no set deadline for applications for further funding but it should be noted that the funding could be exhausted at an early stage. Prospective applicants are therefore encouraged to check the current levels of funding potentially available at any time by e-mailing the GLA at CBH@London.gov.uk before undertaking too much potentially abortive work.
37. The Mayor is keen to promote the Custom Build approach on public land. The GLA will be positively encouraging organisations in contract or engaged in a tendering process on appropriate GLA-owned sites to consider the part that custom build could play. We are also making a general call to any organisation with proposals for GLA-owned land which could be utilised for Custom Build to e-mail CBH@London.gov.uk .
38. We strongly encourage other public sector bodies to consider the role Custom Build could play as part of land disposal plans. Custom Build, on whole sites or parts thereof, could allow land-owners to engage more closely with those living in their communities and achieve a faster rate of market absorption than may be the case with traditional disposal methods.
39. Projects which benefit from deferred payment agreements on GLA or other Government-owned land will be eligible to apply for Custom Build loans. The deferred payments which are forecast will be included in the agreed project budget and cash flow for each Custom Build loan agreement only where they will be paid prior to re-financing by the end purchaser with a retail mortgage (or other funds being used for purchase by the ultimate owner).
40. Throughout the 2012-15 period as loan funding is repaid, the GLA will look to recycle the funding back into Custom Build so further funding could potentially become available on a regular basis.
41. Formal expressions of interest for further sites must be sent to the GLA at CBH@london.gov.uk . The expression of interest must include:
 - a. A completed standard questionnaire which states:
 - i. indicative project costs and financing – including requested GLA loan funding
 - ii. A description of the current ownership status of the land and the bidding organisation’s interest in it
 - iii. An indicative development timetable

- b. A design statement setting out how the characteristics of the site are being addressed in terms of a new London vernacular (maximum two pages A4).
- c. A statement setting out the involvement of future occupiers in the project (maximum one page A4)
- d. A construction method statement setting out what methods of construction will be utilised (maximum one page A4)
- e. An experience statement setting out previous involvement in construction of Custom Build homes and/or other relevant expertise of the organisation or associated partner organisations (maximum one page A4)

Assessment process

42. The expressions of interest will be prioritised, if necessary, by the GLA according to the following criteria:
 - a. Meeting general Custom Build eligibility requirements (see paragraph three onwards) – PASS/FAIL; and then
 - b. Design of scheme (using Building for Life criteria);
 - c. Deliverability of the scheme (taking into account timing and expertise)
 - d. Level of GLA loan funding required (lower is better);
 - e. Strength of demonstrated engagement with prospective purchasers and the wider community.

43. Prioritised schemes for which there is potentially funding available will be invited to submit more detailed information for a further assessment which will include
 - a. Bidder and project financial standing;
 - b. A more detailed submission in relation to design;
 - c. Availability, sources and status of other project funding
 - d. Evidence that the scheme cannot proceed without GLA loan funding;
 - e. Commitments in relation to number of jobs and apprenticeships to be created by the investment.
 - f. Information on the level of engagement with prospective purchasers and the wider local community.
 - g. Confirmation of the current land ownership, planning status and deliverability

44. This information will be used to form part of a due diligence process which will determine:
 - a. The amount of GLA loan required and interest rate to be charged;
 - b. That the project delivery risks are at an acceptable level and mitigated by the GLA's security for the funding required.
 - c. The level of funding to be made available.

45. If the applicant is already a GLA Investment Partner it will not be required to undergo a separate assessment of financial standing, although where necessary it may be required to provide updated information such as the last set of audited accounts.

46. Organisations which are not Investment Partners will be asked to undergo a review of financial standing. The GLA expects that the most appropriate form of security for its investment will primarily be a first charge on land but a second charge could be acceptable, noting that this would increase the interest rate for the loan (see above under loan agreement terms). Negotiation with existing finance sources for the project may be required.

47. An assessment of creditworthiness and the level of security available will be required for all loan applicants to set the Custom Build loan interest rate. Organisations with very low levels of creditworthiness may not be viable for investment by the GLA.
48. The GLA reserves the right to request additional financial information from any bidder if necessary. The GLA also reserves the right to take account of a bidder's track record on investment recovery with the GLA through current and previous programmes.

Outside of London

49. Organisations interested in accessing funding for similar projects outside London should contact the Homes and Communities Agency by e-mailing custombuild@hca.gsi.gov.uk or by visiting the Homes and Communities Agency [website](#).

3. Custom Build showcase

Custom Build in Custom House

1. The London Borough of Newham has identified an opportunity for Custom Build on a cleared garage site at Vandome Close in Custom House. The London Borough of Newham will shortly be commencing a land disposal process and running a design competition, experimenting with a new London vernacular. To support the development of this site the GLA will provisionally make available up to £1.5m of Custom Build loan finance on the terms outlined in the previous chapter.

Site context

2. The site offers the potential for the construction of Custom Build homes which are affordable, in terms of their relative open market value, and have good access to Central London. The GLA and London Borough of Newham believe that this site offers the opportunity to attract pioneering new residents who are struggling to purchase a property through traditional routes and offer existing residents the chance to own a home designed to their own specific wants and needs. We wish to use this approach to raise the quality and aspiration of design in the area and attract further investment.
3. The site (see figure 1) is located at Vandome Close, E16 in Custom House and currently consists of a number of garages. The site has excellent access to public transport including bus, DLR and a future Crossrail station at Custom House. It is also close to the Royal Docks. The plot size is 8,160 sqft.



Fig. 1 Plan showing Vandome Close, surrounding area and future Crossrail station.

4. It is thought that the site can accommodate approximately eight three-storey family homes, utilizing a design that is appropriate to its context. The aim is to create a development which improves the character and quality of the area, in particular creating a strong frontage onto Vandome Close and Hartington Road. The development will be expected to follow the building lines of the neighbouring residential terraces and reflect their general standard plot width, scale, proportions, height and massing.

5. Custom House is a historic East End neighbourhood which was built to support heavy industry developed outside the boundaries of the City of London in the mid 1800s, around the Royal (Victoria) Dock. There is now a considerable amount of regeneration ongoing in the area and a Cross Rail station under construction. The London Borough of Newham would like to see this regeneration build on the high level of community spirit that exists within this area and to take this forward to re-position Custom House as a vibrant and exciting neighbourhood within a changing London. The two images below depict the changes expected in the area.

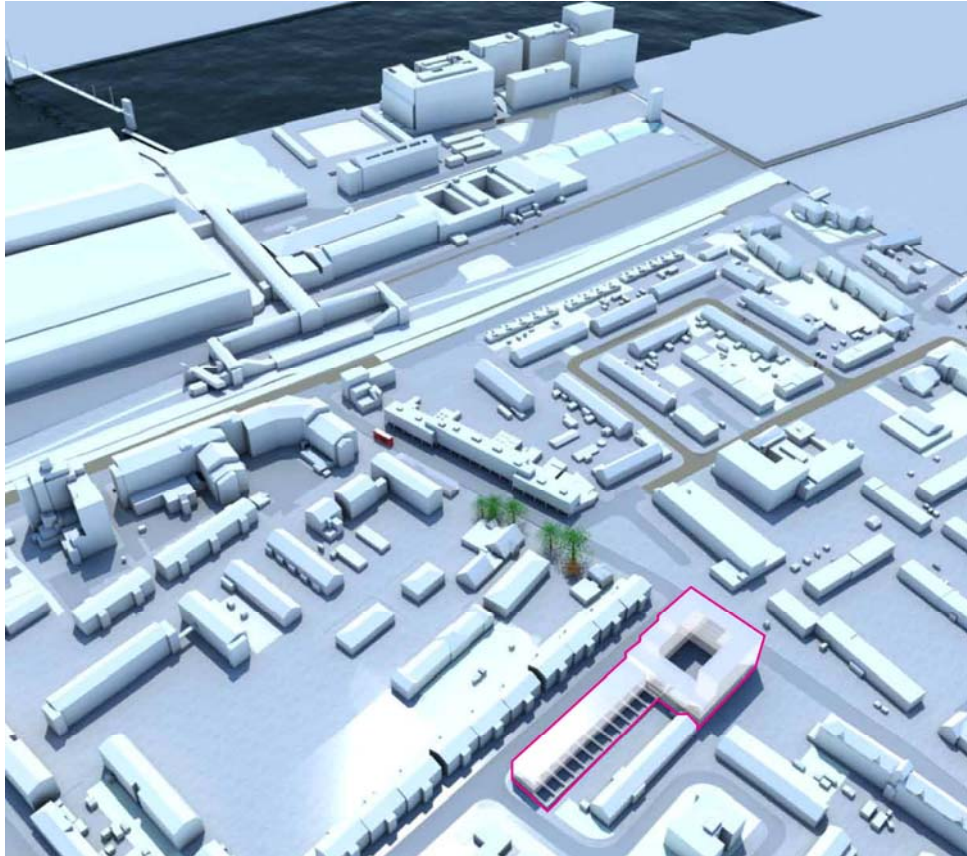


Fig. 2 Image Illustrating the location of the Vandome Close site within Custom House 2012, view from North East.

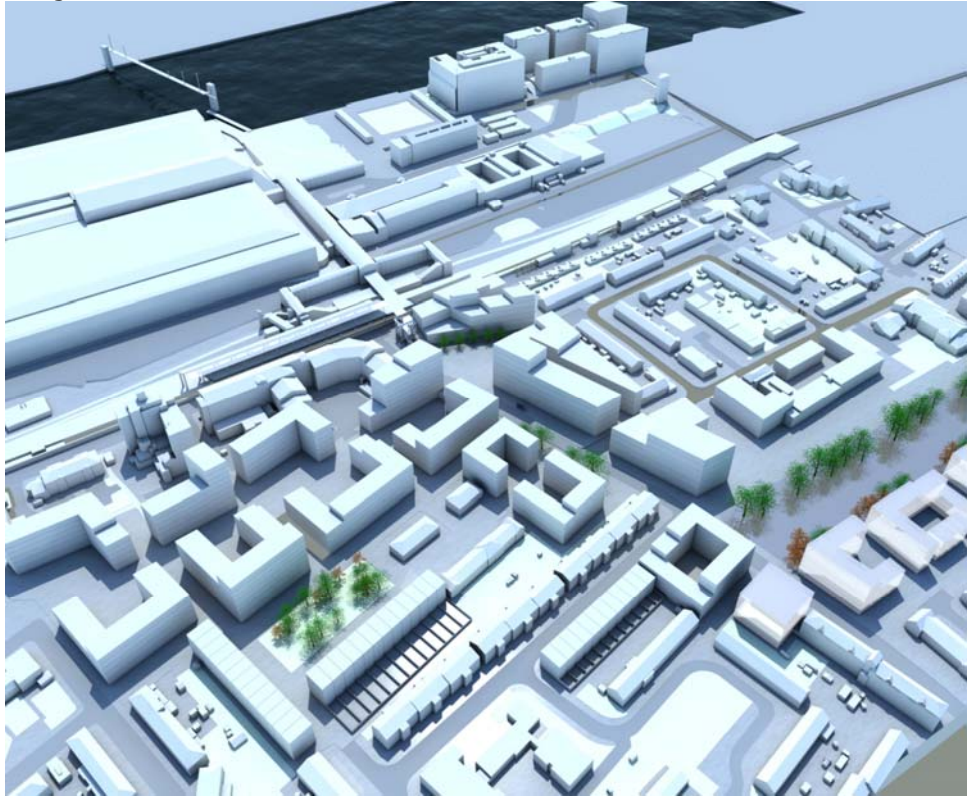


Fig. 3 Image Illustrating the location of the Vandome Close site within Custom House 2025, view from North East.

6. The London Borough of Newham will shortly be publishing more information on the disposal process for this site. Once a successful organisation is selected there will be considerable further work in terms of engagement with the community, progression of high quality designs and recruitment of individuals to be involved in the Custom Build.
7. In the meantime organisations interested in this site should contact Denise Mulligan at London Borough of Newham by e-mailing Denise.Mulligan@newham.gov.uk

GLA funding

8. The organisation selected to deliver this site by the London Borough of Newham will be invited to submit an application for funding as per the requirements set out in chapter two. All requirements set out in chapter two will have to be met and the level of funding cannot be guaranteed in the face of strong competition.
9. The GLA has provisionally made available up to £1.5m of funding for this site but the successful organisation will be expected to offer the very best value for money and this will be tested through the due diligence process.

Opportunities in other London Boroughs

10. In addition to the showcased site in Newham the GLA has been engaging with London Boroughs keen to support Custom Build Housing through their own land holdings. Some positions of support, as of July 2012, are outlined below. It is expected that this engagement will lead to considerably more support in the near future with a number of other Boroughs. More information on further support, including specific named sites as they become available, will be published on the GLA website on an ongoing basis.

London Borough of Wandsworth

11. The London Borough of Wandsworth is at an early stage of feasibility testing a particular site in its ownership which has the potential for development as Custom Build Housing. Once further progressed Wandsworth will be keen to engage with local residents and communities to develop proposals which meet the needs of the neighbourhood, providing excellent design and a strong sense of street and place. Wandsworth is particularly interested in looking at innovative tenure options that meet a range of requirements – including private renting. It will publish further information on this opportunity, and strongly engage with the local community in late 2012.

Westminster City Council

12. Westminster City Council are keen to engage with groups of custom builders, particularly those interested in developing forms of affordable housing. To support this Westminster City Council has identified a couple of infill sites in its ownership which may be suitable and attractive. Further consultation and detailed design work is required before these sites are ready for disposal and further details will be published on Westminster City Council's website once this work is completed.

London Borough of Newham

13. The London Borough of Newham will determine whether other sites in the Borough will be suitable for self build housing based upon lessons learnt from the Vandome Close site. If the

Council does decide to proceed with other sites, the sites will be advertised on the Council Website.

Custom Build event

14. In order to facilitate engagement between groups interested in Custom Build and landowners, the GLA will be hosting a seminar on Custom Build on Tuesday 11 September 2012 from 9.30am at City Hall. Organisations interested in attending should e-mail CBH@london.gov.uk .

4.Resource funding - Community Right to Build

Overview

1. Complementing the capital funding being used to experiment with a new London vernacular with Custom Build houses we have available a pot of £3m of resource funding to assist community-led groups interested in delivering community aspirations for development in their area. These groups will be encouraged to follow the Community Right to Build Order route to achieve an equivalent to a planning permission.
2. We envisage that this funding will be primarily utilised by tenants and residents of twentieth century housing estates who wish to improve the distinctiveness and design of their area. Thereby creating a new vernacular and adapting their estates to relate more to the local environment at a personal level. To this end, large landlords (including Boroughs and Registered Providers) are encouraged to strongly encourage existing tenant and resident groups on their estates to take up this funding.
3. That said, there is no bar on other groups, with other aims or in different locations applying for this funding, as long as they intend to follow the Community Right to Build Order route to achieve an equivalent to a planning permission.
4. If they want, communities will be able to build:
 - a. family homes to sell,
 - b. affordable housing for rent,
 - c. sheltered housing for older local residents,
 - d. low-cost starter homes for young local families struggling to get on the housing ladder.
 - e. Shops, business, or other community facilities
5. The development will need to meet some basic conditions and have the agreement of local people through a community referendum.
6. Further information regarding Community Right to Build can be found on the [DCLG website](#) and at the [Community Rights](#) website.
7. Organisations interested in accessing this funding are strongly encouraged to think of how the whole of their project (of which the majority may not receive public sector funding) can help to create economic growth and employment opportunities, particularly for young Londoners.
8. We would encourage organisations to attain the highest possible levels of design quality for all development. Where organisations are interested in developing housing we would encourage them to use the [London Housing Design Guide](#) to help to create a high quality development which enhances the local area. The GLA is able to offer design support in terms of briefing, selecting, and steering designers. We are also able to offer such groups a design review session with an expert (chapter five for more information).

What is the funding for?

9. Although many organisations may achieve a Community Right to Build Order without the support of public funding, we wish to provide funding to encourage the Community Right to Build to take-off as quickly as possible in London.

10. The aim of the funding is to kickstart take up of Community Right to Build and to support trail-blazing communities to work up their ideas.
11. The funding will help community organisations by contributing to the costs of preparing an application for a Community Right to Build Order, including consulting in the local area and developing the scheme proposal, thus stimulating the local economy and providing employment opportunities. We recognise that much of the work involved in Community Right to Build is likely to be undertaken by volunteers and hope that some of these opportunities can lead to the acquisition of skills for Londoners not currently in employment, enhancing their future life chances.
12. This funding is not intended to cover the costs of building, land acquisition or any other costs of the development itself. (see paragraph 15 below). However, other funding through separate programmes and schemes may be available. For more information see the [Locality website](#). It should be noted that there is no guarantee that success in applying for seed-corn funding would lead to the award of any further funding towards development costs, including any capital funding sought from the GLA.

Who can apply?

13. Only organisations which are properly formed as a Community Organisation will be able to apply for a Community Right to Build Order and for this funding. Detailed information on the requirements for Community Right to Build can be found in appendix four.
14. In addition to being a Community Organisation, in order to access this funding the organisation must be planning to develop in London. Any Community Organisations interested in developing outside London should contact the HCA by e-mailing CRTB@hca.gsi.gov.uk or read the information available on the HCA's [website](#).

What sort of development is eligible for funding?

15. Most types of development can be covered by either this seed corn funding or a Community Right to Build Order, however, there are some exceptions set out in the Localism Act 2011. (For further details on the regulatory requirements please see appendix four.)
16. This funding is not restricted to housing development and can also be used to develop a variety of schemes including those that will provide shops, businesses or facilities such as a village hall or community centre.

How to apply for funding

17. The funding programme is now open and the GLA welcomes applications from eligible community groups. For more information on eligibility, please see appendix 3 of this document.
18. This is not a one-off bidding opportunity. The programme will remain open to receive new applications until funding is fully committed (or until the end of March 2015, whichever is soonest). This will allow community groups the time to work up their proposals before applying.
19. We expect that it will usually take at least six months to complete the preparation and apply for a Community Right to Build Order. It is therefore unlikely that we will fund new applications received after October 2014, unless we are satisfied that the deadline can be met.

20. There is a fixed budget for the seed corn funding programme of £3m so community organisations are encouraged to submit timely applications to avoid applying after the funding has been fully allocated. In doing so applicants may be eligible for an 'early achievement' payment towards the costs of their proposals. See section 3 for further details.
21. Community groups are advised to contact the GLA by e-mailing CRTB@london.gov.uk with brief details of their plans and local area. They will be put in touch with someone in the GLA knowledgeable about their local area and this funding stream to discuss proposals.
22. An application pack is available for download on the GLA's website.
23. Completed applications should be submitted to CRTB@london.gov.uk.

Assessment criteria

24. The GLA will assess all proposals received to ensure eligibility and value for money.
25. Applicants will be required to demonstrate:
 - a. That the applicant organisation is already a body corporate or has clear plans to become one;
 - b. The extent of community engagement and consultation that can be demonstrated as having been undertaken to date;
 - c. That land for the proposals has been identified or is in the process of being identified and that the community group have considered and, if necessary, secured or will have secured a legal interest in the land which allows for its development;
 - d. That the area has already been designated as a 'neighbourhood area' or that there are clear plans in place to do so;
 - e. That appropriate expertise (including design expertise) is available to the applicants to draw on.
 - f. That the community group and the proposal meet those requirements of the Localism Act 2011 set out in appendix 3.
26. In addition applicants are encouraged to consider a further two factors which will be used to prioritise funding where it is oversubscribed:
 - a. Maximisation of the number of jobs and apprenticeships that will be provided by their plans, paying particular attention to opportunities for young Londoners; and
 - b. Consideration of how to best deliver high quality design which enhances their local area, including through reference to the London Housing Design Guide if housing development is planned.
27. The GLA's assessment will also consider the application against criteria relating to community support, value for money and deliverability.

Community support

28. All applications must include evidence of community engagement and support (e.g. articles in the local newspaper, minutes of community meetings, flyers to promote the proposal).
29. We want to ensure that all applications for funding have the support of the communities they represent. We expect all organisations receiving our funding in this programme to work to

engage and consult with the whole of their local community without prejudice, bias or discrimination.

30. Applications will be assessed on the level of community engagement and support shown. Applications which can show higher levels of community support will be more likely to receive funding than a similar proposal with little evidence of support.

Value for money

31. In order to ensure the funding available supports as many communities as possible, the GLA will expect community groups to only ask for the minimum level of funding required to support the preparation of an application for a Community Right to Build Order, including consulting in the local area and developing the scheme proposal.
32. All applications will be required to submit evidence showing the expected costs of developing their proposal to the point that the group can apply for a Community Right to Build Order.
33. They will also be asked to outline their proposals for raising funds within the community and through other funding sources.
34. Our expectation is that community groups should contribute at least 10% of the estimated costs of developing the proposal to the point that the group can apply for a Community Right to Build Order.
35. The community group funding contribution does not need to be fully in place at the time of applying for seed corn funding, however evidence should be provided with the application to show that an appropriate fund raising strategy is in place.
36. The value for money assessment will consider:
 - a. The proportion of the grant to estimated costs (lower being better – subject to an assessment of the reasonableness of cost estimates);
 - b. The strength of proposals to raise funding and extent to which other funding has been maximised to reduce the cost to the public purse.

Deliverability

37. The funding is provided to support community groups in developing their proposals. It is not expected that groups will have fully worked up schemes before applying, but they should have reached a stage where they can demonstrate that their proposals are deliverable.
38. To demonstrate deliverability, groups will be asked to submit an outline statement of the proposed scheme answering the following questions:
 - a. What is going to be built?
 - b. Where will it be built?
 - c. What land has been identified?
 - d. Who owns the land and are there any restrictions on its use?
 - e. What progress has there been in securing a legal interest in the land?
 - f. If no legal interest is being taken in the land, can the support / commitment of the landowner be demonstrated?
 - g. Who is expected to use/buy/rent the buildings to be developed?
 - h. How will the building work be procured?

- i. How will the building work be financed?

Jobs and growth

39. Groups will be asked to consider how their proposals will deliver additional jobs and employment opportunities for their local communities and describe this as part of their submission.
40. The GLA can offer guidance and support to organisations inexperienced in offering apprenticeships. If you require support or guidance in relation to apprenticeships please e-mail CRTB@london.gov.uk.

High quality design

41. Although the detail of the design is a matter for the community to develop and agree as part of the referendum the GLA encourages groups to aim for the highest quality of design possible. As part of their application groups will be asked to outline how they will ensure a high quality development and any particular features or attributes of development they will seek. If housing development is planned, groups may find it helpful to refer to the London Housing Design Guide.

Unsuccessful bids

42. Community groups which are unsuccessful in applying for funding will not be prevented from applying again, either for a new proposal or by re-submitting their previous proposal after further work has been carried out.
43. The GLA will provide feedback on reasons for the rejection of any application. If the proposal is considered to be strong but doesn't meet some of the criteria set out in this document, for example if it does not offer value for money, Locality may be available to work with groups to improve their application.
44. The GLA are keen that groups from disadvantaged communities are not discouraged from applying by the requirement to contribute 10% of the estimated costs. If groups who have a strong proposal feel they will be unable to raise the funding, they should seek the help of [Locality](#), the Community Right to Build support organisation.
45. If, following support from Locality, the 10% minimum remains impossible to meet groups should apply for funding and provide details of fund raising plans and the amounts raised so far and amounts expected to be raised in the future.

Receiving funding

46. Funding will be paid out in stages once each of four key milestones have been achieved.
47. The key milestones that take a community organisation from initial proposals to applying for a Community Right to Build Order and which trigger payments are:
 - a. Body corporate established;
 - b. Initial proposals developed, project eligibility established and Outline feasibility study produced;
 - c. Detailed proposals developed;

- d. Valid application for a Community Right to Build Order submitted.
- 48. The demonstration of achievement of milestones and therefore the trigger of payments will be as a result of self-certification by applicants and the production, where required, of specific relevant evidence. Self-certification should be carried out by qualified professionals involved with the proposal or someone with a defined role named in the legal documents of the body corporate.
- 49. At each stage organisations will be required to provide an update on community engagement and support and confirm that they intend to apply for a Community Right to Build Order.
- 50. The forms for confirming each milestone has been achieved will be available on www.london.gov.uk from September 2012.

First milestone - Body corporate established

- 51. Before any payments are made, groups must have constituted themselves as a body corporate that meets the requirements of the Localism Act 2011 and related regulations.
- 52. To find out more about setting up a community organisation please see the [Locality website](#).
- 53. Community groups will be asked to submit details about their organisation and provide evidence of its establishment as a legal entity (such as a certification of incorporation).
- 54. Once that evidence has been received and confirmed, the first milestone payment will be made.

Second Milestone - Initial proposals developed, project eligibility established and outline feasibility study produced

- 55. At the second milestone, groups will be required to confirm that they have developed initial proposals for the scheme and that, where appropriate, professionals (for example an architect or quantity surveyor) are involved to ensure proposals have the necessary level of technical expertise to succeed.
- 56. In order to develop an outline feasibility study, it is expected that organisations will need to retain the services of professionals such as architects, surveyors and legal or financial advice (some of which may be on a pro bono basis from interested members of the community).
- 57. Organisations must submit an outline statement of the proposed scheme updating the points covered in the initial application for funding:
 - a. Update of build proposals including:
 - i. approach to financing the works;
 - ii. approach to design.
 - iii. approach to creating apprenticeships
 - b. Progress on securing the land and procuring the building works;
 - c. Results of the feasibility study (i.e. how the development will be funded).
- 58. Groups will also need to confirm that they and their project meet the eligibility criteria set out in appendix 3, including the Environmental Impact Assessment requirements in paragraph 11.

Third milestone - Detailed proposals developed

59. To achieve this milestone, organisations must:

- a. Demonstrate progress towards sufficiently detailed plans to be in a position to submit an application for a Community Right to Build Order to the Local Planning Authority;
- b. Demonstrate that they have carried out the statutory consultation and publicity requirements as set out in Regulation 21 of The Neighbourhood Planning (General) Regulations 2012 (please refer to appendix 3);
- c. Demonstrate that an approach to ensure high quality scheme design has been implemented; and
- d. Have detailed plans for any involvement of apprenticeships in the development of the scheme if the Community Right to Build Order is successfully obtained.

Fourth milestone - Valid Community Right to Build Order application submitted

60. The final portion of the agreed funding will be paid once an application has been made to the local planning authority and the authority have publicised the proposed Community Right to Build Order on their website.
61. In order to achieve this milestone the applicant organisation should notify the GLA when the proposed Community Right to Build Order has been publicised on the local planning authority's website.

Early achievement payment

62. As outlined in the foreword, the Mayor wants to encourage applications from groups able to act as trail blazers for other communities. To that end and to stimulate programme momentum, we are offering an 'early achievement' one-off payment of £2,000, payable to applicants who reach the fourth programme milestone by 31st March 2013³.
63. The payment is to be used by the community organisation towards the cost of the proposed development, for example paying back a development loan. The sum of seed corn funding plus the early achievement payment will not be allowed to exceed 100% of the costs of a proposal. If that is the case (e.g. if 90% funding awarded and the total costs are less than £20,000), the early achievement payment will be reduced accordingly.

Early milestones achievement.

64. There may be occasions where a community organisation has already achieved one or some of the milestones. For example an organisation may already be a body corporate that meets the requirements of the Localism Act 2011 and related regulations or it may also have developed initial proposals and established project eligibility. The GLA will consider those applications in the normal way as set out in this guidance.
65. As set out in paragraph 34 above, our expectation is that community groups should contribute at least 10% of the estimated costs of developing the proposal to the point that the group can apply for a Community Right to Build Order. Costs already disbursed in developing the proposal may count towards this contribution.

Cost of achieving the milestones is higher than expected.

³ Note that the GLA reserves the absolute right to withdraw the bonus payment before this date depending upon take up of the scheme.

66. The total amount of funding available will be agreed as part of the application assessment. In order to ensure that value for money is maintained throughout the development of the proposal it will be important that groups exercise cost control over the costs involved in working up their proposal as there will be no further funding available if additional costs are incurred.
67. If costs exceed those originally anticipated, organisations will need to cover additional costs from other resources.

Unsuccessful application for a Community Right to Build Order

68. The funding from this programme is provided to support community groups in applying for an Order.
69. Submitting a valid application for an Order is the final requirement for grant funding. The funding is not dependent on the application being successful, e.g. a successful outcome, as the result of a referendum cannot be predicted.
70. If a proposal fails to reach a milestone at any stage, funding that has already been paid out will not need to be repaid providing that it has been used appropriately and spent on working up the Community Right to Build proposal.
71. If funding has not been used appropriately the GLA reserves the right to seek repayment. Where a proposal does not achieve a milestone and progress through the stages outlined is not achieved, further payments will not be made.

Shared learning experience

72. It is a condition of the funding that groups which are successful in achieving a Community Right to Build Order will be expected to share their experience and learning with other groups starting out on their journey. This could include mentoring, facilitating a workshop or providing ad-hoc advice.

Equalities

73. The GLA's work is covered by the Equalities Act 2010. This means that we must have regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in all our work.
74. We want to be sure that all applications for funding have the support of the communities they represent. We expect all organisations receiving our funding in this programme to work to engage and consult with the whole of their local community.

5. A new London vernacular

Why a new London vernacular?

1. London has a long and rich history of high quality housing defining the strong character of particular areas from the Georgian squares exemplified in Barnsbury and Bloomsbury to Victorian terraces, sublimely versatile, found from Archway to Streatham and Wanstead to Isleworth. For much of the twentieth century London's housing lost touch with its streetscene and local environment. For housing at volume to work in the twenty-first century it is important that it strongly relates back to the neighbourhoods in which it is located, defining their streets with a strong sense of place.
2. Although this programme has a range of other objectives the GLA would also like to see proposals which address these issues. The GLA sees this funding as an opportunity to experiment in a new vernacular for London housing. One that should be durable, distinctive, and well loved with the potential to become as emblematic of new neighbourhoods as Georgian squares and Victorian terraces. Although the sites developed with this funding are likely to be small in scale, we would like the lessons that we and our partners will learn in developing them to be able to be applied at much greater scale.
3. The mayor's ambition with regard to the quality of housing to be delivered in the capital is set out in the London Housing Design Guide⁴ and all applicants should carefully consider how to realise these ambitions. The maximum benefit for this programme will be achieved if replicable and adaptable models can be found which can be applied at volume across the capital. Schemes which are able to demonstrate flexibility and adaptability are strongly encouraged.

Design support

4. The GLA, with support from the Royal Institute of British Architects, has been working on these proposals with Ben Derbyshire (HTA), Peter Murray (New London Architecture) and David Birkbeck (Design for Homes), who have agreed to provide design review sessions on a pro-bono basis.
5. These sessions will be offered to organisations who have been successful in applying for funding from the GLA and have proposals which have been developed to a stage suitable for constructive challenge by a suitably qualified design expert. The review will explore different typologies which could be utilised as part of high quality design and help to ensure that all proposals are sympathetic, in terms of form and massing, to the local street scene.

⁴ <http://www.london.gov.uk/who-runs-london/mayor/publications/housing/london-housing-design-guide>

6. The sessions can take place in the evening, to allow flexibility for individuals working on proposals in addition to their day-job and will most likely be held at City Hall. The experts will be able to offer support in the following areas, amongst others:
 - a. Masterplanning,
 - b. Urban design,
 - c. Housing design
 - d. Technical regulations
 - e. Planning
 - f. Sustainability
 - g. Innovation (including knowledge of housing kits and volumetric methods of construction)
 - h. Landscape design
7. The design expert may be able to offer further sessions and expertise, the arrangements and payments for which can be agreed between the organisation and the design expert.
8. Organisations who are not yet ready for or not interested in a formal design review are encouraged to explore the Building for Life [website](#). Building for Life contains a plain English set of questions designed to create communication and consensus over design quality between all parties involved in housing delivery. The GLA can provide additional support in terms of practical advice on scoping projects, writing briefs, selecting and steering designers. Other sources of information which may be useful in terms of creating high quality design include the [Design Council](#) website, the Mayor's [London Housing Design Guide](#), the draft [London Housing Supplementary Planning Guidance](#) and the [Design for Homes](#) website.
9. Organisations who have not yet been awarded GLA funding for their project will not normally be considered for a design review because, until proposals are sufficiently advanced, the value of the exercise would be limited. If you feel that your project would benefit from a design support at an earlier stage due to specific issues, constraints or opportunities please e-mail CBH@london.gov.uk . In your e-mail please provide a brief outline of your project, the kind of design support which may be useful and the stage in developing your proposals which you have reached.

Appendices

Appendix one- Custom Build interest rates

Interest rates are assessed using European Commission guidance as set out in the Communication of 19/01/81.

The EC Reference rate is used as the variable base rate (1.74% from 1 January 2012) which is increased by a Margin (to reflect the creditworthiness of the borrower and the level of collateral offered), which produces the overall rates set out below:

| Creditworthiness | Collateralisation | | |
|---------------------------------------|-------------------|--------|--------|
| | High | Normal | Low |
| Strong (AAA-A) | 2.34% | 2.49% | 2.74% |
| Good (BBB) | 2.49% | 2.74% | 3.94% |
| Satisfactory (BB) | 2.74% | 3.94% | 5.74% |
| Weak (B) | 3.94% | 5.74% | 8.24% |
| Financial Difficulties (CCC or below) | 5.74% | 8.24% | 11.74% |

Assessment of interest rates will be carried out by the GLA as part of the due diligence process and the GLA's decision will be final.

Rates will vary in line with EC reference rate base rate changes.

Appendix two – Custom Build worked example

(for illustrative purposes only)

An eight-plot Custom Build loan application is agreed. This will produce three serviced plots which will be sold for their owners to complete and five plots that will be built to owner specifications and purchased at practical completion.

The GLA is able to secure the Custom Build loan with a fixed first charge on the whole development site. The applicant is judged by the GLA to have “weak” financial standing and “normal” collateralisation (“normal” collateralisation will usually be assessed if the GLA can place a first, fixed charge on the development site). The interest rate to be charged in this example is therefore 6% per annum.

The total cost of building is £1.15m, the Custom Build loan agreed is £862,500 and the interest rate is 6% per annum. The project will be completed (all plots and homes completed and sold) after two years.

The Custom Build loan agreement includes a cash flow forecast (summarised below) and this is updated at regular intervals by the Custom Build borrower and agreed by the GLA. At the outset the total loan including interest to be repaid is forecast to be £902,085, based on the timing of the advances and repayments.

The project commences with the borrower purchasing land and the first Custom Build loan advance of £215,625 is drawn down. After the first quarter, Q1 (when the site is purchased), it is assumed that the borrower is spending an estimated £110,000 per quarter thereafter on construction.

At the end of Q2 the first serviced plots are ready and sold. On legal completion of the disposals the borrower repays £116,000 of Custom Build loan. The final serviced plot is sold in Q3 and a further repayment of £58,000 is made in Q3.

In Q3 and Q4 the borrower makes further loan draw downs of £215,625 in each quarter as plot development progresses and construction starts on the five homes. At the end of year 1, £646,875 has been drawn down. The borrower has spent over £780,000, repaid £174,000 of Custom Build loan and the loan amount outstanding at the end of year 1 is £484,958.

Construction continues in year 2 and the borrower makes the final loan draw down of £215,625 by the end of Q2 as fit-out of the five homes remaining commences. At the end of Q2, the first completed home is sold and a further £150,000 of loan is repaid.

Three more completed homes are sold in Q3 and another £450,000 repaid. The final home is completed and sold in Q4, the final repayment of £128,045 made and the loan account fully repaid.

Worked example Custom Build cash flow

Year 1

NB - CB loan rate 6%

| | Yr 1 Q1 | Yr 1 Q2 | Yr1 Q3 | Yr1 Q4 | Yr 1 total |
|----------------------------|-----------------|-----------------|-----------------|-----------------|------------|
| Expenditure | £452,881 | £110,071 | £110,071 | £110,071 | £783,095 |
| Plot sale receipts | £- | £180,000 | £90,000 | £ - | £270,000 |
| CB loan advances | £215,625 | £ - | £215,625 | £215,625 | £646,875 |
| CB loan repayments | £ - | £116,000 | £58,000 | £ - | £174,000 |
| CB Loan outstanding | £217,787 | £105,070 | £265,360 | £484,985 | £484,985 |

Year 2

| | Yr2 Q1 | Yr2 Q2 | Yr2 Q3 | Yr2 Q4 | Yr 2 total |
|----------------------------|----------|-----------------|-----------------|-----------------|------------|
| Expenditure | £110,071 | £110,071 | £110,071 | £ 36,690 | £ 366,905 |
| Plot sale receipts | £ - | £230,000 | £690,000 | £230,000 | £1,150,000 |
| CB loan advances | £ - | £215,625 | £ - | £ - | £215,625 |
| CB loan repayments | £ - | £150,000 | £450,000 | £128,085 | £728,085 |
| CB Loan outstanding | £492,296 | £567,504 | £126,067 | £0 | £0 |

Total

| | Grand total |
|----------------------------|--------------------|
| Expenditure | £ 1,150,000 |
| Plot sale receipts | £1,420,000 |
| CB loan advances | £862,500 |
| CB loan repayments | £902,085 |
| CB Loan outstanding | - |

Worked example plot assumptions

| | Plot 1 | Plot 2 | Plot 3 | Plot 4 | Plot 5 | Plot 6 | Plot 7 | Plot 8 | Total |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|
| Est. market value | £90,000 | £90,000 | £90,000 | £230,000 | £230,000 | £230,000 | £230,000 | £230,000 | £1,420,000 |
| Cost | £75,000 | £75,000 | £75,000 | £185,000 | £185,000 | £185,000 | £185,000 | £185,000 | £1,150,000 |
| CB loan | £56,250 | £56,250 | £56,250 | £138,750 | £138,750 | £138,750 | £138,750 | £138,750 | £862,500 |
| CB loan % cost | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | |

All assumptions and examples are for illustrative purposes only.

Appendix three – Community Right to Build requirements

1. The requirements that must be met by a community organisation which wishes to use the Community Right to Build are set out in sections 61E to Q of, and Schedules 4B and 4C to the Town and Country Planning 1990 (these provisions were inserted by the [Localism Act 2011](#).. There are also associated [Neighbourhood Planning \(General\) Regulations 2012](#).
2. The Department for Communities and Local Government have also published a plain English guide to the Localism Act that applicants can find on the DCLG [website](#).
3. Further advice about the legislative requirements can be found on Locality's [website](#).
4. The GLA will not be assessing whether a community organisation meets all the Community Right to Build legislative requirements such as whether a proposal meets the conditions set out in paragraph 8 of schedule 4B to the Town and Country Planning Act 1990. However, for the purposes of the seed corn funding programme community organisations will need to demonstrate that they meet certain legislative requirements. These are outlined below.

Area eligibility

5. Applications for Community Right to Build Orders are only possible within formally designated neighbourhood areas.
6. If the area an organisation is working in has not been designated as a neighbourhood area it is recommended that they apply for designation of the area early on in the development of their proposals.
7. Guidance on applying for a Neighbourhood Area designation can be found on [Locality's website](#).

Applicant eligibility

8. Schedule 4C requires a community organisation to be a body corporate that is established for the express purpose of furthering the social, economic and environmental well-being of individuals living, or wanting to live, in a particular area.
9. Parish councils meet this requirement and so are able to use the Community Right to Build and apply for seed corn funding.
10. In addition to the requirement in paragraph 8 all community organisations, other than Parish Councils, must ensure they meet the additional conditions for community organisations set out in the Neighbourhood Planning (General) Regulations 2012 before they apply for a Community Right to Build Order. The following is the condition as they exist at the date this document is published (we recommend you check the legislation in case the provisions have been amended).
 - a. Any person who lives or works in the particular area must be able to become a voting member of the community organisation;
 - b. The constitution of the community organisation must also:
 - i. Provide that the people who live in the particular area:
 1. Hold majority voting rights, and

2. Have the majority on the board of directors or governing body of the community organisation.
 - ii. Includes a statement that the organisation will carry out its activities for the benefit of the community in the particular area and indicate how the community will benefit.
 - iii. Provide that any assets of the community organisation may not be disposed of, improved or developed except in a manner which the community organisation considers to be for the benefit of the community;
 - iv. Provide that any profits from the organisation's activities may only be used to benefit the community in the particular area;
 - v. Provide that in the event the winding up of the organisation or in any circumstances where the organisation ceases to exist, its assets must be transferred to another body corporate that has similar objectives; and
 - vi. Provide that the organisation has at least ten members who live in the particular area covered by the organisation and who live in separate dwellings from each other.

Scheme eligibility

11. Community organisations must confirm that the proposed scheme does not fall within Annex 1 of the Environmental Impact Assessment directive and does not fall within Annex 2 of the directive and is not likely to have significant effects on the environment or on a European Site or a European offshore marine site. Further information about these requirements is set out in [DCLG's environmental impact assessment guide](#).
12. Community organisations must also confirm that the proposed scheme is not 'excluded development'. The types of development which are excluded are set out in section 61K of the Town and Country Planning Act 1990 eg development of a nationally significant infrastructure more details are available in the [1990 Town and Country Planning Act Schedule 1](#).

Community Consultation

13. Before community organisations can apply for a Community Right to Build Order they must consult on the details of their proposal with the people who live, work or carry out business in the neighbourhood area. The requirements for consultation are specified in the [regulations](#).
14. The consultation must include:
 - a. Details of the proposals for the Community Right to Build Order;
 - b. Details of where and when the proposals can be inspected;
 - c. Details on how persons respond to the consultation; and
 - d. The date, by which responses must be received, which must not be less than six weeks from the date the first draft proposal was first publicised.
15. Community organisations must also consult certain bodies that are specified in the schedule to the regulations. In addition, an owner or tenant of the land to which the proposal relates must be consulted. The Local Planning Authority must also be sent a copy of the proposals.

State Aid

16. State Aid refers to funding from a public or publicly-funded body given to organisations, which has the potential to distort competition and affect trade between member states of the European Union.
17. There are various legislative requirements in relation to State Aid. However small amounts of funding are allowed under the 'de minimis' rules.
18. The total amount of grants received over a three year period, including any funding allocated through this programme, must not cumulatively exceed €200,000⁵. In order to ensure that all payments through this funding comply with the 'de minimis' rules, all applicants must declare in their application any other grants they have received in the last three years from any European (not just UK) grant-giving bodies. Any applicants that would exceed the 'de minimis' limit will not be eligible for funding.
19. Applicants are asked to note that funding available under the Community Right to Build seed corn fund, is anticipated to make up only a very small proportion of the €200,000 limit.
20. The GLA will provide a grant notification letter to all successful applicants. Organisations are required to retain this notification for three years and to include any grant received through this programme in any future State Aid declarations to other grant giving bodies to whom they make a grant application.

⁵ The European Central Bank publishes Euro-Sterling exchange rates on its [website](#) as of 13 July 2012 the exchange rate was 0.7875 meaning €200,000 is equivalent to £157,500.

Appendix four – Community Right to Build glossary

Community organisation

As defined in Schedule 4C to the Town and Country Planning Act 1990 (DN: Build link), a community organisation is a body corporate which is established for the express purpose of furthering the social, economic and environmental well-being of individuals living, or wanting to live, in a particular area and which meets such other conditions in relation to its establishment or constitution as may be prescribed, including those set out in the [Neighbourhood Planning \(General\) Regulations 2012](#).

Body corporate

A body corporate is any body which has been formally incorporated, usually by registration as a company with Companies House under the requirements of the Companies Act 2006.

Note that organisations such as charities, Industrial and Provident Societies and others can apply for the CRtB, but the legislation requires that such organisations must also be a body corporate.

Community Right to Build Order

A Community Right to Build Order is a special kind of Neighbourhood Development order brought forward under the Community Right to Build. A Community Right to Build Order will directly grant planning permission for certain specified kinds of development within a 'Neighbourhood Area.' Permission can be full or outline, and could have conditions attached and is site specific.

'De minimis' rule

Allowance under State Aid legislation for small amounts of funding (not more than €200,000 over any three year period) to be agreed without the need for formal State Aid notification and approval, but subject to certain reporting requirements.

Environmental Impact Assessment (EIA)

Environmental impact assessment is a procedure that must be followed for certain types of project before they can be given 'development consent'. The procedure is a means of drawing together, in a systematic way, an assessment of a project's likely significant environmental effects. This helps to ensure that the importance of the predicted effects, and the scope for reducing them, are properly understood by the public and the relevant competent authority before it makes its decision.

Independent Examiner

An independent body or individual (ie separate from the Local Planning Authority and the organisation submitting a Community right to Build Order), who determines whether the Order meets the requirements of the legislation and provides a report on the Order for the Local Planning Authority. The examiner must have no interest in any land affected by the draft order and have appropriate qualifications and experience.

Neighbourhood Area

An area designated by the Local Planning Authority following an application from a qualifying body for the purpose of enabling a neighbourhood development plan or a neighbourhood development order (including a Community Right to Build Order) to be made within the designated

area. A qualifying body may be a Community Organisation for the purposes of Community Right to Build or a Parish Council or a Neighbourhood forum for the purposes of neighbourhood planning.

State Aid

State Aid refers to forms of assistance from a public body, or publicly-funded body, given to selected undertakings (any entity which puts goods or services on the given market), which has the potential to distort competition and affect trade between member states of the European Union.

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Chinese

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Hindi

यदि आप इस दस्तावेज की प्रति अपनी
भाषा में चाहते हैं, तो कृपया निम्नलिखित
नंबर पर फोन करें अथवा नीचे दिये गये
पते पर संपर्क करें

Vietnamese

Nếu bạn muốn có bản bản tài liệu
này bằng ngôn ngữ của mình, hãy
liên hệ theo số điện thoại hoặc địa
chỉ dưới đây.

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি
(কপি) চান, তা হলে नीचे फोन नम्बर
বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος
εγγράφου στη δική σας γλώσσα, παρακαλείστε να
επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυ-
δρομικά στην παρακάτω διεύθυνση.

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں
چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر
پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Turkish

Bu belgenin kendi dilinizde
hazırlanmış bir nüshasını
edinmek için, lütfen aşağıdaki
telefon numarasını arayınız
veya adrese başvurunuz.

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى
الاتصال برقم الهاتف أو مراسلة العنوان
أدناه

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ
ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ
ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં
જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર
ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

DRAFT

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