

# Report to the Property Committee of the Methodist Council, Nov 2019: Funding available for Local Church Housing Projects

This report is aimed at local churches and Christians and lists the various sources of funding which are open to them in order to start a housing project meeting the needs of their area. It combines information from church projects which already exist, the Connexional team, other authorities on Community-Led Housing, and an exemplar search of currently open sources of funding which would theoretically be interested in these projects.

Many of these sources of funding are not aimed directly at churches, and fall under the category of 'community-led housing'. These cannot be driven by a local church's institution - they often require separate legal status, and must show that they engage with the wider community - but they most definitely can be driven and assisted by its congregation, using its resources and even sometimes its land or buildings. For example, the Keswick Community Housing Trust was set up by Churches Together in Keswick, and two of its developments have used church land and buildings, while many churches have donated to it.

No individual source of funding listed below will be the sole solution to your search. There are many stages to building - feasibility studies, potentially land purchasing, planning applications, design and delivery for example - and few sources will cover all of these stages. Many only offer small amounts, cover only a small part of the project or insist on matched funding. The funding itself is generally highly competitive. However, successful church-linked housing projects have managed to unlock more money from the first sum they received. It is also important to remember that even affordable housing projects are capable of paying off a large loan, and combined with cross-subsidy this sort of scheme is definitely financially viable.

This list, like all lists of funding, is likely to go out of date quickly. However, it should provide an idea of what sort of funding is available. Grant-searching sites are incredibly helpful for finding up-to-date information.

Much of the information in this report is taken directly from the websites of the providers.

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## ‘Internal’ sources of funding

### [Connexional Property Grants](#)

Requirements: must be for missional, church-based redevelopment projects, not purely housing schemes. Should be linked to District Property Strategy.

Size of grant: £20,000-200,000, realistically with a ceiling of £100,000-150,000.

Proportion funded: generally up to one third of the project cost, but only the ‘missional’ side, not housing - so this can be used to leverage further funding for housing parts of a mixed scheme.

Competitiveness: very competitive, three times oversubscribed previously, predicted that it will be five or six times oversubscribed this year. This will be particularly challenging when seeking larger grants.

How to apply: [Online application system through Property Consent](#). However, please email [grants@methodistchurch.org.uk](mailto:grants@methodistchurch.org.uk) to discuss the application first.

### Property Development Committee Speculative grants

What they fund: speculative work including planning policy appraisals, high level architectural sketch appraisal, financial appraisal. Not for “Residential property (manse or a residential property that was purchased or retained for income generation) unless speculative funding is being sought to assist the managing trustees in maximising the value upon disposal e.g. through seeking planning permission or developing the land.”

Size of grant: up to £10,000.

Proportion funded: Up to 60%, with the other 40% being funded by the local Church, Circuit or District.

Restrictions: “Speculative funding when provided will be on the basis that it is a repayable grant unless the land or property is retained for mission.”

How to apply: application through [lcp@methodist.org.uk](mailto:lcp@methodist.org.uk).

### [TMCP Discretionary Grants](#)

What is funded: Loans and grants for the building stage of property development projects.

Requirements: “Property projects should be on the Consents website and have at least church and circuit approval – displaying that the work fits local, Circuit and District mission strategies. For property projects, 75% of the funding will need to be confirmed before any grant agreed is released. Grants should generally match fund, taking equal responsibility alongside Circuits and Districts.”

When: “Applications are only considered at the meetings of the Committee which normally meets three times a year.”

How to apply: “applications should be sent to TMCP at Central Buildings, Oldham Street, Manchester M1 1JQ.”

## Other 'internal' funding

Funding may be available from the District Advance Fund or the Circuit Model Trust Fund - Contact the Circuit or District Treasurer.

## External grants

### General grants

#### Architectural Heritage Fund

Where: "In Northern Ireland, Scotland and Wales, you can apply for projects located anywhere. In England, Your project involves a heritage building located in a high street or town centre in England, and this location is the focus of a wider strategy or initiative which aims to revitalise the high street or town centre - a place-based initiative."

Requirements: "It will be nationally listed Grade I, II or II\*, included in a local list maintained by your local authority or, if it is unlisted, located within a conservation area. In this last case, you will need to show that the building makes a positive contribution to the character and appearance of the conservation area. Unlisted buildings not in conservation areas will be considered for support if a convincing case can be made for their heritage value to local people." "Will not fund: Churches or other places of worship, where the building will remain in use primarily as a place of religious worship – defined as hosting more than six religious services per year."

Project Viability Grants: up to £15,000.

Project Development Grants: up to £100,000, for capital project development costs.

Transformational Project Grants: up to £350,000, for transformational capital projects, currently closed for applications.

They have previously funded [affordable housing](#).

#### Community Housing Fund

Note: this funding is coming to an end, with bidding closing on 31<sup>st</sup> December 2019. While it may be replaced, there is no confirmation of this.

Total: £163 million.

What does it fund?: "Project-specific professional fees and costs, including feasibility work, design work. Planning applications, business planning and project management." Also building new builds, conversions and refurbishments. Can also be used for mixed developments including non-residential elements (eg church refurbishments and new builds), but the funding is only available for the housing elements of these projects.

Community Requirements: Must prove that there is wider community involvement, not just a church link. Requirement that "Meaningful community engagement and consent occurs throughout the development process."

Landlord Requirements: to bid for construction costs for rental purposes, an organisation must be a registered provider of social housing, intend to become a registered provider, or be working with one. This can be difficult, although there is [funding](#) to help. Note: for contributions which are not directly towards construction (ie feasibility, design), this is not necessary.

Financial Requirements: demonstrate other sources of funding are maximised. “For applications for revenue funding our expectation is that groups should contribute at least 10% of the estimated costs of developing the community housing proposal.”

Tenures funded: shared ownership, rent, market sale.

Note: in London, this fund [works slightly differently](#). Firstly, it’s not closing until March 2023 or the funding runs out, whichever is earlier.

Tenure: preference is for funding London Affordable Rent and Social Rent but will also accept alternative tenures (such as Discounted Market Sale).

Requirements: “Where applicants do not hold a track record for previous development, a plan for accessing appropriate support and advice from experts or professionals will be looked on equally favourably.”

### [Joseph Rank Trust Methodist Grants](#)

What it funds: “Property Schemes which provide improved facilities both for the church itself and the local community”.

Requirements: “JRT will not consider an application until you have applied and received answers from: the church membership, church reserves, circuit model trust fund, district advance fund, connexional sources, TMCP, Methodist Insurance and others such as local funders and landfill operators (if applicable).”

Size: “there is no typical grant awarded.”

Total available: £410,000 in 2019.

How to apply: All applications must be submitted through Synod Secretaries. “There is no application form for JRT grants. The main elements of your project should be expressed on two pages of A4 paper. Any further information, such as project budgets, Gantt charts, QS plans may be attached as appendices but the two pages of A4 are critical and must express what you are doing, why you are doing it and who it is benefiting.” “Full copies (not summary pages) of accounts as at 31.8.2018 will be required: copies of Church accounts, Circuit accounts and District accounts. Applications must be sent in hard copy and NOT by email. Please provide a postal address, email address and telephone number (this is often missing). A covering letter is expected to accompany your submission.”

### [Landfill Grants](#) (information from TMCP)

TMCP are registered with ENTRUST, who are the regulator of the Landfill Communities Fund, as an Environmental Body which enables Churches to receive grants from Landfill Operators without having to register as an Environmental Body in their own right.

You must be situated within 5 or 10 miles of a landfill site, depending on the specific landfill company’s criteria. Over 80% of the population meets this condition.

How to apply: You should start off by telephoning your nearest few landfill operators to discuss your ideas informally and see whether they would be willing to support you. If so, they will have their own application forms, but these can be long. You can apply to as many as you want.

The Connexional Grants Officer can assist the Managing Trustees in applying for Landfill Grants. The Connexional Grants Officer can be contacted at: [grants@methodistchurch.org.uk](mailto:grants@methodistchurch.org.uk)

If your Church is applying for a Landfill Grant that involves TMCP [click here](#) for the flowchart summarising the steps of TMCP's involvement.

### [The National Lottery Heritage Fund Grants](#)

Requirements: It is mandatory that this will lead to the outcome that "A wider range of people will be involved in heritage". This is interpreted loosely, including more volunteers within a building funding by the grant. You also need to prove that "Heritage will be in better condition" or "People will have greater wellbeing".

Size of grant: £3000+. Must be in partnership with another organisation for a large amount.

How to apply: [web form](#).

### Pre-construction

#### [Andrews Charitable Trust](#)

What does it fund?: "Proof of concept, including needs research, scoping and testing, Organisational design and establishment, Development funding & investment."

How to apply?: "We do not accept unsolicited applications or proposals. Instead we use our extensive network to feed us organisations that meet our very specific criteria."

Requirements: "Business models need to demonstrate that they have a clear understanding of how the solution will be sustainable in the long term. A viable mix of sustainable income streams will need to be developed and will need to be an integral part of the implementation plan. Organisations have to be clear about how their model fits into at least one of these paths of scalability, with growth via: the market, government, becoming a much larger organisation or merging with one, viral spread of behavior change."

Advantages: "ACT has always recognised that unrestricted funding is the most useful. After all, we wouldn't fund an organisation if we thought they didn't know best how to spend their funding."

#### [Community-led Housing: Becoming a Registered Provider Fund](#)

What it funds: Preparatory work to become a Homes England Registered Provider or Investment Partner. Only for affordable/socially rented homes.

Requirements: must be community-based, not purely church-based.

Size: up to £10,000.

Total: £380,000.

When: Until March 2020.

Where: England.

How to apply: [eligibility test and form on their website](#).

#### [Homes in Community Hands](#)

Requirements: In order to get this funding, you have to create a separate incorporated Community Business, although the legal setup is not too important. However, this is what Churches Together in Keswick did, setting up a Community Land Trust, who then received funding from Homes in Community Hands in order to buy land from local churches.

Total: £4.2 million over three years.

Where: “Funds will be mostly focused in Leeds City Region, Liverpool City Region, Tees Valley City Region, West of England and West Midlands.”

What does it fund: Feasibility, pre-development and post-planning costs until work begins on site for permanently affordable homes for rent or sale. This is available both for projects involving refurbishing and new-build properties.

Size: £15,000-100,000, average of £50,000.

Advantages: also offers advice and support.

How to apply: [eligibility test and form here](#).

## Construction

### [GLA Affordable Homes Programme](#)

Size: “London Affordable Rent - £60,000 (inclusive of RCGF/DPF) per home, when rent is set at or below the benchmark levels; • London Living Rent and London Shared Ownership – £28,000 (inclusive of RCGF) per home.”

Where: London.

How to apply: “Organisations developing community-led housing projects are invited to make contact for an informal conversation on how the Mayor can support their projects via [communityledhousing@london.gov.uk](mailto:communityledhousing@london.gov.uk).”

Requirements: must be a Registered Provider, or working with one.

### [Nationwide Community Grants](#)

Size: £10,000-50,000.

When?: Applications are not always open, but are fairly long-term.

Advantages: “it’s more than just money, the funded projects will also get community and volunteering support.”

What they fund: “Building works and refurbishment costs.”

They have supported church-linked projects before.

## Refurbishment

### [The National Lottery Community Fund: Reaching Communities England](#)

Size: Over £10,000.

Total: £190m a year.

What it funds: ‘small-scale refurbishment’.

There is also [a version](#) of this funding which is available to churches who are working in partnership with other organisations.

[Nationwide Community Grants](#) (see [above](#))

## Loans

### [The Architectural Heritage Fund Social Investment](#)

What it funds: work on buildings which are of architectural or heritage importance.

Size: £25,000-500,000.

Length: 5 years.

Interest: 5.5% above Bank of England base rate.

How to apply: contact Asha Karbhari, Business Development Officer on 0207 925 0199 (direct line: 07481 832 735), or [email](#).

### [CAF Venturesome CLT Fund \(Loan\)](#)

Amount: Pre-planning finance £20,000-£60,000, development finance £200,000-£400,000.

Requirements: Only for Community Land Trusts (but in various legal forms), so must ensure it's community-based, not simply church-based. "At least 50% of the homes being constructed must be affordable." There must be an "asset lock to ensure homes remain affordable in perpetuity and open membership system."

Where: England and Wales.

Interest

- Pre-development: the loan has an annual interest rate of 10% payable when capital is repaid. Loans may be written off if planning permission is refused.
- Development funding: Typically a 7.5% annual interest rate.

One-off cost: £750.

How to apply?: enquiries through their [website](#).

### [Esmee Fairbairn Social Investments](#)

"Our social investments include loans, charity bonds, equity, revenue participation agreements and Social Impact Bonds (SIBs)".

Size: £60,000+.

Total: £45m.

Interest: "We do not have set interest rates or repayment terms; it all depends on the type of investment, what the organisation is aiming to achieve and what the social impact is likely to be."

What they fund: "We support both revenue and capital projects with social investment." "We are an impact first investor, this means the social investments we make aim to achieve a high social impact as well as a financial return and be a good fit with our funding priorities."

How to apply: Eligibility test and application [here](#).

### [Methodist Chapel Aid Loans](#)

Interest: term loans from 2.9%, term loans from 3.9%.

Type of project: “We provide loan financing to a wide variety of projects from the installation of solar panels to new build projects and extensions.”

Size of loan: £1,000-750,000.

Proportion funded: up to 50% of project.

Length of loan: “Whilst smaller loans are normally repayable over 4 to 5 years, individual consideration will be given to longer-term loans for larger projects.”

Opportunities: “Loans up to £60,000 are unlikely to require a legal charge over the property. Often we find that having a loan facility in place can act as a catalyst for fundraising and so in some cases the loan facility never actually needs to be drawn down. There is no penalty for early repayment.”

How to apply: [enquire through their web form](#).

### Local Authorities

“Some local authorities will also provide loans or loan guarantees. A loan guarantee is a promise by one party (the guarantor) to assume the debt obligation of a borrower if that borrower defaults. A guarantee can be limited or unlimited, making the guarantor liable for only a portion or all of the debt.” - [My Community](#).

### Commercial Loans

“Commercial loans are available from banks and building societies, and there is an increasing number of social investors set up to support community and voluntary sector enterprises. Social lenders such as Charity Bank, Unity Bank and Triodos have specialist knowledge in the sector and can provide flexible tailored loans.” - [My Community](#).

See Keswick Community Housing Trust’s work, largely funded by building societies.

## Partnerships

### Faith in Affordable Housing

In Wales, Housing Justice runs a service which makes it easier to partner with Housing Associations to provide affordable housing. Contact [s.lee@housingjustice.org.uk](mailto:s.lee@housingjustice.org.uk) for more detail.

### Green Pastures

With Green Pastures, there is theoretically no financial commitment: the church’s contribution is mainly time. The church maintains the property and supports the tenant, and receives housing benefit out of which they pay Green Pastures a lease for a property brought by Green Pastures.

### Hope Into Action

“Hope into Action take a lot of the ongoing burden away from the churches: we will do the referrals, the tenancies, the benefits, the rent collection and the professional support. This enables your church to concentrate on what your church does best: prayer, befriend/ mentor and disciple.”

### Local authorities

Local authorities can often work well with community groups. See work from Crossway URC - this was originally forced upon the church, but turned into a beneficial partnership. Also see Keswick Community Housing Trust, who were sold an abandoned toilet block for £1, out of which they constructed four homes.

## Commercial developers

Churches such as Green Lanes Methodist Church have provided housing while also receiving a new building by releasing the land to commercial developments. Providing affordable housing in this way is generally difficult.

## Housing Associations

Again, churches could look to release land to Housing Associations. [St Aldate's in Gloucester did this, developing twenty-three units.](#)

## Also consider

### Community Shares

Keswick Community Housing Trust (set up by Churches Together in Keswick raised £60,000 through Community Shares.

For advice on using community shares to fund housing, [see here](#).

### Crowdfunding

For advice on crowdfunding for housing, [see here](#).

### Section 106 Funding

Many councils will allow funding or real estate to be released to community-led housing projects. See, for example, [St Clements, London CLT](#).

*This report was compiled by Dan Simpson, Methodist Intern (Archbishop of Canterbury's Housing Commission/JPIT).*