

Lending for community-led housing



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12/15



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Lending for community-led housing

Ecology specialises in supporting properties and projects that promote sustainable communities and lifestyles. If you are an existing community-led housing provider, or you are developing a new project, we can offer a bespoke mortgage product range and the support of an experienced team to assist you.

We see social housing provision, an increase in affordable homes and the development of new vibrant housing communities as key parts of a more sustainable housing mix. We want a wide range of people to have the opportunity to buy, rent or share high-quality, energy efficient housing in their local area, whether urban or rural.

Who do we support?

We specialise in mortgages for a range of tenures and types of occupation. We support the renovation of poor quality, derelict and empty properties, which many other lenders may reject, and we encourage the construction of energy efficient new homes. Our mortgages for community-led housing are here to support:

- **New and established housing co-operatives**
- **Housing associations**
- **Community Land Trusts**
- **Cohousing and members of cohousing groups**
- **Community self-builders**
- **Mutual Home Ownership Societies**
- **Self-help housing and homesteading.**

In addition to providing housing development finance to community-led groups, we are keen to work in partnership with you to promote the availability of residential and shared ownership mortgages to your members on a site specific or design specific basis where your project meets our ecological criteria.

What do we support?

We'll consider lending on a wide range of properties, including those that would often be turned down by other lenders, for example:

- **Rescuing a derelict building**
- **Converting a disused building into a home**
- **Buying back-to-back houses**
- **Ecological new builds.**

We take a balanced view of the social and ecological merits of each case when considering support for community-led housing proposals. We do not necessarily require your property to meet high ecological standards to lend, although naturally we encourage improvement, especially where there are evident low-cost opportunities to better the energy rating of your property.

If you are intending to build or undertake **renovation or conversion** work as part of your plans, we will expect the measures proposed to meet our ecological criteria via the use of energy efficient measures and sustainable materials.

Whilst there are no fixed or rigid definitions of what constitutes an eco home, we do require an appreciable standard of energy efficiency for all the **new build** projects we support. New homes must be built to a minimum of Level 4 of the Code for Sustainable Homes or achieve an A or B rating under the Energy Performance Certificate (EPC) system for us to consider

lending. For more details on some of the eco-friendly materials and energy efficient measures we do encourage, please see our *What we lend on* leaflet.

Housing co-operatives are expected to have a **minimum** of 4 independent resident members to qualify for an Ecology mortgage. Please note that a family unit will be considered as 1 such independent member. We require 50% of adult resident members to be in paid employment or be able to evidence a regular income.

We will not lend to provide “bridging” support where repayment of part or all of the borrowing requested is dependent on the sale of other property owned by the co-operative or its’ members.

Our lending for community-led housing qualifies for the Society’s unique range of C-Change mortgage discounts that reward sustainable new homes, retrofit projects and energy efficient improvements by reducing the cost of your borrowing. (see *Our C-Change discounts* leaflet for full details).

We **don’t** lend on large scale buy-to-let projects to private landlords or on holiday homes, which inflate housing prices and take residential property out of the reach of local people and communities.

Key features

- **We offer low initial fees and calculate interest on a daily basis, reducing the overall lifetime cost of your borrowing.**
- **We offer a straightforward, individual approach. We consider each application individually and where appropriate, a site visit may be arranged with you to discuss your project.**
- **We reward energy efficient homes and energy saving measures through our range of C-Change discounts.**
- **Mortgages are available on a capital and interest repayment basis, with interest-only periods available to support new developments.**
- **Mortgage terms are available from 10 years up to 30 years.**
- **You can borrow up to 80% of the property’s value.**
- **We will consider lending funds up front on land or the unimproved value of a building with outline planning consent.**
- **Stage release payments are available as the value of property is increased through building or renovation work, subject to our maximum loan-to-value at any given time.**

Community-led housing mortgage products for co-operatives, associations, limited companies and other organisations are not regulated by the Financial Conduct Authority.

For details of our current terms for community-led housing please refer to our *Current commercial rates and charges* leaflet and *Our C-Change discounts* leaflet.

Residential mortgage arrangements for community housing projects

Whether you are funding your community housing project through Ecology or not, if you are building new homes that meet or better our minimum ecological standards, buyers could be eligible for a residential mortgage with the Society. They could also benefit from an interest rate discount reflecting the energy efficiency of the home once completed and certified. (see *Our C-Change discounts* leaflet for details).

Our shared ownership mortgages are available from a minimum share of 25%, at our standard variable rate and also include our C-Change discounts. We can lend up to 95% of the share value for buyers purchasing a property under shared ownership arrangements.

For community-led group proposals, it's always a good idea to discuss your designs or development at an early stage with us. We can then assess our capacity to provide residential mortgages for members and provide an indication as to how many units we may be willing to mortgage on completion on any given site, subject to assessing the circumstances of individual applicants.

For full details of our current terms for residential borrowers, including our terms for shared ownership mortgages, please refer to our *Current residential rates and charges* leaflet and *Our C-Change discounts* leaflet.

Residential mortgages and shared ownership mortgages for individuals or individual members of groups are regulated by the Financial Conduct Authority.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Contact

Because we take an individual approach to every mortgage, we like to discuss your project with you before you make a formal application, to make sure it fits our criteria and to answer any questions you have.

You can contact our Business Development Team on **01535 650 774**, or you can email us at **mortgages@ecology.co.uk** or write to the Society. When you get in touch with us, it's helpful if you can provide us with some basic information about your project:

- **what you want to do (especially the environmental aspects of your project)**
- **how much you'll need to borrow**
- **how you intend to finance it.**

Other useful contacts

Radical Routes is a network of co-operatives working for positive social change and can usually provide help when setting up a co-operative. For more information and details of their publications, visit **www.radicalroutes.org.uk**, call 0845 330 4510 or email **info@radicalroutes.org.uk**.

Co-operative and Community Finance can lend to housing co-operatives where a mortgage is being offered by a primary lender, such as Ecology, to provide the balance required to purchase or renovate a property. For more information, visit **www.coopfinance.coop/borrow/housing-cooperatives**.

Catalyst Collective offers housing co-op registration and support. For further details visit **www.catalystcollective.org**, call 0845 223 5254 or email **info@catalystcollective.org**.

The UK Cohousing Network is the UK's umbrella organisation for established and forming cohousing groups. The aims of the Network are to promote cohousing and provide a resource and advice point for new and forming cohousing groups. Visit **www.cohousing.org.uk** for more information.

The National CLT Network is the national body for Community Land Trusts. It supports and promotes the work of CLTs. Visit **www.communitylandtrusts.org.uk** for more information.

Self-build and community-led housing groups can access useful information and advice from the Self Build Portal **www.selfbuildportal.org.uk**, a free online resource provided by the *National Association of Self Builders (NaSBA)*.

Self-help housing involves local community-led organisations procuring empty properties and renovating them to make them habitable to rent or to buy. *Self-help-housing.org* is the body to contact for more advice. Their website **www.self-help-housing.org** contains a directory of organisations involved, case studies and practical information.