

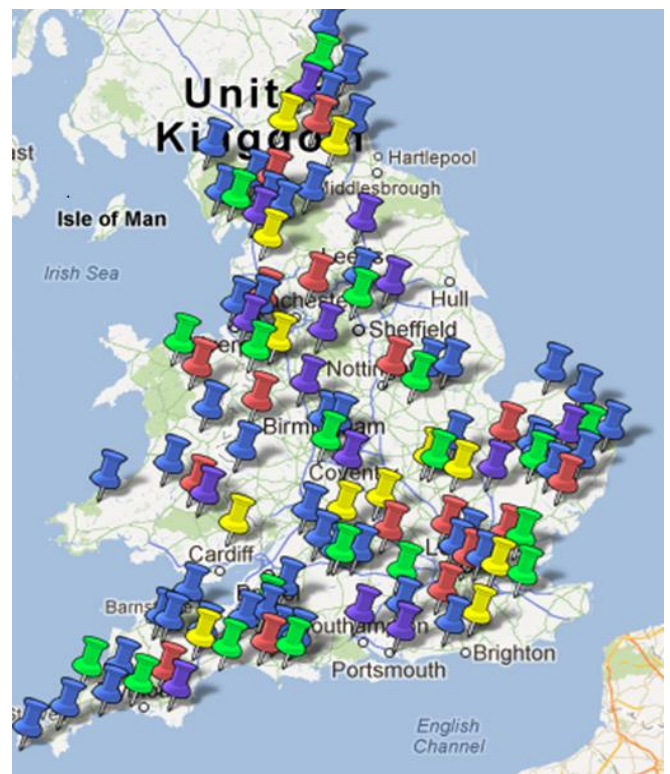
## General Election 2015 policy briefing

### Community land trusts: Keeping housing affordable

Speculation in land and property, and a looming property bubble, is making it increasingly difficult for ordinary people to have control over their homes – cutting them off from renting or buying. There needs to be a better way to provide low-cost housing, even though land prices are soaring. Luckily, there is. They are called community land trusts – and they take housing out of the overheated housing market.

Community land trusts (CLTs) were developed in the USA, borrowing from techniques that had been pioneered by Gandhi's followers in India to provide affordable land and homes. Trusts are non-profit, community-based organisations, designed to own and protect land, housing and other buildings for local benefit, and to do so forever.

They are an extremely flexible idea, which can build on the work of development trusts, or cover a small area – or even a whole city. They can underpin affordable homes for rent or shared ownership or home ownership – and they do so by taking an equity stake in the property and fixing the resale price so that the homes stay affordable (Slightly different from the USA). They can provide small pockets of affordable homes in rural areas, or to provide an intermediate housing market in cities – neither exactly housing for rent nor properties in the open market.<sup>1</sup>



**CLTs in England and Wales from the National CLT Network (blue pins are completed projects).**

## Community energy

They can provide workspace or green space. Where trusts are used for affordable home ownership housing, they sell an equity share in the homes and restrict their value to the homeowner. This unsold equity is used to make sure that the building stays affordable to benefit other people in the community later.

Normally what happens is that the trust buys the land at below market rates, either from a public service or local authority or at agricultural value, or through a planning agreement. Or, of course, on the open market with the help of a grant or community share issue.

### Where did the idea come from?

The community land trust story goes back to the green pioneer Ralph Borsodi, and his work in India with Gandhi's disciples J. P. Narayan and Vinoba Bhave, and the Gramdan or Village gift system, where people with too much land gave some of it to the village in trust for landless villagers. Borsodi's work was adapted by the new economics pioneer Bob Swann in the 1960s to help African-American farmers in the rural South to get access to farmland and to work it with security.

The new trusts borrowed from experience with the Israeli *kibbutz* movement, and from Ebenezer Howard's garden cities in the UK, and emerged as New Communities Inc, a 5,000-acre farm near Albany, Georgia in 1970.

Howard's creations in Letchworth and Welwyn Garden City marked the high point of the first wave of these ideas in the UK, until their revival in the 1980s.

Let by Tony Crofts, Stonesfield Community Trust was set up in Oxfordshire in 1983 as a village Community Land Trust. It has developed 14 local homes and managed workspaces with a range of

different social and ethical investments and loans, and the local authority also lent the money for the site. Meanwhile, Coin Street Community Builders showed what might be possible for this kind of development in urban areas.

By then, Bob Swann and colleagues had started the Institute for Community Economics in the USA, which developed the model so that there are now over 250 trusts in the USA and another 160 in the UK, with more in Canada, Australia, New Zealand and Belgium.<sup>2</sup>

### New opportunities

Land and property prices carry on rising, threatening to lock out increasing numbers of people from access to homes or other space. But there have also been legal changes which have made CLTs easier to set up.

First, a legal definition of a CLT was included in the Housing and Regeneration Act 2008. Then, the Localism Act 2011 introduced a suite of new rights for communities, including:

- *A Community Right to Build*: if a project has support from the local community, a CLT may be able to deliver the proposed development without having to go through the normal planning approval process. This also lets them be exempt from leasehold enfranchisement, which means they can deliver permanently affordable homes.
- *A Community Right to Bid*: this gives communities a right to a moratorium over the sale of a crucial community asset, like a shop, pub or theatre for six months, while they raise the money to buy it – and often a CLT will be part of the solution.

The first community land trusts were set up in the teeth of opposition from the city authorities, but there councils are increasingly realising that there

## Community energy

are benefits from them too, and are providing land generously for CLTs. They provide permanent affordable homes that prevent gentrification when sites are regenerated, and which simply shunts poverty somewhere else.

They maximise investment in affordable housing, so that the affordability can be carried over to the next occupier – and so on – rather than then entering the property market, without benefit to the original public investor.

Changes in the planning system means that CLTs can be designated with the help of parishes or cities, using neighbourhood plans which give communities an opportunity to set their vision for the local area. They can also be the delivery mechanism to turn local ambitions into reality.

### Long-term objectives

Community land trusts provide a huge opportunity to build a new affordable homes sector, which is neither in an unaffordable property market nor in the conventional rented sector. It can also keep the affordable home available at the same rate, even if it changes hands seven times over 30 years, which means that the initial public subsidy for the housing goes considerably further.

Research suggests that what makes the difference between success and failure is strong organisational governance, political support, strong funding sources and an ongoing dialogue with members.<sup>3</sup>

But so far the CLT sector is still small but growing and rapidly. It needs to be rapidly expanded – just as the issues that it can provide a solution to need to be higher profile. That means, the policy debate needs now to look at how we can:

1. **Capture land values for local people**, so that they are less dependent on hand-outs from

Whitehall. Rises in land values are given by planning designations, not individual effort, and should be used to provide local facilities and infrastructure. Planning agreements are a blunt instrument for achieving this – and if they are taxed centrally then none of the benefits go to the people who need them: the locals. We need to experiment with more ambitious forms of Business Improvement District so that land value rises can be captured by those who create them, or through the *controlled income scheme* proposed by New Economics Foundation for developers.<sup>4</sup>

2. **Build new communities where the land is put in trust:** This was Howard's original design for Letchworth Garden City, and this still provides benefit for local people. The government's plans for new garden cities must extend to putting the ownership of the underlying land in trust for the community.<sup>5</sup>
3. **Provide finance for community land trusts.** Capital grant funding is already available through the community-led Affordable Housing Programme (2011-2015), , operated through the HCA , some of which goes to support community land trust developments. But this is time-limited and needs to be a further community-led programme in the next Affordable Homes Programme (2015-2018), supplemented by a more diverse array of revolving funds, whereby CLTs can have access to the right pre-development funding, development finance and long-term loans and mortgages for their shared equity purchasers. Other kinds of support and shared expertise is also important, including trained enablers with experience of CLTs in various forms.<sup>6</sup>

4. **Broaden what CLTs can do.** Affordable housing has been their primary focus, but CLTs can also be used to provide community offices and community centres, workspace units for small business, community gardens and allotments, community buy-outs of shops and pubs, community renewable energy and food growing. The Intervale in Burlington, Vermont has developed a CLT for local food on 200 acres of an old dumping ground, which is now a city garden of a dozen community farms supplying 7 per cent of fresh food to a town of 35,000.<sup>7</sup>
5. **Value public land differently.** If a genuinely localist approach is going to be successful, the government will have to put a value on public benefit and social impact when they are disposing of public land and property assets. They will also have to build on the rights they provided under the Localism Act to promote the concept that local people are able to manage and control community owned assets as a step towards creating resilient communities.<sup>8</sup>

### Short-term objectives

If these are the broad objectives which will be needed to be fulfilled to make CLTs mainstream in the UK, then there are a number of specific policy requirements to make progress in the meantime. These include:

- *A new community-led capital housing programme in the next Affordable Homes Programme, to replace the programme of capital grants for community-led housing – and use part of it for a revolving fund to support more.*
- *A matching service when public land is available, which can bring together local authorities who are disposing of land with*

community groups and potential partners for development.

- *A presumption in favour of involving local communities.* At present, this is still unusual, partly because the presumption goes the other way.
- *Technical assistance, to provide new CLTs with the start-up legal and financial know-how they need.*<sup>9</sup>
- *A mortgage model for CLTs.* Mortgage providers still need reassurance about lending on CLT properties.
- *Leasehold enfranchisement exceptions for CLTs.* Leasehold enfranchisement legislation was written without understanding the confusion it would cause for CLTs, and these need to be straightened out.

### Find out more

The National CLT Network is the first place to go for help. [www.communitylandtrust.org.uk](http://www.communitylandtrust.org.uk)

Community Finance Solutions have been developing expertise and recording best practice on CLTs for several years – there is a wealth of tools and guidance.

<http://www.communityfinance.salford.ac.uk/>

The CLT Fund provides technical assistance grants as well as pre-development loans and development loans for CLTs. The fund is currently closed but is expected to be relaunched in early 2014 [www.cltfund.org.uk](http://www.cltfund.org.uk)

There are a number of regional support organisations and umbrella CLTs around the country – contact [catherine.harrington@housing.org.uk](mailto:catherine.harrington@housing.org.uk) at the National CLT Network for more information.

Thanks to Pat Conaty and Catherine Harrington for their advice on this document.

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<sup>1</sup> They can also provide genuinely affordable housing in cities, such as East London CLT which is looking to link the CLT homes to average wages, at about 25% of market levels.

<sup>2</sup>

<http://centerforneweconomics.org/content/community-land-trusts-1>

<sup>3</sup> Susannah Bunce et al (2013), *Urban Community Land Trusts: Experiences from Canada, the United States and Britain*, University of Toronto and University of Boston, 24-5.

<sup>4</sup> Not published yet, contact [Charles.seaford@neweconomics.org](mailto:Charles.seaford@neweconomics.org)

<sup>5</sup> See Pat Conaty and Martin Large (2013), *Commons Sense: Co-operative place making and the capturing of land value for 21st century Garden Cities*, Co-operatives UK, Manchester.

<sup>6</sup> Bob Paterson and Karl Dayson (2011), *Community Land Trusts: Proof of concept*, Community Finance Solutions, University of Salford.

<sup>7</sup> <http://www.intervale.org/>

<sup>8</sup> Paterson and Dayson (2013), *op cit*.

<sup>9</sup> This was available under the CLT Fund which expired in September 2013.