



## Community Land Trusts

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This note provides an introduction to Community Land Trusts (CLTs) and Government policy in this area.

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## 1 What is a Community Land Trust?

A statutory definition of a Community Land Trust (CLT) was added to the *Housing and Regeneration Act 2008* during its progress through Parliament:

A Community Land Trust is a corporate body which

1) is established for the express purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets in order -

- to provide a benefit to the local community
- to ensure that the assets are not sold or developed except in a manner which the trust's members think benefits the local community

2) is established under arrangements which are expressly designed to ensure that:

- any profits from its activities will be used to benefit the local community (otherwise than by being paid directly to members)
- individuals who live or work in the specified area have the opportunity to become members of the trust (whether or not others can also become members) the members of a trust control it.<sup>1</sup>

The definition was added in response to representations which argued that such a legal definition would assist the future development of CLTs. The subject of a definition was raised in the Lords' consideration of the Bill in Grand Committee<sup>2</sup> and at Report Stage.<sup>3</sup> The amendment adding the definition was tabled at Third Reading.<sup>4</sup>

The Labour Government's 2008 consultation paper on [Community Land Trusts](#) elaborated:

A Community Land Trust (CLT) is a local community-controlled organisation set up to own and manage land and other assets in perpetuity for the benefit of the community. The assets other than land may be, for example, affordable housing, workspaces, agricultural facilities, commercial outlets, or community facilities.

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<sup>1</sup> *Housing and Regeneration Act 2008*, Part 2, Chapter 1, Section 79

<sup>2</sup> HL Deb 11 June 2008 c219

<sup>3</sup> HL Deb 9 July 2008 c715

<sup>4</sup> HL Deb 17 July 2008 c1338

...CLTs were suggested as a possible model for delivering affordable housing in the Government's *Housing Green Paper, Homes for the Future: more affordable, more sustainable* (July 2007) alongside other new forms of delivery vehicles such as Local Housing Companies and Arms Length Management Organisations (ALMOs)<sup>5</sup> (in addition to traditional providers such as local authorities and housing associations).<sup>6</sup>

A short leaflet published by the National Community Trust Network, *Community Land Trusts in a Nutshell* (2011 version), is a helpful introduction to the nature and role of CLTs.

The *Proof of Concept Community Land Trusts* (2012) by Community Finance Solutions records the development of the CLT movement and demonstrates how twelve communities have been able to practically implement the CLT model.

## **2 CLT Pilot Scheme and the Labour Government Consultation**

### **2.1 CLT Pilot Scheme**

The Housing Corporation ran an *Innovation and Good Practice project* on the National Community Land Trust Demonstration Programme carried out by the University of Salford. The Corporation published two reports in October 2008, one on urban and one on rural CLTs, which included recommendations to Government, the Homes and Communities Agency (HCA) and the National Housing Federation on how the schemes could be improved and promoted.

### **2.2 Labour Government Reaction to the Pilot and Consultation on CLTs**

In October 2008 the then Government announced *Community Land Trusts: a Consultation* which asked for comment on "Government policies on the regulation of, financial support for and access to social rented and affordable housing provided with public subsidy." The consultation covered policy in England only.

The consultation stated:

The concept of CLTs...is not new but the recent interest in developing this further has shown that there are legal, technical and practical difficulties that may need to be overcome to make CLTs more effective, particularly where planning gain or public funding, in the form of grant, is involved.<sup>7</sup>

The consultation paper set out the Labour Government's view on the CLT pilot scheme, and its plans to move forward:

The Housing Corporation has supported Community Finance Solutions (CFS) of the University of Salford in a pilot study of fourteen CLTs across the country – seven in urban areas and seven in rural areas. The aim of the study was to explore what role CLTs have to play in delivering affordable housing and to identify models that are scaleable (i.e. can be used regardless of the size of CLT), deliverable and can be replicated. Currently CLTs are eligible to apply, with a Registered Social Landlord (RSL) partner, for Housing Corporation funding, through the National Affordable Housing Programme 2008-11, to deliver social rented and affordable homes. CFS recently published a report on the experiences of the seven rural pilots, and a toolkit

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<sup>5</sup> An Arms Length Management Organisation is a company set up by a local authority to manage and improve all or part of its housing stock.

<sup>6</sup> Department for Communities and Local Government, *Community Land Trusts: a Consultation*, October 2008

<sup>7</sup> *Ibid*, p8

providing helpful pointers for communities wishing to explore the potential of CLTs in urban areas.

The Government now wants to move the CLT debate forward and to consider some important questions – for instance, what the criteria for financial support might be, and how to maximise the chances of a viable and well managed sector being developed. The Government also wishes to consider the role that CLTs might play in both the urban and rural context and how perpetuity of community benefit should and may be ensured.<sup>8</sup>

The consultation asked for responses on the viability of CLTs and their role in urban and rural contexts; for suggestions on how they should be financed; on ensuring that the houses built are affordable in perpetuity; and on developing a framework of support and a viable CLT sector in the longer term.<sup>9</sup> The consultation closed on 31 December 2008 and a [summary of responses](#) was published in August 2009.<sup>10</sup> A majority of the 63 respondents thought that CLTs had a role to play in a mixed economy of social and affordable housing providers in both urban and rural settings. The then Government's introduction to the summary stated:

Building on the success of the pilot study, the Government wants to expand the opportunity for communities to be directly involved in delivering more local affordable housing, creating employment and providing more local facilities. The Government response to the consultation on community land trusts is aimed at facilitating the development of the community land trust sector towards this goal. However, this is only part of the story. To truly enable local people and enable grass roots development, all stakeholders – whether from the public, private or voluntary sectors – will need to work collectively to build a framework in which community development can thrive.

In terms of supporting the way forward, the then Government described the action it was taking:

The Government has awarded Carnegie UK, supported by Community Finance Solutions, £500,000, through the Empowerment Fund, to build on the successes of the earlier pilots and further develop the community land trust sector. The three year project will bring together stakeholders, including existing community land trusts, housing associations, lenders, local authorities and government agencies – with an interest in the development of the sector. It will work towards:

- the development of training and guidance packages for practitioners, local government officials and links to continuous professional development for planners
- the development of 'turnkey' packages for community land trusts covering the topics of architecture, planning, development, business planning, and long-term management and maintenance that would enable communities to set-up and run a successful community land trust and
- facilitating access to appropriate sources of finance for community development.

In addition, the Government funded the Development Trust Association with partners to establish the Asset Transfer Unit (ATU) in January 2009 to help enable community organisations to transform land and buildings into vibrant community assets. The ATU will improve access to and availability of professional and technical expertise for

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<sup>8</sup> *Ibid*, p11

<sup>9</sup> *Ibid*, p32

<sup>10</sup> Department for Communities and Local Government, [Community Land Trusts: Summary of Responses](#), August 2009

community asset-based organisations. The ATU will support community land trusts through its provision of information, advice, guidance and referral to expert support.

Carnegie UK, Community Finance Solutions, and the ATU will work together to develop a support network and good practice models to assist communities in enabling more affordable housing, workspaces and community facilities to be delivered through the community land trust model.

The Government has also appointed a consortium led by the Adventure Capital Fund to deliver the £70m Communitybuilders programme. The programme will take forward a pledge within the *Communities in control: real people, real power* white paper to support the Department's commitment to build more cohesive, empowered and active communities. It is designed to empower citizens and communities by strengthening the resilience of multi-purpose, inclusive community-led organisations. Community land trusts meeting these criteria or looking to develop them will be able to participate in the programme.<sup>11</sup>

An evaluation of the demonstration project 2006-08 was subsequently published in June 2009: [Lessons From the First 150 Homes](#).

### 3 Current Government Policy

Conservative Party housing policy has increasingly focused on the possibility of moving control of building projects and planning to communities.<sup>12</sup> More extensive use of CLTs "fits" with this approach.<sup>13</sup> In December 2008 the Conservative Party launched a Community Land Trust Taskforce designed to increase the use of Community Land Trusts across the country.<sup>14</sup> The Conservatives' Housing policy paper published in April 2009, *Strong Foundations: Building Homes and Communities*, expressed strong support for CLTs (emphasis in original):

We are strongly in favour of Community Land Trusts and last year forced the Government to insert a clause in the Housing and Regeneration Bill which created a legal definition of Community Land Trusts to make it easier for them to find funding.

Furthermore, **in December 2008 we launched our Community Land Trust Taskforce designed to increase the use of Community Land Trusts across the country.** The Taskforce is headed up by Dr Karl Dayson, the Senior Lecturer in Sociology and Community Finance Solutions at the University of Salford. It will examine the current difficulties with setting up Trusts and suggest solutions which will make the process simpler and easier, encouraging more communities to get together and build affordable housing for people in their areas.<sup>15</sup>

The development of CLTs has been taken forward by the Coalition Government. *The Coalition: our programme for Government* contained a commitment to:

...create new trusts that will make it simpler for communities to provide homes for local people.<sup>16</sup>

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<sup>11</sup> *ibid*

<sup>12</sup> See, for example, Tories to hand power on housing to communities, *Times*, 29 Oct 2009

<sup>13</sup> *Political Positioning, Inside Housing*, 12 Jun 2009

<sup>14</sup> *Inside Housing*, "Tories set up rival community land group", 9 December 2008

<sup>15</sup> Conservative Party, *Strong Foundations: Building Homes and Communities*, April 2009

<sup>16</sup> p12

On 10 June the then Housing Minister, Grant Shapps, addressed a Community Land Trust conference and confirmed that legislation to promote Local Housing Trusts would be contained in the forthcoming *Localism Bill*. The Minister also confirmed that no additional money would be available for CLTs and that they “are going to have to work within the same financial constraints as everyone else.”<sup>17</sup> An extract from his speech is reproduced below:

The core of the proposal is something you will be familiar with. We want local people to decide what happens in their community.

The main difference is that I believe that a community should be able to proceed with developing new homes - where there is strong local support - without specific planning applications.

LHTs will have to show that they have the overwhelming backing from people living in the area and they will need to meet some basic planning criteria to make their proposals sound.

But essentially I want communities to have the freedom to decide on the type and quantity of housing without external restrictions imposed by a centralised planning system.

And I've no doubt that many schemes will seek to provide more affordable homes in these villages. People want to help young people to stay in their community.

Villages may also want to build some housing to sell, sheltered housing for the elderly, or even set aside plots for people to build their own homes.

It will be up to the Local Housing Trust.

They will be able to make a judgement about how best to invest in their community and meet its needs.

For instance, they might offer long-term low rent for local shops, a community hall, or a sports facility.

Once the new development has been built, Trusts will be expected to invest any financial profits back into the community.

And the land will remain in the Trust for local benefit forever - regardless of what happens to the homes built on top.

People have waited long enough for a model that is on their side rather than on the side of the bureaucrat.

I want to unlock the passion and drive of these communities.

I want to free them to realise their vision.

I can announce today that I intend to take the necessary legislation through the forthcoming *Localism Bill*.

I want the first LHTs to be under way as soon as possible<sup>18</sup>.

The *Localism Act 2011* introduced the:

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<sup>17</sup> Grant Shapps' [speech](#) to the CLT conference 10 June 2010

<sup>18</sup> *ibid*

- **Community Right to Build**<sup>19</sup> — which aims to make it easier for communities to deliver small scale projects such as housing and amenities; and the
- **Community Right to Bid**<sup>20</sup> — which gives community groups a fairer chance to acquire community buildings, facilities and land that are important to them.

Alongside these measures the Government has created a new fund “to assist community groups with the costs of using the right to build run by the [Homes and Communities Agency](#). The fund is worth £17.5 million over 3 years, and is for schemes in England excluding London where [separate arrangements](#) are in place.”<sup>21</sup>

Community groups will also be assisted by the creation of the [national land use database](#) which should give them the opportunity to see what local opportunities exist for development.<sup>22</sup>

Funding for CLTs is currently available through the Affordable Homes Programme administered by the Homes and Communities Agency (HCA):

**Tony Baldry:** To ask the Secretary of State for Communities and Local Government (1) what steps his Department is taking to support the community housing sector to deliver affordable housing;

(2) what steps he is taking to assist community-led housing schemes to gain access to development finance.

**Grant Shapps:** The Framework for the Affordable Homes Programme, jointly published by this Department and the Homes and Communities Agency, sets out a clear commitment to help community groups. The Homes and Communities Agency will ensure that the contract arrangements for community-led groups applying for funding for a single standalone project, and who have no existing stock to convert to affordable rent, are appropriate and proportionate to the risk involved. Funding has been held back to ensure that these bids can be accepted over the four-year process.

**Tony Baldry:** To ask the Secretary of State for Communities and Local Government what guidance he plans to produce for local authorities on the ways in which community housing can meet local housing need.

**Grant Shapps:** The Government consider that local authorities, working with their communities, are best placed to determine how to meet the housing needs of their communities. The Government will be consulting on the draft National Planning Policy Framework in July which will contain policy to delivery national objectives, for example on housing. This will provide the flexibility for local planning authorities to decide how they want to meet local housing needs.<sup>23</sup>

Additional information is on the [HCA's website](#):

**Available funding under the Affordable Homes Programme** - Community-led groups are able to access funding under the 2011-15 [Affordable Homes Programme](#) (AHP) and the continuous engagement element of the [Affordable Homes Guarantee Programme](#). They can do this in one of two ways:

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<sup>19</sup> In force from 6 April 2012

<sup>20</sup> In force from 21 September 2012

<sup>21</sup> [GOV.UK](#), accessed 25 November 2013

<sup>22</sup> *Inside Housing*, “[Sale of the century](#)”, 11 February 2011

<sup>23</sup> HC Deb 13 June 2011 c596W



1. By joining an existing consortium with other partners who have been allocated AHP funding under the core AHP programme. Our website contains details on who has received this funding, and where they expect to build homes. Local HCA teams may be able to broker meetings between community-led groups with suitable schemes and consortia with spare funding capacity. More information is available on general AHP requirements.
2. By applying directly (alone or with a partner) for an additional AHP allocation for community-led schemes.

To help community-led groups and schemes to access this funding we have provided the following:

[HCA criteria - PDF \(170KB\)](#) - defining 'community-led' to ensure any additional AHP allocations are directed to the right places and schemes. Please use these to help inform your initial discussions with your local HCA team.

[HCA Application and TSA Registration Guidance - PDF \(152KB\)](#) - for consideration only once initial discussions with the local HCA team are complete

#### 4 Media comment and general Information

An article in *Inside Housing* in September 2008 argued that CLTs could help to produce and drive local enthusiasm towards creating future sustainable communities.<sup>24</sup> In May 2008 a Sunday Telegraph story discussed a CLT established in Cornwall.<sup>25</sup> In September 2009 *Inside Housing* published an article discussing the first grant agreement between the Homes and Communities Agency and a CLT.<sup>26</sup> In February 2010, the *Guardian* published two articles on local authorities, one which discussed community trusts under a Labour council in Lambeth,<sup>27</sup> and another on planning under a Conservative council in Barnet.<sup>28</sup>

In July 2010 the Joseph Rowntree Foundation published a historical review of community and mutual ownership that looks at five broad models of ownership and their history. The review argues that systematic and values-based approaches are needed to develop community and mutual ownership to respond to current social problems, and that crucial factors such as democracy, membership and a sense of belonging need to develop over time.<sup>29</sup>

In November 2010 *ResPublica* and NESTA published *To Buy, to Bid, to Build*, which considers the question of ownership of community assets.

A former hospital site in east London has been identified for an urban CLT after an eight year campaign.<sup>30</sup>

General information on CLTs can be found at: [www.communitylandtrust.org.uk](http://www.communitylandtrust.org.uk)

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<sup>24</sup> [In communities we trust](#), *Inside Housing*, 12 September 2008

<sup>25</sup> [A shock in Rock – new-build houses the locals can afford](#), *Sunday Telegraph*, 11 May 2008

<sup>26</sup> [Going it Alone](#), *Inside Housing*, 11 September 2009

<sup>27</sup> [The future for local authorities: is it John Lewis or easyCouncil?](#), *Guardian*, 18 February 2010

<sup>28</sup> [Barnet's 'easyCouncil' to part privatise planning service](#), *Guardian*, 18 February 2010

<sup>29</sup> JRF, *Community and mutual ownership: a historical review*, July 2010

<sup>30</sup> [Community trust sparks move towards genuinely affordable housing in the capital](#), *Guardian*, 16 July 2012