



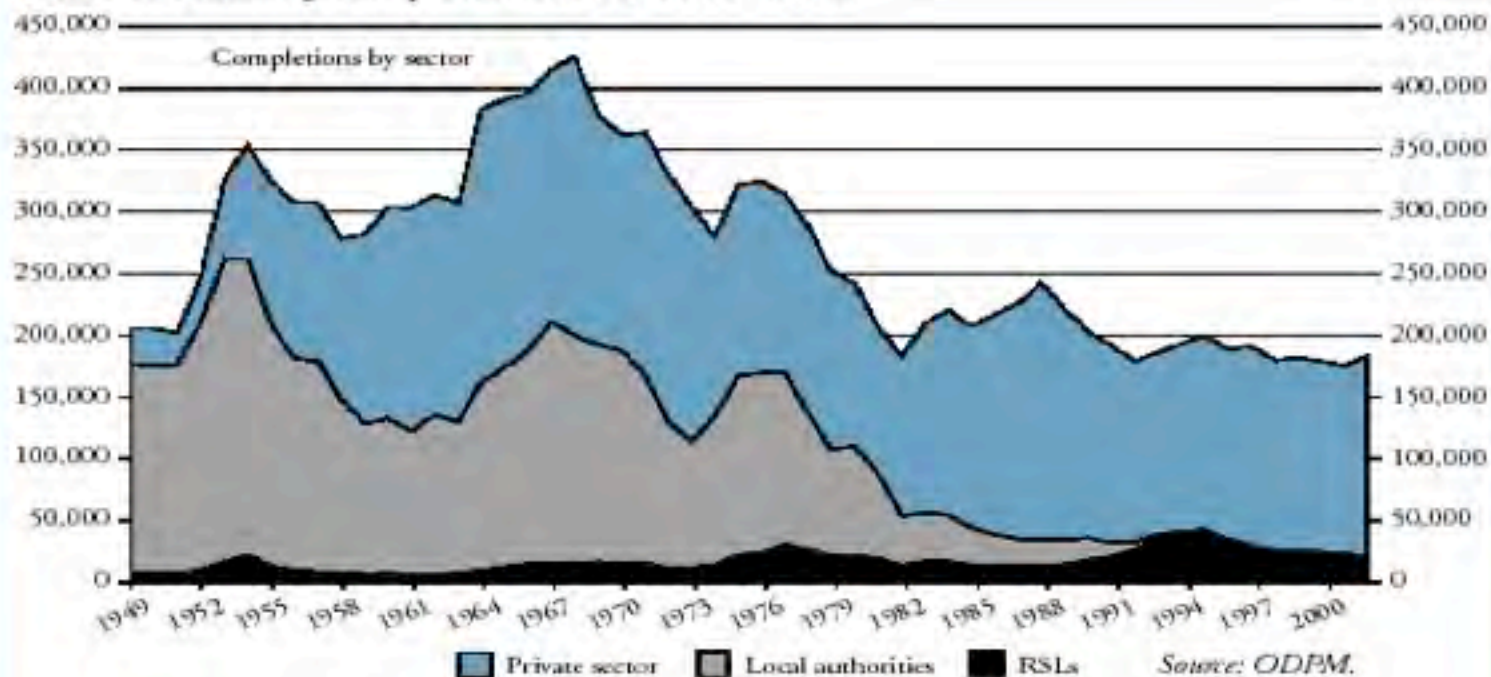
Community Land Trusts and Mutual Home Ownership

**David Rodgers
Executive Director
CDS Co-operatives
www.cds.coop**



The Barker Review

Chart 1: Housing completions, UK, 1949–2002¹



¹Data may not be reliable for earlier years and definitions are not fully consistent through series.



The Barker Review of Housing Supply

"Over the past 30 years UK house prices have risen in real terms by 2.5% a year...One reason for this trend is the weak response of the housing supply to changes in demand. Higher demand therefore tends to be translated into higher house prices rather than increased output of houses."

Kate Barker



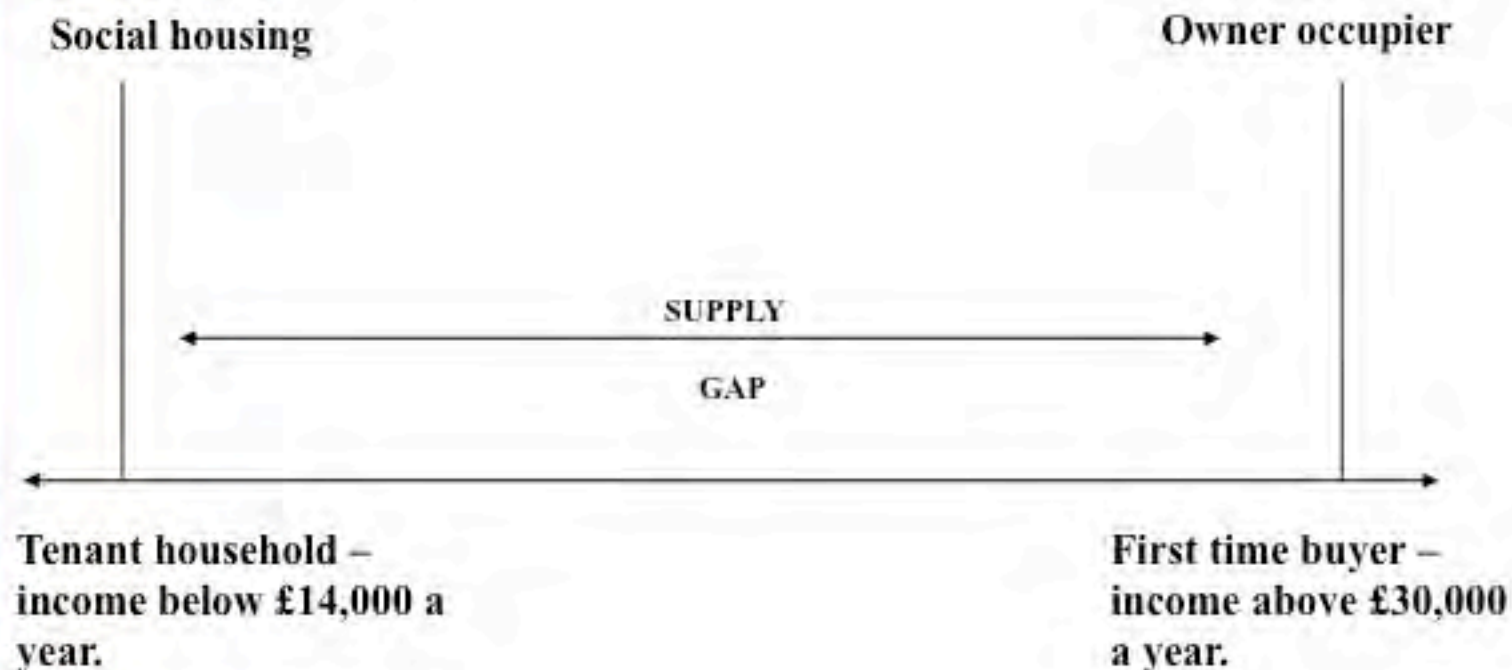
The **shortfall** in housing production:

keeping affordability in line with 1980's:

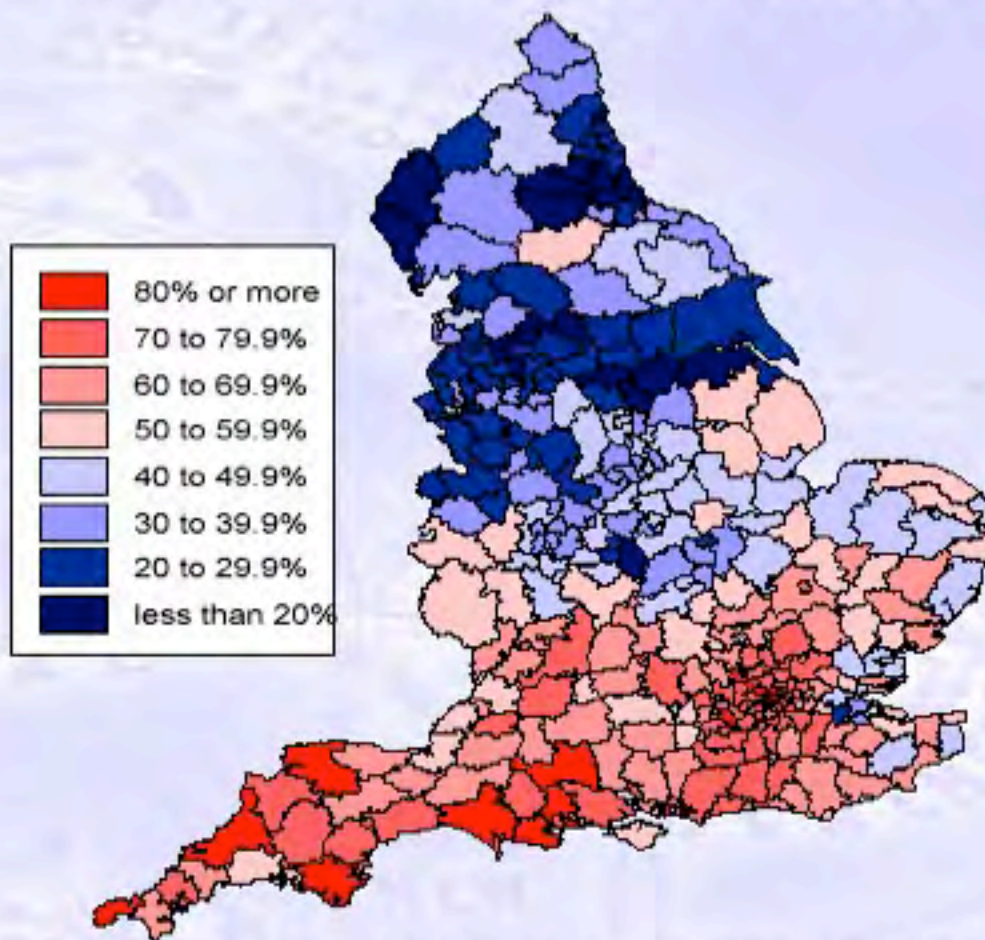
- * **between 73,000 and 101,000 additional affordable homes needed per annum**
- * **output around 23,000**



Affordable housing – the supply side gap



Working households unable to buy at modest house prices



Source: Wilcox: Can Work, Can't Buy, Joseph Rowntree Foundation 2003





Professor Steve Wilcox:

- broad intermediate housing market (cannot buy lowest 25%)
- narrow intermediate market (above HB threshold but cannot buy at lowest 10%)





Professor Steve Wilcox, 2004 data for Powys

- **8,729** working households
- average house price **£175,459**
- average household income **£32,904**
- average house price to income ratio **5:33**
- broad intermediate housing market **4,823 (42.1%)**
(cannot buy @ lowest 25%)
- narrow intermediate market **2,151 (18.8%)**
(above HB threshold but cannot buy at lowest 10%)





Professor Steve Wilcox concludes that his research:

- *"amply makes the case that, in many parts of Great Britain, there is a very large potential market for intermediate housing market (IHM) schemes to bridge the divide between social renting and home ownership"*
- *"makes the case for further innovation in the development of IHM products particularly those that will assist households with incomes towards the lower end of the local IHM ranges"*





Common Ground – for Mutual Home Ownership

Community land trusts and shared-equity co-operatives
to secure permanently affordable homes for key workers

Written by the New Economics Foundation and CDS Co-operatives
Pat Conaty, Johnson Birchall, Steve Bendle, and Rosemary Foggett



Critique of other 'intermediate market' housing solutions

Key problems:

- increasingly not affordable
- not permanent sub market model
- transaction costs erode the benefit of owning the asset





Mutual Home Ownership =
a new way of owning a stake in
your home by combining:

- a community land trust , and
- a mutual home ownership society



Role of the Community Land Trust

The role of the Community Land Trust:

- to hold the land in trust as a community owned asset
- to facilitate the development of the land for housing and other 'community benefit' uses
- to 'steward' the land asset
- to promote and enable the development of other community owned assets



The role of the Mutual Home Ownership Society

It is a co-operative and mutual society which:

- mutually owns the housing assets in which its members live
- enables its members to manage the housing assets for their mutual benefit
- operates the 'equity share' scheme (a property unit trust) through which members have a stake in the housing market



The Mutual Home Ownership Society: How the "equity share" scheme works:

- property is divided into unit equity shares (like a property unit trust)
- each unit share has a base value that increases (decreases) - 50% market linked, 50% linked to average earnings
- members' payments linked to 35% of net income
- when member leaves – take % of asset growth with them
- expectation that as income rises members fund more units of equity
- 5% deposit required to buy into scheme

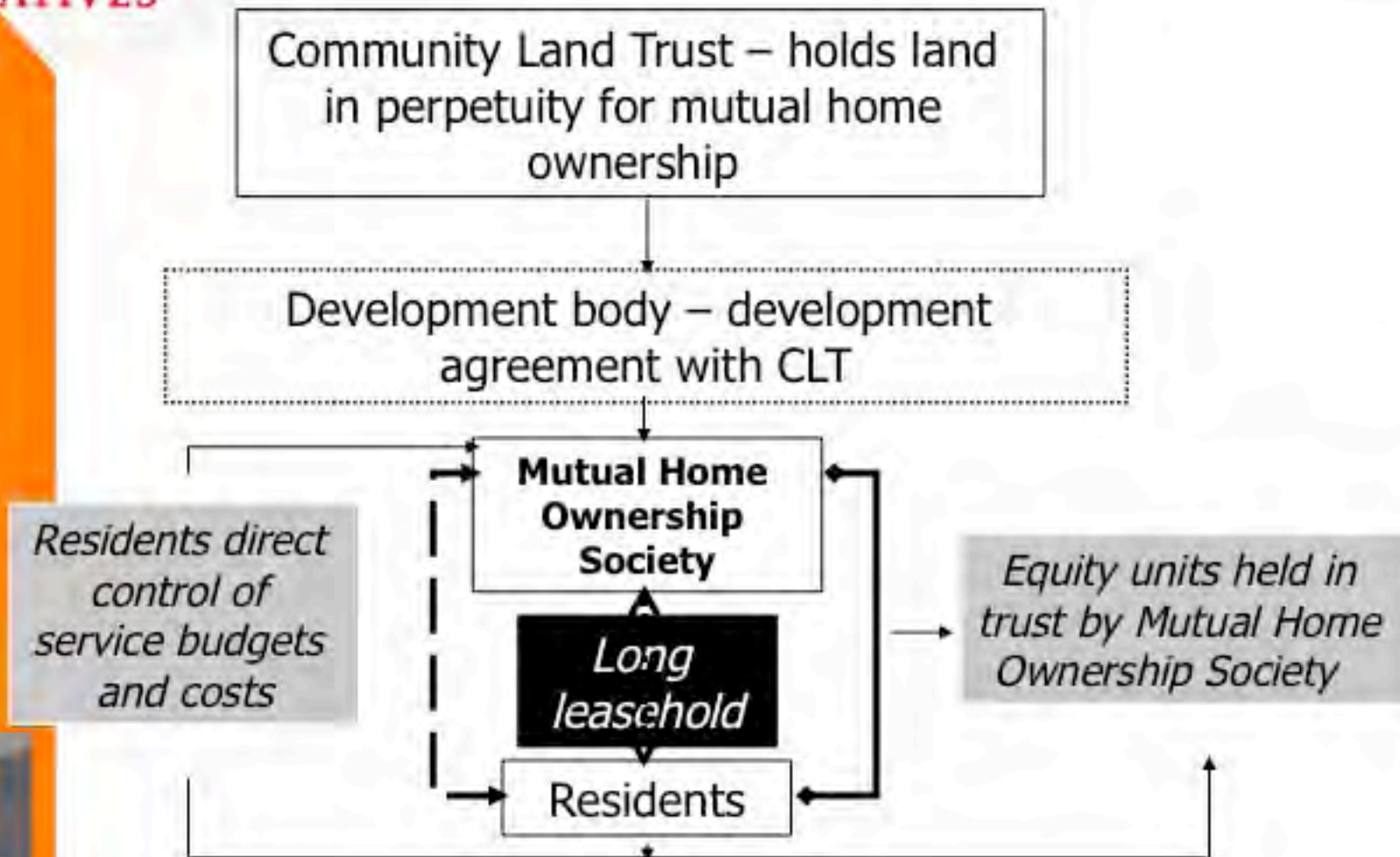


The Mutual Home Ownership: the benefits:

- the housing remains permanently affordable for the benefit of the local community
- members secure a 'foothold' on the housing ladder at lower household incomes
- transaction costs are reduced
- over the longer term, mortgage costs should be cheaper
- it is easier to finance environmentally sustainable housing
- it encourages active citizenship and the development of a sustainable community



Legal structure of the model



Cashes Green Hospital Site Stroud, Gloucestershire



**GLOUCESTERSHIRE
LAND FOR PEOPLE**

Part of the community land trust movement

5 March 2007

Land for People Wales

Cashes Green Hospital Site: feasibility study costs

- 1 bed flat:
 - * £375 per month (£12,155 net income)
- 2 bed house:
 - * £560 per month (£18,134 net income)
- 3 bed house:
 - * £668 per month (£29,450 net income)



The Barker Review of Housing Supply

"It seems likely that there will be a continuing need for some mechanism to help those above the social housing level, but without sufficient resources to get into the market sector, and your initiative is particularly appealing because of the retained ownership of the land asset"

Kate Barker

Letter to David Rodgers 12 July 2004



What is needed to develop CLTs and Mutual Home Ownership?

- Define the nature of a CLT in law
- Exclude housing on CLT owned land from the enfranchisement provisions of the Leasehold Reform Act 1967 or extend Commonhold
- Set up a revolving loan fund to provide technical assistance to communities wishing to establish CLTs
- Issue supplementary planning guidance to create a presumption in favour of consent for development on CLT owned land and disposal of land by public authorities to CLTs