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## **At a glance**

### History of the Commons and Land Trusting Reform in Britain

Community Land Trusts have their origins in Britain: they are neither new nor imported. Common ownership of land, in which land is conceived of as a resource akin to air or water, was the historic norm. Over the centuries, there has been a long process of expropriation of the land, culminating in the eighteenth and nineteenth centuries in numerous "Acts of Enclosure", which expropriated vast tracts of land, driving rural populations into the cities and causing widespread destitution.

Early Community Land Trusts were formed by John Ruskin in the 1870s; these inspired the Quakers, George Cadbury and Joseph Rowntree, who developed land trusts on a much larger scale to house the workers in their chocolate factories. The most ambitious scheme was then developed by Ebenezer Howard and formed the basis of the Garden City movement. Letchworth Garden City still thrives and, although Howard was forced by lack of funds to abandon much of his "capturing value" design, operating profits from 5,300 acres of rural and urban land are still retained for social purposes, and the Garden City still thrives.

A second Garden City at Welwyn was founded in 1920, but was based on *public* land to provide "Homes for Heroes" after the First World War. This was the beginnings of the new national policy of council housing by the state and the land trust movement faded away.

***Exhibit:*** Suggested further reading

### The Highlands and Islands of Scotland – An Enabling Framework

Community ownership and control of land has had a much higher political profile in Scotland than has been the case in other parts of the UK until recently. Numerous community buy-outs and projects have now been developed; the purpose of this chapter is to look briefly the Scottish experience. It contains a brief description of the enabling framework:

- The ***Community Land Unit***;
- The ***Land Reform (Scotland) Act 2003***;
- The ***Scottish Land Fund***;
- The ***Community Land Unit***.

It also examines some Scottish projects and identifies some of the learning from their experience:

- ***Laggan Forest Trust***;
- ***The Isle of Eigg***;
- ***Abriachan Forest Trust***;
- ***Knoydart Foundation***.

### Community Land Trusts in the USA

The CLT movement has been growing in strength in the USA since it was pioneered by Bob Swann in the 1960s, inspired by the Land Gift movement in India. This section describes the main features of American CLTs, looking at the the different ways in which CLTs have been encouraged and supported:

- ***Grassroots organising;***
- ***Local government support;***
- ***Initiatives by existing non-profit organisations; and***
- ***Employer-backed schemes.***

It also summarises the US federal legislative enabling framework.

## **Community Land Trusts: Ancient and Modern**

### **1. History of the Commons and Land Trusting Reform in Britain**

#### The Enclosure of the Commons

Historically, in rural communities throughout the world, common ownership of land has been the norm. Anthropological research shows that, in most pre-urban societies worldwide, property ownership developed first in relation to hand-crafted goods and in 'moveable' assets such as cattle, sheep, and then in things which can "be destroyed by fire", such as dwelling houses. The equitable custom and practice of the common ownership of land is rooted in the necessity for collective work by tribes and clans to convert land into productive use for agriculture, activities such as draining swamps and marshland, clearing forest, removing stones from the soil and building shelter, digging ditches and developing irrigation systems, all activities which "create value" for the community living in the locality.

Private ownership of land as a juridical principle developed through conquest and the practice of slavery under the Roman Empire. With the merger of the State and the Christian Church under Constantine, this concept was extended steadily across Europe and underpinned the development of feudalism in Saxon England in the early Middle Ages.

As a viable system of the stewardship of land by villagers, the "commons" was curtailed and ultimately eradicated over 800 years by three major waves of land transfer. The first changes were undertaken by the Normans, the second under the Tudors and the third by numerous private 'Enclosure Acts' of Parliament from the early eighteenth century through to the late nineteenth century.

Feudalism was predicated upon the Roman principle that ultimately all land was held by the Emperor or with the King's "consent". The Danish invaders introduced the first "property tax" (the Dane-geld) to pay for the military rule of the King and his Baron under-lords. These were extracted in kind from the serfs. But in order to function, this system had to accommodate the ancient "commons land" customs and the early "common law" principles of the earlier Celtic tradition. Thus what the Normans encountered in Saxon England was a mixture of private and "communal land" practices.

Twenty years after the Battle of Hastings, William the Conqueror, through the investigative efforts of his monks and soldiers, completed the Domesday Book in 1086. It was the first comprehensive attempt in England to record the extent of the Crown estates, Church land and other baronial land for tax purposes. The Normans used the Domesday survey to begin to put the ownership of land on a legal foundation and in fact developed the legal profession to do so.

The medieval farming system was open-field and remained largely unchanged until the fourteenth century. The village was the fundamental social unit and the land was divided up in strips. The strips were scattered in an ancient way which assured that different families held equal portions of both the best and the worst land.

The villagers managed the commons for the benefit of all on a mutual basis. The compromise agreed with the Normans was that the commons was said to be held 'in trust' by

the Baron (the 'tenant in chief') or lord of the manor for the use of the common people<sup>1</sup>. Thus the King owned the land in law, leased it to the Barons, Church and lower orders of Knights but the villagers had very broad use rights and security of tenure as copyholders. The commons rights of villagers included: herbage (grazing), estovers (wood gathering), turbarry (turf cutting), peccary (fishing), reed gathering, and soil transference (eg clay, gravel, coal, etc)<sup>2</sup>. Barons rival to the King held their own freehold and sometimes powerful Barons were given freehold rights to keep them loyal. Towns could negotiate freehold 'charters' in exchange for tax and duties on goods traded.

In exchange for rights in the commons land, typically half the entire manorial crop went to the lord as a reciprocal labour service by the serfs. Gradually, as commerce and trade developed, feudal dues payable in crops and labour services were increasingly 'commuted' and converted to rents from the fourteenth century onwards. In the sixteenth century, as agricultural prices rose with the growth of London and Tudor towns, agricultural productivity rose under this new system and the population doubled. With rising grain prices and an increase in exports of woollen goods, landlords 'enclosed' more and more commons land with hedgerows and stone walls as their own exclusive "freehold land".

With the break from Rome under Henry VIII, Church lands and monasteries were seized by the King. This dissolution of the monasteries narrowed down landlord power principally to the Crown and the baronial aristocracy. As evictions escalated in the sixteenth century and force was used to replace serfs with sheep, unemployment, begging and crime became widespread. In 1516, Thomas More described enclosures in his *Utopia* as "pernicious abominations".

*'...either by hooke or crooke they must needes departe away, poor selye wretched soules, men, women, husbands, wives, fatherless children, widowes, wofull mothers with their yonge babes...'*

In 1549, foreign mercenaries had to be used to put down an anti-enclosure revolt. Cutting down and uprooting hedgerows was known as "levelling". The Elizabethan "Poor law" was introduced to provide relief to restore the social peace.

Action was taken near the end of the Civil War to persuade Cromwell to reverse the practice of enclosure under the Commonwealth. William Everard and Gerrard Winstanley in 1649 decided to reclaim an enclosed "commons" by occupying St. George's Hill near Walton on Thames, Surrey with 200 "Diggers". They built huts and planted beans and carrots. The support expected from Cromwell was not forthcoming and, after six months, their crops were destroyed and their homes burned by soldiers. They were evicted after a year, but then took up residence on another enclosed "commons". After a further year they were arrested, fined and imprisoned.

Other Digger rebellions occurred in Buckinghamshire and Winstanley produced a number of pamphlets outlining "The Law of Freedom" based on the ancient rights of the Commons<sup>3</sup>. To prevent future rebellions, the Poor Law of 1662 provided charitable relief as compensation to the landless and homeless affected by enclosure.

In 1688, over half of the agricultural land was still farmed in open fields – especially in the East Midlands and the North of the country. Agricultural productivity rose rapidly over the next hundred years as a result of the use of new equipment, horse-drawn ploughs, new breeding techniques and intensive husbandry.<sup>4</sup>

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<sup>1</sup> Cahill, p.37

<sup>2</sup> Reed, pp. 8 and 14

<sup>3</sup> Girardet

<sup>4</sup> The old medieval three-field system was replaced by the four crop rotation system involving the production of fodder crops such as clove and turnips. This allowed cattle and pigs to be fed year round and the average weight of animals brought to market doubled or trebled in the eighteenth century.

In parallel with this growth in productivity, the population increased threefold in the eighteenth century and the demand for food expanded accordingly. Agriculture became heavily commercialised for the first time, not just in areas with the most arable land, but in all counties as transport improved with the development of canals and better road systems maintained by tolls and the new Turnpike Trusts. Rising prices for food led to greater financial investment in agriculture, including by bankers and mercantile businesses in London. The Georgian period thus saw a boom in the building of country houses. To maximise income from rising grain and crop prices, landlords raised rents and re-allocated the best lands on their estates to the most productive tenant farmers. To achieve this change comprehensively, they used the law to enforce the new commercially-based arrangements.

The ultimate extinction of commons land was carried out by statute rather than blunt seizure. From the beginning of the eighteenth century until 1850, over 3400 Parliamentary Acts of Enclosure removed 22.5 per cent (8.4 million acres) of all the land in England and Wales from the commons. These laws were overseen by Commissioners of the Parliamentary Board of Agriculture. Once the "enclosure petition" was approved, the law gave the petitioning landlord in effect a compulsory purchase order of the open fields. Compensation to copyholders was limited. Small freeholders unable to fence their land were also forced to sell up.<sup>5</sup>

Game laws on the country estates were strictly enforced and poachers were "transported" if caught. Villagers who lost their small strips of land were forced to work as agricultural labourers, to become miners in some areas or to move to cities and towns in search of work in mills or as artisans. Tens of thousands faced starvation and eviction. Small tenant farmers found they could not afford the investment in new techniques which favoured larger farms of 200 acres or more. As a result, the subsistence rights of the rural poor and smallholders were brought to an end.

Rural depopulation was massive. The Scottish clearances in the Highlands were the most severe and brutal. The Duchess of Sutherland appropriated 794,000 acres from 15,000 villagers between 1814 and 1820. British troops were used to carry out the evictions; all the village buildings were burned and levelled and the fields were turned into grazing land for sheep tended by imported English shepherds. In 1750, 80 per cent of the population of England lived in rural areas. By 1840, 74 per cent of people had left the land and lived in towns or cities. By 1872, the commons of the entire United Kingdom had shrunk to only 1.5 million acres or just 2.5 per cent of all land.

The conditions in the expanding cities in the first half of the nineteenth century were dire. Factory work hours of 16 to 18 per day were common.<sup>6</sup> As the economist Nassau Senior described in his survey of Manchester in 1837, housing conditions were appalling:

*'These....towns have been erected with the utmost disregard of everything except the advantage of the speculating builder....the streets of these suburbs are unpaved, with a dung heap or ditch in the middle; the houses are built back to back, without ventilation or drainage, and whole families are limited to a corner of a cellar or a garret.'*

With worsening urban conditions and growing death rates from cholera and exhaustion, the idea of a return to rural areas was attractive to working people. Such a desire remained widespread among working class organisations until about 1850.

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<sup>5</sup> Additionally, at the end of the century, rural cottage clothing industries of cottars were priced out of the market, initially by the cotton mills in Lancashire and later by factories in the growing cities. As a result, the scope to mix smaller-scale farming with weaving was undermined completely.

<sup>6</sup> Population increases in the nineteenth century were unprecedented. From 1801 to 1841, the population of Manchester rose from 35,000 to 353,000 and Birmingham's population increased from 23,000 to 181,000.

## Capturing Value – First Solutions

In 1775, Thomas Spence set out in his pamphlet, *The Rights of Man*, the fundamental link between human freedom and the ancient rights to the Commons. The increasingly obvious economic benefits from rising crop yields, rising prices and rising rents to landlords from enclosure provoked him to call for this system to be turned on its head to enable commoners to capture economic value to meet their own needs in perpetuity. His analysis sets out the first case for locally based community land trusts, whereby rental income and development gains are secured for social benefit. In his vision:

*'Therefore, a day is appointed on which the inhabitants of each parish meet, in their respective parishes, to take up their long lost rights into possession, and to form themselves into corporations. So then each parish becomes the corporation, and all the men who are inhabitants become members or burghers. The land with all that appertains to it, is in every parish made the property of the corporation or parish with as ample power to let, repair, or alter all, or any part thereof as a Lord of the manor enjoys over his lands, houses, etc., but the power of alienating the least morsel, in any manner, from the parish, either at this or any time thereafter, is denied.....Thus there are no more or other landlords in the whole country than the parishes; and each of them is sovereign landlord in its own territories.'*

Prices of wheat more than doubled in the period 1793-1815. The first few co-operative shops and flour mills were established in Kent and in Oxfordshire in the 1770s and 1780s.

Robert Owen became manager at the age of 19 of the largest cotton mill in Manchester in 1790. After a decade he had become a successful partner the mill and took on a new mill as a joint investor in New Lanark. He was appalled at the Satanic mill conditions in the expanding cities and pessimistic about the scope for legal reform. He and his partner David Dale developed this as the first "model industrial village". Good quality housing was provided for the work force of 2000, child labour was restricted, free education was provided, and the hours of work were progressively reduced from 16 hour to 12 hour days.

Like Spence, Owen saw the importance of establishing corporations with the purpose of capturing economic value for its producers. After a five-year period of failing to persuade Parliament to pass Factory Acts to protect workers and reduce working hours by statute, he set out a practical "communitarian" vision in April 1817.

His plan proposed the establishment of "Villages of Unity and Mutual Co-operation" which could combine agriculture with industry and provide long-term employment for the poor. Each village would provide work and accommodation initially for 500 people and expand steadily up to 2000. The plan showed that the investment required for a village of 1500 would be £60,000 and he argued that this should be seen as a long-term savings on Poor Law rates. Thus he argued that either Government should provide the funding as an alternative to building more workhouses or philanthropic investors should provide the funds. He calculated that private investment would work with a return on share capital or loan stock restricted to a maximum of 5 per cent.

To implement the plan locally, Owen developed a detailed "co-operative village" master plan for the County of Lanark. The vision attracted considerable interest from an "enlightened" landlord, Archibald Hamilton, who was willing to provide 500 to 700 acres near Motherwell. A philanthropic investment approach was proposed to raise £50,000 through an issue of 2000 shares with a dividend of 5 per cent. The prospectus outlined a joint committee of management split evenly between representatives of investors and working class residents. It was intended that the economic value captured by the community company would be used to buy back the shares of the philanthropic investors over time. The lease of the land was agreed with Hamilton for a "grain rent".

However, to form a company then and seek investment, an Act of Parliament was required. The petition to Parliament in 1821 was rejected. Owen's local backers persevered nonetheless and the first "co-operative village" at Orbiston, south of Glasgow, was funded in 1825 with support from Hamilton, who guaranteed loans and provided the land. 300 residents joined as settlers but, after two years, the Scottish leader of the project, Abram Combe, died and the turnover of the company was unable to meet the demands of the creditors. As a result, the project failed.

Owen helped initiate other "co-operative villages" in Ireland, Wales and England. The most ambitious venture was New Harmony in Indiana in the USA. In 1825 he purchased 20,000 acres of land with £40,000 - which represented 80 per cent of his own fortune from New Lanark. The development attracted a wide range of "free-thinking" people but, unfortunately, few of them had any agricultural or artisanal skills. In-fighting led to the community splitting into four separate communities after two years and thereafter splitting further into ten.

### **Chartist Land Reform Movement**

A "Community Land Fund" to establish "villages of co-operation" was core to the practice of the early co-operative movement. In the 1830s, less than 5 per cent of the population had the vote and MPs were virtually all large landowners. The Reform Act of 1832 was limited and only extended the franchise to tenant farmers and the middle classes in urban areas with houses valued at over £10 per annum.

Bronterre O'Brien, editor of the *Poor Man's Guardian*, developed a link between the Chartist movement and the community land fund plans of Owenite co-operators. In 1837 a Petition to Parliament by agricultural labourers requested "small allotments of land" for subsistence cultivation. The land fund idea was put into practice by Feargus O'Connor in 1843 with a plan to build "40 estates" to provide 5000 families with a cottage and a small-holding, to secure both a living and the vote. Each estate would have its own community centre, hospital and school, and Chartist members would build the housing themselves. The Chartist Land Company was set up in 1845 and had attracted 60,000 working class members by 1847, with 600 branches in England, Scotland and Wales.

Over £90,000 was raised, each member held two or three shares and, as with "terminating building societies"<sup>7</sup>, housing was allocated on a number draw system. In 1845, the first 35 cottages were built in O'Connorville (now Herongate) outside London. Each cottage had a smallholding of 2 – 4 acres. A further five estates were begun in Worcestershire, Gloucestershire and Oxfordshire. The 250 cottages were well-built and often incorporated with farm buildings. The villages included schools and community buildings. Unfortunately, the company was not properly incorporated or registered. As a consequence of this and poor accounting records it was closed down by Government in 1851.

### Land reform, Taxation and The Vote

Although with the repeal of the Combination Acts in 1825, working class self-help organisations were able to operate legally, co-operative organisations relied upon the Friendly Society Acts which were limited in scope. The 1844 Companies Act enabled private businesses to set up without a private Act of Parliament. A leading barrister who drafted this law, JM Ludlow, was a Christian Socialist and also worked with the Co-operative movement to establish a separate legal framework for mutual businesses. With effective lobbying support from the philosopher and economist, John Stuart Mill, the Industrial and Provident Societies Act was passed in 1852.

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<sup>7</sup> Building societies which would dissolve when all members had a house

In his *Principles of Political Economy*, Mill strongly supported co-operative businesses and also strongly advocated substantial land reform on a national basis.

*'The social problem of the future, we consider to be, how to unite the greatest individual liberty of action with a common ownership in the raw material of the globe, and an equal participation of all in the benefits of combined labour.'*

Mill regarded rural poverty as a burning issue, which he linked to the dispossession of labourers "of their ancient proprietary rights and beneficial interest in the soil." In order progressively to reverse enclosure and to reinstate common ownership in land, Mill called for the taxation of land values arising from the "unearned increment of land rent" due to the fortuitous consequence of economic growth. Inspired by Mill, the American Henry George developed this radical idea further with his call for a "single tax" in *Progress and Poverty* in 1879<sup>8</sup>.

The 1845 Enclosure Act made provision for land to be set aside for the poor in compensation for the loss of Commons Rights. Allotments were seen to be one method of compensation. During the course of the implementation of this Act between 1845 and 1869, of the 320,000 acres enclosed, only 2,000 acres were set aside for allotments for agricultural labourers and cottagers.

The Second Reform Act passed by the Tories in 1867 extended the franchise to all householders but, in a concession to the aristocracy, specifically excluded agricultural workers and miners from the vote. This stimulated rural trade union action and the National Agricultural Union led by the Methodist preacher, Joseph Arch, was initiated in 1872 "on the village green" on 14 February in Wellesbourne, Warwickshire. By late 1873, support for the union had attracted 72,000 members nationally and over a 1000 branches.

Both the franchise and the right to a "stake in the soil" were two leading demands of the union from the outset. A number of union members established a land company which by 1879 had branches in 25 counties. The union song book had many hymns against the injustices of enclosure and with call for land reform. This stanza from the "The Father's Song" is typical:

*Deliver me from the serfdom of the toil,  
From laws made to please the few,  
Give me an interest, a share in the soil,  
Let me try what I can do.*

The reversal of enclosure was an ongoing focus of the union in the 1870s and 1880s. John Stuart Mill was a strong supporter of Joseph Arch and spoke on trade union platforms before he died. Liberal support from Gladstone followed and there were calls in Parliament by Joseph Chamberlain for a revival of cottar's rights to give agricultural workers, "three acres and a cow".<sup>9</sup> The Representation of the Peoples Act in 1884 secured the vote for rural workers.<sup>10</sup>

While the vision of "land for the people" was not realised, Arch and agricultural trade unionists had put the issue of both land reform and a reversal of the enclosure on the political map by the early 1880s. Arch's campaign ran in parallel with early efforts to secure land reform by John Stuart Mill, John Ruskin and Octavia Hill. Both Ruskin and Hill pioneered

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<sup>8</sup> Known as "Land Value Taxation"

<sup>9</sup> Biagini

<sup>10</sup> Until then, the legislation passed in 1874 and 1884 for the provision of rural allotments provided limited security of tenure. Eventually, under the Local Government Act 1894, demands for a limited 'stake in the soil' were realised. Under this law, parish councils in rural areas were given the right to rent land compulsorily for allotments up to a maximum allocation per sub-tenant of four acres.

the Housing Association movement in 1865 when Ruskin provided investment funds for Hill to purchase and refurbish tenements in Marylebone, London which were then let at affordable rents.

### **The Commons Preservation Society – Ending Enclosure**

In 1865, Ruskin and Octavia Hill joined forces with Mill to found the Commons Preservation Society – the first environmental campaigning organisation in Britain. The initial focus of their efforts was to save from enclosure the commons land in or near London including Hampstead Heath, Epping Forest, Wimbledon Common, Wandsworth Common and Berkhamsted Common.

Further campaigns to end enclosure in rural areas preserved the Ashdown Forest and the Malvern Hills in the mid-1870s by establishing them to be governed and managed by local people as Commons Preservation Societies. In 1869, the defence of the rural commons at Fakenham, Norfolk, in defiance of a decision by the Enclosure Commission, led to several weeks of fence, barn and crop burning. Hundreds of arrests were made and to restore civil order the Government had to call in the army. This popular uprising was the last rural rebellion in England and as a successful social struggle served to bring to an end the enclosure system by statutory means.

William Morris was active as a board member of the Commons Preservation Society from 1876 to 1886. Although the effective campaigning work of the CPS (now called the Open Spaces Society) slowed enclosure, the remaining Commons land was only given legal protection by the Commons Registration Act 1965.<sup>11</sup>

### Community Land Trusts and the Protection of the Commons

Ruskin was concerned to protect and preserve the remaining commons land nationally and most importantly to establish a robust non-profit corporation to stem the decline of small family farms, the loss of rural crafts and the abandonment of rural villages. In 1871 he founded the Guild of St George with these social objectives and appealed for land donations and funds to construct village housing and build or repair village halls, barns, mills and farm buildings. Under the Guild, land donated was held in trust and housing was let on long leases at an affordable fixed rent, with a option to buy the dwelling or farm house. The fixed rental system was designed to be reduced as the land was improved. A core principle of this early community land trust was that land made available to a family or tenant was restricted to the amount of land the occupiers could cultivate themselves. Building construction and improvements needed to use local labour and local materials as local economic and ecological self-reliance was the abiding ethical rule.

The success of the Guild of St George was in practice limited to a handful of small projects. These included the construction in the 1870s of eight stone cottages and allotments for fishing families in Barmouth on donated land, the development of a small hamlet at Totley on the outskirts of Sheffield, the rescue and redevelopment of two mills at Langdale and Huddersfield in Yorkshire, and the establishment of a pottery works in Worcestershire. The real success of Ruskin was in being the first to pioneer the novel idea of a “trusteeship company” – a distinctive form of social enterprise whose purpose as a business was not profit but to secure “enduring community benefit” for local people. These efforts motivated others to pick up the challenge of a land trust company.

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<sup>11</sup> Two leading CPS founders, Octavia Hill and Robert Hunter went on to found the National Trust in 1895 with Canon Hardwicke Rawnsley and the backing of the Duke of Westminster.



## Chocolate and Land Trusts

Inspired by Ruskin's writing and experiments, it was the two Quaker industrialist friends, George Cadbury in Birmingham and Joseph Rowntree in York who developed the land trust system on a much larger scale. Following the lead of soap manufacturer WH Lever, who founded Port Sunlight as a model industrial village at Birkenhead in 1888, Cadbury began to develop agricultural land at Bournville in 1894 and, instead of a company, initially used a leasehold system with restrictive covenants to prevent speculation. Elaborate care was taken to plan the development in order to meet local needs affordably and diversely in terms of housing, business, leisure and amenity space.

The young Birmingham architect, William Harvey, was appointed to develop affordable housing which would also incorporate high quality arts and crafts design features. His first scheme included 143 properties for sale with leases of 999 years. Problems with early re-sales and evidence of developing speculative activity led to the formation of Bournville Village Trust in 1900. At the time of the founding of the Trust, there were over 300 housing units, including rental properties. Today, the Bournville Village Trust includes almost 8000 properties, schools, colleges and shopping areas. The Trust encompasses over a thousand acres of land near to the University of Birmingham.<sup>12</sup> In the past century, the work of the Trust has facilitated a broad diversity of housing types and forms from housing association properties to shared ownership, self-build, starter homes and co-op housing.<sup>13</sup>

## The Garden City Movement: 19<sup>th</sup> Century Land Trusts, Self-Sufficiency and Environmentalism

However the most ambitious land trust system was developed conceptually by Ebenezer Howard. Howard sought a system to "capture the unearned increment" of property development in perpetuity for community benefit. He drew his ideas specifically from those thinkers who inspired, or were pioneers in, the co-operative movement. In his model system, he brought together the radical thinking of Thomas Spence, Robert Owen, the Chartists, John Stuart Mill, Henry George, John Ruskin, Peter Kropotkin and William Morris. Howard was a Londoner and, in the late 1880s, he observed two contradictory phenomena, the massive overcrowding and horrific slums spreading across the heart of London and the rapid depopulation of rural areas to the north of London, with the resulting demise of productive increasing numbers of farms. With the development of rapid public transport and electrification, he perceived the practical potential for a system combining, for the first time, the best of city life with the best of rural life. As a synthesis, he proposed the idea of Garden Cities. This was not a mere suburban idyll, to which the concept was reduced by later followers, but a full master-plan for what might be today be described as a "sustainable city".

In 1898 Howard articulated his detailed proposals in his book, *Tomorrow: a Peaceful Path to Real Reform*. This set out a visionary plan for a polycentric "social city" of 250,000 people, comprising a central city of 58,000 people on 2,000 acres, which was linked in a circular network to a larger orbital system of six interlinked Garden cities of 32,000 people, each based on 1000 acres of land. Between these six cities would be green space for 58,000 acres of agricultural land. Howard's plan incorporated ideas for agrarian reform from Kropotkin's (1898) book, *Fields, Factories and Workshops Tomorrow*, to revive local food production with a biodynamic agricultural system, having noted that, unlike the England of a century ago, Belgium, an industrial country with poorer soil, was self-reliant in food production and indeed exported more than its population consumed. The aim for each "social city" was to provide not only its own food supply but also its own water and energy needs on a regional basis. A

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<sup>12</sup> New Earswick as a model industrial village was developed in York by Joseph Rowntree in 1902. It was modelled closely on the Bournville Village Trust and based on the same legal structure and social mission.

<sup>13</sup> The establishment of the Bournville Village Trust coincided with the pioneering of housing co-ops in England. These were known as Tenant Co-Partnerships and the first was founded in Ealing, London in 1901. Between 1901 and 1912, 14 Tenant Co-partnership societies were set up and 6595 dwellings built which provided housing for up to 35,000 people. The major experiments to develop community land trusts in Birmingham, London and in Letchworth Garden City had a strong link to the housing co-op movement. Raymond Unwin was the architect who worked on many of these projects and provided very high quality levels of design.

non-fossil fuel system was planned to limit air pollution and hydro power and renewable energy were key features in the Garden City plan. Public transport was also a key feature and was based upon an efficient inter-municipal railway system and canal network for both urban and rural transport between the seven city areas.

In 1892, the Labour Nationalisation Society was founded and began to advocate the use of public land for affordable housing. This proposal drew upon the state socialist solutions advanced in 1888 by the American Edward Bellamy in his popular utopian novel, *Looking Backward*. Howard sought an alternative solution based on "co-operative land societies", which could be governed in a more decentralised and locally accountable way. The success of Howard's book attracted a broad range of 1300 supporters – including many pioneers of the early housing co-operative movement.

To implement the vision, these members founded the Garden City Association in 1899 and, with the sponsorship of George Cadbury, the first Garden City conference was held at Bournville in Birmingham in September 1901. Thereafter the Garden City Pioneer Company Ltd was founded in July 1902 and secured its initial share capital of £20,000. The main purpose of this company was to find and purchase suitable sites at agricultural prices for the first Garden Cities. Letchworth was identified as the first site and a separate "co-operative land society", First Garden City Ltd, was launched in September 1903 as an Industrial and Provident Society. However the second share issue for this company, which aimed to secure £80,000 in ethical investment, with a maximum dividend of five per cent, failed badly and the land purchased at Letchworth by the Garden City Pioneer Company had to be mortgaged in order to initiate the housing development programme.

The failure to secure sufficient ethical investment for the Garden Cities also led to Howard being forced to abandon his original improvement rate and rent system for leaseholders, which he had designed in order to capture development value for community benefit. While he was able to preserve his "co-operative land" system, the leases had to be framed as a conventional 99-year lease with either a ten year rent review or a higher fixed rent in order to attract sufficient businesses to move from London to Letchworth. In 1904, Howard stated that this early compromise to his plan was unfortunate but he held out hope for a later development of his original plan to capture value.

*'I still believe that the day will surely come when such a system of collecting public revenues (advocated as long ago as 1775 by Thomas Spence) will be adopted: and that, when fully understanding what it implies, all tenants will readily submit to a periodical revision of their rents; because in truth and in fact, such a revision of rent – if rents are paid to a body which represents the community – will be in substitution for the periodical revision of values of land and buildings for rating purposes, and will not be more but much less onerous for revision; to which, however people have grown accustomed. But such a system of revisable rents can hardly be adoptable at once, and by a whole community, even though it be "a state within a state".'*

The agricultural revival plan for Letchworth was partially successful but never succeeded as a means for redeveloping local organic farming. Nonetheless, enormous practical success was achieved. A Garden City of 33,000 people was established and is still thriving today. Operating profits on 5,300 acres of urban and rural land from a range of social enterprises have been captured for community benefit. These surviving five companies today include Letchworth Garden City Services, Letchworth Garden City Farms, Garden City Technologies, Letchworth Cottages and Buildings, and the Broadway Cinema. The Industrial and Provident Society is still the freeholder of much of the land within city boundaries. This generates an annual income of £6 million "for community benefit" from rentals on offices, shops, farms and factories.

The "co-operative land society" concept of Letchworth was abandoned by the nearby Welwyn Garden City, founded in 1920. This second Garden City was based on *public* land and was

part of the New Town movement to provide "Homes for heroes" to house the troops returning from the First World War. This approach supported the new national policy of council housing, which looked to the State to provide the capital and to lead housing provision in the future, rather than for local citizens. It would be over seventy years later before grass roots action in Scotland would consciously reintroduce community land trust practice once again.

## Exhibit

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## 2. The Highlands and Islands of Scotland - An Enabling Framework

Community ownership and control of land has developed much further in Scotland than south of the border or in Wales. It now enjoys a well-established legislative and organisational framework, as well as a designated fund to further these various projects.

The constituent parts of this enabling framework are, in summary, as follows:

- The **Community Land Unit** was set up in 1997 within the Highland and Islands Enterprise Board (HIE) to provide technical assistance to community land initiatives, and a Community Land Fund followed in 2001.
- The **Land Reform (Scotland) Act 2003** then created a unique legislative and enabling framework for community land ownership in rural areas:
  - Part I of the Act creates the Right to Roam, the right of access to privately-owned land;
  - Part II gives non-profit community bodies the pre-emptive right to buy land in which they have registered an interest, when the land is put on sale;
  - Part III gives crofting communities the right to buy their crofts, and fishing rights, whether the land is on the market or not.

This creates an opportunity for community bodies to secure community assets such as woodlands, farms, a residential care home, a Post Office, fishing rights, community facilities and land for housing. They have a pre-emptive right to buy land in which they have registered an interest if they can demonstrate that the buy-out will enable the sustainable development of the community, as opposed to merely blocking development and change. Aims include improving access to the countryside, gaining control of local resources in order to provide income for local services and job creation.<sup>14</sup>

- A **Scottish Land Fund** of £10 million was set up in 2001 by the New Opportunities Fund to assist community buy-outs, and is managed by the CLU. It has been increased by a further £5million and land grants are now available beyond the Highlands to all rural communities in Scotland of less than 10,000 members. Communities must fund about 6% of the purchase price of the land, set at market level, and the SLF may then contribute the rest in the form of a mixture of grants and loans. Loans go back into the fund as they are repaid to help other buy-outs.
- The **Community Land Unit** offers:
  - business start-up and development advice,
  - help in the form of grants and loans for land purchase, training from a network of technical assistance professionals
  - pre-purchase Technical Assistance Grants;
  - post-purchase grants. There are four categories: major projects such as island buy-outs; secondly smaller land projects such as large woodlands for conservation or amenity; thirdly, purchase of plots for community facilities, workspace and social housing; fourthly, grants for acquisition of property to develop a building such as a post office or community hall.

There is emphasis on the need for communities to generate revenue, and the CLU supports revenue projects such as renewable energy schemes. To assess the effectiveness and

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<sup>14</sup> Non-profit community bodies register an interest. When the land comes up for sale, they have six months to consult, arrange an independent valuation, conduct a community ballot, prepare the business case for the buy-out and raise the purchase money.

benefits of a community land initiative, the CLU has developed a Monitoring and Evaluation Framework.

Details of the work of the unit, news and links to projects with which it works are all available from the HIE web site ([www.hie.co.uk](http://www.hie.co.uk)).

**Key forms of support: the CLU perspective:**

- *Work at an early stage with assistance and a start up grant of £2000*
- *Funding for a project researcher and or animator*
- *High levels of grant, free of borrowing charges, as it is hard getting revenue funding for loan interest payments*
- *Aftercare - 'we don't just help them buy the land and then leave them to it'*
- *Close long-term relationships with communities.*

Andrew Anderson, HIE

Among almost 200 communities helped by the CLU are the Isle of Eigg, Abriachan Forest Trust, Knoydart Foundation and Laggan Forest Trust.

What lessons can be drawn from their experience?

**Use of consultants (*Laggan Forest Trust*)**

The Laggan project is founded on a partnership between Forest Enterprise and Laggan Forest Trust. It was established in 1998 and was the first of its kind.

Laggan is a little community of about 200 people in a remote part of the Scottish Highlands. The population was ageing and at risk of losing its school and village shop.

The partnership enables local people to have an active role in the management of three Forest Enterprise plantations, collectively known as the Strathmashie Forest, once a significant employer in the area.

In 1992, a feasibility study was commissioned by the community to look at the merits of purchasing the forest. The report concluded that it would be a drain and a burden for the community. It would lose the infrastructure provided by Forest Enterprise, which would not remain in partnership with the community. It recommended that the Scottish Land Fund should support purchase by the community of 6% of the forest, so that it would improve certain areas, for example creating an all-abilities trail and a forest industry park. Four potential sites were advanced for community ownership, to be confined to these relatively limited areas.

*I feel we should have gone for purchase of the whole solum, despite the cost. We can use it. It gives us autonomy. The four sites will be limited by their boundaries. It would have cost less to buy the whole, rather than the four plums, which have pushed the value of the forest up – to the benefit of the Forestry Commission, not the community.... A lot of people don't understand figures and are unable to challenge The Expert. The consultant spoke to Forest Enterprise first, not us, although we were the client, we commissioned the report. He was blinkered from the start and his assessment was determined by FE's perspective... His main feedback was seeking our views on his draft report, by which time he had already reached his conclusion. The process was not therefore very participative.*

(Dorothy Air)

### Partnership working (*The Isle of Eigg*)

The Isle of Eigg was bought by the community for £1.5 million in June 1997. It is a landmark in the Scottish land reform movement. The 3,200-acre island had a population of 70, three farms, 12 crofts, and a fishing, forestry, and tourism economy. The Trust now owns most of the island and the Pier/Am Laimhraig, it leases crofts, three farms, workspaces and houses and so has a complex property portfolio.

Partnership working is reflected in the EHT Board. It has four directors from the Eigg Residents Association (ERA), two from the Highlands Council, two from the Scottish Wildlife Trust (SWT) and an independent chair holding a casting vote.

Partnership enables the Trust to develop new projects by offering access to skills, experience and funding. For example, SWT has brought investment in forestry, wildlife and conservation through access to Millennium Forest funding. The EHT is managed by a Project Officer, funded full-time until Summer 2004, and a part-time Administrator and financial manager (whose post is funded from the £18,000 project annual income from the Trust's activities).

*Perhaps the most useful lesson has been that a small community can handle only so much at a time and needs to phase development in a manageable way, as well as remaining in control of it. It is healthy for the community and the trust to decide in favour of slower progress with decisions on future development made in an informed and steady way, thereby increasing the learning curve and the taking of responsibility throughout the community.<sup>i</sup>*

(Eigg crofter, Camille Dressler)

### Concepts of value: not just the bottom line (*Abriachan Forest Trust*)

In 1995, Forest Enterprise proposed to sell Abriachan Forest off for £425,000. Although big estates had owned the land for generations, local people had had access to the forest for peat, forestry, grazing and leisure. They concluded that the only way to protect the natural environment and their amenity was through ownership.

Abriachan Forest Trust was formed by the community at the end of 1996. It eventually proceeded with a purchase of part for £152,000. Funds were raised from a number of sources: Scottish National Heritage, HIE, ENTRUST and British Petroleum. The sale was finalised in March 1998. It was the first community buy-out of Forestry Commission land, although the community did not know it at the time. The long-term plan is to swing the vegetation back to native plants, which will take another 15 years.

*We are always being accused of being grant junkies...But what is always under-valued is the contribution of the forest to the local community and the value of the forest as a resource for the wider community. We have a relationship with a local college for young people with learning difficulties. They use our facilities and learn rural skills. They worked hard to construct board walks and bird hides in the forest. It took them ages to finish, but their work was of very high quality indeed.... When the work finished, their parents came to see what they had done. It was apparent that they were absolutely amazed at what they had achieved, and that it had far exceeded their expectations of what they could do...*

*When I see children here visiting from Inverness, I think of the chickens we buy from factory farms, when they have outlived their most productive egg-laying years. At first, you have to feed them from a feeder, because they don't even know how to peck food up from the ground. Gradually they learn to function normally, just as it takes the children two or three visits to feel at ease in the forest and to play happily there.*

George Hawco

Housing: dealing with contentious issues (**Knoydart Foundation**)

The land at Knoydart was bought by the Foundation in 1999 at a cost of £750,000, with financial support from Scottish National Heritage, Highlands and Islands Enterprise, the Chris Brasher Trust, the John Muir Trust, private donations and fund-raising.

Knoydart is reputed to be the last British wilderness. Foundation land extends over 17,200 acres. It has no road access – access overland is a long, beautiful, challenging walk. Most people take the twice-daily ferry from Mallaig, a 45 minute journey. There is no shop, no television mast.

The population is now 62, including 20 children. There is a great need for housing for local people. There is also a need for accommodation for people working at Knoydart on a temporary basis and the lack of housing results in a more generalised instability.

There had been an assumption that five newly-developed houses would be sold at less than market value, because any sale would be subject to conditions reducing the value. In the end, the community decided on sale at market value with no conditions attached, on the assumption that all the buyers intended to stay and no conditions were necessary. They needed to comply with the condition imposed by HIE that no individual was to benefit from the public investment in the project.

*The lesson I draw is that we needed clarity in terms of the benchmark before consultation. Pre-conceptions were not shared by people on the board. It was a huge, painful learning curve and caused enormous upset. The working group had intense discussions. There were vested interests, because people were hoping to buy... But there was a genuine desire to protect Foundation assets and safeguard the viability of the community. It was an awful meeting with accusations of self-interest. We didn't know how much the plots would be and the District Valuer came over. He asked whether he should do an open market valuation or a restricted market valuation and I said he should do both, so there were two figures for each plot and crossed wires as to what was expected, which then generated a lack of trust. We need to ensure that everyone understands the parameters. The Community Association was furious at the Board's decision... We should have got a written brief from the Board.*

Angela Williams



### 3. Community Land Trusts in the USA

This section looks at US Community Land Trusts, and draws out some lessons for community land ownership projects in Britain. It covers:

The origins of the Community Land Trust in the USA;  
Features of the 'Classic' CLT Model;  
Benefits of CLTs;  
Who might set up a CLT and how;  
The enabling framework;  
Some practical points;  
Resources.

Community Land Trusts have come of age in the USA. First pioneered by Bob Swann in the late 1960's, then developed by the Institute of Community Economics (ICE) (which he founded), CLTs spread steadily in the 1990's. Today, the key CLT features of permanent affordability and social cohesion are firing a rapid expansion. Even though there are currently (in 2005) only around 200 CLTs with around 8000 permanently affordable homes in total, there are now many more in the pipeline, often large city-sponsored schemes such as one with 400 homes in Denver, Colorado. One trigger has been the expiry of public subsidies on tens of thousands of affordable units, which are now no longer available to those in housing need.

Recognised by the federal government as eligible for funding, CLTs are supported by ICE technical assistance, by a mutual assistance network and by a national conference. According to ICE director Gus Newport, former mayor of Berkeley and ex-director of Dudley Neighbours CLT in Boston, CLTs are now a social movement, not just a housing solution.

#### Origins of CLTs in the USA

The American CLT movement was begun by Bob Swann, a carpenter and house builder. In seeking to reduce construction costs and build affordable homes, he became acutely aware that, whatever economies were made in terms of building costs, house values rose with the market anyway and affordability was lost over time. Land price inflation, rather than building costs, lay at the root of the problem. Landowners were gaining an 'unearned increment' from increasing land prices. His solution was dual ownership, the separation of the value of the land from that of the house or structure on it. The land would be held in trust by a CLT for the benefit of present and future generations, while the homeowner would own the building. To Swann, a CLT was a method of holding land in public trust, like the village green, rather than as a commodity.

Bob researched the history of land reform in the context of his involvement in the Civil Rights movement, repairing and restoring burnt churches in the American South. History demonstrated that communal land and property tended eventually to leak out into private ownership generations later. The experience of the Bhoodhan, or Land Gift, movement in India was especially instructive. Vinoba Bhave, Gandhi's successor in the Indian peace movement, had walked throughout rural India in the 1950s, asking the richer peasants in each village to give land to the landless to enable them to feed and house themselves. But without credit, tools, seeds and training, the new villager landowners were unable to survive and their indebtedness tended to result in the land being sold back to the larger landowners. To address this problem, Vinoba Bhave devised the Gramdan, or Village Gift system, where

the village itself was endowed by the larger landowners and then leased the land to those who could make productive use of it. This led to a plethora of village land trusts in India in the 1950s and early 1960s. Before he died, Bhave succeeded in attracting over 4.5 million acres of gifted land into the Gramdan system.

Bob Swann formulated an area-based, not-for-private-profit CLT, with membership open to any local resident who accepted the objectives and paid a nominal annual subscription. The role of the CLT was to obtain land by purchase, lease or gift, design a master plan satisfying social and environmental criteria, then lease the land for 99 years for specified purposes. All leaseholders are members of the CLT and elect a third of the directors. This gives them a voice, but not overall control.

Non-leasing members, such as people who want to expand affordable access through new projects, elect one-third of the CLT board. Another third of the board are co-opted professionals, with housing and land-related expertise, and local stakeholders with an interest in affordable access to workspace and housing, such as local government.

In the Swann CLT model, as exemplified in the CLT in the Southern Berkshires<sup>1</sup>, the sale price of homes on CLT land is set at current replacement costs, less deterioration, plus value of improvements, and made available to members living locally. This means that, whilst being a non-profit for the benefit of local people, it is not a charity because homes are available to diverse families on a range of incomes. Local self-reliance, a non-profit organisational structure, and full community participation are crucial to enabling Land Trusts to bring housing and business costs down, and to making land-use planning a local, community-based endeavour.

#### Ten features of the 'Classic' CLT Model

The Community Land Trust model, as designed by Bob Swann, was a mutual non-profit organisation for community benefit, and was subsequently developed as a charitable, tax exempt non-profit organisation by Chuck Matthei<sup>15</sup>. It offers many variations and the structure can be re-designed and varied according to context, need and community. Most, however, have the following ten features:

- ***Non-profit, tax-exempt corporation***

Because most CLTs focus on making land and housing available to residents who cannot otherwise afford them, or relieving neighbourhood blight, they are entitled under American law to tax exempt, charitable status.

Whilst most CLTs are created from scratch, some are started as programmes by existing non-profit organisations. For example, Thistle Community Housing in Boulder, Colorado is an established provider of social housing with 272 units and set up a CLT homeownership programme of 72 units as a next step on the housing tenure ladder<sup>16</sup>.

- ***Dual ownership***

The CLT acquires land in a specific locality, with the aim of permanently retaining ownership of it. Existing or new-build homes are sold to individual homeowners, housing co-operatives or other non-profit organisations to provide permanently affordable home

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<sup>15</sup> Chuck Matthei (1948-2002), was director of the Institute for Community Economics (ICE) from 1980-1990. He helped pioneer the 'Classic CLT' model. In the 1980s, ICE assisted the expansion from twelve CLTs to more than 100 and pioneered the development of regional loan funds. Chuck was the founding Chair of the National Community Capital Association, which supported Community Development Financial Institutions for the social economy,

<sup>16</sup> Thistle Community Housing is a Community Development Corporation which, in the USA, is a non-profit organisation very similar to a British housing association. Its interest in the late 1980s in CLTs was stimulated when the average house price in Boulder soared to \$380,000. This purchase level required a minimum household of \$85,000 for a first time buyer to secure a mortgage.

ownership. Dual ownership means that the CLT owns the land, but the homeowner owns the home on the land. However, in practice, many CLTs also develop housing and workspace for rent, retaining ownership of both the land and the buildings.

- ***Leased land***

CLTs aim to hold the land in perpetuity, whilst agreeing long-term ground leases providing exclusive use of the land by the owners of buildings on it. The ground lease between the CLT landowner and the homeowner guarantees the homeowner's right to privacy, security, legacy and equity, whilst securing the CLT's objective of continuing affordability. The ICE model ground lease is highly varied in practice, applying different payment systems, different re-sale formulae and different rules relating to occupancy, improvements and sub-letting<sup>17</sup>. The ground lease usually includes payments due for property taxes as well.<sup>18</sup>

- ***Perpetual Affordability***

CLTs have an option to repurchase homes or buildings located on their land when owners sell, so as to preserve affordability. The re-sale price, which excludes the land value, is set by a formula designed to give existing homeowners a fair return on their investment, but which also enables future homeowners to have fair access to housing at an affordable price. Re-sale formulae vary widely amongst CLTs, depending on the needs of the community and the goal of the CLT.<sup>19</sup>

- ***Perpetual responsibility***

As the owner of the freehold, the CLT has a continuing interest in ensuring that affordability is maintained, that lease agreements are kept, and that community ownership and interests are protected. Many CLTs deliver homeownership education programmes, and varying degrees of support for potential defaulters to support this objective. Supervising 99-year renewable ground leases of course also requires that the CLT or its successor organisation must also endure.

- ***Community Base***

A CLT covers a specific locality and is accountable to local residents. CLT homeowners and local people are entitled to become voting members. Originally CLTs tended to be neighbourhood-based, but city and countywide CLT "service areas" now also exist.

CLT countywide service areas are common in rural areas, where a small population is scattered across a number of small villages and towns. For example, OPAL CLT serves Orcas Island, Washington, which has a population of 4600, or the Central Vermont CLT in Barre serves a rural county. Urban CLTs can choose to concentrate on a neighbourhood, a whole city or a metropolitan region.

Neighbourhood CLTs in urban areas include Durham Trustees, North Carolina, Time of Jubilee in Syracuse or Dudley Neighbours CLT in Boston. In addition to permanently affordable housing, such CLTs deliver benefits such as community control and comprehensive community development.

CLTs with a city-wide service area include Madison Area CLT (Wisconsin) and Portland CLT (Oregon). Resident control over housing, and community control over the CLT are key features, but members are scattered across a number of different projects and neighbourhoods.

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<sup>17</sup> For more on this, see chapter 12 below

<sup>18</sup> The ground lease payments from CLT homeowners normally include an administration fee for the CLT and property taxes. Thus the monthly amount of this outgoing varies widely. To assist with affordability, some CLTs have structured their leases to increase in a stepped way during the first five and sometime first ten years of occupation.

<sup>19</sup> For more information, see the section on leases and re-sale formulae in chapter 12 below.

CLTs serving metropolitan service areas include Burlington CLT and First Homes in Rochester, New York State or Thistle in Boulder, Colorado. Burlington CLT, with 2,200 members, was founded in 1982, and sponsored by Burlington CLT with three years' core funding. Having first focused on the Old North End neighbourhood, Burlington CLT went on to develop housing in the suburbs as well as limited equity co-operatives, an artists' live/work co-op, workspace, rented homes and scattered shared appreciation homes. Such CLTs enable low-income families to secure a foothold on the housing tenure ladder, as well as work in partnership with local government as strategic enablers. However, the bigger the area served and the larger the CLT, the greater the strain on community control, a balance which needs continuing consideration and attention.

- ***Resident Control***

Classically, one-third of the board of directors is composed of CLT residents, one-third of people living in the service area and one-third of professionals with relevant skills (for example, surveyors, accountants, architects, funders). Residents have voting rights, but do not have overall control, which ensures that their interests do not override the objective of permanent affordability and ensuring that the land is kept out of the market. There are a number of variations; Thistle CLT, for example, provides for CLT residents to vote a representative for each CLT neighbourhood onto a Board sub-committee.

- ***Tripartite Governance***

The tripartite board is responsible for governance, which must be transparent and accountable, and for taking forward the CLT's vision, values, policies and strategic direction.

Shadow and start-up boards are constituted initially, giving way to a representative, tripartite board elected by the membership when the organisation becomes established. The aim is to have an active, diverse board, so that the CLT is well rooted in the community. One significant variable is the degree of representation on the board of local government or of churches, housing and other community organisations.

- ***Expansion, acquisition and growth***

CLTs aspire to go beyond focus on a single project and engage in a development programme to expand landholding and increase the local availability of affordable housing and workspace. The pace and scale of acquisition varies widely, depending on funding, land availability and needs. Property is bought on the market using public funds or private loans, or it is acquired on favourable terms from local government, or gifted outright. After five years of developing successful CLT-based properties in Colorado, Thistle Community Housing has now begun a new programme with 500 CLT homes for sale and it is currently raising \$2.5 million in donations and grants to fund another 1000.

- ***Flexible development and range of tenures***

CLTs are a flexible community development tool allowing for a variety of land uses, tenures, and types of properties. CLTs build, acquire or rehabilitate single-family homes, duplexes (semis), blocks of flats, co-ops and mobile home parks. Burlington CLT, for example, owns and or rents out flats, offices, a community health centre, live/work space, parks and workspace for local businesses, non-profits, arts organisations and social service agencies. Land stewardship is the common thread.

*We have folks living in shelters; we have single room occupancy; we have very affordable rentals; we have housing co-operatives; we have affordable condominiums throughout the city and county, and affordable single family homes.*

*Brenda Torpy, BCLT*

CLTs undertake a variety of tasks. Some focus on land stewardship, acquisition, leasing and preserving affordability, but contract with developers or non-profit partners for the development work or even housing management. Other CLTs are skilled developers in their own right.

### Benefits of CLTs: the US perspective

The US experience demonstrates the following benefits:

- **Permanent affordability:** affordability is preserved and a 'commons' developed for present and future generations. Private gifts of land and public subsidies are preserved for community benefit. Research on re-sales by Burlington CLT showed that homes in fact became more affordable over time<sup>20</sup>;
- **Rebuilding the housing tenure ladder:** enabling mobility through more choice of housing type and tenure for low-income families. Affordable home ownership with the opportunity to build some shared equity helps people to take a step into freehold home ownership;
- **Community control: development without displacement.** An active community investing in itself risks becoming a victim of its own success, attracting external wealth and investment and becoming unaffordable for local people. CLTs revitalise local communities but protect people on low and moderate incomes from displacement caused by rising house prices. Retention of ownership of the land enables CLTs to ensure that housing for rent or purchase remains permanently affordable, and provides the means for raising new investment. For example, Dudley Neighbours CLT, in Roxbury, Boston, was created by residents to rebuild their blighted neighbourhood. 144 new homes have been built, together with workspace and community facilities. Dudley uniquely acquired the power of eminent domain or compulsory purchase, so that it can master-plan its area and defend itself against predatory redlining practices which had turned the area into a slum in the 1980's<sup>21</sup>;
- **Flexibility and mixed development:** CLTs are capable of adapting to the special characteristics of sites, people and funds; for example, they can:
  - mix land uses and types of housing on scattered sites;
  - develop new-build neighbourhoods using co-housing design features;
  - incorporate amenities such as communal spaces, child-friendly areas, gardens;
  - control car usage and keep cars to the margins;
  - combine different land uses, income levels, housing types and tenures in the same development, or on different sites.
- **Security:** CLTs act as a backstop for first time homeowners, and help cure defaults or prevent foreclosures in order to protect households, lenders and the land;
- **Land assembly:** the CLT offers a land assembly tool for a wide range of purposes;
- **Delivering affordable housing effectively:** Burlington City sponsored and funded Burlington CLT to deliver affordable housing because the city did not have housing experience, unlike British local authorities. It saw itself as a strategic enabler for a 'third sector' of community-based non-profit organisations;
- **Stopping housing abandonment and clearance:** Commonwealth CLT was established in 1988 by a faith-based alliance concerned about housing abandonment in the rapidly declining industrial city of Youngstown, Ohio. The CLT has saved over 800 older homes from demolition and helped rebuild a number of inner city areas;

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<sup>20</sup> See chapter 3.3 above

<sup>21</sup> Redlining occurs when an informal network of estate agents, bankers and insurers withdraw their services from a neighbourhood, sending it into a downward spiral through 'flight and blight'. Homeowners and small landlords lose equity and are forced out by speculators. See [www.dsnri.org/DNI.htm](http://www.dsnri.org/DNI.htm).

- **Protecting design and landscape:** through control of master plans, CLTs are able to preserve design quality, landscape and other special features agreed by the community and planners.
- **Protecting and preserving family farms:** Indianline Farm in Western, Massachusetts was saved from gentrification by the CLT in the Southern Berkshires. The model included a conservation land grant to maintain the organic status of the farm and donations from local people and local organisations to provide an equity fund, in order to take the land out of the market and enable a young couple to take it on as a going concern.

### CLTs and Community Action

*Orcas Island and the San Juan islands in Washington state are in a popular tourist area which was rapidly becoming 'gentrified' in the late 1990s. OPAL (Of People and Land) CLT was started on Orcas by a wide range of people who had become conscious that ordinary people would soon become unable to afford to continue to live and work there. This action inspired other CLTs on four neighbouring islands and since 1999 the CLT Alliance of the San Juan Islands has emerged and almost 100 affordable homes have been built. Durham Land Trustees in North Carolina was a response by community activists in a poor African-American neighbourhood adjoining Duke University. They were concerned about the deterioration of housing, absentee landlords and the threat that expansion of the university would displace their entire community.*

#### CLT sponsors and enablers in the USA

Experience in the USA shows that the initial will and vision to start a CLT broadly comes from four sources: community activists, local government, non-profits and employers. Often, the impetus comes from faith-based organisations.

Whilst **grassroots organising** has the advantage of community acceptance and proximity to prospective residents and other users, there are potential drawbacks. Housing development is complex, it takes time and specialist skills. Lack of core funding, staff capacity, start-up funding and credibility with funders mean that it can take longer to get projects off the ground. CLT developers need partnership to bring together three essential skills:

- community organising and community education;
- housing development and management;
- community development finance.

CLT enthusiasts can not do it all and they need to be aware that there are other competing non-profit organisations already providing social housing. These could become allies by forging a soundly worked-out partnership system which plays to respective strengths in the three core skill areas.

- **Local government** can play and is increasingly playing a sponsorship and enabling role in setting up CLTs<sup>22</sup>:
  - Burlington CLT was sponsored by Burlington City, which provided core start-up funding, staff support, planning perks, credibility, expertise, connections, access to funding and help with land. The local authority is committed to an integrated approach to economic and community development through the third sector;
  - In the twin cities of St. Paul and Minneapolis in Minnesota, the local authorities have collaborated in recent years to support the development of seven local CLTs. Local

<sup>22</sup> What is completely different, however, and this should be borne in mind, is the statutory role of local authorities as housing providers in the British context, as well as the existence of legislation to protect leaseholders (leasehold enfranchisement) and give local authority tenants the 'right to buy'. See chapter 12 below.

homebuyers are assisted by a Homeownership Centre, which provides advisory services to leaseholders in all CLTs. The support of the two local authorities has attracted interest on the part of three banks in providing mortgage finance on competitive terms;

- In the 'research triangle' of North Carolina, officials concerned about rising housing costs created a CLT in Orange County for new houses for first-time homeowners;
- Portland CLT was initiated by the Portland Bureau of Housing and Community Development to ensure provision of permanently affordable housing in inner city neighbourhoods.

In each case, however, there was close co-operation with local community leaders and non-profit organisations. In Minneapolis, the City of Lakes CLT has been assisted by a Community Development Corporation to construct its first development of 40 units.

The advantages to a new CLT of local government finance, expertise, credibility, staff time, planning help, land, and being a part of an overall housing delivery strategy, are considerable. It is not a coincidence that the largest CLTs, such as Burlington, received support from the local authority from the start. However, unless a consensus is established, party politics can present a danger, and there is also a risk of top-down operations not adapted to local people and needs, instead of the participative approaches crucial to thriving, successful development.

- **Existing non-profit organisations** may initiate CLTs. For example, Sawmill CLT in Albuquerque, New Mexico, was originally a non-profit housing developer, and transformed itself into a CLT with city support. The Clackamas County CLT, south of Portland, Oregon was created by a non-profit housing developer to manage its housing, with the specific intention of making it independent when the CLT can become economically self-reliant. Dudley Neighbours CLT has been developed as an affiliate of Dudley Street Neighbourhood Initiative and was formed as its land-holding entity. Thistle Community Housing in Boulder, Colorado is developing an expanding CLT to seek to secure permanent affordability for their low-income homeownership programme.

These organisations contribute expertise, staff, development skills, credibility, support, housing management skills, funding and partnership. However, unlike classic CLTs, many CDCs (Community Development Corporations), have self-perpetuating boards and, like many British housing associations, are resistant to active tenant participation in governance and to the concept of community-based control. There is also concern as to what will happen to the community's land asset if the CDC is taken over by a remote organisation, merges, moves on, or if it uses the land as security for borrowings.<sup>23</sup>

- **Employers**, concerned about the lack of affordable housing for their staff, have also helped to set up CLTs. Jackson Hole CLT in Wyoming was started in a ski-resort town because key workers such as hotel staff, police, teachers and health workers were being priced out. The Mayo Heart Clinic contributed \$7 million, matched by \$6 million from other local employers and the state, to the Rochester Area Community Foundation in Rochester, Minnesota, for the construction of starter homes. These home equity grant funds were levered in to raise mortgage and construction finance of \$115 million to build almost 1000 units for low-income tenants and low- and moderate-income homeowners. The Foundation formed First Homes in 1999 as a regional CLT in partnership with business, community and government leaders. Mayo Clinic directors were attracted by the fact that their investment would be retained permanently in the CLT to maintain affordability.

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<sup>23</sup> These concerns are reflected in the British context of the potential role of housing associations and the transfer of the land as an asset shown in their balance sheet, rather than operating as an asset for the benefit of the community. See chapter 5 below.

The advantages to Mayo are considerable – the clinic gains a positive image, permanently affordable starter-homes are made available to low- and moderate-income health service workers and the CLT vehicle avoids the dangers of a 'company town' solution. CLTs initiated by employers can leverage public and private money, land, capacity, credibility and, potentially, a shorter start-up time. One advantage of employer-assisted housing is that it addresses low-income working families' housing needs, but at the same time has the shortcoming that the unemployed may be excluded. There are risks that residents will not be diverse; moreover, many workers do not wish to live with people they work with<sup>24</sup>.

In all cases, CLT success depends on political, local government, financial and housing professionals, as well as business and community support. Engaging these key players can happen in a number of ways:

- **Community organising:** by a combination of individuals, churches, business and/or voluntary organisations in a neighbourhood. An organising group is formed, proposals are put to public conferences to endorse the structure, aims, board, which then raises funding, builds capacity, engages a project worker and looks for a first project;
- **A core group** of key individuals and organisations favourable to founding a CLT is drawn together by enablers. A shadow board is formed to draw up the constitution, policies and programmes and to organise an initial project. Once up and running, the CLT board engages in public education, and gives way to a properly elected tripartite board;
- **The land and resources are secured first:** organisers and champions secure land and resources to deliver a project first, and then the CLT promoters use paid staff to organise community and core groups to implement the first housing project<sup>25</sup>.

#### The US enabling framework

- Federal legislation was passed in 1992 recognising and legalising CLTs. As a result, grants for core funding and housing are available from federal and state sources;
- US mortgage lenders are familiar with and informed about CLT homes. Fannie Mae, a national funding provider to local banks, has the 'CLT option', a lending product to individuals wanting a mortgage for a CLT home. Features include up to a 30-year fixed rate 100% mortgage and a deposit of \$500, so that qualified low-income families can gain access to home ownership;
- The Institute for Community Economics (ICE) provides technical assistance and information resources (supported by a federal grant) to both start-up and established CLTs across the USA. It sponsors a national conference, training and, as a Community Development Financial Institution, has a \$13 million revolving loan fund to provide development finance for new CLTs without a borrowing track record. It supports the work of the Community Land Trust Affiliates Network, which promotes the practice and benefits of CLTs to the federal government in Washington and municipal and state governments. ICE staff also provides and helps organise mutual support systems for CLTs, such as monthly phone-in helpdesks and regional networking events;
- Burlington Associates provide a full range of technical assistance nationally for CLT development. It has experienced consultants who have themselves set up or operated CLTs. They are used by ICE to deliver technical assistance and wrote the Community Land Trust Legal Manual (2002). They are widely acknowledged as the leading experts in the field;
- There are regional and state government enablers, such as the outstanding Vermont Housing and Conservation Board. Since 1987, VHCB has created 7000 affordable homes,

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<sup>24</sup> In the UK, care must also be taken to ensure that such housing does not attract taxation as a benefit of employment.

<sup>25</sup> See chapter 4 below for more discussion of the principles involved.



saved over 300 farms and conserved several hundred sites for public recreation, wildlife and wilderness. In many parts of the USA, conservation land trusts and affordable housing needs have been in conflict. However, a unique coalition of Vermont housing, farming and conservation groups came together to preserve Vermont's historic buildings, landscape and farms, and to develop affordable housing. VHCB is a state-funded public body, which receives Federal funding for Vermont. It provides technical assistance, feasibility and core funding to a variety of farming, conservation and housing non-profit organisations. Part of VHCB funding comes from a tax on property sales.

- Other state governments are following the policy and strategic lead pioneered by Vermont to develop CLTs. There are now CLTs under development in 33 of the 50 American states. CLTs are gaining support increasingly in Oregon, New York, Minnesota, and Colorado. The Minnesota CLT Coalition brings together nine CLTs and three CDCs. Taking ideas from Vermont, this coalition is developing a Homeowner Initiated Programme (HIP) for CLT development with both state and local authority support. For example, Rondo CLT in the city of St. Paul, Two Rivers CLT in Stillwater, and Northern Communities CLT in Duluth provide prospective low-income homeowners with a package of assistance. Rondo CLT provides low-income homebuyers with a \$25,000 equity land grant and a \$25,000 grant for repair and refurbishment of older housing. The repair and rehabilitation grant is used for renewing the house structure, electrical system and heating system.

### **Learning from the American experience**

- Although the historical land tenure system is very different in the USA from the one in Britain, the concept of leasehold tenure is well-established and understood in both countries. There is no obstacle in principle to treating the land as separate from the building through the use of a form of ground lease in Britain;
- A national network such as the ICE-supported CLT Affiliates Network for advocacy, mutual help, collaboration and technical assistance is important to provide support for community land trusts;
- The ten features of the Classic CLT model are a useful checklist, for example for judging whether the assets really are community-owned and if there is real community control. They should not, however, be treated as definitive because of the very different legal issues which have to be addressed in the British context. The model is, nevertheless, very adaptable, and there are many variations depending on the context, people and resources;
- The pioneering non-profit CLT founded by Bob Swann in the Southern Berkshires area of western Massachusetts serves a range of local income groups in this rural area, and is especially relevant to the British rural context - local, small-scale, based on mutuality and on local membership rather than income-qualified homeowners;
- Even though CLTs distinguish between the land, which they take off the market and hold in trust, and the structure on the land, which they sell, many CLTs also rent workspace and housing. These could therefore more accurately be called Community Land and Property Trusts;
- CLT start-ups organised on a grass-roots basis are relevant in rural areas for small projects, but take time, lots of energy and voluntary 'sweat equity'. They are often limited by being run on a shoe-string, although resources usually come eventually. When a city, such as Burlington, sponsors and funds a CLT as part of an overall housing and community development strategy, implementation is quicker, less risky, and can be scaled up - though there are risks such as a top-down approach and less participation;
- A range of forms of funding is crucial, including for feasibility studies, to sustain core activities, to educate lenders and open access to mortgage finance. The availability of CDFI revolving loans, land grants and public subsidies are all essential to CLT development;
- Sustainability and core funding is an important issue for CLTs - income from re-sales and ground lease fees may not be enough to cover operating costs unless the CLT is obtaining funds from developing new projects. This has created an incentive for some CLTs, such as OPAL or Burlington, to rent/lease workspace in order to fund core operations;
- The Vermont Housing and Conservation Board unites farming, workspace, conservation and affordable housing interests in taking an integrated approach to supporting local organisations and to carrying out rural development and conservation. It has succeeded in avoiding the conflict which has all too frequently dogged separate farm, conservation and community land trusts.

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