

**Community Land Trust**  
School of ESPaCH  
Room 214, Crescent House  
The Crescent  
Salford  
M5 4WT

Tel: 0161 295 4454  
Email: [j.e.powell@salford.ac.uk](mailto:j.e.powell@salford.ac.uk)

[www.communitylandtrust.org.uk](http://www.communitylandtrust.org.uk)

the design & print group, university of salford T: 0161 295 2639 24536/08



## *Then we will do it ourselves*

A report on the rural Community Land Trusts part of the  
Community Land Trust National Demonstration Programme

Community Finance Solutions, an initiative of the  
University of Salford and Wessex Reinvestment Trust



# Background

*... by the community for the community*

## Acknowledgements

Community Finance Solutions/Wessex Reinvestment Trust Team Jennifer Aird, Steve Bendle, David Brettell, Karl Dayson, Bob Paterson, Jennifer Powell, Alison Ward, Andrew Williamson.

## In addition to the authors listed above the following contributed to the Case Studies:

Alison Ward, Alan Fox, Richard Bonnie, David Smith, David Brown, Jonathan Brown, Paul Smith, Joanne Gooding and Nick Stanley

## Project Advisory Group

Kate Braithwaite, Carnegie UK Trust  
Trevor Cherrett, Commission for Rural Communities  
Andrew Cooper, School of ESPaCH, University of Salford  
Karl Dayson, CFS, University of Salford  
Mark Deakin, Napier University  
Des Kelly, National Housing Federation  
Martin Large, Gloucestershire Land for People (Advisory Group Chair)  
Joe Ludlow, Venturesome  
Adrian Moran, Housing Corporation  
Roger Northcott, Independent consultant  
Elaine Paterson, Northumbria University  
Nicola Pollock, Esmée Fairbairn Foundation  
David Rodgers, CDS Co-operatives

## Funders

Carnegie UK Trust  
Housing Corporation  
Commission for Rural Communities



## How Worth Community Property Trust came into being.

There is a clear need for affordable housing across Purbeck – a picturesque area popular with second homeowners and other visitors. In 2002/03 Signpost Housing consulted the local community about 12 potential affordable housing sites. The preferred site was an area on the edge of the village called the football field.

Signpost carried out some initial work on the football field site including seeking outline planning permission for 6 houses. This initial work showed some interesting archaeology on part of the site that would prevent a tarmac road being laid. This meant that it was not permissible to build more than 5 houses. So Signpost Housing's business plan assumptions could not be met and it was no longer a viable option for an RSL.

At this stage the land was put on the open market and, a local resident bought the land with the intention of protecting the archaeology and preserving the site for affordable housing. After exploring a number of possible delivery mechanisms, he decided to see if he could get a community land trust off the ground locally. The vision of the community land trust would be the regeneration of Worth Parish "by the community for the community".

Local people were supportive – both long standing locals and second homeowners – because they felt that they could have more input into the affordable housing and make sure it met local priority needs.

A board of 12 including potential residents of the affordable houses and other local people runs the Trust. After getting Worth CPT formally constituted as an industrial and provident society in October 2006, one of the first things the board did was to draft, consult and finalise the selection criteria for nomination to the affordable houses. The Council supported this process and the selection criteria despite having no direct nominations itself to the houses.

Getting planning permission was a long process largely because of lengthy debate with the Council and lenders about the section 106 agreement that will ensure the houses stay affordable in perpetuity – a point that everyone agrees is vital. There was particular debate around a mortgagee in possession clause. The CPT now hope to start building in the summer of 2008 – subject to agreeing development, long term and mortgage finance packages.

The Trust has had excellent support from the local community, the Council and the Synergy Housing Group. And a local archaeology group (East Dorset Antiquarian Society) has provided expertise and labour free of charge saving the Trust a lot of money.

**Bob Kenyon, Chair, Worth Community Property Trust.**  
[www.worthcpt.org](http://www.worthcpt.org)



# Foreword

*... affordable housing for working families*



**It is a great pleasure to introduce this report on the work of the pioneering Community Land Trusts National Demonstration Programme.**

Carnegie UK Trust quickly recognised the potential of this new governance model for rural communities that are anxious to tackle the most pressing social issue of our time - the provision in the countryside of affordable housing for working families. Not only is there obviously a market failure, the state seems unable to direct adequate resources for rural projects.

Community Land Trusts (CLTs) allow concerned local people to acquire land and plan for the provision of housing and associated services such as workspace and community halls to be managed on behalf of the community in perpetuity. At every stage in the development of a CLT, the values and principles of community development are deployed. As with any new idea, there have to be brave individuals who pave the way for what will hopefully become a strong social movement. This report records their experiences and the obstacles that they have encountered and overcome.

All those associated with the National Demonstration programme believe that rural communities embarking upon the development of a CLT deserve access to the very best advice on legal models and access to appropriate sources of start-up capital. It is encouraging to report that progressive Trusts and Foundations in the UK are working together to create a CLT facilitation fund. Such measures will surely pave the way for the release of more land for CLT sites and eventually the provision of many more houses for local families in rural areas.

I would like to extend my appreciation to Bob Paterson and Steve Bendle whose dogged determination has resulted in wide recognition of the potential of CLTs and to Roger Northcott who has joined me on a mission to spread the CLT message.

*Kate Braithwaite*

Kate Braithwaite  
Director, Rural Programme  
Carnegie UK Trust



# Contents

<b>Background</b>	3
<b>Foreword</b>	4
<b>Introduction - Ideas into action</b>	6
<b>Case Studies - Introduction and table</b>	10
Torridge – Devon	12
Buckland Newton – Dorset	15
St Minver - Cornwall	18
Chipping – Lancashire	20
Cumbria	23
Northumberland	26
Land for People – The Marches	29
<b>Policy Development</b>	32
<b>Summary of policy issues</b>	32
Legal Models	32
Tenure	33
Pre-development and development funding	34
Section 106 Agreement	36
Resale formula and mortgage offers	37
Housing allocations	38
Charitable and other funding	39
<b>Agency support options</b>	39
Housing Associations	39
Development Trusts (in Northumberland)	40
County wide umbrella CLTs	41
Community Finance Solutions & Wessex Reinvestment Trust	41
<b>Design and specification of dwellings</b>	41
<b>Replication through best practice and recommendations</b>	42
<b>Useful resources</b>	46

# Introduction

*... social, economic and environmental sustainability*



This report aims to capture and pass on the learning and experience gained by Community Finance Solutions (CFS) and Wessex Reinvestment Trust (WRT) in completing the first phase of the Rural Community Land Trusts (CLTs) National Demonstration Programme. We have supported rural housing projects in 7 areas and developed tools to assist these initiatives. A similar number of urban projects have also been supported and a separate CFS publication Urban Toolkit<sup>1</sup> is to be published shortly.

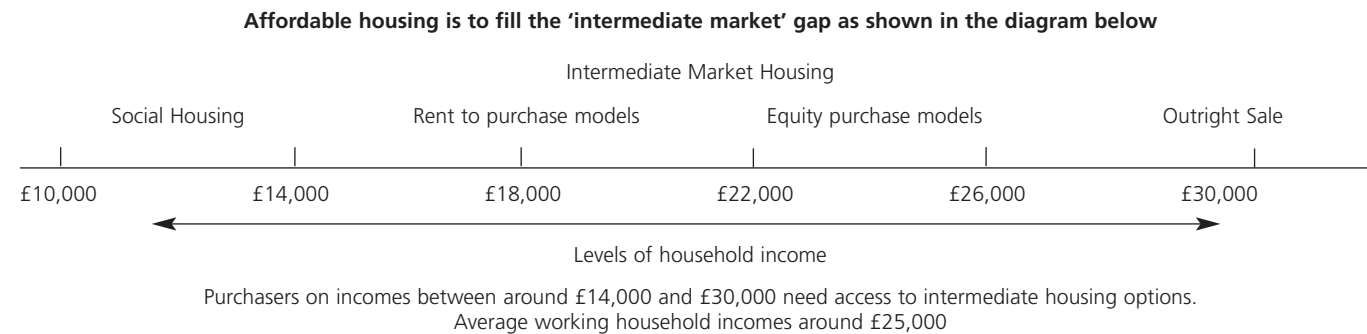
This report starts by introducing and describing the background to the programme. We then include 7 case studies which demonstrate putting the theory into pioneering practice. The report describes the challenges that need to be overcome to expand this programme to increase the supply of rural affordable housing. Last, the report concludes with a summary of the achievements to date, proposed next steps and recommendations for future action.

## The shortage of rural homes

The Affordable Rural Housing Commission<sup>2</sup> estimated that 11,000 homes were needed annually. This compares with the annual average of nearly 2,900 rural homes provided by housing associations through the Housing Corporation's programme in 2006/8 and about 300 homes built by private sector companies. 7,800 more homes are needed every year in England.

Within this figure there is a demand both for rental and part equity/shared ownership housing. CLTs can complement and supplement the role of housing associations and other providers to expand the supply of affordable rural housing to bridge the gap between the provision of social housing on the one side and the open housing market on the other.

This is diagrammatically demonstrated below:



It is unlikely that central government will substantially increase allocations of Social Housing Grant to housing associations to plug this 'intermediate housing gap'. Other innovative initiatives are required if rural communities are to:

- Retain young, skilled and economically active households;
- Have a diverse and dynamic business base;
- Be able to provide access to affordable housing;
- Secure vibrant, active, inclusive and sustainable communities.

## The purpose and work of Community Land Trusts

Community Land Trusts (CLTs) are one emerging solution. They offer a vehicle for residents to create and control community assets, with the aim of providing social, cultural, environmental and economic benefits. They connect up principles of civil renewal, sustainability and local investment to produce lasting solutions to local needs. In some cases, they can help sustain community activity in the long term by creating regular and growing rent streams that can finance further projects in future years.

CLTs are established in communities to acquire assets and then hold them in perpetuity for local use. They work on a non-profit basis, raising money from new sources and unlocking existing resources, to provide housing, employment, and other accommodation. They can also provide a wide variety of services in the community. They work on the basis that occupiers pay for the use of buildings and services at prices they can afford, while the value of land, subsidies, planning gain and other equity benefits are locked up on behalf of the wider community.

In practical terms, CLTs meet the needs of communities, by:

- buying, developing and holding land, housing, community buildings and services for the benefit of a local community;
- attracting investment for projects from local individuals and private companies, as well as public and voluntary bodies;
- letting workshops, offices, agricultural and residential accommodation at sub-market and market rents;
- re-investing growing income from rents where available in new social and economic provision;
- engaging local people and organisations in the control and management of community assets;
- bringing together a wide spectrum of different partners to produce interdependent solutions ;
- mobilising the goodwill and services of local professional and skilled people.

A Community Land Trust is a not-for-profit organisation which can be an industrial and provident society, a company limited by guarantee or other incorporated body whose governing instrument contains provisions to the following effect:

- (a) the primary purpose of the organisation is to hold land and other assets so as to promote the social, economic and environmental sustainability of a specified local geographic community through providing or facilitating the provision of affordable or other sub-market housing and/or other community-based facilities and services,
- (b) the organisation will not dispose of its land and other assets save in the furtherance of its objectives to promote the sustainability of the local community as set out in (a) above,
- (c) the membership of the organisation is open to persons or organisations living in or whose principal place of work or business is in the specified community it is established to serve (but may involve different classes of membership),
- (d) the majority of the governing body is elected by the members of the organisation,
- (e) the organisation is accountable to the local community through annual reporting or otherwise and is responsive to its needs and to representations made on its behalf, and
- (f) it is an inclusive organisation, committed to enabling those who live and/or work, or need to live and/or work, in the community it is established to serve to benefit from the land or other assets it holds, without discrimination on grounds of race, religion, age, sex, disability, sexuality or any other matter that is not relevant to its work.

## Community Land Trusts (CLTs) National Demonstration Programme Objectives

One of the recommendations of the Affordable Rural Housing Commission was to 'explore, through piloting and evaluation, whether Community Land Trusts (CLTs) can help add to the delivery of affordable housing in rural areas in a way which offers good value for money and supports the Government's wider objectives of community engagement'.

The purpose of the CLT National Demonstration Programme was to put this into practice by supporting a number of rural CLTs in their work, helping local people to establish them if necessary. The 7 case studies set out in section 2 of this report utilise the CLT approach to provide affordable housing linked to the identified needs of local communities and involving them in delivery. In addition to supporting the delivery of a number of pioneering rural projects on the ground the programme has captured the learning nuggets for wider dissemination.

<sup>1</sup> Urban Toolkit to be launched 30th April 2008 at the CLT Conference Creating Affordable Housing - from concept to reality.

<sup>2</sup> Affordable Rural Housing Commission, Final Report 2006

## ... developing an agenda to empower communities



### National government interest and support

Government has been developing an agenda to empower communities on a number of fronts and in a number of Departments, aiming to give them the tools to take on and tackle their own problems.

Most recently, following the Quirk Review<sup>3</sup>, Government are supporting the idea that local authorities should use their property assets more imaginatively. In particular transfer of assets at little, or no, cost to a local community organisation is seen as a more effective way of achieving the same goals than selling the assets and then using the cash receipt to provide services that the asset itself could have provided. CLTs fit within this agenda in both urban and rural locations.

Government guidance through Planning Policy Guidance 3 and through advice on model section 106 agreements (where the need for mortgagee in possession clauses is emphasised) has also been helpful to the CLT movement. The new Local Planning Frameworks that local authorities are now drawing up are also supportive as they are intended to be more responsive to need and more evidence-based; if a community can prove there is an unmet need, the Local Planning Framework should be able to provide a response. Another opportunity comes from the establishment of Local Strategic Partnerships (LSP) at both district and county level. CLTs can be the means by which the Community Plan is made into a practical reality at the local level and CLTs can provide in return channels of communication between the LSP and the local communities with whose needs it is concerned.

As well as this indirect help, the Housing Green Paper in summer 2007 mentioned CLTs as one way to diversify provision of affordable housing and draw in local communities. 'We are also supporting seven new potential pilot Community Land Trusts in rural areas, giving local communities access to land for affordable house building'.<sup>4</sup>

Alongside the social housing grants they access, RSLs now borrow very large sums from banks and building societies to help them deliver programmes of new social housing. Their rapid growth and the drive for efficiency has however led them to become more remote from the communities they serve and with rural communities in particular it is difficult for an organisation operating across a wide area to be aware of and give attention to particular local needs.

In order to enable CLTs to fulfil a role alongside RSLs in plugging this gap – supplementing and complementing RSL provision and bringing communities back into the picture, there needs to be an awareness of what they can (and cannot) do among local authority planning and housing staff, among the banks and building societies who may lend to them and among the general public who might support them. Government could help considerably in this by:

- defining CLTs in law so that they can be referred to in policies, strategies, social housing grant-distribution policies, national planning guidance and elsewhere
- amending the Leasehold Reform Act so that it does not apply to leases granted by a CLT with the aim of providing permanently local affordable housing for the local community
- encouraging the new Homes and Communities Agency to recognise CLTs as having a place within the spectrum of affordable housing provision for both rented and part-equity homes and recognise also that small community organisations need a lighter touch of bureaucracy than RSLs

The first two measures alone would help to create a climate which would enable CLTs to forge local partnerships and gain recognition as a component part of affordable housing strategies and community development strategies.

All party support exists for the three recommendations above. Housing Minister Caroline Flint MP has been to visit members of Worth Matravers CPT and has seen their site; at the time of writing this report Parliamentary Under Secretary of State at Communities and Local Government, Iain Wright has agreed to look again at how a definition of a CLT might be inserted into the Housing and Regeneration Bill which is currently before Parliament.

The possibility of CLTs accessing social housing grant (SHG) has also been mentioned in the Housing Corporation's programme for 2008/10. Although grant is also now made available via private developers, access to SHG has become more restricted because the Housing Corporation's policy has been to reduce the number of housing associations receiving grant for new development, and not to register new ones. The suggestion was made by CFS in response to the Green Paper that there should be a "community housing grant" for CLTs with a lower level of bureaucracy for small scale community-led affordable housing but so far this idea has not found favour. Instead the Housing and Regeneration Bill lays down a requirement that any body receiving SHG for rented housing will have to comply with all the accompanying regulation.

### Providing housing associations and other intermediary agencies with the expertise to support CLTs and putting the expertise to practical use.

A particular objective of the CLT National Demonstration Programme was to develop housing associations' and other agencies' capacity to assist communities in implementing asset based community development by developing intermediate market housing through Community Land Trusts (CLTs). Housing Associations technical support has greatly benefited such initiatives and given the associations themselves new expertise.

This aspect of the CLT National Demonstration Programme has been funded by the Housing Corporation through their Innovation and Good Practice programme. It springs from the housing association sector that has very substantial technical capacity, now employing 70,000 staff and having combined balance sheets of £60bn. Housing Associations are significant players in most parts of England and are well placed to support the development of physical land and property projects as part of an agenda for community and neighbourhood action. Some focus keenly on supporting local communities and many have sizeable property departments involved in buying and developing land, and then managing land and buildings. There are others in the sector, especially Development Trusts and Housing Co-operatives that have an interest in the subject. The basic aims of CLTs, combined with the technical aid capacity of housing associations and other support agencies, will bring unrivalled resources to the subject and potentially a step change in this approach.

### Programme partners

This report is called "Then we will do it ourselves" to pay tribute to the energy and enthusiasm local communities have shown in taking on the challenge of providing affordable housing even if there is not very much in place to support them - just as housing associations responded to homelessness in the 1960s and 70's and have since built hugely on their success to create a large and powerful movement.

Government support could turn what would otherwise continue to be a valuable but hard-fought alternative into a recognised part of overall affordable housing provision; and the innovation and commitment of communities could become part of the widespread affordable housing delivery.

CFS and WRT have had the benefit of an Advisory Group and have worked with many organisations and individuals. These are listed, with thanks, in the acknowledgements section. Programme Partners in the 7 case studies are listed in the relevant case-study.

CFS and WRT are grateful to the Carnegie UK Trust, the Housing Corporation and the Commission for Rural Communities for providing the majority of the funding in support of the CLT National Demonstration Programme.



<sup>3</sup> DCLG (2007) "Making Assets Work: The Quirk Review of community management and ownership of public assets" Department for Communities and Local Government, Wetherby

<sup>4</sup> Homes for the future: more affordable, more sustainable Presented to Parliament by The Secretary of State for CLG by Command of Her Majesty July 2007 London: The Stationery Office

# Case Studies



## ... Capturing Enduring Value for Communities

The programme objectives included identifying and supporting the implementation of at least seven pioneering projects utilising the CLT approach to provide affordable housing linked to the identified needs of local communities and involving them in delivery. The case studies are set out below and follow a set pattern:

- Introduction
- The Assets
- The Model
- Stakeholder Involvement
- Next Steps

More than 70 CLT homes have been developed or are in the course of development with many more homes in the pipeline. In addition there are other groups working up proposals. The current situation as at 31st March 2008 is set out in the table opposite.

Location	Community Land Trust	Agency involvement	Dwellings created	Rental/part equity	Current situation 31.3.08
Cornwall	St Minver CLT	Cornwall Rural HA	12	Part equity (Self build)	On site. Complete by Dec 08
	St Just CLT	Cornwall Rural HA	8	Part equity (Self Build)	To commence summer 08
	Blisland (Cornwall Umbrella CLT)	Cornwall Rural HA	6	Part equity	On site
Devon	Holsworthy CPT				
	Living over the shop flats	West Devon Homes	5	Part equity	Completed
	Do it yourself equity ownership		3	Part equity	Part Completed
Dorset	Buckland Newton CLT	Magna HA	10	Rental 2 Part equity 8	To commence on site April 2008
	Worth Matravers CLT	Synergy HA	5	Rental 3 Part equity 2	To commence on site Spring 2008
Shropshire /Powys	Castle Caereinion CLT		10	Part equity	To commence on site Spring 2008
	Bishop's Castle and district CLT		2	Rental	Land identified
Lancashire	Brabin's Almshouse Trust/Chipping CLT	Great Places HA	11	Part equity/rental	To commence on site Spring 2008
Cumbria	Witherslack CLT		4	Self build	Planning permission received from Lake District National Park Feb 08
Northumberland	Allendale CLT	Federation of Northumberland Development Trusts (FONDT)	4	Rental or Part equity	Site acquired from local authority to start on site Spring 2008
	Holy Island Community Development Trust	FONDT/Three Rivers HA	4	Rental	Site purchased Start onsite Spring 2008

Contact has also been made with Rural CLTs in Gloucestershire, Hampshire, Oxfordshire, Somerset, Warwickshire and Wiltshire

# Torrige Community Land Trusts



*... innovative plans for rural regeneration*

## Introduction

High Bickington is a Local Centre with a population of around 700 people serving a low income rural area in Torrige District of North Devon. The nearest towns are Barnstaple, South Molton and Great Torrington. It was badly hit by Foot and Mouth Disease in 2001 and a parish appraisal was carried out which identified the urgent need for affordable housing, workspace, educational facilities and community facilities to sustain the social and economic framework of the parish and the surrounding communities that it serves.

Holsworthy is also located in Torrige and as a small market town was similarly affected by Foot and Mouth Disease. As part of the recovery strategy, consultation with the Town Council and surrounding parishes took place in 2004 and the results were published as the Holsworthy MCTI Community Strategic Plan. This reinforced the need for affordable housing. As in High Bickington, the average price of buying a home is well beyond the national average, whereas average wages are comparatively low (and below average for the UK). Both communities have recognised the danger to their future if this trend continues, as local people are priced out of the housing market. Former Torrige District Councillor John Allen expressed the fear that Holsworthy could become an 'ancient town', with many retired people and very few young people and families.



The Holsworthy Community Property Trustees outside the newly completed Flat 1 Whitlock Court, Holsworth

## The Assets

High Bickington CPT Ltd – a Community Property Trust was formed in July 2004 and has achieved national recognition for its innovative plans for rural regeneration. It was set up to implement a 20 year Parish Plan and to hold land and other property in perpetuity on behalf of the community. Their current activities are focussed on obtaining planning consent for the proposed development of a County Council owned farm for 16 affordable homes, 17 open market houses, workshops, community facilities and sports facilities. An earlier, larger application was turned down following a Public Inquiry. The current scheme is expected to be submitted to Torrige District Council in April/May 2008.

Devon County Council has agreed to transfer c11 acres of the farm to the community for the scheme in return for a share of the net value after all the facilities have been built. The local authority will be considering a departure from their Local Plan under their evolving Local Development Framework in response to the needs identified by the community. Grant aid will be sought for the community centre.

Holsworthy CPT was formed by local people in 2005 and in 2007 acquired five flats above the former Somerfield Supermarket in the centre of town which the developer had been required to provide as affordable homes under a section 106 agreement for a larger development. The flats have been renamed Whitlock Court and have been sold as part equity purchases to local people unable to purchase on the open market. The shares purchased have ranged between £59,500 and £80,500. HCPT is currently marketing a 'Do It Yourself Equity Ownership (DIYEO) Scheme whereby local people in need who are unable to purchase outright on the open market are assisted by the Trust providing an equity mortgage for an approximately 30% share of the open market value of a property selected by the purchaser. The CPT has secured the funds for the scheme from the Torrige District Council using funds paid by developers to meet requirements for a proportion of affordable homes through commuted sums rather than direct provision.

## The Model

High Bickington CPT Ltd is an Industrial and Provident Society, structured on National Housing Federation model rules. Its membership is open to anyone with a connection with the parish through the purchase of a £1 share. Currently the CPT has about 200 shareholders including not only the community but also stakeholders like the Parish and County Councils.

The objects of the CPT include the provision of:

- Houses for people in need, on terms appropriate to their needs
- Workspace to meet training and employment needs
- Health facilities and child care
- Facilities for recreation
- Woodland and other environmental benefits



Redundant buildings at Little Bickington Farm, site of the proposed development.

It aims to make homes affordable for local people by providing homes to rent and for part-equity purchase. The development also includes other elements aimed at making High Bickington a more sustainable community: small affordable workshops to buy or rent will also be built as well as sporting and community facilities and space is included for a new school to replace the overcrowded Victorian building and, in the more distant future, for a health centre. Community woodland has already been planted with Forestry Commission grants. The CPT's budget includes income from the housing, workshops and community space.

Holsworthy CPT is a Company Limited By Guarantee & a registered charity. It has so far offered homes for part-equity purchase but plans to offer rented homes as well in future. The part-equity lease gives the CPT the right to nominate the purchasers whom subsequent sales are made to.

To purchase a CPT property a potential occupier must meet the priority criteria which have been agreed in partnership with Torridge District Council. These include being unable to afford a home on the open market but able to afford the mortgage repayments for part-equity purchase. In the Holsworthy flats they also pay a small service charge. On deciding to sell their property the resident must ask Holsworthy CPT to nominate another purchaser which the CPT must do within set timescales.

### Stakeholder Involvement

High Bickington CPT has worked in partnership with Devon County Council, Torridge District Council and Devon and Cornwall Housing Association as well as a number of other statutory and voluntary agencies to put together their proposals for the successful regeneration of High Bickington. Funding was received from LEADER+ to pay for a project worker as well as from national charitable trusts.

Holsworthy CPT is a community organisation with local trustees; it has also worked with a local Housing Association. It has worked closely with Torridge District Council on a number of issues including settling the Section 106 agreement (to ensure permanent affordability for the community). Devon County Council supported the CPT with a grant of £50,000 from Second Homes Tax which has given the CPT the capability to respond to opportunities and employ consultants and lawyers to assist it in bringing its schemes to fruition.

Both High Bickington CPT and Holsworthy CPT have had the benefit of support from the Wessex Reinvestment Society which has been working in conjunction with Devon County Council through the Devon Reinvestment Service.

### Next Steps

Despite initial setbacks High Bickington CPT are still working towards meeting their vision. They are exploring different options and developing new plans and, with the continued support of Devon County Council and Torridge District Council, is confident in succeeding.

Holsworthy CPT is continuing in their quest to provide affordable housing in the area and have set an initial target of 20 part equity homes. They are actively seeking to acquire further land and / or properties.

### Tips

- 1 Be prepared for set-backs in developing pioneering proposals and continue to press the case despite challenges.
- 2 Committed lay-led leadership is crucial.
- 3 Stakeholder involvement with the Local Authorities and other Partners must be robust to help overcome the challenges.
- 4 Pre-development funding for both the CPT's themselves, and for their physical developments is essential.
- 5 Use publicity to ensure that the project remains in the public mind.
- 6 Second Homes Council Tax income should be available to help mitigate the impact of second homes on local housing: ask your local authority how they are spending it and show how your scheme could contribute
- 7 Taking over property on a "turnkey" basis with a developer or using "commuted sums" can deliver results quickly
- 8 Win-win solutions where the landowner secures a better price and community gets what it needs can be worked out

### Contacts

David Venner Coordinator/Administrator  
david.venner@high-bickington.co.uk

High Bickington web site [www.highbickington.org](http://www.highbickington.org)

Heather Stephenson Project Coordinator/Administrator Holsworthy

Community Property Trust  
hm.stephenson@yahoo.co.uk  
[http://www.mcti.org.uk/text/79/case\\_studies.html](http://www.mcti.org.uk/text/79/case_studies.html)



# Buckland Newton Community Property Trust

*... a solution led by the local community*

### Introduction

Buckland Newton is a typical village in West Dorset. It is located in the centre of a triangle approximately nine miles from three market towns, Sherborne, Sturminster Newton, and Dorchester. The village and its six hamlets have a total population of about 450. It is a popular place to live and this has led to high local house prices when compared to average earnings. The price of homes on the open market puts them out of the reach of local young people wishing to remain and work in the village; or of those who wish to move to the village for work opportunities or because of family connections. There is a problem too for older people who would like to move to a smaller home while remaining in the village as no new homes have been provided with the needs of older people in mind. This anecdotal evidence is backed up by national statistics published in the Government's Green Paper on housing published on 23 July 2007 which identifies West Dorset as an area of the country where affordability is at its worst, with house prices 8-10 times average earnings.



Artists impression of development in Buckland Newton



A number of villagers recognized this problem and the implications for the sustainability of their village and took action to provide a solution led by the local community. The community established a Community Land Trust to address these problems following a packed public meeting.

### The Assets

A search for potential sites identified a site north of the village which was both acceptable in principle to the planners under the exception planning policy and in the possession of a landowner willing to sell at the maximum affordable of £5,000 per plot. The CLT's assets derive from the grant of exception planning permission on the site to meet local needs.

The proposed development is for 10 houses (7 x 2-bedroom; 2 x 3 bedroom, 1 x 4-bedroom) with a play area and allotments on the same site. Most of the homes built will be available to purchase on a part-equity basis (requiring a mortgage of between £65,000 and £120,000), and with one or two available for rent (rents should be around £100 per week)

West Dorset District Council granted exception planning permission for local needs housing for this scheme in April 2007 (subject to a section 106 agreement retaining affordability for the community in perpetuity).

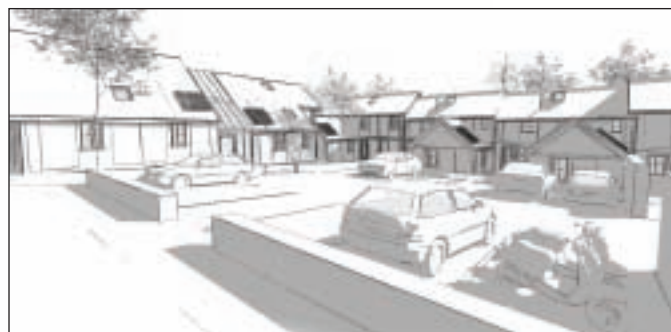
The architects, ARCO2, had the task of designing homes that are affordable both to buy and to run. They use low-impact, local materials in construction in particular using straw and wool to deliver very high levels of insulation. The units are pre-fabricated offsite as sets of panels (providing production cost savings and quality consistency) and assembled on site to provide a structurally complete shell within two days. They have also worked to a brief to build at a cost such that a 2-bedroom (75m<sup>2</sup>) house is constructed as near as possible to a target figure of £60,000 (the figure was set as a challenge in 2005 by the Office of the Deputy Prime Minister). The scheme will meet the Association of Environmentally Conscious Builders "silver" standard for air-tightness.

### The Model

Buckland Newton Community Property Trust is a company limited by guarantee and is in the process of applying for charitable status. The aim of the organisation is to provide affordable housing in perpetuity for the local community, therefore it was necessary to be very careful in choosing a model of disposal (selling) and tenure that is appropriate.

At the time of writing CLTs are not excluded from the terms of the Leasehold Reform Act, therefore care had to be taken in settling on a method of sale to ensure that the purchasers will not be able, at any point, to fully purchase their home (The Leasehold Reform Act allows for part owning occupiers – unless excluded from the Act – to increase their shareholding in their property, eventually stair-casing into full ownership. This is not desired by Community Land Trusts as it is at

odds with the aim of the property being affordable for the community in perpetuity). The purchaser will initially buy a share related to their household income rather than a percentage of the property value. Buckland Newton has opted to protect the houses for the community by using a lease under a Declaration of Trust to the occupier and the CLT jointly. This will allow for occupiers to increase their equity stake but only if the CLT agrees to allow them to, and in any case not into full ownership. The rented homes will be made available on assured tenancies.



ARCO2 drawing of homes in Buckland Newton

### Stakeholder Involvement

West Dorset District Council is providing substantial support for the project. £7,500 from DEFRA's Rural Social Fund was agreed to get the project started and subsequently the Council agreed a pre-development loan of £30,000 to enable planning to be secured. The Council were not willing to grant a section 106 agreement which would allow a mortgagee in possession to ignore the affordable housing condition but agreed instead to fund the development themselves.

The community has worked with various stakeholders to make the CLT happen. Support was also given by the Rural Housing Enabler based at Dorset Community Action (DCA) and DCA also assisted, holding and processing funds for the CLT and promoting the model across the county.

The build price has been negotiated with Dorset Centre for Rural Skills (DCRS) who have experience of the construction method proposed. DCRS has built mock-ups of the scheme and committed itself to delivering the low price required. Architects ARCO2 have worked on a low fee scale despite the very substantial additional work involved in developing an innovative form of construction.



ARCO2 Drawing of homes in Buckland Newton

### Next Steps

At the time of writing the land is about to be purchased and there are just some final steps to take before building can commence. These include completion of the purchase of the site and establishing and agreeing a final fixed price for the construction of the development. Once the builders are under contract and a start-on-site date is confirmed, the process of allocating applicants to houses will begin. Construction will probably take a year in total, hopefully less.

Buckland Newton CPT is considering other innovative ways to support renting tenants to move towards home ownership. These would make the occupier responsible for maintenance on a 20 year renewable agreement, and to give the tenant an equity stake when they leave based on their contribution to the rent repayment, or to take a part equity stake at any point after 3 years when their contribution to rent will be treated as an equity stake.

Empowering the community to meet their own needs has other benefits in encouraging active and involved communities. It may be that in the future other assets are developed (such as a further residential development or a village shop).

### Tips

- 1 Try and establish a top team of 2 or 3 Trustees/Directors who will have to share much of the work. Establish sub-groups with specific responsibility for various activities.
- 2 Establish simple but comprehensive policies and procedures covering as much as possible as early as possible. This gives good governance but also provides guidance for decision making later on when the decisions become serious. Also convinces "the authorities" that you know what you are doing and are businesslike.
- 3 Accept that some trustees may quail (and/or quit) at some of the difficult decisions

- 4 Make sure the Trustees have a very clear mental image of what they are trying to achieve – what, how and why. It is worth using committee time to develop this as much as possible. Subsequent decisions can be easier by going back to this 'compass'.
- 5 Build up a political head of commitment slowly, but steadily, so that "doing nothing" is not an option. Particularly helpful in pushing the local authorities forwards when they are outside their comfort zone.
- 6 Establish good communication and ensure the Trustees are easily contactable. Try and kill the gossip - insist that nothing is fact unless heard first hand from a Trustee.
- 7 Understand that you will not persuade everyone of the rightness of your proposition
- 8 Accept that most things seem to take much more time than they should: there are a lot of different people to carry forward.
- 9 Local authorities may take time to bring on side but with political and senior office backing they can become the CLT's strongest and most effective supporters.
- 10 Potentially high cost planning requirements for local materials or to design to a not-very-apparent local vernacular can be transmuted into a sustainable building requirement and the need to build to a cost so that local needs are met can be accepted as a legitimate aim.

### Contact

Richard Bonnie Chairman, Buckland Newton Community Property Trust richardbonnie@fsmail.net

# St Minver CLT Limited: Delivering affordable homes for the community by the community



## Introduction

Rock is a picturesque village situated in the Parish of St Minver Lowlands on the Camel Estuary in North Cornwall. In North Cornwall it takes 16 times average household income to buy a house of average value and in Rock this figure is much higher. It is reputedly one of the most expensive places in the world to purchase a home, with high levels of second home ownership and holiday lets, making it virtually impossible for first time buyers to access the market and placing additional demands on the limited stock of social rented housing. High levels of housing need are not being met by the existing delivery mechanisms.

A group of concerned local people, which included current and former representatives of the Parish Council wanted to take direct action to provide truly affordable homes for local families in employment, and supplement the work of housing associations and the local authority. They were inspired by a local builder, the late Bill Dingle, and with land to be provided on the edge of the development boundary by a local farmer, Mr David Wills, to set about designing a self build scheme tailored to the needs of local people, and this generated enormous support from the Community.

This local group decided to form a Community Land Trust and were assisted by the Cornwall Community Land Trust Project and North Cornwall District Council. The group examined the various models available and also took advice from Holsworthy CPT. The group formed St Minver CLT Limited, a charitable Company Limited by Guarantee, which was incorporated in December 2006, with the help of a £5,000 setting up grant from the District Council.



Trustees of St Minver CLT Limited with the Chairman and Officer of NCDL and the Cornwall Community Land Trust Project Manager at the start on site event in October 2007.

## The project

The site is in an Area of Outstanding Natural Beauty at the southern side of the development boundary and is a rural exceptions site. Following community consultation it was decided to design a scheme of 12 detached bungalows for a self build scheme, using highly insulated timber frame construction procured from a local manufacturer. The aim was for the final costs, including land and fees, of the 8 three bedroom and 4 two bedroom bungalows to be at least £15,000 less than the local affordable sales ceilings of £100,000 and £85,000 respectively. These figures were based on the District Council's Supplementary Planning Guidance on providing affordable homes on rural exceptions sites, but more importantly had to be tested with local applicants in need, and ensure that they could obtain mortgages.

Detailed cost estimates were produced for a project appraisal which has been regularly updated and reviewed, and a detailed planning application was funded by the landowner.

Once detailed planning permission was approved, subject to a Section 106 Agreement, the CLT negotiated an interest free loan of £544,000 from North Cornwall District Council to pay for the land, fees and facilitate the development. A proportion of the loan is repayable each time a serviced plot is sold to a self builder, with some of the loan being retained for use as working capital. Key stages for certification by the project architect were also agreed.

While the S.106 Agreement was being finalised and tested with mortgage lenders, and registration with the Charity Commission was being confirmed, a local allocation policy was agreed with the District and the 12 applicants were selected, a project manager was also recruited, and tenders for ground works, infrastructure and manufacture and erection of timber frames were obtained.

The agreements were finalised so that land acquisition could take place on the 28th September, 2007 and a start on site was then achieved on the 1st October, 2007. Progress has since been very good and all the homes are due to be completed and ready for occupation by December, 2008. The latest cost estimates are that a completed two bedroom bungalow will cost £77,000 at completion and a three bedroom will cost £85,000.

## The model

The CLT has signed a S.106 Agreement which controls future occupancy and affordability, and these obligations have to be adhered to by all successive owners. The S.106 has a Mortgage Protection Clause which has been approved by lenders, but is constructed in such a way that it gives assurance to the District Council.

The CLT is selling the plots to the self-builders freehold, but in each case with a resale covenant, which ensures that these requirements cannot be breached, plus the added assurance of a pre-emption agreement which gives the CLT a "first refusal" to reacquire or nominate a purchaser for a dwelling when it is sold.

The resale covenant fixes all resales as a percentage of open market value (OMV), and at St Minver, following independent valuation this percentage has been fixed at 31.3% of OMV.

Interestingly the CLT and the District Council both agree that this model will ensure that the homes will remain affordable for future generations.

## Stakeholder involvement

St Minver CLT Limited recognises the importance of working with local stakeholder groups, and has had a great deal of support from the Cornwall CLT Project to which it is affiliated through Cornwall CLT Limited, North Cornwall District Council, the Parish Councils, and of course the self-builders and their families.

*... completed on time  
and on budget*

## Next steps

The CLT aims to ensure that the homes will be completed on time and on budget. Discussions are already being held to investigate the possibility of a second phase, building on the successful progress of the current phase.

## Tips

- Carry out detailed research on the local housing market to find out what is needed and what can be afforded
- Find out from other CLTs what has worked for them and what has not worked and why
- Make sure that the community has been involved in shaping the detailed design and that the parish council supports the scheme
- If possible negotiate the main heads of terms for the S.106 Agreement before the planning application is registered, and check that lenders are happy with them
- Ensure that the CLT will retain enough money from the development to sustain its future running costs

## Contact

Cornwall CLT Ltd.  
Alan Fox alan@crha.org.uk

# Chipping Community Land Trust:



## ... the Evolution of an Almshouse Association

### Introduction

Chipping is a picturesque village situated in the heart of Lancashire's scenic Ribble Valley, as well as lying within "an Area of Outstanding Natural Beauty". Not surprisingly house prices in the area are well above the average for Ribble Valley. This makes it difficult for first time buyers to access the market and places additional demands on the limited stock of social rented housing. The Brabin's Trust has secured the support of a local housing association to develop a CLT to deliver much needed affordable housing for the local community.

The Brabin's Trust, based in Chipping, was founded in 1684 under the Will of dyer and cloth merchant, John Brabin. The Trust was set up to provide for the poor of Chipping and its surrounding parishes. There are two charities managed by the Trust: an Almshouse Association, which provides homes for people on low incomes; and an Education Foundation, which owns one of the two local schools. The Brabin's Trust is keen to use its 330 years' housing experience, as well as its land and financial assets, to increase the provision of affordable housing through a Community Land Trust.



Shadow Board Members of Chipping CLT

*... keeping the units affordable for future generations*

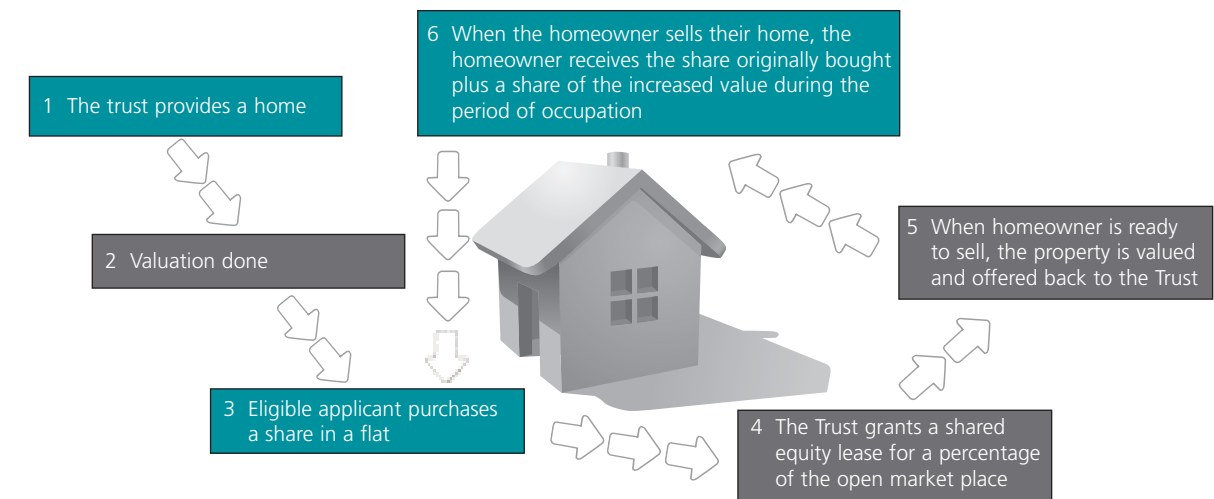
### The assets

The Trust is planning to develop land it already owns – the large gardens behind a row of its rented houses (see picture below left) - together with the adjacent site of the former village hall in the centre of Chipping. The site of the recently demolished old village hall had lain derelict ever since a new multi-purpose village hall replaced it in 1999. Planning permission has been granted to develop 11 affordable units of houses and flats (1 x 1 bedroom flat, 6 x 2 bedroom flats and 4 x 3 bedroom houses). It is proposed that seven units are sold on a shared equity basis whilst four units are retained for rent. When the units are developed, the Brabin's Trust will be the first Almshouse Association in the UK to renew its long-established aims through the CLT model.

### The model

It is anticipated that once the development is completed, the new CLT will be set up as a company limited by guarantee to which the land will be transferred. The company will hold the land in trust for local people whilst leasing the units to members of the local community at affordable rents or shared equity ownership. The Brabin's Trust is considering making the homes more affordable by investing some of its own cash assets as equity.

Interestingly the Brabin's Trust has highlighted the importance of keeping the units affordable for future generations by linking an occupier's share of future property price increases to local rural wages. The Trust currently is working on re-sale formulae, which will take into account the disparity between property price increases and wages increases so that future affordability can be ensured. The development is expected to get underway in spring 2008 and the diagram below provides an overview of how the proposed model would work.



How the proposed Brabin's Trust CLT will work



Proposed affordable housing for Chipping John McCall, architect

### Stakeholder involvement

The Brabin's Trust recognises the importance of working with local stakeholders on developments of this type and has received a good deal of support from Great Places Housing Group (GPHG). GPHG has agreed under a service level agreement to assist in meeting pre-development costs, act as a development agent, and provide the necessary development finance for both this and any later phases of housing.

The Brabin's Trust will maintain its connection with the CLT by nominating a proportion of its Directors for election by the membership as a whole. It is expected that GPHG also will be a member of the CLT, as will the three parish councils in whose area the Trust operates.

The Trust is keen to use a local builder for the scheme as this again recycles any benefit to the local community and supports the local economy. A local builder has offered to build the scheme for a price that is significantly below the build costs typically encountered by GPHG.

Ribble Valley District Council has been supportive of the arrangement and has accepted the need for a section 106 agreement with a mortgagee in possession clause that will allow the scheme to be financed and mortgages obtained for the purchasers.

### Next steps

Once the initial CLT is set up the Brabin's Trust is hoping that Chipping CLT will develop some additional sites in their area of benefit, where this is felt appropriate. Early plans include the possible conversion of a former school building to provide local work space for business and perhaps the delivery of a further 20 units of accommodation to help meet the demand for affordable housing identified in recent housing needs surveys.

### Tips

- Make clear that your scheme is for the benefit of the residents' own community – this will help get local people on board
- Make sure that you have someone to drive ideas forward and move from contemplation to achievement
- Draw on the experiences of others and make use of experts to inform the process
- Involve RSLs in the process – they can provide expertise and services and may be able to access funding that others cannot
- Where possible get the parish council to submit any planning applications as they only pay half the fees!
- An existing Trust may be a firm foundation on which to build.
- Negotiating with a small committed local builder may deliver a lower build cost

### Contacts

Paul Smith  
paul.smith@absurveyors.co.uk

Kevin Williams  
Assistant Director of Development  
Great Places Housing Group  
kevin.williams@greatplaces.org.uk



## Cumbria Community Land Trusts

*... 10:1 house price to income is common*

### Introduction

The need for affordable housing in Cumbria is a mixed picture. On the west coast, affordability is less of an issue, but in the Lake District National Park the ratio of 10:1 house price to income is common - such as in South Lakes and Eden - rising to 15:1 in some smaller settlements such as Langdale. The restrictive commuting ability across the County is another factor causing these sharp variations. The Cumbria Sub-Regional Housing Strategy - written jointly by all the local authorities and connected partners across Cumbria - called for action on topics such as shared equity models, asset transfers, Community Land Trusts and Co-operative models.

The village of Witherslack and the smaller settlements of Meathop and Ulpha make up the Parish and give it its name. In the past large areas of land and property within the Parish were owned by a small number of families. Today the majority of homes within the Parish are now privately owned, while a smaller but significant number remain part of larger privately owned estates. The Parish also benefits from local authority and social housing provision. The Parish lies at the southern edge of the Lake District National Park. Located on either side of the A590 trunk road approximately 6 miles north east of Grange over Sands (with access to mainline train services) and 10 miles south west of the Market Town of Kendal.



Blea Crag site

*... keeping the units affordable for future generations*



### The Assets

Witherslack CLT was established in 2006 following the completion of a Parish Plan and housing needs survey undertaken in partnership with Cumbria Rural Housing Trust. The 2006 Housing Needs Survey identified a need for 23 units and WCLT began developing sites. In 2007 they received a £10,000 grant from South Lakes District Council (second home council tax) which has allowed them to appoint a part time project manager for 1 year, pay site development costs, obtain legal advice and explore financing options.

The priority site is Blea Crag. The site is long and thin site with an old wooden chalet on it. It is located between two 1960s semi detached houses and a detached 1600s house – both owned and rented out by the local estate. The land is riddled with scrub and tree saplings; sadly only one or two trees are worth keeping which will afford screening from the road.

The Blea Crag site will be gifted to the CLT by its owner who is one of the Trustees. In late 2007, an outline planning application was submitted for a terrace of 4 units on the site. This was approved by the planning authority in February 2008 subject to the agreement of the s106.

Another hurdle to overcome with the site is the need for potential home owners to be “certificated” as eligible by the Lake District National Park Authority – as yet the protocol for undertaking this process has not been laid down. The development proposal for the site involves 4 self-build units. Whilst the local selection of the new homeowners has been made, the technical and financial details of how the scheme will be delivered has yet to be finalized. WCLT is also looking at converting non-domestic buildings into affordable housing - this is mainly old farm buildings.

The Under One Roof report, published in April 2007, detailed the level of support available across the county and suggested a way forward in bringing partners together to support community-led action.

The Under One Roof project has three guiding principles:

- 1 Putting Trust in Trusts** - through open engagement and education, the project aims to instil in all local stakeholders, confidence in and understanding of the anchor organisations looking to deliver community-led affordable housing schemes.
- 2 Ensuring Maximum Community Input and Benefit**  
Schemes supported by the project will maximise:-
  - a) community engagement at all stages of the delivery of housing projects, including setting housing priorities, identifying development sites and agreeing scheme designs
  - b) community equity, either from sale or rental income, or through land ownership using the community land trust model.
- 3. Innovation & Good Practice**  
The project will be successful in championing new “fit for purpose” approaches and innovative financial models; building links with and learning from similar projects throughout the country.

### The Model

WCLT is a company limited by guarantee with six directors (trustees). It is not registered as a charity. It exists to acquire, own and develop land for the benefit of the community and people of the parishes of Witherslack, Meathop and Ulpha. Membership is open to any resident of the parishes. The trustees have a wide range of skills and experience, including accountancy, property development, archaeology, licensed trade, IT and agriculture. The trustees range in age from 30 to 50's, with people of 20's and teens being actively sought.

The Under One Roof project is lead by Cumbria Rural Housing Trust (CRHT) and Cumbria Community Asset & Reinvestment Trust (CART). In January 2008, recruited a dedicated CLT officer who is employed by CRHT, a Company Limited by Guarantee and a charity.

### Stakeholder Involvement

WCLT is a community organisation with local trustees; is has established strong links with the local MP.

Support from the District Council is good and is reflected in grant support and assistance from their Affordable Housing Officer. WCLT has also received support via the Under One Roof project.

The activities of the Under One Roof CLT worker are guided by a working group, which in addition to CRHT & CART, includes local authority representatives, the Lake District National Park and Friends of the Lake District. The project is linked into various other community groups, including Parish Plan working groups and around 5 embryonic CLTs.

### Next Steps

WCLT now needs to agree a suitable section 106 planning agreement with the Lake District National Park Authority. This is likely to be either on the basis on the Authority's model agreements or the parties may try a different approach. The Trust will be appointing a solicitor to lead on the transactions. The project manager has had her contract extended to provide support and liaison for and with the self-builders.

Raising the funds for the Under One Roof CLT worker was much harder than expected – everyone approached acknowledged the need but only a few were willing to come up with the money. The decision was therefore taken project to start with only one year's funding. In doing so, the hope is that other local funders will step up to the challenge – early signs are encouraging. The future of the project is also linked into the DTA plans for the “Northern Uplands Affordable Housing” project which teams up with similar work in Northumberland and North Pennines (Durham).

### Tips

- “CLT” in a much used phrase with local authorities – they want to learn lots about them and ask lots of questions – but if you ask them for money to fund CLT support their turn silent
- Securing a dedicated officer post will produce long-term benefits
- Communication is King – different parts of local authorities don't seem to talk to each other – so you may need to do the talking for them.
- Getting and keeping “the community” on your side is vital – and takes a lot of work to achieve
- Remember building houses is easy, people have been doing it since long before recorded history began – it is just the bureaucracy that makes it difficult here and now.
- Getting through the bureaucracy and technical stuff does require help – some of which you may need to pay for – the key here is find a quick and easy source to pay for the help.
- Stay focussed, and use your local and national politicians to keep the process moving - don't be afraid to ask them for help – it is by their actions in response to your asking that you will find out who's on your side.

### Contacts

Witherslack Community Land Trust  
Nick Stanley [nick@handstand-uk.com](mailto:nick@handstand-uk.com)

Under One Roof - Cumbria CLT Officer  
Andy Lloyd, Cumbria Rural Housing Trust,  
[andy@crht.org.uk](mailto:andy@crht.org.uk)



# Northumberland Community Land Trusts



*... ability to deliver affordable housing*

## Introduction

In 2005, the Northumberland Strategic Partnership commissioned DTZ Pieda Consulting to undertake a Housing Market Assessment for Northumberland. They reported that, "without more affordable housing provision, the housing market in Northumberland will result in a vicious circle leading to unbalanced communities with adverse economic, social and environmental consequences".

Northumberland is possibly unique in the number of community led partnerships involved in asset ownership - most of them Development Trusts. In 2005, 21 of the partnerships came together as a federation and commissioned a report looking at how they could improve their ability to deliver affordable housing. The community trusts include some based in market towns, such as Alnwick and Prudhoe, some in villages such as Seahouses, and some in small settlements such as Holy Island and the widely spread hamlets in the Allendale valley.



The development site in Allendale

## The Assets

Allendale Community Housing Ltd – a new Community Land Trust created in 2007 through the determination of two local organisations; Fawside (a development trust) and Allendale Parish Council. The Trust's first project - development of four housing units – has been made possible by a local authority asset transfer of land.



Sketches of the proposed new build

In 2006, the Federation of Northumberland Development Trusts recruited an Affordable Housing Officer, whose emphasis was identifying and removing barriers to delivery. In 12 months the project has worked with 13 community organisations – mainly development trusts - and facilitated the development of 32 housing units.

Holy Island of Lindisfarne Community Development Trust has advanced plans for four 3-bedroom houses to rent to island residents. In the past, the Trust was very successful in attracting charitable funds to cover purchase and development costs which together with the exception planning permission has provided its asset base. Its has secured further charitable funds for its next developments and is now working with Three Rivers Housing Association looking to access Housing Corporation funding and start construction in mid 2008.

## The Model

Allendale Community Housing Ltd is a company limited by Guarantee and has appointed five local directors. Their plan is to further develop both the constitution and selection of directors in 2008.

Holy Island of Lindisfarne Community Development Trust is an unincorporated charity run by volunteers embarking on its third housing project – all properties are rented to island residents at rents below even those charged by some housing associations. The Trustees manage their existing properties and operate their own tenant selection criteria, where appropriate using outside independent advice. The Trust has recognised the need to be incorporated and is exploring options.

FONDT is an unincorporated body. The FONDT Affordable Housing Officer is employed by the Development Trust Association (DTA) who provide line management support. The majority of the trusts in Northumberland are limited companies by guarantee and registered charities. All are steered by a set of trustees made up from the community they work in. About 70% employ staff.

## Stakeholder Involvement

The FONDT Affordable Housing Officer is guided by a steering group including a DTA and FONDT member, local authority representatives, One Northeast - the Regional Development Agency, the regional Housing Corporation manager and the rural team at the Northumberland Strategic Partnership.

A key tool in moving CLT activity forward has been the use of an enablement fund. Awards from the fund were agreed and overseen by the project steering group and supported by direct involvement of the affordable housing officer.

In addition to the work supporting the trustees and partners in Allendale and Holy Island, support has been provided to:-

**North Sunderland and Seahouses Development Trust** - the coastal housing market is under extreme pressure from investment and second homes. NSSDT has worked with the Parish Council's of Beadnell and Bamburgh to explore options for attracting and developing affordable housing to the area.

An innovative housing options appraisal event in the summer of 2007 led to a film highlighting local housing need. It helped to identify a number of brownfield and exception site opportunities for development (potentially delivering 6 units in Seahouses and 4 in Beadnell). One site in Beadnell is being presented to the Housing Corporation for funding.

**Prudhoe Community Partnership** – another potential asset transfer from the local authority. The partnership is exploring the financial aspects of acquiring three retail units with the possibility of developing two residential units above the shops.

**Alnwick Community Development Trust** - creatively exploring partnership with the local authority and potentially a RSL to deliver 12 affordable housing units on a site in Alnwick. The Trust has also started negotiation on a further site in Alnwick to accommodate a phased development.

## Next Steps

The FONDT Affordable Housing project has demonstrated that a relatively small investment of resources can show tangible benefits.

Successful delivery is more assured by direct access to:-

- drive – an injection of extra capacity and knowledge working alongside community organisations making things happen
- expertise – pulling in the technical help and exploring the options
- a wider perspective – drawing on practical examples from the UK
- resources – access to small amounts of feasibility funding to investigate ideas, risks and costs at an early stage is a real catalyst

In Allendale, Tynedale District Council have agreed a grant of £50,000 over 3 years for a CLT worker for Allendale Community Housing Ltd - if it can be matched

On Holy Island, the Trust continues to be supported by an independent housing development officer paid for by the Trust out of their capital reserves.

Whilst, none of the individual projects will immediately collapse with the withdrawal of the FONDT officer's direct support –progress and deliverability will be hampered. The Development Trust Association who have regarded the FONDT Affordable Housing project as pilot, has now advanced the concept of direct affordable housing support into a 3-year bid to Capacity Builders, which together with direct cash support from local authorities using second home council tax, could see a wide ranging support package for the "Northern Uplands" – Northumberland, Cumbria & North Pennines (Durham).



Community Consultation in the open air - Beadnell style!

## Tips

- Development trust have in place a group of committed trustees with a concern for their community, property management experience and existing financial track records and accounts. Rather than set up new CLTs, these existing organisations - where they exist - can provide a sound basis for rapid progress.
- Local authorities may be willing to transfer land or vacant buildings for affordable housing provision using the CLT mechanism in response to a well-argued case which is clearly based in the community
- A county-wide post can provide help to a lot of individual organisations and help generate real momentum
- Nurture networks – relationships and characters are key to unlocking the potential of communities to deliver. Bang on doors!
- Don't settle for the first offer of help - investigate all possibilities before agreeing partnerships, be that with developers, social landlords or support organisations. Compromise is important but so is maintaining the independence of the community to decide.
- Borrow from elsewhere - there are masses of existing material; on housing need surveys, overcoming political/ planning issues, allocations policies and section 106 agreements. Start with these first, then adapt to the local situation
- Be creative when involving the community - don't expect lots of people to come out to a village hall on a rainy February evening.
- Be inclusive and share information.

## Contacts

David Brettell  
Hands-on-Help for Communities  
david@hands-on-help.co.uk

Brian Watson – Independent housing consultant  
Holy Island of Lindisfarne Community Development Trust  
bewatson@btinternet.com

Graham Girvan - Director  
Allendale Community Housing Limited  
c/o Deneholme The Dene ,Allendale. Hexham,  
Northumberland NE47 9PX  
grahamcgirvan@hotmail.com

# Land for People – supporting CLTs in the Marches

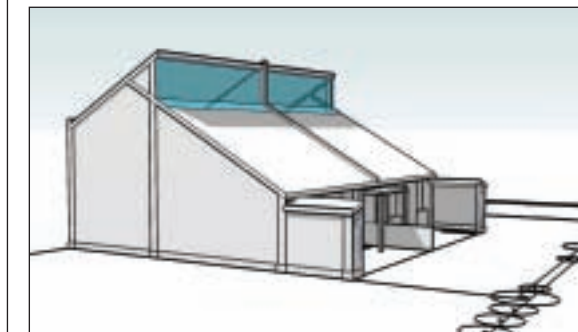


*... emphasis on building affordable homes*

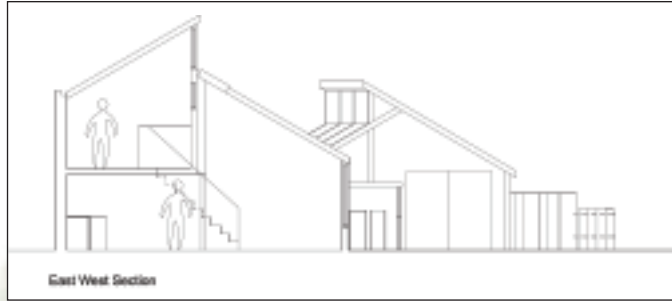
## Introduction

Land for People (LfP) exists to help communities in Wales, Shropshire and the Marches to become more sustainable, with an emphasis on building affordable homes for local people. It believes that for communities to become more sustainable, people living and working in them need access to land, buildings and finance. They also need to be able to make decisions for themselves about how those resources are used and developed for the long-term benefit of their community which LfP believes can best be done through setting up a community land trust.

LfP is a not-for-profit limited company with charitable objects, governed by people from a wide range of organisations working in banking, business, community development, construction, mutual home ownership and estate management. It has also registered the Land for People Central Community Land Trust (CLT) as an Industrial and Provident Society for community benefit, which is recognised by the Financial Standards Authority (FSA) as a sponsoring body able to issue model rules for a CLT and to handle the registration with the FSA on behalf of the sponsoring community. It can also provide guidance notes on the registration process, a member's handbook and help with designing and producing the membership share certificates. Nine organisations have used the LfP rules thus far, ranging from one that covers the whole of the county of Cornwall down to a CLT for one small village in Powys. LfP works with communities, landowners and the construction industry providing: Help with housing need surveys, training, support and networking events



Proposed development for Bishop's Castle and district CLT  
Jonathan Greig ©



Jonathan Greig ©



Jonathan Greig ©

### The Assets

Land for People is assisting housing projects in Bishops Castle in Shropshire; and at Castle Caereinion, Ceinws and Pantydwr in Powys and a range of other less advanced projects. Bishops Castle CLT was registered in May 2007 and launched at a public meeting on the 28th June. As of January 2008 it has over 60 members and a board of 12 directors to oversee its work. It is steadily working towards its first development of 2 one bedroom houses in the centre of the town where a local resident has agreed to transfer a piece of land behind his property at below market value to enable two affordable 1-bedroom houses to be built. These will be available for rent for local people. Bishops Castle CLT aspires to develop another larger site on the edge of the town using exception planning policy and also hopes to provide affordable workshops to support the development of local business. It is also exploring a role of protected land ownership for uses such as allotments or community woodland. Castle Caereinion Community Land Trust has secured planning permission for ten new affordable homes in Castle Caereinion from Powys County Council to help tackle the severe lack of affordable housing for young and local people. The need for affordable homes in Powys has dramatically increased from 1996 - 2006, with a 222% increase in the house prices. The scheme involves an exception planning permission and is owned by a developer with whom a build price has also been negotiated. Land for People has been involved in investigating and arranging for the use of a "pod" system of off-site manufacture. The kitchen, bathroom, staircase where appropriate and all services are constructed in a factory in Oswestry and inserted into the dwelling once the timber frame is in place. The methodology minimises waste, increases the ability to predict costs accurately, reduces the time on site (and hence the interest cost) and uses recycled steel for the frame.

Bro Dyfi Community Land Trust aims to develop an old Forestry Commission depot at Ceinws Camp to provide five or more affordable homes, workspaces, a children's play area and a community meeting place. Land for People is working with the Heulfryn Regeneration Group, the Forestry Commission and the Welsh Assembly to help realize

these plans and the transfer, at forestry value, of the ownership of part of the site to be used for housing to the Bro Dyfi CLT is underway. Elsewhere, the exception planning permission route is being used to create the asset. at Pantydwr, where a local landowner is willing to make some land available for affordable homes at the edge of the village. And Ceredigion County Council is keen to assist in the delivery of more affordable homes in and around Aberystwyth and they along with other local landowners have suggested possible sites for one or more affordable housing projects for the Aberystwyth & District Community Land Trust.

### The Model

The Land for People Central Community Land Trust is an Industrial and Provident Society. Its rules include aims related to its role as an umbrella body which promotes the concept of CLTs and supports the individual CLTs which result across a defined but fairly wide geographical area. As well as its model I&PS rules for individual CLTs, LfP has a set of model rules for umbrella CLTs acting in the same way as LfP itself does, which have been adopted for example by the Cornwall-wide CLT.

LfP has successfully raised funds to provide a worker to support for the Bishops Castle CLT and other CLTs in Shropshire; and to support CLTs in Wales. There is an increasingly large group of CLTs across its area of operation which are now preparing to move to the next phase and put their schemes on site.

LfP envisages that in many cases it will develop the scheme, securing the necessary finance, and transfer the completed scheme to the local CLT. Both rented and part-equity schemes are envisaged.

LfP sees the organisation of seminars and conferences as an important part of its remit and seeks to bring new perspectives to bear. Two recent conferences have focused on build methods including examples of low cost sustainable building and off-site manufacture; and on joining together the shared rural agendas of affordable housing, community enterprise and community supported agriculture.

*... sustainable communities are about more than affordable housing*

### Stakeholder Involvement

LfP has links with local government, regeneration partnerships, building societies, housing associations and charitable trusts.

The Welsh Assembly has itself recognised the role CLTs can play and has provided LfP with revenue support

Powys District Council in particular has been very supportive, providing revenue grants and incorporating community land trusts into its policies as one route to the provision of affordable housing.

### Next Steps

Land for People has shown how it can both catalyse the formation of CLTs as at Bishops Castle and how it can also be in a position to speak to developers and landowners to find; and capture opportunities as they arise, where the time required to put a CLT in place may result in the opportunity being lost; or the local CLT may lack the experience or expertise.

It has successfully raised finance for its initial period of operation but needs to access stable revenue and development income sources in order to consolidate its position.

In the future the intention is that LfP's members should be mainly the CLTs that have been established together with the stakeholders, so that LfP's mission to create and support sustainable communities would be driven and directed by the communities themselves.

### Tips

- innovative build methods can cut the time to complete homes
- investing time to explain CLTs and secure high level political and officer support can pay dividends in the long run
- having an umbrella CLT in place can make sure opportunities are captured even if the local CLT has yet to form
- sustainable communities are about more than affordable housing and an umbrella CLT can help join different agendas together
- revenue funding can be obtained nationally, regionally and locally

### Contact

Jonathan Brown  
Land for People  
jonathan@landforpeople.co.uk





# Policy Development



*... governance structure which is stable and sustainable*

## Summary of policy issues

This section summarises the policy issues that have had to be addressed, the resolutions which have been arrived at and the issues remaining to be addressed.

## Legal Models for CLTs

### Issues

CLTs need access to legal models just as proposed housing associations can secure a standard set of rules from the National Housing Federation at a fixed cost, knowing that the rules provide what they require.

The legal model should:

- provide an organisation which can act for and be accountable to the community
- provide a governance structure which is stable and sustainable and enables the different individuals and organisations who have come together to form the CLT to be represented appropriately
- provide limited liability (generally a maximum of £1) for its members
- include an “asset lock”: the vendor of the land (whether a private individual or a public body), the planners and the community all wish to be assured that the CLTs assets will be held in perpetuity for community benefit. The history of housing associations both as a result of the right to buy, and the requirement for shared ownership leaseholders to be allowed to buy and sell further shares, has made this an important issue in rural areas.

## Solutions

A range of model rules for establishing a community land trust is now available from the CLT website. The rules are accompanied by guidance from Wrigleys Solicitors on choosing the most appropriate model, which is essentially a choice between a charitable Company Limited by Guarantee (CLG) or an Industrial and Provident Society for community benefit (I&PS).

In the case of both the CLG and I&PS there is a model which allows a range of classes of member. Chipping have adopted a variant which allows the Brabin's Trust who are giving the land to the CLT to put forward nominees to stand for a majority of the Board places but gives the whole membership the right to vote in an election. Buckland Newton have enabled the community membership to elect the majority of the Board in their CLG model rules, rather than one third as is more usual with housing associations receiving local authority transfers.

So far, the CLTs that have chosen to adopt I&PS rules have done so for one of two reasons. Some of the CLTs wished to have very wide membership with all members, from the local authority to an individual in the community, having the same voting power. They may also specifically want to bring together people with a range of interests into a common organisation where their potential conflicts of interest can be bound together into a common purpose more readily than is the case in a charity. The charitable CLG model has been adopted where there is a small group of founders whose aim is to provide a benefit for the community and represent of those who may benefit through being housed is a small minority.

For the planning authority (and the vendor of the site), the way the legal form can act to provide an “asset lock” has proved important. The legal models that provide an asset lock are: charitable CLGs, which can only pass their assets to another charity with similar aims; and an I&PS, which can only demutualise through a vote by a 75% majority at successive Extraordinary General Meetings (EGMs).

## Umbrella CLT

A legal model has also been developed by Land for People for an “umbrella” CLT which can act across a county or sub region, with the option of having individual local CLTs as part of its membership. The main objectives are promoting the CLT model and providing information about it. Cornwall CLT Limited has been set up using this model.

## Still to be resolved

The Charity Commission has requested information from CLTs seeking registration about who exactly they plan to house and what the local housing needs are. It seems that an objective of “housing for those in necessitous circumstances” will not be accepted as by definition charitable. The answers provided will also be placed on the CLT website.

## Tenure

### Issues

Maintaining control over the homes disposed of on a part-equity basis so that they remain available to future generations of purchasers on re-sale has been of fundamental importance to CLTs.

In relation to rented homes, CLTs have been concerned to provide rented homes at 67%-75% of open market rents. Those they are trying to house are often in low paid work and aspire to home ownership and a way of enabling CLT tenants to save for home ownership is needed.

### Solutions

The tenure options developed are described in some detail in the pamphlets which have been published with Trowers and Hamlins.

Where homes are provided within the development boundary under an affordable housing condition imposed on a larger development, the CLT can use the standard shared ownership lease for flats which is well-known and understood by mortgage lenders. Houses in the same circumstances can also use a shared ownership lease with an equity mortgage to secure the CLT's share, provided the CLT is content to allow the part-owner to exercise their rights under the Leasehold Enfranchisement Act. In this case the CLT would buy further shares up to 100% and then use the receipt to replace the part-equity home by buying and re-selling another home elsewhere in the community under a new part-equity lease.

In the case of exception sites, this is not acceptable and the solution most CLTs propose to adopt is sale by way of lease under a Declaration of Trust using proposals from Cobbetts solicitors. The Trust comprises the CLT itself together with the purchaser. Leasehold Enfranchisement is inapplicable since the CLT is already both leaseholder and freeholder. Nationwide, Halifax Bank of Scotland and Ecology Building Society have all agreed in principle to grant mortgages for a lease granted under a Declaration of Trust.

Rented models involve rents of around £85-£130pw for 2- and 3-bedroom houses compared to open market rents of around £125-£200pw. Housing associations set aside some £30-£35pw from rent to meet management and maintenance costs. Under a rent-to-equity model, proposed by CFS, this would involve a 20 year tenancy agreement, the CLT will only retain £20pw but gives full repairing responsibility to the tenant. This fund then covers buildings insurance, and a maintenance fund to meet maintenance costs should the tenant default. If they do not, the sum accrued is given to the tenant when they leave to assist them into ownership: or can be used to move from rent to part-ownership in the same property. The CLT would aim also to add to any capital that has been repaid using surplus from rental income.

**Still to be resolved**

It would be preferable for CLTs to be able to use the existing shared ownership lease as it is already familiar to lenders. Legislation (or a Statutory Instrument) which could exclude CLT homes from the Leasehold Enfranchisement Act is under consideration by Government as part of the Housing and Communities Bill. However at the time of writing the intention is to designate the geographical areas where homes can be excluded from the Act rather than, as would be preferable, relating the exclusion to provision by a CLT.

**Pre-development and development funding**

**Issues**

Once a site has been identified, planning permission is needed before it can be purchased. A site survey or trial holes may also be necessary and there may be issues such as potential flooding or suitable vehicle access to resolve. The CLT will also want to keep the community informed and there are costs involved in the consultation process.

Any loans to the CLT are inevitably at risk during this period as the land has either not been bought or does not yet have a value above agricultural use without the benefit of any planning permission. Bank loans are not therefore possible.

To date CLTs have relied on charitable fundraising or loans provided at risk by willing local authorities (e.g. West Dorset DC) or housing associations (e.g. Great Places Group).

After purchase, problems may remain in funding 100% of the development cost. In part this depends on the form of the section 106 agreement as discussed below. Even with a suitable s106 however, the number of lenders willing to provide development finance is limited. Some major lenders have taken a policy decision not to lend for property development and will not even consider whether a particular proposal provides adequate security. Others will lend but prefer to lend a proportion only which is generally around 70%. Housing associations and local authorities have again agreed to fill this gap but there is no universal solution available.

**Solution**

The pioneering phase as set out in the case studies above has helped to identify a series of activities necessary to make CLTs schemes happen, along with an emerging pattern of needs for financial and non-financial support. The nature of these needs (magnitude, financial risk and likely instrument) is shown in the bottom row of Diagram 1 below.



Stage of development	1	2	3	4	5
Activities	Community identities need for affordable housing	Feasibility/needs work	Pre-development work	Development	Occupation
Support	Imagination	Housing needs CLT technical support	Professional/technical work, inc. business plan/prospectus writing	Construction project management	Property management
Funding		Funding of technical support	Fund professional and technical support	Bridging finance	Long term finance
Type and size of finance required		Grants, equity, gifts-in-kind  Very high risk (>75% loss rate)  circa £10,000	Grants, equity, work a risk  Higher risk (50-75% loss rate)  £50,000 £100,000	Equity (30%) Debt (70%)  Building + housing market risk  £ millions	Equity (under 30%) Long term debt  Cashflow + housing market risk  £ millions

**Diagram 1: activities, support and funding to make a CLT happen**

The Facilitation Fund is thus an important ingredient in the development of the CLTs which will form the “replication phase”. The Fund will provide:

- pre-development loans which will be advanced in stages as the potential for a viable scheme and for an appropriate planning permission becomes clearer.
- development loans, generally around 30% of the total cost, to provide any sums needed beyond what commercial funders will provide

Pre-development loans would be advanced following a simple application process, based on an independent assessment that the scheme could be viable. Loans would be written off if the scheme does not proceed. Schemes that do proceed would repay to the fund plus a 20% premium payment which is intended to maintain the fund at the same level (although it is likely to see some excess write-offs in the initial period).

Development loans would be available at an interest rate of around 6.5%-7%.

**Still to be resolved**

A fund of £2m is in prospect but a total fund of at least £5m - £10m is needed to give CLTs across the country the confidence that their scheme could be financed.

## Section 106 agreements

### Issues

The section 106 agreement between the local planning authority and the CLT is the document which is used to prevent the homes ever becoming available on the open market and instead keep them affordable to people in the local community. These are aims the CLT (and the vendor of the land) would also wish to see.

However the section 106 can create problems when raising finance to build the scheme and when the CLT is seeking to raise a long term mortgage to be repaid for rents. There may also be a problem with individual mortgages for part-purchasers. The providers of finance would like a clause included in the section 106 which states that the elements of the agreement which are intended to maintain affordability will not apply to a mortgagee in the event that any finance agreement is in default and the mortgagee has had to enter into possession. This "mortgagee in possession" clause provides the mortgagee with near certainty that their loan is secure. Local planning authorities (and vendors of land), while appreciating that the clause is needed to secure finance, sometimes refuse to countenance it as it leaves a small chance of some homes reaching the open market in the future.

The other issue where a conflict may arise is in relation to clauses in the section 106 which are intended to limit occupation to local people. Mortgagees require that after a maximum period, the property may be offered to anyone who cannot otherwise afford to buy irrespective of where they currently live, to make sure re-sale is not unacceptably delayed.

Section 106 agreements are often also used to enforce the basis on which applicants for any vacant homes are given priority which can lead to agreements becoming very complex.



### Solutions

The Department for Communities and Local Government has available a model s106 agreement and the accompanying guidance acknowledges that a mortgagee in possession (MIP) clause may be needed.

Local planning authorities are not required to follow the guidance, however, and many remain implacably opposed to MIP clauses.

Where this is the case, there are three possibilities to consider to obtain necessary funding:

- 100% development finance is unlikely to be obtainable but 50-75% may be. The Facilitation Fund referred to above can bridge the gap; or housing associations may be willing to through on lending.
- long term finance repaid from rents may still be available provided they are 67%-75% of open market rents so that there is a margin to recover greater income in the event of default
- mortgages for individual purchasers may still be available based on the security provided by the share of value purchased alone. However the choice of mortgagee is likely to be limited and mortgages may not fund 100% of the share purchased unless an insurance policy is taken out.

Another alternative is to specify in the section 106 agreement that any mortgagee in possession must co-operate with the CLT and the local authority in order to ensure the home remains as affordable as possible. However this does not provide full certainty.

CLTs must decide at what percentage of open market value the houses should be sold. This often depends on local circumstances and the circumstances of the individual homebuyer, but some clarity is needed in the section 106 agreement. CLTs are often seeking to sell part-equity shares of £60k-£120k to meet the needs of lower income households. Some households may have capital from an inheritance or other sources even if their income is low. Others may buy a 25% share but aspire to buy another 25% when their income improves. A blanket requirement to sell as a particular percentage of value may be unhelpful. On the other hand allowing all sales to be at up to, say, 80% of value could provide developers with a loophole to develop what is virtually open market housing. The solution adopted is to rely in large part on the CLT's legal form and intention and to use a loose 80% ceiling on the maximum equity that can be sold on any property, combined with an agreement to make the first sales starting at 40% and not exceeding, say, 65% of value.

The requirement to house local people has generally been satisfactorily resolved with a "cascade" clause which prioritises successively residents of the local parish, followed by residents the surrounding parishes and then the county. Specific allocation policies have generally been excluded from section 106 agreements, instead a deadline is set for a policy to be agreed between the parties.

Examples of s106 agreements are available on the CFS website.

*... extra costs and complex decisions*



### Departures from the Local Plan

Exception sites have been the main method used by CLTs to obtain land for affordable housing. These are sites adjacent to community development boundaries. However, in the new planning system based on Local Development Frameworks, the possibility of "departures" has been brought in, where a development is agreed as what is in effect a variation to the Local Plan not an agreed departure from it. Departures have greater potential in that they could be used to meet a wider range of identified local needs which might include homes for sale where there is a demand but no supply. One example might be in providing small convenient homes for older people wishing to 'down-size' but stay in the community, or small homes for first time buyers.

If CLTs can provide the key to a departure site being agreed, they could potentially make schemes more affordable by cross-subsidising from other homes being sold outright. However it is more likely that the more valuable planning approval will be the factor which persuades the owner of the land to sell it, but at an enhanced price.

### Still to be resolved

Many local authorities have been keen to invent their own approach to s106 agreements rather than following Communities and Local Government guidance. Approaches include requiring sales to be at a multiple of local wages as determined by an annual statistics, published often quite retrospectively by the county council; or a ceiling figure on the first sales which, when not accompanied by a size requirement, has led to small dwellings being developed. Some require the involvement of the planning authority on each re-sale.

Mortgage providers are faced with extra costs and complex decisions given this range of options and would very much prefer to see a standard model.

It will help if a standard form of s106 agreement is adopted wherever a CLT is involved. This would be one in the form discussed above and available on the CFS website with a mortgagee in possession in clause. There may also be a case for one without the MIP clause which disadvantages the potential purchasers in restricting the availability of mortgages but can nevertheless be made to work.

### Resale formula and mortgage offers

#### Issue

CLTs wish to make sure the part-equity homes they offer are affordable in perpetuity, not just to the first purchasers but to subsequent purchasers too.

Conventional shared ownership has often failed to achieve this for three main reasons:

- first, because purchasers have a right to buy further shares in the property. Until recently the lease had to allow purchase up to 100% ownership. In rural areas housing associations are now allowed to limit the maximum percentage purchased to 80% but 80% of open market value is often well beyond the reach of the potential buyers the CLT wants to help.
- secondly, because although the proceeds from staircasing sales accrue to the housing association, an affordable home is rarely re-provided as a matter of policy in the same community
- thirdly, because the value of the homebuyer's share rises with the rise in property values. If property values rise faster than wages, the homes becomes less affordable on re-sale, even if no staircasing occurs.

## ... development expertise and financial strength



### Solution

The sale by lease under a Declaration of Trust enables the CLT to refuse a request to buy further shares in the home. It may nevertheless wish to give consent if by agreeing to do so the CLT can release some equity and use this to enable another of its properties to be sold at a reduced and more affordable share.

Because the CLT is small and locally based, any receipts will be reused to meet local needs rather than assisting in new developments which may be in a completely different area.

### Still to be resolved

CLTs have also wanted to draw on the models used in the United States where re-sale formulas are common practice. Typically, the part-owner receives 25% of the growth in the value of their share of the property. Unless values rise four times faster than wages, the property then become more affordable on each re-sale – or at least the CLT has that option.

There are two ways in which resale formulas retain affordability:

- by linking the value of the share once purchased to the average earnings index.
- or by limiting the growth in value to a percentage – perhaps 50% – of one of the property value indices for the region (e.g. that provided by Nationwide Building Society)

Lenders have expressed an unwillingness to consider these options. The value of the security they hold as against the total loans made can be readily updated for accounting purposes if all properties are entered into their database at current value and updated by the index. Properties where the security cannot be updated in this way would need to be identified and treated differently.

A dialogue has been begun on this issue with some key lenders, notably HBOS and Ecology Building Society but is some way from resolution.

### Housing allocations

#### Issue

CLTs are set up in response to an identified need for affordable housing. Particular concerns are often young people – single people and young couples especially - who are leaving the community because housing is unaffordable. The CLT advocates may also be concerned that the school roll is declining as a consequence and that local employers are unable to find people who can take jobs at the wages offered because they have nowhere to live.

Single people and couples are however the groups who have the fewest opportunities of securing social housing. CLT priorities often do not therefore coincide with local authority housing strategy priorities which are likely to be focused on housing need as measured by homelessness, overcrowding or poor conditions. Choice-based lettings and local lettings policies are now generally in place which can bring some of these other factors into play. But it may still be a strong concern of the CLT to have a say in how priorities are decided when allocating the homes they produce.

On the local authority side, and this is a policy concern at Government level too, there may be a perception that CLTs are seeking to exclude people on the lowest incomes or those with social problems who need additional support.

### Solutions

CLTs and housing associations have generally been able to find a way through these issues which is acceptable to both parties, assisted by the fact that rural affordable housing in virtually all cases is only agreed where is intended specifically to meet local not district-wide needs. In essence they are based around recognising that the local housing authority clearly is best placed to determine relative priorities from the point of view of housing need and to find a way to bring this together with the additional factors that apply with a CLT scheme: local connection through an existing or new job (which provides a route for people new to the community), local connection from current or past family ties and ability to afford the CLT rent or part-equity terms.

Examples of such allocation policies are available on the CFS website:

- at High Bickington, the council have accepted that the CLT's policy applies appropriate criteria and will take proper account of housing need which means they are content to monitor the application of the policy in retrospect
- at Buckland Newton all applicants must first put themselves on the local authority housing register; the CLT will decide who should be given priority using a range of criteria related to need and local connection between those who are apply for housing and on the list, which will be provided by the local authority; and the local authority is then informed to whom it is proposed to make offers and given a period to disagree.

### Still to be resolved

Concern continues to be voiced about a CLT's potential bias if it operates outside the normal local authority waiting list system, even if the housing is not supported with social housing grant and has been provided through planning powers to respond to an identified local need. Once some more schemes are in place, an evaluation study will be needed to draw out the details of who the scheme helped and the extent to which the processes used were fair and transparent.

There is also a potential long term role for the CFS website in to enable access to model allocation policies.

### Charitable and other funding

#### Issues

CLTs need to recover the cost of their scheme from the sale of equity and from long term loans they take out which can be repaid from rents. This provides a tight equation and despite careful cost control there may be a gap between cost and income which has to be bridged.

CLTs have successfully raised charitable or other support (for example Second Homes Tax) to cross this bridge. It would be helpful to them if there were a fund available to which they could apply.

### Solutions

Individual CLTs have solved this problem with a range of grants from local and national charities; from local authorities; from DEFRA Rural and Social fund; and from the communities themselves.

The Facilitation Fund will provide a route for making applications to the charities involved in creating the fund but the scale of the demand means that a common solution for all CLTs is not yet in reach.

### Still to be resolved

The Government, through the Housing Corporation, had indicated that CLTs will be able to access Social Housing Grant (SHG) via a Registered Social Landlord (RSL). This is still an option but the Housing and Communities Bill makes it clear that any rented homes funded will have to be subject to the same regulation and the same requirements as RSLs which is likely to be impractical for a small newly formed CLT.

### Agency support options

The project has sought to explore how housing associations might support rural CLTs and also to look at other models of how CLTs can be supported, especially with technical expertise around finance and development. Four types of support organisations can be distinguished:

- a. housing associations
- b. development trusts
- c. county-wide umbrella CLTs
- d. a national body of expertise (CFS itself)

### Housing associations

Housing associations have been encouraged to form themselves into large development consortia which undertake new home developments across a wide area. They use their development expertise and financial strength to identify opportunities to acquire land and property and in many cases have now also become property developers in competition with the private sector.

CLTs are small, local providers who must rely on low land cost and low build costs to make their schemes affordable for those they are trying to help. They do not have access to opportunities for economies of scale but may be able to adopt procurement methods which keep costs down in other ways. For example, unlike RSLs, they have the freedom to use a small local contractor or to decide not to have the access road built to adoptable standards. Self-build may be used to keep the cost of the first homes down.

Housing associations can therefore assist CLTs in two ways:

- 1 By passing housing they have developed to a CLT at a cost that enables the CLT to meet the target needs. This depends however on the housing association giving up an opportunity to meet the needs of target groups and foregoing a low cost opportunity which could help in achieving the Housing Corporation's target cost per home.

## ... identifying opportunities for some 60 homes



2 By providing development expertise; by meeting, by on-lending, the CLT's pre-development, development and long term finance needs; and by providing advice on the choice of professional team and long term management.

Housing associations are often charities or Industrial & Provident Societies for community benefit that have the provision of affordable housing as their stated aim. They also however have tough business priorities to meet.

In consequence of these pressures, it is by no means all housing associations who are interested in supporting CLTs: it meets their "business case" only where supporting local communities and especially rural communities is part of their aim as an organisation.

Where this has been the case the support has been considerable. For example:

- Great Places group have financed all the pre-development costs of Chipping CLT's scheme, and have agreed in principle finance for development and the long term, as part of a stated policy to support rural communities.
- Devon and Cornwall Housing Group are supporting CLTs in Devonport and South Hams and are working to establish Devon-wide support.
- Magna Housing Association have provided support to CLTs in Dorset, Devon and West Somerset and have seen it as providing some useful lessons and alternative approaches which can fit into their overall business. Pro bono development expertise has been made available and access to fee scales agreed with professionals on Magna's programme.
- Synergy Housing Group have offered to finance Worth Matravers CLT's costs insofar as bank loans cannot be secured for the full development cost.

- Three Rivers Housing Association have offered their development and finance experience to CLTs in the North East.

- Cornwall Rural HA's support across Cornwall has made their skills available across the county as discussed further below.

This is not an exhaustive list, but it illustrates that housing association support for CLTs will be based around the commitment of a selected group rather than something all housing associations may aspire to provide.

In urban areas the situation is different as CLTs may be seen as an essential component of the scheme in order to engage the community.

### Development Trusts in Northumberland

Development trusts are very diverse, but they share an aim to respond to local social, economic and environmental needs in whatever way is seen to be possible and appropriate securing a mix of private and public funds. Housing has been part of their portfolio in some cases, but not often.

As part of this pilot study, the Development Trusts Association secured finance for the Federation of Northumberland Development Trusts (FONDT) to employ a county-wide worker to assist in developing affordable housing, mainly through development trusts. The project has been very successful, identifying opportunities for some 60 homes which would double the existing rural affordable housing provision. The project has been able to show the advantage of having local community-based organisations with a concern for the needs of their specific locality and a willingness to take direct action.

With the recent offer of help from Three Rivers Housing, the project has even more potential to deliver successful outcomes.

### County-wide "umbrella" CLTs

CLT projects in Cornwall have been supported through Cornwall Community Land Trust set up by Cornwall Rural Housing Association (CRHA). Despite its small size, CRHA has an increasing role in the county in spending both social housing grant and funds from Second Homes Tax to deliver affordable rented homes across the county. The CLT has enabled it to add intermediate market housing. With the active support of both county and district councils, a substantial forward programme of schemes has been taken forward, including a self-build scheme.

Land for People, which operates across Shropshire and Powys, has similarly been able to identify a significant and increasing number of opportunities where CLTs could be formed. They have had to fundraise from a range of sources to meet their costs and while their community and local authority links have been strong, they have not had ready access to financial expertise.

The FONDT project described above is another example of a county-based approach.

### Support by Community Finance Solutions and Wessex Reinvestment Trust.

As part of this pilot project, CFS and WRT has provided direct support to CLTs in Holsworthy, High Bickington, Buckland Newton and to other pilot projects highlighted in the case studies. The support has helped the CLTs reach their present position: but the level of support has been considerable for the limited number of schemes involved and dissemination to other parts of the area where they have been established has been slow.

### Design and specification of dwellings

The needs identified by CLT may include some households on incomes of £30,000 or even higher but more often most households in work are earning much less than this. The CLT faces a considerable challenge in building the homes that are needed at a cost which can be afforded.

Increasingly it is a strong aspiration of the community to also build homes to high environmental standards, both to cut carbon emissions and to make sure the homes built are affordable to run as well as to buy or rent. Higher environmental standards can mean higher costs, especially if the aim is to go further and achieve carbon neutrality by including local renewable energy generation.

CLTs also face cost uncertainty until such time as a scheme is designed and a build price obtained from a contractor. Not knowing what the scheme will cost can mean it is not clear if it is worth taking the scheme forward, as the CLT will only wish to proceed if the identified needs can be met.

All these problems could be tackled if CLTs had available to them a standard design just as major housebuilders develop standard designs to keep their costs down. Two approaches have been developed in this pilot.

### 1 ARCO2

ARCO2 architects are a small firm of architects based in Bodmin. They have been designing a range of buildings to high environmental standards using local and recycled materials where possible. A number of successful school extensions have been built which were achieved well below budget. As a result ARCO2 have established a partnership with Dorset Centre for Rural Skills who are promoting the use of traditional methods such as lime mortar and local materials.

Both Buckland Newton CLT and Worth Matravers CLT appointed ARCO2 as architects for their scheme with a brief to achieve a design to both a low cost and high environmental specification using straw as a local material for insulation. In response ARCO2 developed a timber frame design which incorporates fitted panels insulated with either straw or wool, both of which are available locally. The panels are made off site in a nearby warehouse, providing local employment. Buckland Newton CLT secured funding from West Dorset District Council and Carnegie Trust for the manufacture of a prototype. Building regulation approval has been confirmed and BuildZone will provide 10 year guarantees for purchasers.

The method allows some flexibility to extend and 2- 3- and 4-bedroom homes have been designed to good space standards (75m<sup>2</sup>, 100m<sup>2</sup> and 125m<sup>2</sup>) and very high levels of insulation. A build cost per home excluding infrastructure of £68,000-£75,000 appears achievable although profit margins may need to be higher in a fully commercial environment. This cost includes additional environmental elements such as solar water heating and rainwater collection. The homes are now under construction at the two locations and once completed details will be made more widely available.

### 2 Land for People: "Pods" scheme

Land for People has identified an approach to building which enables reliable costs to be forecast, reduces design fees, incorporates high environmental standards and can be built quickly to meet pressing local needs. Total construction time is estimated at 4 months. Discussions were held with a local manufacturer of "pods", which provide the service element of a house including the kitchen and bathroom in a steel frame. A range of design options are available including a 2-storey version with the kitchen and staircase at the lower level and staircase and bathroom at the upper level.

Land for People's first scheme to use the method will be at Castle Caereinion in Powys. (see case studies)

# Replication through best practice and recommendations



## The national scheme to date

The rural national demonstration project has aimed to establish CLTs in rural areas and to develop the capacity of housing associations to support them. More specifically the project has, since its inception in September 2006 :-

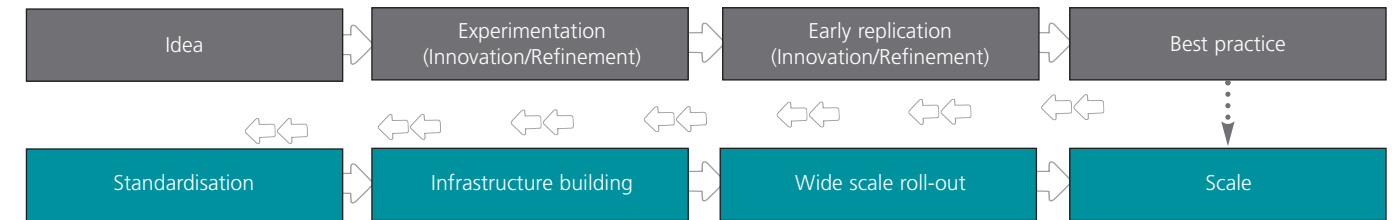
- Appraised 15 potential projects and held two practitioners' workshops in April and December 2007;
- Supported exemplar groups in at least 7 different rural counties to develop their capacity as pioneering CLT projects
- Helped to develop cross-party political support;
- Developed proposals for a legal definition of CLTs for inclusion in the Housing and Regeneration Bill;
- Sought to overcome the conflict between a CLT's objectives and the provisions of the Leasehold Reform Act 1967.
- Urged government to make Community Housing Grant available to CLTs through the Housing Corporation;
- Facilitated the practical involvement of 6+ housing associations;
- Proposed that a Facilitation Fund of £5m be established for CLTs
- Organised in conjunction with New Start magazine a CLT National Conference in April 2007 and a forthcoming event in April 2008 at which this report will be launched.
- Promoted the ongoing use of the CLT website and portal.

## National scheme next steps

The current position is that the CLT National Demonstration programme is at the cusp of moving from experimentation to early replication.

This is diagrammatically set out below

**Diagram 1 Reaching the market and achieving scale**



To mainstream CLTs to scale and start to create a 'movement' of lay and professional practitioners will require further replication both in the seven pioneering case study areas and throughout rural Britain. One of the keys to 'lift-off' is a critical mass of activity but to achieve this, a number of key interventions will also be required.

Carnegie UK Trust have indicated that they are to support the continuation of the CLT rural national demonstration project whose aims for the next year can be summarised as follows :-

- To accelerate the implementation of CLTs through the establishment of the CLT Facilitation Fund and other relevant interventions as listed in the section 'community-led involvement' below
- To continue to develop model structures and instruments to enable this to happen as set out in the policy comparisons section set out above.
- To embed the CLT Model in policy and practice particularly in providing information through the website/guides.

Many communities have aspirations to develop affordable housing and indeed other community-led initiatives e.g. energy projects but are unaware of the possibility of forming a land trust. This project in its replication stage will champion community driven solutions, to demonstrate the wider applicability of community land ownership and specifically to promote the CLT mechanism. Community Finance Solutions is hopeful of further developing a learning network and the web site [www.communitylandtrust.org.uk](http://www.communitylandtrust.org.uk) to support communities in their aspirations for community asset ownership.



## ... foundation stone for other community activities



### Community-led involvement

At a political level, all three major parties at Westminster have advocated the need for communities to take action to solve local problems. By definition CLT schemes can achieve rural homes to rent/disposal by shared equity that are supplementary to those provided by housing associations; they can also be the foundation stone for other community activities. The challenges to achieving replication of the pioneering schemes listed in the previous paragraph and start to achieve scale fall under five main headings:-

#### (a) Community entrepreneurs

CLTs are currently being established on an ad-hoc basis but a common ingredient is lay-led leadership by local people who are committed to making a difference in their community. To succeed, they need to be given practical support and encouraged to overcome the obstacles that, inevitably, will need to be negotiated along the way.

#### (b) Land availability

The pioneering CLT projects have acquired land/property assets in a number of ways. These include exception sites for rural affordable housing, commuted sums from developers' planning agreements and the transfer of public assets. It is important to publicise these successful initiatives as this will persuade other rural landowners to similarly provide land and property.

#### (c) Robust legal models to protect a trust's assets in perpetuity

The existing CLT projects have been using legal and financial arrangements that are not designed for them. There is a need to introduce specific legal and financial frameworks for CLTs if they are to flourish. The most important requirements are to establish:-

- i) a legal definition of CLTs
- ii) a mechanism to safeguard the CLTs ownership and use of building in perpetuity against leasehold enfranchisement by individual occupiers. These are currently both subject to consultation with government and it is hoped that both can be resolved in forthcoming legislation. If not a second best solution will need to be designed utilising the experiences of the pioneering CLT projects.

#### (d) Technical capacity

Lay people involved in the leadership of CLTs may be too busy and/or not have the skills to be confident in managing the physical development process. The combination of leadership and technical capacity gives the context and motivation to provide rural housing. Appropriate human capacity can be achieved in a number of ways including the direct recruitment of dedicated staff for individual CLTs or for a cluster of CLTs such as the examples in Cornwall and Northumberland. A practical alternative is not to employ staff directly but to engage a housing association Housing associations already have staff with the necessary physical development expertise.

#### (e) Funding

Resources will be required from the private, public and voluntary sectors to:

- Help finance the rental housing that CLTs produce.
- Build the capacity of the CLTs themselves and in particular, provide pre-development finance to work-up the feasibility of developing projects.
- Meet the development finance costs of projects on site which, for many CLTs, will be their first scheme being promoted by people with little or no track record.

To kick start this process the demonstration project is, therefore, seeking to establish a Facilitation Fund for CLTs.

## Recommendations – Action in the future

Recommendation to:-

### Government:-

- Recognise the capacity of rural communities to develop affordable 'intermediate market' housing projects that are supplementary and complementary to mainstream provision.
- Include a legal definition of CLTs in legislation at the earliest opportunity.
- Include a mechanism to amend the Leasehold Reform Act 1967 to safeguard a CLT's ownership and use of buildings in perpetuity against leasehold enfranchisement by individual occupiers.
- Provide a threshold below which small organisations receiving limited social housing grant for community led rented and part-equity schemes are not subject to ongoing regulation and control.

### Housing Corporation:-

- Promote community-led affordable housing projects in rural England as a separate complementary affordable housing initiative.
- Utilise existing powers to make grants and or loan finance available to community-led housing providers.

### Local authorities:-

- Promote community-led affordable rural housing projects utilising the CLT mechanism as an alternative to housing association provision.
- Encourage local planning authorities to grant exception planning permissions on schemes utilising the CLT mechanism.
- Encourage the drafting of housing allocation statements that set local housing need priorities acceptable to both the CLT and the local authority.
- Through Local Strategic Partnerships encourage the formation of, and provide funding for, county-wide CLT support services to contribute to local delivery of the community strategy in relation to both affordable rural housing and community engagement. This approach could also help encourage consistent planning and asset transfer policies across the county.

- In any new bidding round for rural housing enablement, consider combining the housing needs survey work of rural housing enablers with a more proactive role to create solutions through either a housing association or a CLT.

- Come together to adopt a common approach to section 106 agreements, ideally based on the Communities and Local Government model and including a mortgagee in possession clause (or by using two otherwise identical options, one with and without), to simplify issues for lenders and hence provide better choice for those seeking part-equity mortgages.

### Housing Associations:-

- Utilise their expertise to support CLTs and put this to practical use in providing technical support to lay-led CLTs.
- Provide financial support from their own resources to facilitate the CLTs perhaps by including a project in the HA core business and transferring upon completion as a 'turnkey' contract.
- Consider developing a CLT support service, possibly on a county level

### Charitable trusts and foundation and private finance providers:-

- Support the formation of the CLT Facilitation Fund and in addition provide bespoke support to individual CLTs.
- Encourage private finance providers to make available to CLTs mainstream development finance and long term finance repaid from rents.
- Support the continuation of FONDT's Northumberland project and the dissemination of the model through Development Trusts Association to development trusts elsewhere.

### Charity Commission:-

- Provide guidance for CLTs seeking charitable status about affordable housing provision to be attached to the application to avoid delay in replying to queries.

### Mortgage lenders:-

- Accept the Declaration of Trust lease as providing enough security for a mortgage.
- Assist the CLT movement by providing mortgages on leases where future value is linked to average wages as opposed to property values.

# Useful Resources

## General

### Caledonia Centre for Social Development

[www.caledonia.org.uk/socialland](http://www.caledonia.org.uk/socialland)

Celebrates the social land sector in Scotland and throughout the world.

### Carnegie UK Trust Rural Community Development Programme

<http://rural.carnegieuktrust.org.uk/home>

Examines and promotes ways in which rural communities across the UK and Ireland can be empowered to shape and influence change and work to ensure that rural priorities are fully recognised by decision makers.

### Community Land Trust National Demonstration programme

[www.communitylandtrust.org.uk](http://www.communitylandtrust.org.uk)

Community Finance Solutions maintains an information resource for CLTs in England, including many targeted publications.

### Community Farm Land Trusts

[www.stroudcommonwealth.org.uk/cflt](http://www.stroudcommonwealth.org.uk/cflt)

Stroud Common Wealth maintain a website dedicated to Community Farm Land Trusts, as part of a project sponsored by the Carnegie UK Trust.

### Development Trusts Association

[www.dta.org.uk](http://www.dta.org.uk)

Umbrella organisation for community development trusts.

### Building and Social Housing Foundation

[www.bshf.org](http://www.bshf.org)

Carries out research into housing innovation.

### Burlington Associates

[www.burlingtonassociates.com](http://www.burlingtonassociates.com)

Resources for CLTs in the US.

### Department for Communities and Local Government

[www.communities.gov.uk](http://www.communities.gov.uk)

Responsible for UK housing, communities and planning policy.

### Housing Corporation

<http://www.housingcorp.gov.uk/>

The Housing Corporation is the government agency that funds new affordable homes and regulates housing associations in England.

## Regional support

### Cornwall Community Land Trust

[www.crha.org.uk/cornwall\\_community\\_land\\_trust.htm](http://www.crha.org.uk/cornwall_community_land_trust.htm)

Cornwall CLT is a project run by Cornwall Rural Housing Association to promote CLTs.

### Cumbria Rural Housing Trust

[www.crht.org.uk](http://www.crht.org.uk)

CRHT employs a regional CLT project worker and works with communities to address affordable rural housing needs.

### Foundation East

[www.foundationeast.org](http://www.foundationeast.org)

A not-for-profit organisation operating in East Anglia, offering business and personal loans. Currently working on a CLT project.

### Federation of Northumberland Development Trusts

[J.Gooding@dta.org.uk](mailto:J.Gooding@dta.org.uk)

FONDT principle aim is to work together as Development Trusts with our partners to create vibrant, inclusive and sustainable communities in Northumberland

### Land for People

[www.landforpeople.co.uk](http://www.landforpeople.co.uk)

Land for People exists to help communities in Wales, Shropshire and the Marches become more sustainable, with an emphasis on building affordable homes for local people.

### Wessex Reinvestment Trust

[www.wessexrt.co.uk](http://www.wessexrt.co.uk)

WRT helps communities in the South West of England become more sustainable through providing business and home improvement loans, and advising communities on setting up community land or property trusts.

## Publications

Affordable Rural Housing Commission (2006) **“Affordable Rural Housing Commission: Final Report”**, Affordable Rural Housing Commission, London.

CFS (2007) **“Community Land Trusts: A Practitioner’s Guide”** Community Finance Solutions, Salford.

DCLG (2007) **“Department for Communities and Local Government Green Paper – Homes for the Future; more affordable; more sustainable”**. The Stationery Office, London.

DCLG (2007) **“Making Assets Work: The Quirk Review of community management and ownership of public assets.”** Department for Communities and Local Government, Wetherby.

DCLG (2006) **“Planning Policy Statement 3 (PPS3): Housing”** and **“Planning Obligations: Practice Guide”**, Department for Communities and Local Government, London.

Hart, Lorraine (2005) **“To Have and to Hold: The DTA Guide to Asset Development for Community and Social Enterprises”** DTA, London.

