

Trust and association

Partnerships between Community Land Trusts and housing associations



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Main image: Phil Bowley from GreenSquare Housing Group and Kevin McCloud from Hab with residents at Cashes Green allotments. Professional image for Hab Oakus
Left image: The opening of St Ewe Affordable Homes Ltd, courtesy of Cornish Guardian
Middle image: Holy Island Community Development Trust, courtesy of Four Housing Group
Right image: Peter Moore from Cornwall Rural Housing Association and David Wills, landowner, St Minver CLT, courtesy of the National CLT Network

This guide sets out the experiences of early Community Land Trust (CLT) and housing association partnerships, and points the way for others who may wish to follow or improve upon them

Different roots but common interests

CLTs are community-driven and controlled organisations that provide land and buildings that meet the needs and aspirations of their communities. They often develop affordable housing but they can also provide a wide range of other buildings, including work units, community halls, shops and pubs. They may buy land for community woodlands, playgrounds, food production or renewable energy schemes. They can also provide serviced sites for larger facilities, such as schools, health and sports centres. In all these cases the mix of uses is always determined by the community and the assets are held in trust for long-term community benefit.

Housing associations are not-for-profit organisations that provide decent, affordable homes as well as vital services for communities, including, for example, employment training and activities for young people. From their community roots some housing associations have grown to become national organisations, while others still have a tight geographic focus, but they all endeavour to help create a better neighbourhood for the communities they serve.

Better together

Whilst CLTs and housing associations have different roots and can have different objectives, they have a lot in common. CLTs and housing associations both work in the property world. They both work on a non-profit basis. They both act as long-term stewards of property, with CLTs in particular being very committed to holding their assets in perpetuity. And they often share similar funding, leasing and town planning models. Perhaps most importantly, they both aim to improve people’s quality of life.

So is there a natural fit between the two? Can they work together? This report says they certainly can.

Starting to work together

CLTs have been emerging as a vibrant force in recent years and have been receiving increasing political and financial support. They and some housing associations have begun to explore partnerships, asking *'is there a best of both worlds?'.*

A sign of the increasing closeness of the two sectors has been the link with the National Housing Federation, which now hosts the National CLT Network. The Network is the national membership organisation for CLTs, performing an advocacy and support role for its members and the CLT sector.

The benefits of partnership

There are many mutual benefits of CLTs and housing associations working in partnership.

Benefits to CLTs

- **Access to expertise** – staff in housing associations are specialists in all aspects of affordable housing.
- **Access to financial capacity** – housing associations that develop sites have sizeable loan facilities with mainstream lenders.
- **Access to grant** – housing associations that develop are approved by the Homes and Communities Agency (HCA) as grant-recipients.
- **Reputation with local authorities** – housing associations are known to be strong, well regulated organisations, often with tenant and community representation on their boards.
- **Regulation** – housing associations have the capacity to handle a range of regulatory obligations, which a CLT might find onerous and costly on its own.
- **Risk management** – housing associations are experienced at managing risk and there will be even more emphasis on this following changes in regulation.
- **Capacity building** – housing associations can provide training for CLT boards, company secretaries, financial modelling and building up the internal capacity of a new CLT.

Benefits to housing associations

- **Providing more affordable housing** – links with CLTs help housing associations increase the supply of affordable housing, meeting a wider range of needs.
- **Improving the quality of life of their residents** – the wide spectrum of CLT schemes benefits local housing association residents.
- **Access to land** – some landowners would rather entrust their land to a local CLT than to a housing association.
- **Access to funding** – the Homes and Communities Agency (HCA) is reserving some funds for schemes involving CLTs. CLTs can also access other streams of funding, including community shares.
- **Neighbourhood Planning** – communities are being given more powers under the Localism Bill, not least to grant themselves planning permission.
- **Innovation** – housing associations can be at the forefront of this new way of working with communities.
- **Reputation with communities** – housing associations can develop deeper relationships with communities through the democratic nature of a CLT.
- **Reputation with government** – housing associations can improve their standing with central and local government by playing an increased role in the Big Society.



Policies that reinforce cooperation

The Government's Localism Bill proposes to give more powers to communities. These include powers to run local services, to bid to take over assets of community value, and to deliver development without having to seek planning permission.

In recognition of these proposals and the potential for communities to take on an increased role in delivering housing the HCA, which makes funding available to support an increase in the supply of affordable housing, actively encourages community/housing association partnerships in its 2011-15 Affordable Homes Programme.

Message to housing associations:

"Providers are particularly encouraged to include... community-based organisations in consortia arrangements either at the outset, or during the course of the contract so that proposals will better reflect local need."

HCA 2011-15 Affordable Homes Programme Framework, February 2011

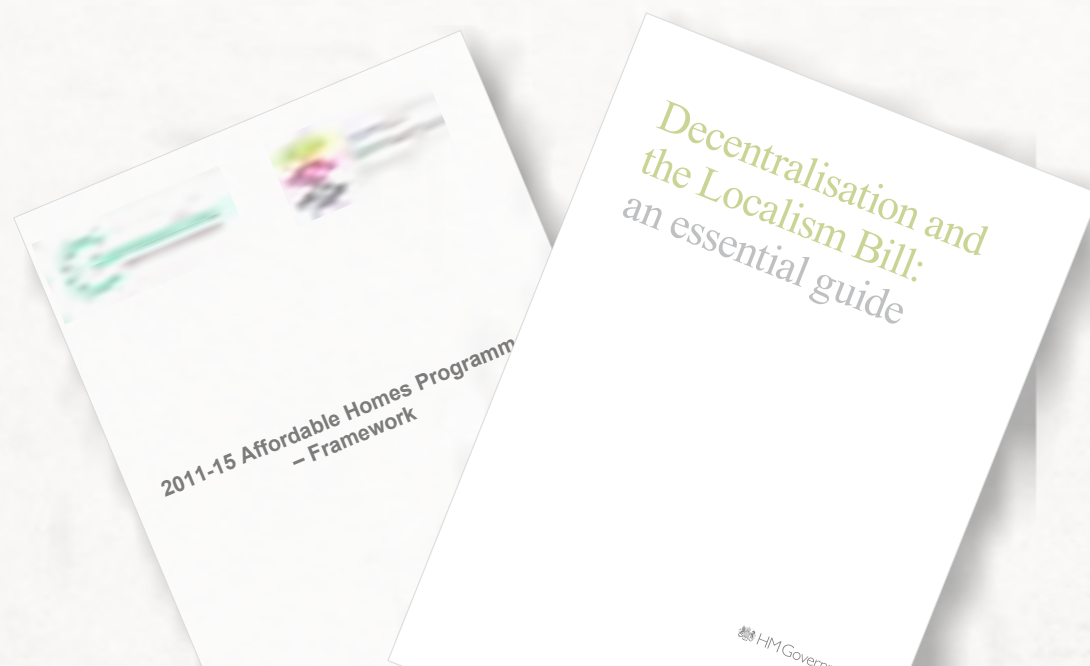
Message to CLTs:

"Community-based organisations... may find it beneficial to partner with existing consortia or investment partnerships to benefit from shared expertise in development and reduce administration costs, and should therefore consider joining consortia if that best meets their needs."

HCA 2011-15 Affordable Homes Programme Framework, February 2011

In addition, the HCA will retain some of the £4.5 billion funding to be invested in affordable housing during 2011-2015 specifically for community-led housing projects.

The twin policy impacts of the Affordable Homes Programme and the Localism Bill therefore support the exploration of partnerships between CLTs and housing associations.



Successful partnerships

Partnerships that bring together a CLT's passion for its own community, land ownership, and local accountability (supported by an often highly skilled volunteer workforce) with a housing association's expertise in development, financing and procurement and commitment to working with the local community are proving successful. This combination of strengths reflects the motivation for partnerships in the more mature CLT sector in the US.¹

The partnership model works well at both a sub-regional and a local level.

Sub-regional level Umbrella CLTs acting as intermediaries

Some of the first partnerships between CLTs and housing associations emerged from the setting up of sub-regional CLT support bodies, or umbrella CLTs, to support the development of CLTs throughout their areas. Part of their role is to act as intermediaries to broker relationships that will enable local CLT developments to progress.

These intermediaries to date are mainly in the South West, although also in Cumbria and East Anglia. The best known intermediary is Cornwall Community Land Trust, which started as a pilot project in 2006 and is now self-sustaining. It is hosted by Cornwall Rural Housing Association.

In 2010 the Somerset, Devon and Dorset CLT Project was set up with funding from the Department of Communities and Local Government (via Carnegie UK Trust) and Devon County Council. It formed a partnership with Hastoe Housing Association.

Wiltshire Rural Housing Association hosts Wiltshire CLT, which it set up in 2011.

Apart from making housing partnerships a major theme of their approach, the projects in Cornwall, Somerset, Devon and Dorset are led by staff with extensive past experience of working for housing associations. Wiltshire's expertise in rural regeneration is backed up by access to housing expertise through its housing association partnership agreement.

¹ "Nothing in the [CLT] model's distinctive approach to ownership, organization, and operation makes real estate development easier or cheaper to do...the model's real strength lies in protecting a municipality's investment and a community's assets, and in preserving access to land and housing for people of modest means." John Emmeus Davis and Rick Jacobus (2008) The City-CLT Partnership: Municipal Support for Community Land Trust, Lincoln Institute of Land Policy

Umbrella CLTs working in partnership with housing associations

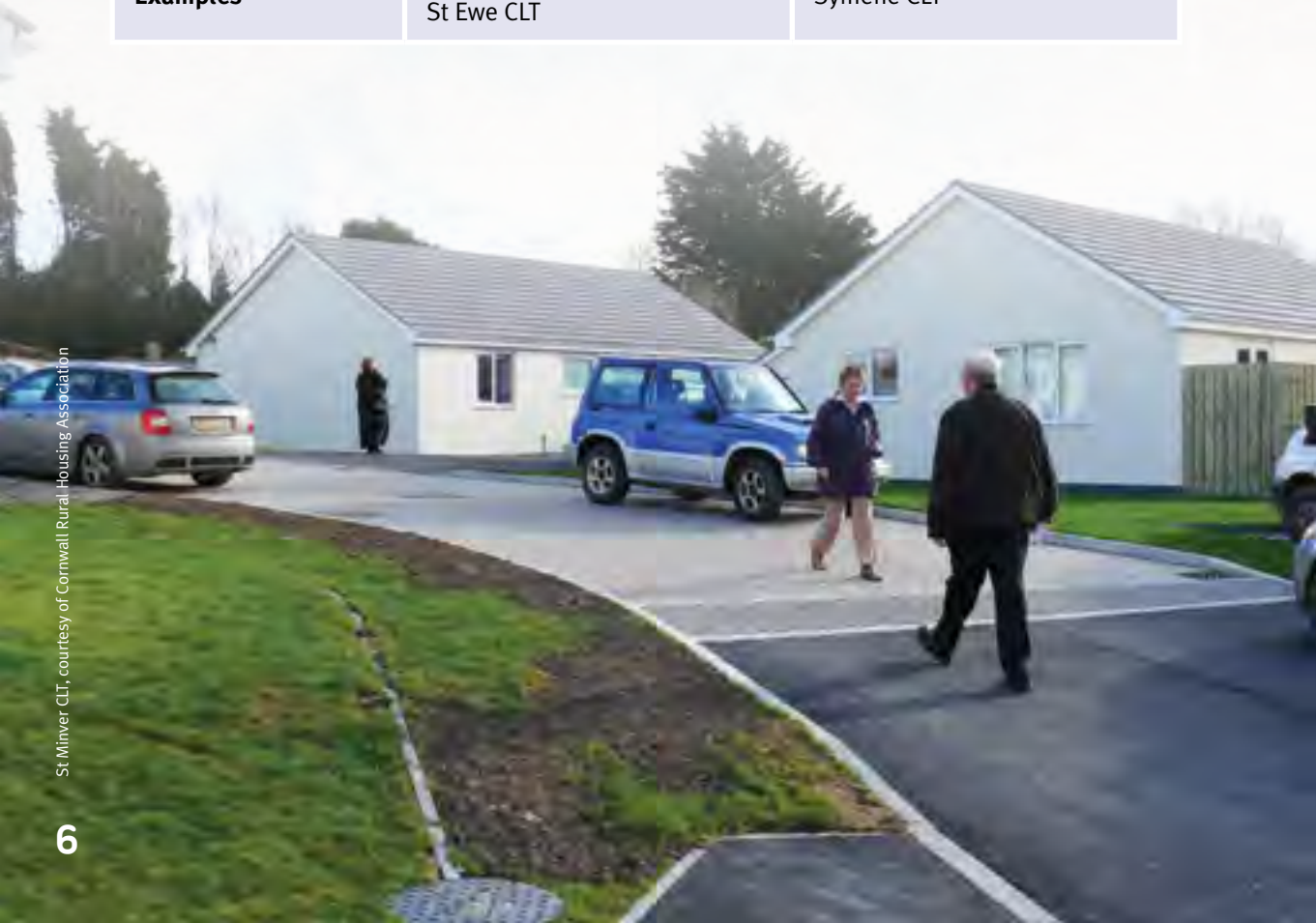
	Cornwall CLT	Somerset, Devon & Dorset CLT
Partner housing association	Cornwall Rural Housing Association	Hastoe Housing Association
Umbrella housing programme (number of homes per annum)	30-40	30-40
Focus	Rural specialist	Rural specialist
High level of commitment at board level	Yes	Yes
Operational model	Shared sites: Housing association owns rented homes, CLT holds pre-emption rights to buy back properties and resale covenants (discounted open market sale) on homes for sale	Leasehold sites: CLT owns land, housing association develops under 125 year lease, partnership agreement, CLT has leaseback option
Examples	St Minver CLT, St Just CLT, St Ewe CLT	Symene CLT

Local level
Individual CLTs in local partnerships

In many cases partnerships emerge on a site-to-site basis with a CLT and a housing association developing a relationship as a project develops, often to enable the next stage to happen. The table below lists some local partnership arrangements in place around the country. The case studies in the second half of the report describe a few in greater detail.

CLTs and housing associations working together at a local level

Community Land Trust (CLT)	Housing association
Cashes Green CLT, Gloucestershire (supported by Gloucestershire Land for People)	Green Square Housing Group
Chipping CLT, Lancashire	Great Places Housing Group
Devonport CLT, Devon	Devon & Cornwall Housing Association
East London CLT, London	Poplar HARCA
Holy Island and Allendale CLTs, Northumberland	Four Housing Group
Wickham CLT, Hampshire	Hyde Housing Group
Worth Matravers CLT, Dorset	Synergy Housing Group



St Minver CLT, courtesy of Cornwall Rural Housing Association



Cashes Green site, courtesy of Green Square

Model documents

In forging partnerships, a series of model documents are currently being developed and will be published on the National CLT Network website. They include:

- An **options appraisal** for communities – for use by a community in the early stages to compare key features of three routes to housing development: a stand-alone CLT, traditional housing association provision, or a CLT/housing association partnership (see Delivery options, p16-17).
- A **development agreement** between a CLT and a housing association – where the housing association is providing the CLT with development services.
- A **lease** between the housing association and a CLT with a lease back clause – where the CLT is entering into a long-term leasehold relationship with the housing association.
- A **partnership agreement** between a housing association and a CLT – to supplement a long-term lease by setting out the ongoing working relationships.
- A **memorandum of understanding** between an umbrella CLT and a housing association – to shape a strategic partnership from the outset.

Case studies

The following case studies provide a snapshot overview of five CLT projects that demonstrate the range of partnership activity around the country. They also show how projects differ in scale, how they operate within local constraints, and how they need varying levels of subsidy to deliver locally affordable housing.

Stand-alone CLT with services from a housing association

The following case study is an example of where a CLT develops and owns the site and obtains specific services from the housing association, if required.

East London CLT and Poplar HARCA

Model	The CLT interviews and selects developer and housing association partners before bidding to the HCA as a consortium. If the bid is successful, the CLT will be provided with a turnkey ² purchase of all affordable homes at cost
Site	HCA owned site – a former public asset
Subsidy	£5 million site-specific home bonus scheme (Section 31) money available to selected developer. No further HCA funding
Homes	Approximately 275 homes across the site, with a 35% affordable housing requirement, all of which is to be owned and managed by the CLT with housing association support. 70%/30% split between rent and shared equity (where the freeholder of a home is subsidised by another party and where that party has a second charge over the title, after the mortgage lender)
Affordability	Affordable rents and 25% ownership on resale covenants (eg five bedroom house to be sold at £125,000 against an open market value of £500,000)

² A turnkey arrangement is where a housing association or developer sells completed affordable homes at an agreed price to the CLT. This arrangement is quite common amongst housing associations where an association with the capacity and experience to take development risks sells a proportion of its completed homes to a smaller association within its development partnership.



CLT/housing association partnership:
long-term lease

The following case studies demonstrate a partnership approach that involves the CLT buying the land and the housing association delivering the scheme under a long-term lease, based on a partnership agreement between the CLT and housing association.

Symene CLT and Hastoe Housing Association in Dorset

Model	CLT owns land, housing association develops under 125 year lease, partnership agreement between CLT and HA, CLT has leaseback option, CLT receives ground rent
Site	Departure from local plan. The exception site is not rural and open market sales are included
Subsidy	Exception site land value, cross-subsidy from market sale, HCA grant applied for, housing association cross-subsidy from re-lets of own stock at affordable rent
Homes	Ten homes: six for rent, two for shared ownership (where a leaseholder owns a percentage of the equity and pays rent on the remainder) and two market sale (subject to planning)
Affordability	Affordable rents and a 40% shared ownership

Worth Community Property Trust and
Synergy Housing Group in Dorset

Model	Worth Community Property Trust owns the freehold of the land, housing association develops under 125 year lease, CLT has leaseback option, CLT receives ground rent
Site	Rural exception site ⁴ for five affordable rented homes, with a local allocations policy
Subsidy	Land purchased by Worth Community Property Trust at agricultural values, funding from HCA, Purbeck District Council, Tudor Trust and community donations
Homes	Five affordable rented houses, due to complete in March 2012
Affordability	Old affordable rents

⁴ A rural exception site is where a Local Planning Authority allocates and releases a small site in small rural communities specifically for affordable housing in perpetuity. The site should address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection.



Symene CLT, Dorset, courtesy of the National CLT Network



Worth CPT, courtesy of Worth Community Property Trust and Synergy Housing Group

Cashes Green CLT and the HAB Oakus partnership in Gloucestershire

Cashes Green is supported by Gloucestershire Land For People – an umbrella CLT. Hab Oakus is the joint venture between Hab, the development company founded by Kevin McCloud of Grand Designs fame, and the GreenSquare Housing Group.

Model	The HCA tendered for a developer to work in partnership with a CLT for this ex-hospital site. HCA has provided Oakus (part of GreenSquare) with a building licence. Ownership of land (excluding open market sales) will be vested in Cashes Green CLT, with a 125 year lease to the housing association. When the development is completed HCA will sell the freehold to Oakus for the agreed sum. Oakus will hand the freehold of all the land – except where homes are sold on the open market – to Cashes Green CLT. The scheme is going to be managed by an Estate Management Board and residents will pay a community facilities charge and estate service charge towards the cost of ongoing maintenance and long term stewardship of the estate
Site	HCA owned site – a former public asset
Subsidy	No public subsidy
Homes	78 homes across the site, with a 50% affordable housing requirement. Of the affordable element, there will be a 50/50 split between affordable rent and shared equity. HA agreement for Cashes Green CLT to purchase homes as it can afford to and ultimately for the CLT to own and manage all the affordable homes with housing association support
Affordability	Affordable rents/shared equity. Further affordability subject to CLT borrowing to acquire properties

CLT/housing association partnership: resale covenant

The following case study is an example of a CLT/housing association partnership where the housing association buys the land and delivers all the rented homes, with the CLT exercising resale covenant rights over the homes for sale.

St Minver CLT and Cornwall Rural Housing Association (Phase II)

Model	Housing association acquires site, developing rented homes in the conventional way, builds homes for sale to ‘weather-tight’ for CLT ‘self-finishers’ to complete and purchase. CLT holds pre-emption right and resale covenant
Homes	Eight self-build bungalows for sale – freehold with a resale covenant – and four social rented homes for Cornwall Rural Housing Association due to be completed in September
Type	Rural exception site
Subsidy	Exception site land value, sweat equity through self-finish, small amounts of grant, shared infrastructure costs with housing association partner
Affordability	£107,100 purchase price for a 3-bedroom property, resale covenant fixed at 35.7% of open market value



Cashes Green: Phil Bowley from GreenSquare and Kevin McCloud from Hab with residents at Cashes Green allotments. Professional image for Hab Oakus



Images courtesy of Cornwall Rural Housing Association, and National CLT Network

Conclusion

As this guide has set out, CLTs and housing associations are starting to work together to form partnerships to deliver housing and other assets and with significant success.

The case studies show that there is no one-size-fits-all partnership model and that each community has taken a different approach to partnering, depending on their local circumstances and how the project develops. It is too early to develop a toolkit for partnership arrangements – the sector is still learning the lessons from these early partnerships – but this guide demonstrates that successful partnerships can be done and model documents are being developed to pave the way for others who may wish to follow or improve on these partnerships in the future.

Partnering with a housing association is by no means the only route available to communities looking to set up a CLT but it is one of the routes that can achieve mutual benefits for both housing associations and CLTs. It is just one of the many ways for a CLT to deliver their ambition for their local area.

Sources of advice and support

CLT Fund

The CLT Fund was established in 2008 to provide funding and expert support to fledgling Community Land Trusts from initial feasibility – where communities are identifying a need and thinking about a solution – through to the construction of affordable homes.

www.cltfund.org.uk

Homes and Communities Agency

The Homes and Communities Agency is the national housing and regeneration agency for England. Its role is to create thriving communities and affordable homes.

www.homesandcommunities.co.uk

National CLT Network

The National CLT Network is the national body for Community Land Trusts. It promotes and supports the work of CLTs across England and is hosted by, but independent of, the National Housing Federation.

www.communitylandtrusts.org.uk

National Housing Federation

The National Housing Federation represents 1,200 housing associations across England and is the voice of affordable housing.

www.housing.org.uk

Sub-regional CLT support bodies

Cornwall

Cornwall CLT. Alan Fox, Director of Cornwall CLT, alan@crha.org.uk or tel 01208 292005

Devon, Dorset and Somerset

Somerset, Devon and Dorset CLT Project. Steve Watson, steve.watson.cltpoint@gmail.com, 01761 241291 or Alison Ward, alison.ward@wessexca.co.uk, 07827 941030.

Wiltshire

Wiltshire CLT. Rose Seagrief, CLT Manager, rose@wiltshireclt.org.uk or tel 01380 850916

Gloucestershire

Gloucestershire Land for People. info@gloucestershirelandforpeople.coop or tel 08453 457 599

Suffolk, Norfolk, Cambridgeshire, Bedfordshire, Hertfordshire, Essex

Foundation East. Phil Rose, Development Manager, phil@foundationeast.org

Cumbria

Cumbria CLT Project. Andy Lloyd, CLT Project Officer, andy@crht.org.uk or 01768 210265

Delivery options for CLTs

There are a number of delivery routes open to CLTs wishing to develop affordable housing. The table on the next page illustrates those that are currently in use by CLTs in England: stand-alone CLTs and various partnering arrangements with housing associations. The traditional housing association route is also provided for comparison.

	Stand-alone CLT	CLT/housing association partnership #1		CLT/housing association partnership #2	Traditional housing association
Description	CLT develops site and owns homes, sometimes obtaining specific services as required from a housing association.	CLT buys land and housing association delivers under a long-term lease. Partnership agreement between the housing association and CLT.		Housing association buys land and delivers all rented homes, with CLT exercising resale covenant over homes for sale.	Housing association develops site and owns homes
Examples	High Bickington CLT, Holsworthy CLT, Lyvennet CLT, Buckland Newton CLT	Worth Community Property Trust, Devonport CLT, Symene CLT		Cornwall CLT projects including St Minver, St Ewe and others	Many
Community ownership	Yes, of land and homes	Yes, of land – with option to acquire homes in future		Community controls re-sales and also has pre-emption rights	None
Potential to own other community assets and generate long-term income for community	Yes	Yes		Yes	None
Risk and return to CLT	All, with risk managed through employment of professional project manager and expert advisers, and/or through turnkey arrangements	Some		Some	None
Time commitment for CLT	A lot	Some		Some	A little
Responsibility for finance, build and management	CLT	Housing association, except land purchase		Housing association fully responsible for rented homes; and for development of sale homes	Housing association
Responsibility for allocations	CLT fully responsible, but guided by planning context	Shared with housing association under partnership agreement		Housing association solely responsible for rented, CLT for sales	Housing association

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Join the National CLT Network

The National CLT Network supports and promotes the work of CLTs. The Network is a membership body and is open to emerging CLTs, fully-fledged CLTs and organisations and individuals with an interest in the sector from across the United Kingdom.

Being a member of the Network entitles you to a number of benefits that are invaluable to delivering a CLT. For more information see the National CLT Network website.



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