

# The Community Land Trust Model

## Examples of CLTs

### What is a CLT?

### What do CLTs do?

### Origins and Growth of CLTs

### The Benefits- why a CLT?

### Key Features of CLTs

*A CLT offers "...the most economical and best value for money way of using public or private investment to meet housing needs. It provides for the needs of successive generations in a way which acknowledges the ownership aspirations of most people in this country, and the need to bridge the gulf between renting and owning.'*

Ken Bartlett, Joseph Rowntree Foundation Land Inquiry Commission

## Examples of Pioneer CLTs in England and Scotland

### Stonesfield Community Trust, Oxfordshire

In the early 1980s, steep rises in land value in West Oxfordshire had a destructive effect on many village communities. In response, Stonesfield Community Trust (SCT) was founded in 1983. Local activist Tony Croft donated a quarter acre site in the village of Stonesfield for affordable housing for local people in perpetuity. A seed corn grant of £3000 from a local company was used to register the trust and negotiate planning permission, which alone increased the value of the donated land from £3500 to £150,000, enabling SCT to raise a mortgage and build the first four properties. SCT has since borrowed additional funds from the local authority and ethical investors.

They have developed a further eight affordable homes on another quarter acre site, and converted a redundant glove factory into workspace units for the village. More recently, a second development has been completed to house the village post office at a low fixed rent. All properties have high-energy efficiency standards to ensure low running costs. In 2005, the first loans were fully repaid and net income from CLT property now funds a local youth service. In a few years time the net income generated by CLT rents for community purposes in the village will be £40,000 a year.

### Isle of Ghiga Heritage Trust, Scottish Hebrides

When the absentee landlord put the Isle of Ghiga on the market in August 2001, residents formed a steering group to consider a 'community buy-out'. The Scottish Land Fund provided support for a feasibility study and a ballot of islanders secured overwhelming support in late 2001. The community borrowed £1 million from the Scottish Land Fund and raised a further £3

million in grants to complete the purchase. The purchase included 41 of the 67 houses on the island.

The Trust has since developed six properties for sale to owner occupiers and is developing 18 houses for rent in partnership with Fyne Homes Housing Association. It formed a construction consortium with Fyne Homes and three local builders to carry out home improvements on the old properties and to build the new homes. Building apprentices are being trained, and a small quarry on the island provides local materials. The Trust has also created Scotland's first community-owned wind farm, which began generating power from three 40 metre turbines in October 2004. Funding of £400,000 was secured for the renewable energy project, which in turn will generate income of £140,000 a year. Once the loans have been repaid, the profits will fund other community schemes.

The Trust also operates a hotel on the island, a number of holiday homes and three dairy farms. In 2004 the £1 million loan from the SLF was fully repaid. The population of the island is on the increase for the first time in decades, the school is expanding and there is now a waiting list of people wanting to move to Ghiga.

*'Our island went into receivership and islanders came home one day to eviction notices. The achievements of the Isle of Eigg land trust were crucial as an example of what could be done. At the beginning there was no concept of what community ownership meant. We now have a five-year development plan around debt repayment, sustainable development, social infrastructure and the local economy. None of this would have happened if the community did not own the island.'* Alan Hobbett, Isle of Ghiga Heritage Trust

## **What is a CLT?**

A Community Land Trust is a mechanism for the democratic ownership of land by the local community. Land is taken out of the market and separated from its productive use so that the impact of land appreciation is removed, therefore enabling long-term affordable and sustainable local development. The value of public investment, philanthropic gifts, charitable endowments, legacies or development gain is thus captured in perpetuity, underpinning the sustainable development of a defined locality or community. Through CLTs, local residents and businesses participate in and take responsibility for planning and delivering redevelopment schemes.

## **What do CLTs do?**

Activities include: -

- (i) Developing affordable housing to rent or buy for members of the community;
- (ii) Enabling residents on lower incomes to acquire an economic interest in the success of their community;
- (iii) Developing land for affordable workspace and retail units;

- (iv) Providing and maintaining community facilities for social and public services;
- (v) Managing green spaces, conservation areas and providing access for new entrants to farming;
- (vi) Promoting resident involvement, local democracy and active citizenship.

CLTs allow for local people to democratically 'manage the commons'. Compared to private and public ownership of land, 'commons land' and 'waste land' in the UK is under 8 per cent. Its extension and prudent management is possible through CLTs.

### **What are the origins of CLTs?**

The Community Land Trust mechanism was first developed in Britain and Ireland out of experiments in practical land reform by the Co-operative movement and the Chartists in the nineteenth century. These experiments led to the development in 1903 of Letchworth Garden City using the 'co-operative land society' system devised by Ebenezer Howard to capture value for community benefit. Howard's radical innovation was not replicated in Britain but it was revived in the 1950s by Gandhian land reformers under the Gramdan ('village gift') co-operatives in India. This movement led by Vinoba Bhave brought over one million acres of gifted land into 'village trusteeship'. This success came to the attention of Dr. Martin Luther King, and the first CLT in the USA was established by the civil rights movement in 1967 in Georgia to provide access to affordable farmland for African-American sharecroppers. Community Land Trusts are now a well-defined legal form in the US and over the past fifteen years more than 130 CLTs have been developed in urban and rural communities. The US Federal government provides financial assistance to local communities for legal and other technical expertise.

In the early 1990s, CLTs were revived in Britain by crofters in Scotland for collective purchase of land from absentee landlords. The CLT established on the Isle of Eigg was at the forefront of this movement. There are a growing number of CLTs in Scotland and the Land Reform (Scotland) Act 2003 has created an enabling framework that gives rural Scottish communities the Community Right to Buy as a pre-emptive right to purchase land in which they have registered an interest and for which they have demonstrated that it would be in the public interest for them to own. Like in the USA, communities in Scotland can access technical assistance, packages of finance and other resources to establish a CLT locally.

### **The Benefits-Why a CLT?**

#### **Capturing Enduring Value for Communities**

The key benefit of CLTs is that the enduring value of land is captured for community benefit in perpetuity. CLTs communalise and mutualise, rather

than privatise assets. Once the value is captured, CLTs prevent the leakage of assets into private hands.

Welwyn Garden City, for example, gifts over £1m pa to the community. Stonesfield Community Trust will soon give £40,000 p.a. as an income stream from assets.

### **Other benefits include:**

1. Stewardship: Preserves scarce resources in perpetuity
  - Affordability: the land costs are kept out of the equation and the property is either bought or rented from the land trust.
  - Preserves public subsidies: subsidy for land purchase locked in for future generations.
  - Preserves the condition and design of publicly funded amenities.
2. Mobility: Rebuilds the Housing Tenure Ladder
  - New rungs between social housing and first time freehold home: research evidence from US that people who own their houses on CLT land can afford to move on to the open market leaving their CLT house for another.
  - More choice for people in type and tenure of housing: both rental and owner occupied, co-operative and individual part equity
  - Builds housing tenure choice in gentrified areas
3. Social Cohesion: Supports Development without Displacement
  - Develops run down areas without fuelling gentrification.
  - Benefits of community self help retained if values increase.
4. Flexibility: Adapts to sites, funds and people
  - Mixes uses of land and types of housing.
  - Can be operated in scattered sites or one site, can be big or small.
5. Economy: Shifts administrative burdens and costs
  - Responsibility for monitoring publicly funded projects is shared with residents and other local trustees.
  - Delegates responsibility for enforcing publicly mandated controls.
  - CLTs can steward land more effectively than remote bodies
6. Security: Backstops low income households
  - Supports first time homeowners before and after home purchase.
7. Community tool for economic, social and cultural development
  - Builds community capacity for managing itself.
  - Builds skills.
  - Builds social cohesion.
  - Creates income stream for community reinvestment

### **Key Features of a CLT**

## **How are CLTs governed and how can community control be maintained?**

All CLTs are not for profit organisations owning land and property on trust for the benefit of the community. Legal structures used in Britain to date include Companies Limited by Guarantee and Industrial and Provident Societies for Community Benefit. Community Interest Companies have potential in the future. Whatever the organisational or legal form, the essence of the CLT mechanism is capturing the enduring value of the land for present and future generations. Democratic and local accountability is also central.

Membership is open to local residents and those wishing to endow land or property for the benefit of the CLT's defined geographical area. The members elect directors and the governance system should ensure a healthy balance on the board to protect the community's long-term interests. Where gifters of land (e.g. public authorities or private landlords) have contributed significant assets, their inclusion as a 'constitutional custodian' is a desirable feature.

## **How is the land acquired by a CLT and how is housing affordability preserved?**

CLTs seek to obtain land to meet diverse community needs. Such needs vary in each locality but the provision of housing is common to most CLTs. Land may be gifted or the market price heavily discounted. In rural areas, land on the edge of a village may be bought at agricultural prices with 'exception' planning permission, allowing the CLT to develop affordable housing to meet local need. In other situations, planning permission may be given to private developers on condition that they endow a CLT with a portion of the land for affordable housing development and/or other community purposes.

The CLT removes the land from the market, preserving planning gain and other appreciation for the benefit of the community. CLTs either rent or sell housing to local residents or lease workspace. Homeowners only buy the building they occupy. Typically where a property is sold, the homeowner will be given a long-term, renewable lease, enabling the resident to raise a mortgage and allowing for succession rights by family members. The CLT retains the right to buy the building back at a price defined by a resale formula, which aims to provide the homeowner with a fair share in the equity built up from mortgage payments and improvements.

## **What legal entities could use CLT mechanisms to capture land value for local communities?**

Local communities have a choice in developing CLT mechanisms. They can form a dedicated, bespoke legal structure to undertake a particular project or utilise an existing organisation. For example: -

**Housing associations** provide and manage social housing and have development expertise. Some are member-based, democratic, organisations set-up either as 'benefit of the community' associations or 'bona-fide co-operatives'. Unless they wish to obtain government housing grants, they are independent of statutory regulation. Benefit of the community associations are well placed to utilise the CLT mechanism. In partnership with a mutual housing co-operative, they are in a position to provide housing on CLT land.

**Heritage Trusts** exist for a wide range of purposes, usually related to the conservation of land, historic property or cultural/industrial sites. The National Trust is one example. In the USA, they are known as Conservation Land Trusts or Environmental Land Trusts. Unlike CLT organisations, their mission does not usually include the provision of affordable housing. However, some Heritage Trusts, like the Isle of Ghiga Heritage Trust in Scotland do develop affordable housing and have become CLT pioneers.

**Development Trusts** are community-based organisations that undertake regeneration and development projects. They may undertake a specific project or more likely, a range of economic, environmental, cultural or social initiatives. They hold assets in trust for the long-term benefit of the community. The nature of their assets and activities varies widely. Some Development Trusts may already be using or could use the CLT mechanism to underpin affordable housing development and/or mixed use developments.

**Parish Councils** are expected to be given wider local powers and resources from Government to run village and community services in future including: managing parks, maintaining street lighting and employing neighbourhood managers. As democratically elected local bodies, Parish Councils in rural England and Wales, Community Councils in Scotland and Neighbourhood Councils in urban areas might also utilise the CLT mechanism for capturing value for meeting community needs. Indeed if developed in this participative way, CLTs could be the ideal vehicle for seeding a 'micro-democracy' movement that advocates of Parish Councils and Neighbourhood Councils have long argued for.

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