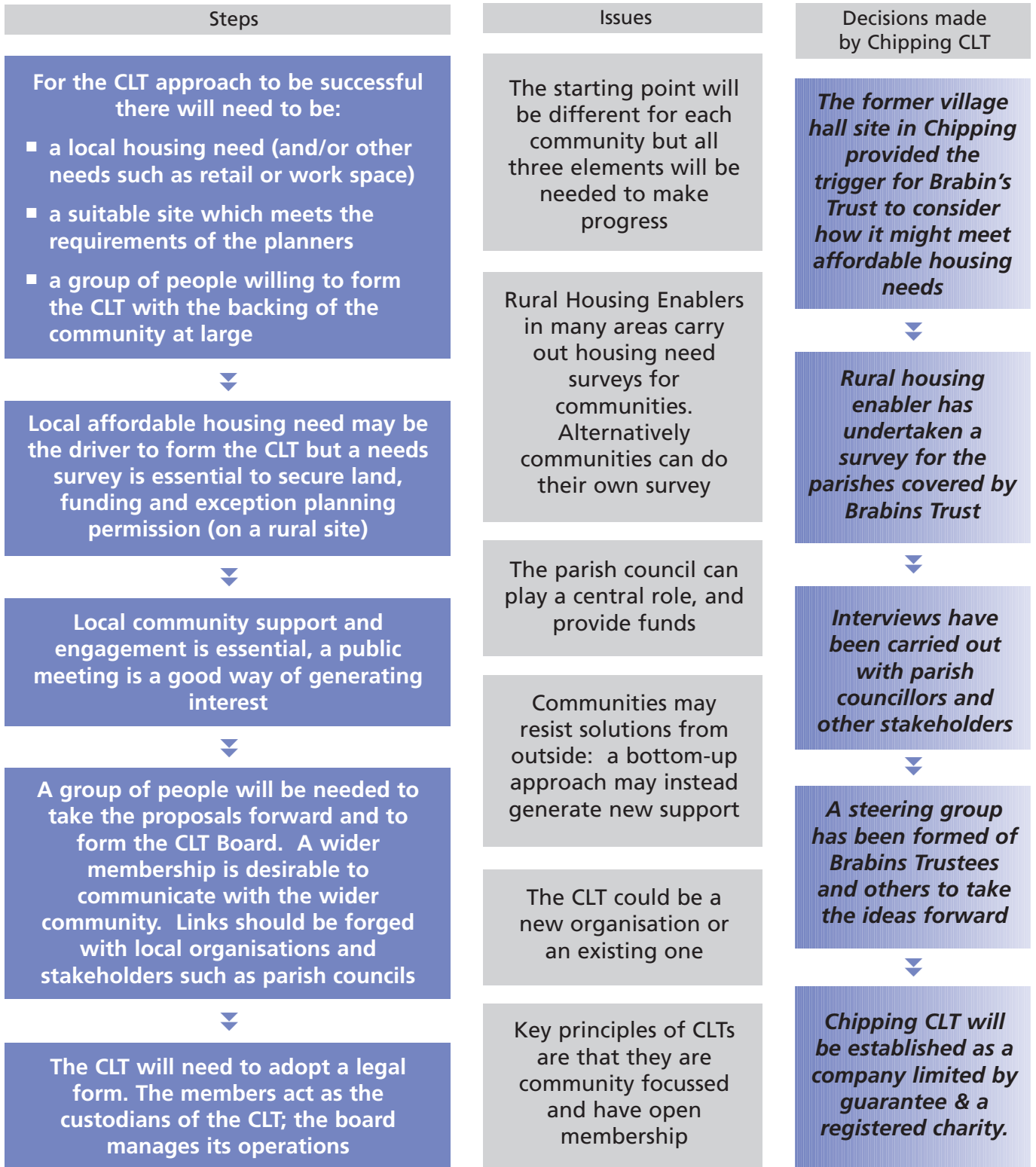




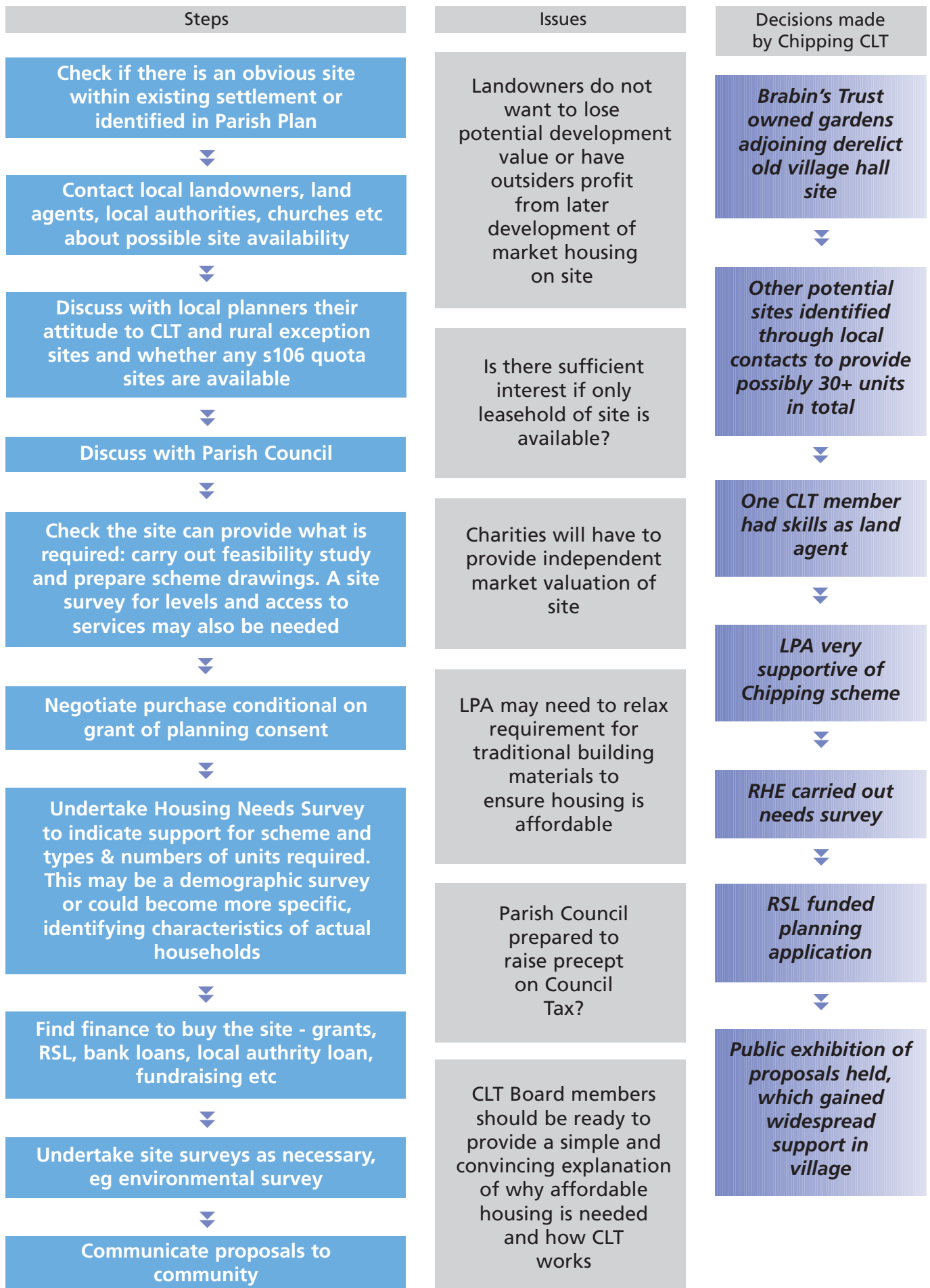
Community Land Trusts: How-to-Guide

1 Setting up a CLT



2

Identifying a Site



3

Business Planning

Steps

Determine costs - land, build, plus other costs such as architect, planning and building regulation fees, finance fee, interest, guarantees etc



Calculate what can be afforded by individuals in need of housing:

- a) through mortgages based on a multiple of household income (3-4x) plus savings
- b) as rent taking account of household income and housing benefit ceilings
- c) as a long term loan from the CLT itself, repaid from income minus the management and maintenance costs of the CLT



If the cost exceeds what can be afforded, find a way to bridge the gap: by reducing costs; securing grant (possibility of social housing grant from 1.4.08); or by meeting other identified local needs such as small homes for outright or 80% market sale for starter homes, those with disabilities, older people or those wanting to down-size



Work out how the scheme is to be financed:

- a) in the pre-development phase when architect and planning fees have to be met and the CLT established
- b) during development
- c) in the long term to enable affordable rented homes to be offered

Issues

Sustainable building/local materials or labour a likely aim: but low cost method needed

Consider needs from a slightly wider area to include some higher earners?

Rents @70-80% market rents to provide margin

Enough income for long term viability of CLT must be built in (see section 6)

Planners may need persuading that higher % equity sales meet "local needs"

Proposed National Facilitation Fund can fill gaps

Section 106 clauses may be unacceptable to lenders: must exclude mortgagees

Low start long term finance needed for affordability

Decisions made by Chipping CLT

Negotiating with local builder who won community building tender



Need is for 66 homes over 5 years. First site is more expensive and will provide mix of 50-70% part-equity sales (£85k-£154k) plus 2 rented homes @ £90-£95pw



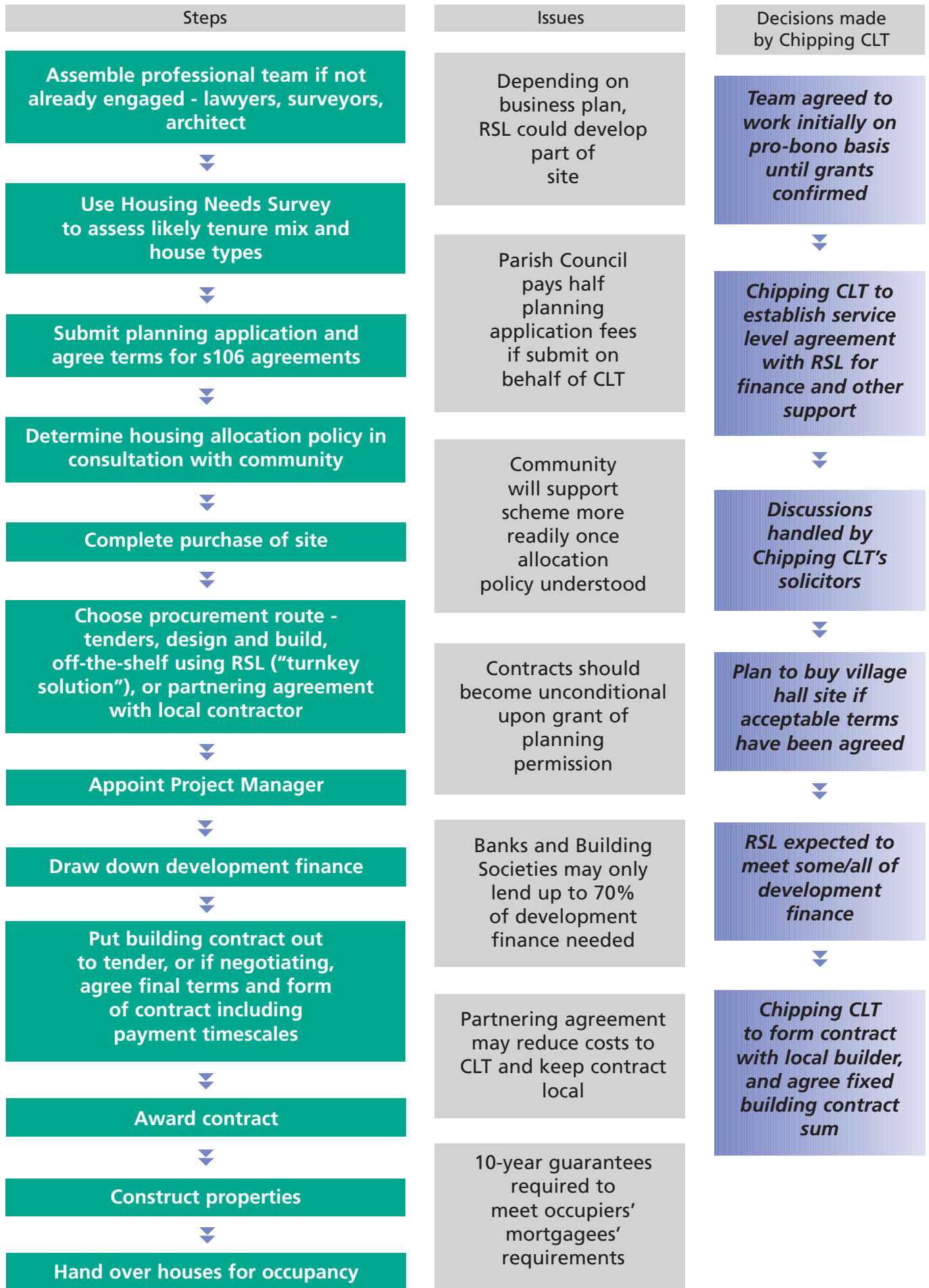
Range of needs at different income levels and prospect of further lower cost schemes enabled potential sales plus loan to exceed costs



Great Places Housing Group provided pre-development loan at risk, and will provide development finance. Dialogue has begun for individual and CLT mortgages

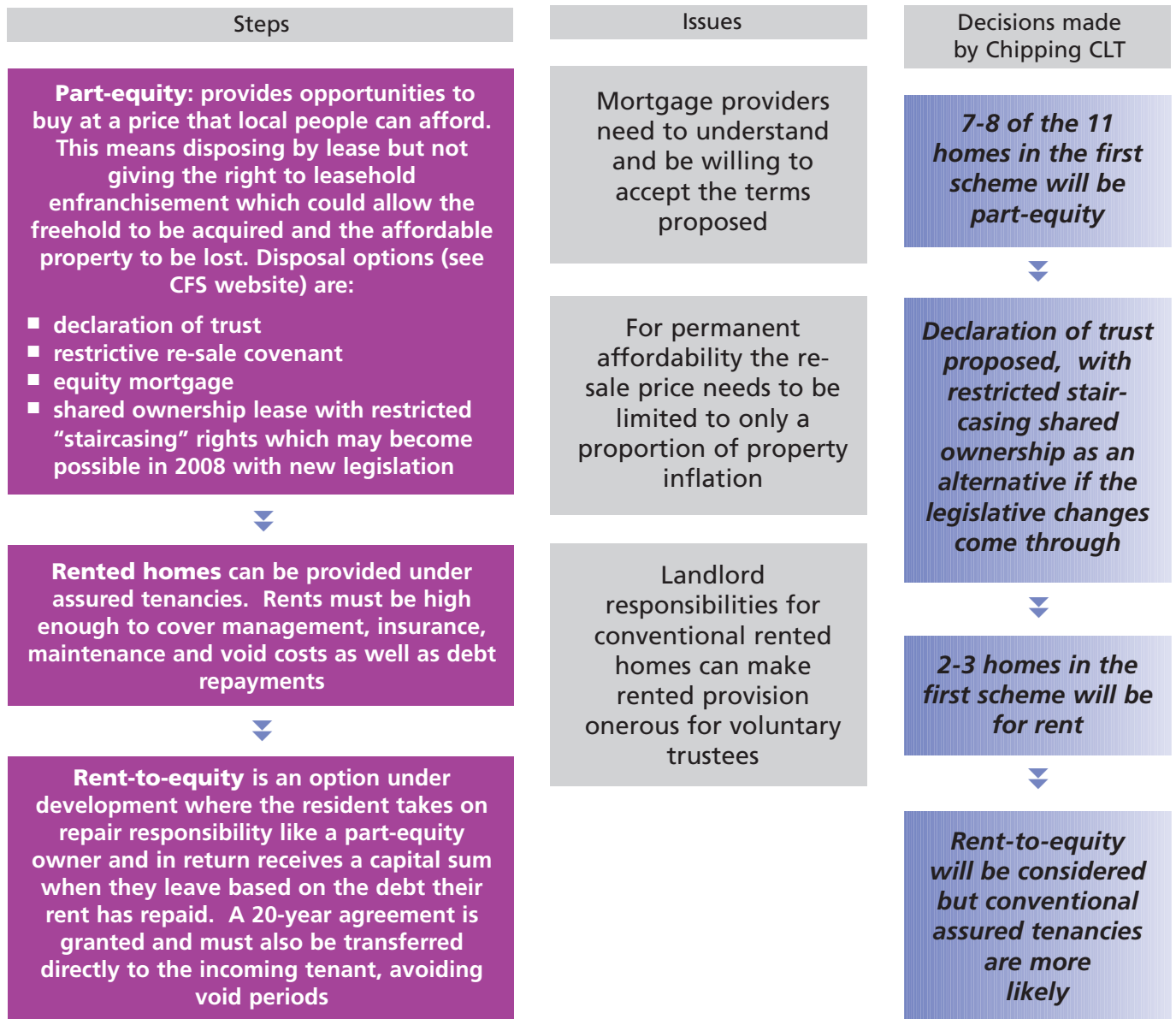
4

The Development Process



5

Tenure options



Resource Directory

Websites

1. The Caledonia Centre for Social Development maintains a useful website on social land ownership in Scotland, with a wealth of case studies. <http://www.caledonia.org.uk/socialand>
2. Community Finance Solutions maintain an information resource for CLTs in England. <http://www.communitylandtrust.org.uk>
3. Stroud Common Wealth maintain a website dedicated to Community Farm Land Trusts, as part of a project sponsored by the Carnegie UK Trust. <http://www.stroudcommonwealth.org.uk/cflt>
4. Gloucestershire Land for People is a CLT which is leading on a Mutual Home Ownership development on an old hospital site in Stroud. <http://www.gloucestershirelandforpeople.coop/>

Documents

1. "Department for Communities and Local Government Green Paper – Homes for the Future; more affordable; more sustainable" The Stationery Office, London 2007. Available from <http://www.communities.gov.uk>
2. "Affordable Rural Housing Commission: Final Report", Affordable Rural housing commission, London 2006. <http://www.defra.gov.uk>
3. "Planning Policy Statement 3 (PPS3): Housing" and "Planning Obligations: Practice Guide", Department for Communities and Local Government, London 2006. <http://www.communities.gov.uk>
4. "Making Assets Work: The Quirk Review of community management and ownership of public assets." Department for Communities and Local Government, Wetherby, 2007. <http://www.communities.gov.uk>

Steps

The CLT must itself be viable. The Business Plan must from an early date include:

- a long term budget with enough income to meet its limited outgoings for producing annual returns, photocopying papers, any honorarium to be paid to the secretary and general admin
- a reserve of at least £10,000 to be able to deal with unexpected expenditure or rent arrears



Income might come from:

- a £100pa ground rent charge on every home
- rent income after allowing for debt payments and maintenance
- charges levied when part-equity leases are transferred to new owners
- interest on reserves
- in the long run, rent once debt is repaid

Issues

The long term needs to be built into the business plan from the start: it cannot be an after-thought

One small CLT has coped well on voluntary effort and has only had to deal with one re-let in 5 years

Handing over management issues to another small affordable housing provider may be a good option if one exists

Decisions made by Chipping CLT

The Brabin's Trust will be asked to meet the cost of the secretary



Charitable funds are being sought to provide a reserve of £10,000



CCLT will seek:

- £100pa ground rent charge
- £4pw management on rented homes
- £400 when part-equity homes change hands

Glossary

LPA Local Planning Authority

RHE Rural Housing Enabler

CLT Community Land Trust

SHG Social Housing Grant

HA Housing Association

RSL Registered Social Landlord

s106 Section 106 agreement (planning obligation)

CFS Community Finance Solutions

SHG Social Housing Grant - a grant paid by the Housing Corporation or a Local Authority to a Registered Social Landlord to fund a housing development.

HA Housing Association - an independent not-for-profit organisation that provides affordable homes (for rent or to purchase) for people in need.

RSL Registered Social Landlord – Housing Associations that have registered with the Housing Corporation

s106 Section 106 Agreement (planning obligation) is an agreement made under Section 106 of the Town and Country Planning Act 1990 between a local planning authority and a developer to ensure affordable housing. S106 agreements run with the land and apply to successive owners.

CFS Community Finance Solutions

Rural Exception Site A site released outside of, but adjacent to, the Housing Settlement Boundary for affordable housing to meet local needs.

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CFS at the University of Salford is a research and development unit engaged in promoting, developing and supporting integrated solutions to financial inclusion.

Lancashire Economic Partnership was formed to promote economic growth and prosperity throughout Lancashire, and has been involved in identifying ways of delivering rural affordable housing via the Housing Thematic Working Group of the Lancashire Rural Delivery Pathfinder.

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