

‘Community Land Trusts’ – in a nutshell

What is a Community Land Trust (CLT)?

- ◆ A CLT is a non-profit, community-based organisation committed to the stewardship and affordability of land, housing and other buildings used for community benefit in perpetuity.
- ◆ CLTs take a variety of forms: they may build on existing organisations such as development trusts or almshouse trusts; they may have a small geographic area of interest, or cover an entire city; they may manage a handful of properties or an estate of 1000s of homes; properties may be on a rental, shared-equity ownership or a co-operative basis.
- ◆ They generally have in common the aims of meeting local housing need and providing community benefit.
- ◆ Where CLTs are used to provide affordable ownership housing they sell an equity share in properties and restrict their value to the homeowner. This unsold equity is used to ensure the property remains affordable to benefit others in the community.

What are its objectives?

- ◆ CLTs have a wide range of possible objectives, such as: providing small pockets of affordable rural housing; creating a permanent intermediate housing market; providing workspace, community facilities or green space; regenerating a neighbourhood without displacing the community; creating a balanced mix of housing tenures.
- ◆ They generally aim to exist for a very long time in order to safeguard the affordability and stewardship of the housing or other assets in perpetuity.

How does it acquire land?

- ◆ The CLT generally acquires land at less than open market value unless there is access to grant funding
- ◆ Land/buildings may be transferred from a public authority at less than open market value.
- ◆ Land may be acquired at agricultural value through the exception planning system
- ◆ A CLT may offer to meet a developer’s section 106 obligation to provide affordable homes and so acquire properties which are part of a larger development
- ◆ A CLT may already own land which is capable of receiving planning permission
- ◆ A CLT may raise funds to purchase a site through a community share issue (i.e. people buy shares in the trust) – for instance in Ford hall Farm in Shropshire.

What are the benefits of CLTs?

- ◆ CLTs are able to meet local housing need even in rural areas with very high house prices
- ◆ By retaining an equity share in each property, they provide affordable housing which remains affordable in perpetuity, therefore benefiting many generations of residents
- ◆ They are locally-controlled and democratically accountable
- ◆ They may not require as much public investment as some forms of affordable housing provided by housing associations
- ◆ They aim to become self-financing.
- ◆ They can provide community-based organisations with an asset to give them financial security and enable long-term planning
- ◆ They can generally step in at re-sale to enforce affordability restrictions.
- ◆ Each homeowner gains an equity share in the property, as well as a stake in a locally led community organisation.
- ◆ And many more.....

What are the criticisms of CLTs?

- ◆ The model is seen as an ‘innovative’ and is therefore treated with caution
- ◆ Local authorities may be suspicious of community’s motives in restricting homes for local people only
- ◆ There is also the perception that ‘community-control’ means ‘hijacked by vested interests’
- ◆ Local resistance to ‘affordable housing’ – based on the perception that it will mean the imposition of social housing tenants with no local connection.
- ◆ Mortgage lenders and financiers object in principle to a cap on resale price
- ◆ A mortgagee in possession clause gives banks security of knowledge that they can repossess the house in case of a default, but contradicts the CLT principle of stewarding homes in perpetuity

Is it a tried and tested model?

- ◆ The CLT model has been developed in the US, and the movement has grown to include over 250 different CLTs across the country
- ◆ In the UK, there are antecedents in the planning and garden city movement, for instance Letchworth Garden City
- ◆ CLTs also share many principles in common with the co-operative movement, which have been operating in the UK for hundreds of years
- ◆ Almshouse trusts have been stewarding housing for the poor for centuries
- ◆ Similar models include Community Farm Land Trusts (to preserve farmland for a community) and Conservation Land Trusts (to preserve natural habitats)
- ◆ In Scotland there have been numerous community buy-outs of land, housing, woodland, mountains and other facilities and which have been partly funded by grants from the devolved Scottish Government and from Big Lottery

What is the legal status of CLTs?

- ◆ A legal definition of a CLT was included in the Housing and Regeneration Act 2008 – see www.communitylandtrust.org.uk for the wording
- ◆ CLTs are usually constituted as Industrial & Provident Societies or Companies limited by Guarantee, have charitable status, and are non-profit distributing

What support is available?

- ◆ Community Finance Solutions have been developing expertise and recording best practice on CLTs for several years – there is a wealth of tools and guidance on www.communitylandtrust.org.uk
- ◆ Tudor Trust, Esmee Fairbairn and Venturesome have launched a CLT Fund which communities in England can apply for.
<http://www.esmeefairbairn.org.uk/significant-cltdf.html>
- ◆ There are a number of regional support organisations and umbrella CLTs around the country – contact j.e.powell@salford.ac.uk at CFS for more information

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