

A Community Land Trust in Silverton

Introduction

The Wessex Community Land Trust Project (WCLTP) is an advice service for communities interested in leading the development of affordable homes for local people by setting up a Community Land Trust. The Project has been established for nearly 6 years.

A Community Land Trust (CLT) is a not-for-profit organisation created to benefit the community by owning and sometimes developing land and property. A CLT must hold its assets for the benefit of the community in perpetuity and membership is open to anyone supporting its aims. The community can be defined in whatever way seems most natural; often one parish but sometimes two or even, say, the catchment area of a school.

Alison Ward of WCLTP attended a meeting with the Neighbourhood Planning Group 22nd January 2016 to explain Community Land Trusts, the Wessex CLT Project experience and discuss the possibility of setting up a local CLT. It was explained that CLTs and neighbourhood planning can happen separately. The community is about to distribute a housing needs survey with the help of the Community Council of Devon, and are interested in homes for local people that can be kept available in perpetuity for local people, and whether the provision of serviced plots suitable for self-build projects is possible.

Background to the Wessex CLT Project

The WCLTP is supporting communities to establish and develop CLTs across Somerset, Devon and Dorset. In most cases, the CLT is working with a housing association (HA) using a form of partnership developed by WCLTP.

WCLTP supports projects for their duration. This support includes advice on site finding and negotiation, on legal structures and legal advisers, on the selection and role of a HA-partner, on the facilitation of public meetings and steering group meetings, on model documentation, and on grant applications, project planning, training for CLT members, and networking with other CLTs. As a condition of its original seed-corn grant, WCLTP now recovers its costs from successful projects and carries a caseload of no more than 12 projects in any one programme. Where projects are procured through partnerships, cost recovery is through the HA (as the party with the capital funding).

The Project also works with CLTs to identify any future projects because, having established a CLT, most communities would like to use it as a vehicle for other activity, most commonly this is to save a pub or shop.

CLT-led affordable housing projects

There are broadly two different approaches to providing affordable homes through a CLT: one where the CLT takes on all the risks and responsibilities itself and receives the full income from the properties; and one where the CLT works in partnership with a housing association, taking very little risk but leading the project, owning the land and receiving a ground rent. Almost all of the communities currently supported by WCLTP have adopted the partnership approach and a visit to one of them can be arranged.

Under this form of partnership, the CLT would be the freehold landowner and enter into a long-term (125-year) lease with the HA. The HA would take all the risks and responsibilities involved in developing, financing and managing the scheme. Projects usually take 3-4 years from inception to completion (see indicative plan). Homes can be developed for rent,

for shared ownership or for sale if, for example, homes are needed for first-time-buyers and/or downsizers. Plots for self-builders could also be provided as part of the development.

Where homes are built for rent, they can be protected from the right-to-buy through a Section 106 Agreement (to which the CLT would be a party, as the freeholder of the land) and a clause in the lease between the CLT and the HA. These measures would protect the homes because the Government has decided not to implement the right-to-buy through legislation but through an arrangement with HAs. This arrangement will allow HAs the discretion to offer a tenant on a rural CLT scheme the right-to-buy an alternative property to the one they are living in and the Section 106 Agreement and lease would ensure that such discretion is exercised. As part of the negotiation of a Section 106 Agreement, Wessex CLT Project also works with CLTs, HAs and District Councils to agree Allocations Plans. Whilst the Section 106 Agreement stipulates that the homes must be prioritised for people with a local connection to the parish, the Allocations Plan go further in customising and strengthening the definitions of local connection.

CLTs in partnerships with HAs have received ground rents equivalent to £4/week/home or just over £3,000 per year for, say, 15 affordable properties. The CLT would not have any onerous responsibilities (such as appointing builders or raising finance) but would lead on the search for a site, consult with the wider community, select a suitable HA, obtain a grant to prepare a planning application, be a party to the Section 106 Agreement (which governs the allocation of homes to local people) and verify the stated local connection of potential residents. The CLT would also have an option to buy the HA out of its lease at some point in the future; for instance, if it wished to benefit from the full rental income (in place of the ground rent) and could raise the necessary funds.

Costs

The HA would be fully responsible for funding the development. This would include private borrowing and capital subsidy. The CLT would fund its own incorporation (there is a choice of legal formats) and the legal costs involved in purchasing the site, entering into a lease with the HA, and negotiating the Section 106 Agreement (which gives local people priority for the homes). These costs usually amount to some £5,000 and WCLTP would work with the CLT to raise this amount. To date several district councils have generously provided such grants to CLTs. The land purchase is arranged by the HA entering into the lease with the landowner (for the land value, if there is one) just before the landowner transfers the freehold to the CLT (for £1).

Next Steps

The suggested next steps are as follows:

- For the Neighbourhood Planning group to consider this report and decide whether to explore further the establishment of a local Community Land Trust.
- If the Neighbourhood Planning group would like to explore further the establishment of a CLT then a date can be arranged for the WCLTP to make a presentation to the Parish Council.

Steve Watson and Alison Ward, January 2016
<http://www.wessexca.co.uk/projects/community-land-trusts>

