

REPORT TO: EXECUTIVE
Date of Meeting: 12 June 2018
Report of: City Development Manager
Title: Community Land Trusts

Is this a Key Decision?

No

Is this an Executive or Council Function?

Executive.

1. What is the report about?

To consider the implications of a motion put forward by Councillor Musgrave in Community land Trusts *viz*;

Exeter City Council notes the varied successes of community land trust (CLTs). The council therefore resolves to:

- 1) facilitate the integration of community land trusts with Exeter's existing housing policy;**
- 2) conduct an audit for the purpose of allocating a proportion of land to made available to CLTs;**
- 3) host a forum for self builders and residents wishing to start a CLT.**

2. Recommendations:

That no proactive action in respect of supporting CLTs is taken at present but that the appetite amongst communities for such initiatives should continue to be monitored and should a viable proposition present itself the Council will seek to support it in an appropriate way.

3. Reasons for the recommendations:

The recommendation reflects the reality that the council at the present time does not have sufficient resources to work proactively on a CLT programme.

4. What are the resource implications including non financial resources:

None

5. Section 151 Officer comments:

There are no financial implications for the Council to consider contained in this report.

6. What are the legal aspects?

7. Monitoring Officer's comments:

This report raises no issues for the monitoring officer

8. Equalities Impact:

n/a

9. Risk:

None

10. Report details:

10.1. Background

10.1.1 This report seeks to set out the details of what a Community Land Trust is, the implications for the Council by way of the CLT's need to secure Land and the need for help and assistance through a Forum for self-builders.

The report encompasses comments from Council Officers responsible for Council land and property assets and the City Development Team.

10.1.2 What is Community Led Housing?

Community led housing is inspired and controlled by the community. It's not a new phenomenon but there's been a very rapid growth in community led development over the last 15 years. The purpose of this note is to explain community led housing and particularly Community Land Trusts (CLTs). CLTs have developed over 700 permanently affordable homes over the last few years with a further 3000 expected by 2020.

A scheme is community led when:

- There is a meaningful community engagement and consent throughout the process.
- The local community manages the homes in a manner of their choosing. This could be done in partnership with a housing association.
- The benefits to the community are clearly defined and legally protected in perpetuity e.g. through an asset lock.

Community led housing can take many different forms but, basically, it's built by the community to meet the needs of the community and is not for profit.

10.1.3 Brief History and definition of CLTs

The concept of community ownership is not new. The CLT model itself has been adopted from the United States where land held in community trust was used to develop affordable homes during the civil rights movement.

Community leaders in the US had taken inspiration from the Bhoodan Movement in India where land owners gave some of their land to landless people on condition that they couldn't sell it. Inspiration was also taken from co-ops in Israel (Kibbutzim).

The characteristics of a CLT are defined in the Housing and Regeneration Act 2008. A CLT:

- Acquires and manages assets for the benefit of the local community
- Profits are used to benefit the community

- People who live or work in the area can become members who control the trust
- There is an asset lock preventing assets being used for personal gain

10.1.4 Advantages of CLTs

If there is a housing need in an area it's worth considering encouraging a CLT. Key advantages to this approach are:

- Permanent affordability. It's possible to ensure that homes remain affordable in the future however many people move in and out of them. This control over resale values can be achieved a number of ways, often by the CLT retaining a portion of the homes' equity.
- Community involvement. Development is led by the community and not by a development company or housing association. This can help galvanise community support for a proposal.
- Financial and practical support. Groups considering community led housing can access expert advice and funding to resource business planning, design, community engagement activities and building. The government is investing £60 million a year for the next four years into the community housing fund.
- Community control. The housing remains in the community's control and any income generated is used to benefit the community. The community can develop its own policy for how dwellings are allocated, focusing on local people.

Community led development can be approached in several ways, some more labour intensive than others, but those leading the project will need to commit a significant amount of time to see the project through.

10.1.5 Funding CLT development

Community led housing development can be financed by a variety of sources. The National CLT Network and CAF Venturesome can offer technical expertise and grants and loans up to about £70,000 toward the early stage costs of establishing a CLT and planning a project. This money can be spent on incorporating the CLT, project design, community consultation, business planning, architects and technical experts. Most of this money would be a loan which may not need to be paid back if planning permission is not granted. CAF Venturesome also offers development financing up to £40,000 to help draw in funding from commercial lenders to finance site purchase and building work. Some commercial lenders have a particular interest in working with groups who can demonstrate they add value to a community. Some Local Authorities have provided an interest free loan to help community groups develop.

The Government's Community Housing Fund has since been relaunched this year (July 2018). Refer to appendix A for details.

Housing associations can also draw funds from Homes England (who replaced the Homes and Communities Agency in January 2018). Some CLTs have registered as housing associations to access this funding, others have partnered with housing associations who can access this funding. Not all CLTs make use of this fund.

CLTs can often include open market housing in their development to subsidise the provision of affordable homes. Some developments have

benefitted from a supportive landowner selling a site for less than best value. Some CLTs have raised funds by selling community shares.

10.1.6 Models of CLT development

10.1.6.1 Partnering with a Housing Association

Many CLTs have worked with housing associations to complete their housing projects. Typically, the community forms a CLT which selects a site, accesses start-up funding, holds community consultation events, drafts an allocation policy, selects an architect and applies for planning permission. A housing association chosen by the CLT accesses funding to buy the site and build the homes. The homes are then handed over to the CLT and, if desired, the housing association can manage the homes.

10.1.6.2 Self-Build or Self-Finish

Some CLTs require or encourage residents to help build or finish their own homes under the guidance of a professional builder. This can bring the cost of the project down. As a reward for their efforts the residents receive a portion of their home's equity. Broadhempston CLT built six homes on a rural exception site in Devon using this model. The pre-development costs were funded by CAF Venturesome and the site purchase and construction were financed by a commercial investor with an interest in social enterprise. The foundations and timber shell of the homes were constructed by contractors. From there the residents worked on the site 20 hours a week and were rewarded with 25% "sweat equity" in their homes. When the residents moved in they continued making payments that cover the cost of the loan and that gradually increase their equity up to a limit of 75%. Bristol CLT and St. Miniver CLT have also involved residents in building or finishing their own homes.

10.1.6.3 Partnering with a developer

London CLT is partnering with the developers of St. Clements Hospital site. The CLT will take on 23 units of the affordable homes component of the development, selling them to Londoners according to their allocations policy at a fraction of their market value.

10.1.6.4 Other forms of community led housing

- Housing Cooperatives – Housing that's democratically controlled by the tenants.
- Self-build – Groups building their own homes together.
- Cohousing – Housing made up of private dwellings and shared communal facilities.
- Self-help Housing – Groups bringing empty properties into use as homes.

10.1.7 CLT – Implications for Exeter City Council

Exeter City Council has over the years been approached on a number of occasions by groups and individuals wanting to self-build or community build. The Housing Development Team has, in the past, provided development consultancy advice including development appraisal work to those groups keen to development within the City on Council land.

- 10.1.8 Since 2016 the Council has been required to keep a register of individuals. Subsequently regulations have been introduced that require local authorities to grant as many planning permissions for self/custom build each year as there are new entries on the register during that year. However we don't currently have a policy on self-build, which could for example require a % of self-build housing on every major development site, as set out in the current Teignbridge Local Plan, and won't until such time as the GESP is adopted. Until then delivery will be piecemeal through individual plots.
- 10.1.9 In terms of land availability, the Council has HRA land and General Fund land there is no exemption on the disposal of land from the HRA for CLTs and it would need to be purchased at market value unless Secretary of State approval was requested and received. We can do less than best deals in some circumstances but approvals are needed. Certainly if we were to do so in this case there would need to be a clear policy in place to justify. There is however some tension in allocating Council land for CLT/ Self-build purposes. Assuming that the underlying purpose of the CLT is to deliver affordable housing to specifically allocate for this purpose could prevent delivery by alternative methods such as the Council developing themselves through the HRA or the Council Development Company, Exeter City Living Ltd.
- 10.1.10 If it were considered desirable to promote CLTs there would be a need to set out the ground rules on statutory consents, best consideration, etc. Ultimately however the success or otherwise of such an approach would be dependent local CLTs being established and it is not clear that a viable group(s) exists within the city. Success depends on a well organized committed group of "ordinary" citizens with strong accountability.
- 10.1.11 In terms of a forum for self-builders and CLT members – this can be done but requires staff resources and clear terms of reference. Teignbridge District Council has a policy for Self-build and CLT and employ an Officer to facilitate a similar role. It may be worth exploring the options for sharing such a resource in the future.

10.3 Conclusion

- 10.2.1 The provision of housing through CLTs would certainly chime with the Council's housing strategy. However there would be significant resource implications in supporting such ventures particularly if the promoting organisations are inexperienced. Given the number of committed initiatives aimed at actively improving delivery of social housing such as the development company and new Neighbourhoods Team it is recommended that for the time being no proactive action in respect of supporting CLTs is taken. However the appetite amongst communities for such initiatives should continue to be monitored and should a viable proposition present itself the council will seek to support it in an appropriate way.

City Development Manager

**Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-**

None

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