

## Community Led Affordable Housing

### Briefing Note

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 housing 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 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.

#### 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 landowners 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

#### When to consider forming a CLT

If there is a housing need in an area it's worth considering establishing 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, focussing 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.

### What evidence of demand is needed?

If a community is considering developing a rural exception site a *Housing Needs Survey* will be required. In a rural area this is usually undertaken with the Rural Housing Enabler in partnership with the Parish Council. If you would like further information on what this involves please contact [louisew@surreyca.org.uk](mailto:louisew@surreyca.org.uk)

### Funding the 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 £400,000 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 is being relaunched this year (2018). The prospectus for this fund has not been published at the time of writing but we are told that the bulk of this £60 million a year fund will be available for community groups to bid to for capital costs.

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.

### First steps

Not every group will start in the same place and different communities will come at a project in different ways however the first step is usually to form a steering group. Support can then be provided to enable the steering group explore in more detail the vision they have, engage with the wider community and work towards forming a board of trustees to take the project forward in more detail.

## Models of CLT development

### Partnering with a Housing Association

Many CLTs have worked with housing associations to complete their housing projects. In rural areas these projects are often initiated by the parish council. 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. The Wessex CLT project has supported rural CLTs in Devon, Dorset and Somerset to develop over 100 homes across many small rural sites using this and similar models.

### 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. Minver CLT have also involved residents in building or finishing their own homes.

### 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.

## 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.

For more information follow links from our website [surreychp.org](http://surreychp.org).

## Local Support

The Surrey Community Housing Partnership is a new initiative designed to support people to form groups and develop housing. The partnership includes Surrey Community Action and eight Surrey boroughs and districts. It will help groups clarify their goals, access expert advice, secure funding and find suitable development sites. The districts and boroughs involved are Elmbridge, Epsom & Ewell, Guildford, Mole Valley, Surrey Heath, Tandridge, Waverley and Woking.

For further information visit the [surreychp.org](http://surreychp.org) or contact David Cowan the Community Housing Project Manager at [davidc@surreyca.org.uk](mailto:davidc@surreyca.org.uk) or on 01483 447115.