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'Six to Fix' Consultation

Submission to The Commission for Rural Communities Maximising the Potential of Community Land Trusts to Regenerate Rural Communities

CLTs make a strong connection with the 'Six to Fix' points identified by the CRC

Economic potential
Affordable housing
Rural services
Rural transport
Climate change
Empowered communities

Towards a better understanding of the potential of CLTs

1. New & untested?
2. Aims & objectives of CLTs
3. Powerful record in the US
4. Linking the regeneration potential of CLTs to Quirk & the general empowerment agenda
5. Workability
6. Strategic actions required to support CLTs.

1. New & untested?

1678	UK - Brabins Trust, Lancs - alms houses - new build now as a CLT
1903	UK - Letchworth Garden City - trust based housing - none sold off - permanent re-investment income.
1923	UK - Lord Leverhulme put the Isle of Lewis into the ownership of the democratically run Stornoway Trust - still going strong today.
1950's	India - 'village trusteeship'
1967	USA - CLT farms established
1983	UK - Stonesfield Trust, Oxfordshire - 11 rented homes - re-investment income
1994	UK - Threlkeld HA (a local trust) - 14 homes - part ownership
2008	USA - Over 130 CLTs - from v large urban to small rural schemes Federal government financial assistance.
	UK - 14 new pilots - urban and rural, more in Scotland

2. Aims & objectives

Permanence
Landowner & community confidence
Closer control of affordability and localness
Long term regeneration
Versatility

3. Powerful record in the US

The record in the US should provide a powerful incentive for the UK to adopt US CLT methods, where part ownership is very stable and affordable over the long term, therefore playing an important role in anchoring communities during difficult times.

Michael Brown, Burlington CLT, August 2008

*'As a result of our training and support, combined with **specialised resale formulas** and ability to intervene, the foreclosure rate for US CLT homeowners is an incredible 6/10 of 1%'*

'As a result, U.S. banks love CLT mortgage loans'

'The fall-out from the sub-prime crisis sweeping our country is not happening in the CLT world'

4. Linking the regeneration potential of CLTs to Quirk & the general empowerment agenda

The community empowerment agenda running through much government policy also requires practical help to enable communities to acquire & manage stable physical assets.

CLTs have huge regeneration potential where mixed assets can be developed by communities, harnessing opportunities for 'on site subsidy' of affordable housing through sale of open market homes, or re-investment income streams from commercial leases. The opportunities available through such mixed development for rural communities are ruled out by very narrow planning policies.

This requires change to support much more flexible green field land use where community benefit would result.

The natural fit here is with the transfer of publically owned land as recommended by Quirk. If regeneration is the true objective it is more efficient to deliver what communities actually need through the CLT mechanism, than by selling off an asset and then attempting to claw back community benefits through planning gain.

LOBBYING ACTION directed to Government

5. Workability

Response to points in the Matthew Taylor Report

MT is broadly supportive of community led affordable housing and of CLTs. However some observations require responses:

'RSLs deliver the same local affordability and perpetuity'

Is this accurate?

RSL shared ownership (mortgage + rent) is often not locally affordable, and the same can apply to shared equity, which also goes up in value too rapidly in rising market (the market will more than likely take off again due to undersupply). The above affordability issues mean that the version of Home Buy may not be affordable to specific rural communities.

On top of this the complexities of 'rural proofing' regards enfranchisement law also leave lingering doubts in the minds of communities and landowners.

'There is a lack of a simple CLT model'

Not accurate, the models are well known and well used, an Industrial & Provident Society or Charitable Company Limited by Guarantee. People set these up all the time (Unity Bank / DTA schemes etc)

The real complexity stems from the 'right to enfranchise' for affordable housing. This makes delivery of all part ownership difficult & requires complex lease models to overcome. Whereas part ownership is very useful, full enfranchisement for affordable housing is counter-productive & should be removed - not in limited geographic locations - but where ever affordable homes / CLTs are needed.

LOBBYING ACTION REQUIRED directed to Government

'Communities have a limited capacity to take on CLTs'

True - but MT could have placed more emphasis on the ways this is being managed with RSL development partners (Great Places RSL with Chipping CLT / St Minver Cornwall Rural HA). MT does point to the logical future as a more professional CLT service through 'umbrella CLTs'. RSLs could also have CLT wings.

'Perpetuity is fundamental'

But so is subsidy - therefore gov't must **make grant available to CLTs** as an equity stake without any associated Right to Acquire / enfranchise. In order to create stability and make forward progress government needs to understand that part enfranchisement is more useful than full. Interestingly the HCA seems to be considering use of SHG as an 'equity stake'. This could be perfect for CLT schemes. CLTs also need to be unhampered by excessive regulation. CLT schemes have tended to be very progressive in terms of local connection, sustainable construction, space standards, functionality and build costs. This is because they have had the freedom to work to their own agenda. Excessive regulation associated with grant will stultify the energy & vision of CLT schemes.

LOBBYING ACTION REQUIRED directed to the Homes & Communities Agency

6. Strategic actions to support CLTs

Action sought	Reason	Responsible agencies	Status	Action needed	Lobby action by
Acceptance of CLT definition	Recognition by govt / lenders etc	Gov't	Achieved		
Planning policy support mixed use green field development where community benefit will derive	Create 'on site' subsidy for affordable homes thru limited sale of open market homes. Create re-investment income from commercial leases	Gov't		Planning policies to be more dynamic in producing community benefit	CRC CFS HCA Communities LA's Vol sector
CLTs an ideal vehicle for Quirk Push for a more dynamic free transfer of public	Opportunity to assist CLT viability Lock in long term benefit	LAs Gov't Public utilities		Appraise Plan Enact	CRC LAs Gov't Public utilities

assets into com' ownership					
Establish sources of pre-liminary scheme development finance In stages up to £30,000 per scheme	Enable communities to hire support; investigate sites; work up designs, prepare planning applications etc	LA's RSLs HCA CFS	Prog in Cumbria CFS due to launch Facilitati on Fund	LA, RSL, and national sources HCA boost CFS fund with grant	CRC CRHT CART Communities LAs CFS HCA
Grant as equity stake for CLTs	Enable low cost rents and affordable mutual ownership	Gov't HCA		HCA link to CFS fund Exempted from any associated Right to Buy or similar Minimise cost raising & stultifying effects of regulation	CRC CFS HCA Communities LA's Vol sector
Acceptance of thriving permanent affordable ownership sector	Long term stable ownership	Gov't	Current policies confused	CLT exemption from enfranchiseme nt legislation wherever communities require affordable housing	CRC CFS HCA Communities Vol sector LAs Gov't
Increase UK lender support for CLT mortgages Lender support for US style resale formulas ie linked to wage inflation & other	Provide bigger pool of lenders for those seeking CLT mortgages Provide long term stability & affordabilty	Lenders	Ongoing	US lender support Market opportunity	CRC CFS HCA Gov't Vol sector Communities

Community Finance Solutions, Salford University, similarly recommend

- Exemption from leasehold enfranchisement for CLTs
- Exemption from Stamp Duty for CLTs which choose to register as CICs
- The same exemption as RSLs from having to provide HIP packs on low cost housing products.
- Government cash to support the facilitation fund.
- HCA capital grant funding and/interest free loans to CLTs especially for homes for Intermediate Rent.
- Similar points made in the paper to Matthew Taylor about making the case to Mortgage Lenders/CML

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12 / 09 / 08