



Cumbria Rural Housing Trust  
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## The CRHT response to the Matthew Taylor Review on rural economy and affordable housing - points relating to CLTs

We are very pleased that the review is so 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

**1. 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 assets into com' ownership	Opportunity to assist CLT viability  Lock in long term benefit	LAs Gov't Public utilities		Appraise Plan Enact	CRC LAs Gov't Public utilities
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	LA, RSL, and national sources  HCA link to CFS fund	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 enfranchisement legislation wherever	CRC CFS HCA Communities Vol sector LAs

				communities require affordable housing	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 & affordability	Lenders	Ongoing	US lender support  Market opportunity	CRC CFS HCA Gov't Vol sector Communities

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