

A Community Land Trust in Marshfield

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 just over 5 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.

Steve Watson and Alison Ward of WCLTP attended a meeting with members of the Marshfield community on the 24th September to present their experience and discuss the purpose and potential of a CLT.

Background to the Wessex CLT Project

The WCLTP is supporting communities to establish and develop CLTs across the Somerset, Devon and Dorset area. 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. It is theoretically possible – with some amendments to their rules - for existing social enterprises to act as a CLT for a new affordable housing projects but Wessex's experience is that organisations set up to run shops normally like to concentrate on running shops and it works best to set up a new CLT for the housing project.

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 HA, 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).

CLTs in partnerships with HAs have received ground rents equivalent to £4/week/home or just over £2,000 per year for, say, 10 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 grant. 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 most 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 Parish Council to consider this report and decide, in principle, whether to support the establishment of a local Community Land Trust.
- If the Parish Council resolves to support the establishment of a local CLT, to also resolve to convene a public meeting at which the project can be explained and volunteers can be sought to form a steering group.

Steve Watson and Alison Ward, September 2015
<http://www.wessexca.co.uk/projects/community-land-trusts>

