

A New Deal for Social Housing: submission from the National CLT Network

About the National CLT Network

The National CLT Network is the charity for Community Land Trusts (CLTs) in England and Wales, which supports and promotes the work of CLTs. CLTs are non-profit, community-based organisations run by volunteers that develop affordable housing or other assets that meet the needs of the community, are owned and controlled by the community and are made available at permanently affordable levels. The statutory definition for CLTs was enshrined in the Housing and Regeneration Act 2008.

There are now over 300 Community Land Trusts in England and Wales, and the sector has grown six-fold in the last six years. The largest Community Land Trusts have over 1000 members each. Community Land Trusts have developed over 840 permanently affordable homes to date. CLTs are part of a broader Community Led Housing (CLH) movement, which also includes housing cooperatives, cohousing, self-help housing, community anchors and some tenant management organisations. The CLH movement is working to develop an additional 5,810 homes in the next five years.

The nature of the housing crisis requires us to use a range of approaches to curb unaffordability, to boost house building and to ensure we are building and using housing in a way that meets the needs of communities across the UK. Community led housing is one such way, and is steadily becoming a viable housing solution for more social rented homes that more and more councils are looking to.

Community led housing can help achieve many of the Government's objectives for social housing. Community Land Trusts can:

- **Deliver additional supply that would not be available through the mainstream** - Community led housing organisations are frequently able to overcome development constraints that defeat established housing providers. Where they re-use existing buildings and empty properties, they are willing to work on properties that larger organisations view as too difficult or expensive to address. In some cases (e.g. East Cambridgeshire District) community led housing has been identified as the primary delivery mechanism for affordable homes, as local communities have become so resistant to development by mainstream providers. They also frequently develop at densities higher than were originally planned for the sites¹ and develop on smaller sites bigger providers are not interested in;
- **Help low income residents into genuinely affordable ownership** - For example, London CLT has provided 23 homes for sale in inner London, at prices that ensure that the annual housing cost will be no more than one third of median income in that area (currently £31,378). A two-bedroom flat sold for £181,111, compared to the average price of a two-bedroom flat in Tower Hamlets of £471,080;
- **Overcome stigma and mobilise popular support for new homes** – Community led housing demonstrates a unique ability to mobilise popular support for housing growth, able to build

¹ For example, RUSS CLT in Lewisham are building 33 1-4 bedroom homes on a site originally planned for 3 – 6 private houses. St Ann's Redevelopment Trust (StART) in Haringey want to turn a site originally planned for 470 homes, of which only 14% would be affordable, into an 800 home site with 100% affordable.

support amongst interest groups as diverse as landowners, conservationists, employers and communities themselves². There is no more powerful way to tackle the stigma of social housing than to have your neighbours leading the call for more homes, and controlling their delivery;

- **Empower tenants and residents** – Community control is a core principle of community led housing. Community led housing is more than 'tenant voice'. When communities are stewards of local homes in this way, personal agency is increased, community cohesion improves and local economies are strengthened;
- **Enable innovation and high quality design** - Community led housing groups are small and medium sized house builders, and important customers to other SME builders and developers. They have often achieved a high standard of design by ensuring residents collaborate in the design and build process, and some are at the forefront of innovation with low energy, modular and self-finish techniques;

In our response to the Green Paper we have included more suggestions and case studies where community led housing has been successful in addressing some of the toxic elements of the housing crisis.

How we can boost community-led housing and overcome the barriers communities experience to developing new community owned homes?

The three key barriers for communities developing new social housing are: access to land, access to capital, and the lack of long-term certainty about government funding and policies that can affect them.

Longer term certainty for community led housing

The Green Paper notes that a lack of longer term certainty over funding has a negative impact on housing associations. This stop-start nature creates peaks and troughs, making it more difficult to plan ahead, reduces value for money, affects their ability to raise private finance, and so reduces overall supply.

The same is true of community-led housing organisations, who have the additional challenges associated with any new and/or small provider. We have warmly welcomed the current funding, in the form of the Community Housing Fund. We have been pleased to work with the Ministry to ensure that the funding offers sufficient flexibility for the range of products CLH groups want to build (or renovate), and provides adequate revenue and capital funding to make projects viable. However, the funding is currently very short-term. The revenue funding opened for bids in July 2018 and capital in September 2018. Both close for bids in December 2019. That provides a window of up to 17 months for projects that typically take 3-5 years from start to finish.

We undertook a sector survey in November 2017 which identified at least 5,810 community-led homes in the pipeline in feasible projects. Of those, at least 60% would require revenue funding to achieve planning before making a bid for capital funding; none will achieve that within the 17 month window

² For example, on Dartmoor, Christow CLT's scheme of 18 homes achieved planning consent with no objections; so unusual for a new housing scheme in the National Park that Dartmoor National Park Planning Authority is now encouraging the creation of CLTs elsewhere.

they have. Others may find the short timescales reduce their scope for innovation and increase their costs.

The most important step that Government could therefore take to boost community-led housing would be to extend the Community Housing Fund past 2020, ideally for the duration of the next Spending Review period. This would enable the sector, and individual groups, to develop the capacity to significantly grow the pipeline and to make delivery quicker, more cost effective and more innovative.

Uncertainty can also arise from Government policies, which can disproportionately affect new and small providers. For example, the Government agreed to exempt Community Land Trusts from the policy of cutting social rents by 1% per annum for 4 years from the 2015 to 2016 baseline. This would have had a serious, and potentially existential, impact on small CLTs that are Registered Providers. However, the Government's position on a number of other reforms has to date been less clear:

- On the voluntary Right to Buy, while housing co-operatives are exempted, CLTs that are Registered Providers have only been offered - in a ministerial statement - 'discretion' not to offer it to their tenants, and CLTs that partner with other Registered Providers must seek agreement from that partner to honour this discretion. The impact has been less confidence for CLTs wishing to become Registered Providers, and less support from private landowners that are only willing to sell their land to a CLT on the basis that it remains in local trust in perpetuity.
- On leasehold reform, the Government has indicated in its consultation response that it may exempt CLTs from the ban on leasehold houses, and we understand that the current ban on funding for leasehold houses except "where justified" should permit community led groups to use leasehold for houses. But this leaves considerable uncertainty, and the Government has not yet made clear its view on ground rents, which are commonly used by community led groups.

We have been pleased to be able to discuss these and similar matters with officials, but would like the Government to consider the impact of reforms such as these have on small community led providers as a matter of course.

We would also like the Government to put on record that CLTs are entirely exempt from the voluntary Right to Buy, and that CLTs and cohousing groups are exempt from the ban on leasehold houses and ground rents. These exemptions would boost supply without undermining the Government's underlying policy objectives.

In addition, we would like the Government to exempt CLTs from leasehold enfranchisement, to ensure that they can meet their statutory obligation to preserve their land assets in perpetuity for the wellbeing of their community (CLTs are defined in Section 79 of the 2008 Housing and Regeneration Act, which requires CLTs to ensure that assets are not 'sold or developed except in a manner which the trust's members think benefits the local community'.) The Government created such an exemption for housing built through Community Right to Build Orders. To date only 1 CLT has used such an Order, most finding it significantly more costly and slower than the usual planning process. But the logic for that exemption should also apply to CLTs. Providing this would also boost the supply of land from private landowners

sympathetic to the CLT concept, and the interest of communities in bringing forward additional housing supply.

Access to land

The Community Housing Fund of course improves access to land, but Government could do more on this front. With public land, it could look to replicate aspects of the GLA's Small Sites programme. The programme released a number of sites with covenants so that they were only available to community led groups, with standard contract terms and a full set of surveys undertaken, to reduce risks and create a competitive bidding process for community led groups. This could be applied to land holdings such as Homes England's, both for small and large sites, and with parcels of larger sites.

With private land, the principal policy success to date has been Rural Exception Sites. We hope that in time Entry Level Exception Sites will also provide a way to release land at prices that make affordable housing viable, which will be attractive to community led groups. Other steps to reform land markets to make viable bids that aim for high levels of affordable housing, or other socially valuable outcomes, will be welcome. For example, reforms proposed by the Letwin Review and the Housing, Communities and Local Government Committee could help.

Access to capital

The Community Housing Fund also significantly improves access to capital, both by providing capital grants and by reducing the risks for private lenders. While some community led housing groups have accessed the Home Building Fund for capital loans, they are in a minority. Most find that the cost of the capital is too high. Reducing the cost of capital for community led housing is a key objective to boost supply. We are working with the finance sector to develop lower cost and alternative sources of finance. The Government could help further by:

- Giving longer-term certainty with the Community Housing Fund;
- Converting some of the Community Housing Fund in future into a revolving fund for land purchase, either on a debt or equity basis, to reduce the cost of development finance that would then only cover the cost of construction.
- Reducing the policy uncertainty for community led groups that become Registered Providers, and reviewing whether the registration process could be sped up, as groups that register can enjoy lower borrowing costs. We are working with the Regulator for Social Housing to improve our sector's understanding of their requirements, and their understanding of our sector, and would like to see many more community led groups register in the coming years.

Q5. Are there ways of strengthening the mediation opportunities available for landlords and residents to resolve disputes locally?

Community Land Trusts are led by and rooted in their communities. Their membership is open to the local community, their objects have to meet local need and their board usually includes representation for their residents as well as wider community representatives and stakeholders with professional

experience. This often results in issues being tackled before they turn into disputes. When a complaint is raised it can be comprehensively dealt with due to the broad insight of the decision makers, with direct input from residents. This is a transformative solution to the usual landlord-resident relationship, and means residents have a deeper feelings of ownership and agency.

Case study: The first CLT in the capital, London CLT broke landmark ground with its first development at the former St Clement's hospital, a former workhouse and psychiatric hospital which will now hold the capital's first development of permanently affordable homes. It was built by Linden Homes, in partnership with the Greater London Authority and Peabody. The development has provided 252 new homes, of which 23 are held by a Community Land Trust - London CLT. London CLT's Board is democratically elected from the membership of London CLT, with one third of Board members being replaced each year at their AGM. One third of the board is made up of prospective or current residents, one third is from the local community and the remaining third from stakeholders with particular professional experience³. The residents, as members, were able to both shape the development and now influence the management of their homes.

12. Do the proposed key performance indicators cover the right areas? Are there any other areas that should be covered? /// 17. Is the Regulator best placed to prepare key performance indicators in consultation with residents and landlords?

The National CLT Network fully support Community Land Trusts becoming Registered Providers where appropriate, and believe that CLTs will generally perform well against the proposed key performance indicators.

We would support the Regulator preparing key performance indicators, and would ask that community led housing sector bodies including the National CLT Network are involved in that consultation. However, we would ask the Regulator - and the Government - to consider two points.

First, that indicators for resident engagement should recognise the unique governance arrangements employed by CLTs. As with other forms of community led housing, conventional 'engagement' doesn't always make sense because the groups are run by people from the local community including - or in some cases solely - the residents. Engagement and resident control is built into their DNA, rather than being in the form of annual resident surveys and the like. More generally, we ask that any monitoring and reporting requirements are proportionate to the risk of poor performance, and recognise the impact of burdensome monitoring and reporting requirements.

Many CLTs are staffed by volunteers, or part-time roles such as parish clerks. They will already have a range of regulatory returns to produce for the Regulator for Social Housing (if registered), the FCA or Companies House (depending on their legal form) and depending on their tenure potentially also to the FCA as a financial firm, not to mention the administration of any outstanding loans for development and/or long-term finance, Homes England grant administration and the usual business of running a housing provider. Adding further burdens risks making it more difficult for CLTs to recruit board members, and putting communities off setting them up.

³ London CLT governance structure: https://www.ethex.org.uk/london-community-land-trust---governance-and-people_1197.html

Government should be clear that any additional requirements for CLTs will improve practice (when there is no evidence of a problem to date against any of the proposed key performance indicator areas) and won't introduce disproportionate burdens. We believe there may be a case either to only apply such a system to the larger providers (with more than 1,000 homes), or to run a more streamlined system for small providers that can repurpose existing monitoring as much as possible, and recognise the different relationship that CLTs have with their residents.

23. Could a programme of trailblazers help to develop and promote options for greater resident-leadership within the sector?

The community led housing sector is already providing a growing number of trailblazers that are providing greater resident leadership. They are usually run by local residents, who become effective spokespeople for social housing within their local communities. This is the most powerful way to tackle any stigma associated with social housing. They also often raise residents views in the wider housing sector. For example, CLT chairs and members have recently been speaking at a number of regional conferences organised by Action for Communities in Rural England, attended by a wide range of local authority, housing association and other professional people.

Government at all levels, and especially sub-national, can develop strategic relationships with community led housing groups, and help broker relationships with housing associations and other key local partners. It's important to highlight examples where this is working well and towards local community benefit.

The danger of trailblazers, as with pilots, is that they leave no legacy for others to follow and build on their practice. We therefore believe that sustained investment in the community led sector through the Community Housing Fund will both support trailblazers and in the process build up the infrastructure that can retain and develop the capacity in the housebuilding sector. This capacity could then see many more follow in the footsteps of successful trailblazers, and create a virtuous circle of innovation and learning.

Q22. Would there be interest in a programme to promote the transfer of local authority housing, particularly to community-based housing associations? What would it need to make it work? /// Q26. Do you think there are benefits to models that support residents to take on some of their own services? If so, what is needed to make this work?

Community control is a core principle of community led housing. Community led housing is more than 'tenant voice'. When communities are stewards of local homes in this way, personal agency is increased, community cohesion improves and local economies are strengthened.

A number of CLTs have sought to take ownership of local authority housing (where the CLT members are residents of that housing), and other community led housing groups have successfully pursued this option with varying degrees of control and ownership. We strongly support this option when pursued in

an appropriate fashion, and would like the Government and local authorities to be more proactive in supporting these transfers of management and ownership.

To make it work, residents need support to develop the skills, systems and processes to take on greater responsibility. Past experience has shown that housing co-operatives, including those set up through transfers, have been most successful when supported by a local or regional secondary co-operative, and when being part of the national Confederation of Cooperative Housing. These links help them to establish robust governance and financial management, and to deal with problems early and effectively. We have found the same with CLTs that are supported by local CLT Umbrellas.

These different national and local organisations in the community led housing sector are now collaborating to establish an infrastructure of national networks and local enabling organisations. This infrastructure would be well placed to support residents to take on management and/or ownership of their homes. The Government has committed to funding this infrastructure through the Community Housing Fund. As noted above, if this funding is sustained then we can be more confident of establishing an effective and - in time - a financially self-sustaining infrastructure to support more resident management, ownership and leadership where that is the best course of action.

Case study: Walerton & Elgin Community Homes (WECH)⁴. In 1985 the WECH estate was threatened with being sold off to private developers. Residents were neither consulted or informed. In response an action group was formed, Walerton & Elgin Action Group. After various action which included protest, petitions and more in 1988 they used the Tenant Choice Provision of 1988 Housing Act to transfer ownership of the estate to the community, forming WECH. Between 1993 and 1997 WECH received £22million from Westminster council. WECH then implemented extensive refurbishment. The new design process was carried out in collaboration with residents so the homes could meet individual need.

Case study: West Kensington & Gibbs Green Community Homes. This CLT has been running since 2009 with the aim of taking ownership and control of these two local authority housing estates in the Royal Borough of Kensington and Chelsea. They have been supported by the National CLT Network and charitable funders to organise the residents into an effective company and have produced outline plans to intensify and refurbish the housing stock on their estates. After the Government implemented the Right to Transfer regulations and guidance, the CLT served a notice on the local authority in August 2015. They are still awaiting a decision from either or both of the local authority and the Secretary of State. If approved, they will be supported by the London CLH Hub to further develop their governance and financial management plans and processes, and to take forward their plans to build and refurbish homes on their estates.

28. What more could we do to help leaseholders of a social housing landlord?

The Green Paper seeks to address the isolation leaseholders can feel and their views being “crowded out” in situations where they are the minority in, for example a block of flats.

⁴ Walerton & Elgin Community Homes history: <http://wech.co.uk/company-who-we-are/about-us-who-we-are-what-we-do-etc/how-we-started.html>



Leaseholders of CLTs are able to address these concerns by becoming members of the CLT and participating in its governance, including on its board. Thus, without undermining the democratic decision making process, they can have a more direct input into decision making.

However, we wanted to take this opportunity to raise concerns and awareness of the potential risk that reforms to leasehold can have to Community Led Housing and in particular Community Land Trusts (CLTs) and Cohousing groups. To be clear, we support any action that addresses the unfair and unreasonable abuses of leaseholds by developers and private investors. But as noted above, the proposed ban on leasehold houses and ground rents would undermine CLTs.

National CLT Network, October 2018