

# Submission to the Comprehensive Spending Review 2020

## 1. About the National CLT Network

- 1.1. The National CLT Network is the official charity supporting Community Land Trusts (CLTs) in England and Wales. We are a membership body and represent over 300 CLTs, who together have plans to deliver 7,000 homes by 2025.<sup>1</sup> 2020 marks the ten-year anniversary for the National CLT Network and more than a ten-fold growth of the CLT movement, from just 30 pioneering CLTs in 2010 to over 340 today.
- 1.2. We are part of an alliance of organisations promoting and supporting community led housing in the UK, Community Led Homes.<sup>2</sup> Community Led Homes, in part supported by the Community Housing Fund, has developed the market infrastructure<sup>3</sup> to improve delivery and sustain the growth in the community led housing sector. We are also part of an umbrella action group to promote the diversification of the housebuilding industry.<sup>4</sup>
- 1.3. Further information is available at [www.communitylandtrusts.org.uk](http://www.communitylandtrusts.org.uk).
- 1.4. This submission is endorsed by the following organisations and individuals:
  - Action with Communities in Rural England (ACRE)
  - CPRE, The Countryside Charity
  - Charities Aid Foundation
  - Charity Bank
  - Chartered Institute of Housing North East
  - Create Streets
  - Ecology Building Society
  - Local Trust
  - National Custom and Self Build Association (NaCSBA)
  - Placeshapers
  - Power to Change

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<sup>1</sup> Our data indicates that 6969 CLT homes will be delivered in the next five years.

<sup>2</sup> For a more detailed explanation of community led housing see <https://www.communityledhomes.org.uk/>. It should be noted that some communities choose to combine different forms of community led housing to meet the needs particular to their community.

<sup>3</sup> The national infrastructure programme was established to: increase the scale and capacity of the national network of professional local advisors (enablers) to support community groups; create a national advisory service to help inform prospective groups; and deliver a programme of “seedcorn” grants to enable community groups to incorporate or register as a social provider. In under two years it successfully supported 26 enabler hubs (covering over 80% of the country) with 182 advisers and associates; trained and accredited 61 advisers, created a new website with a library of over 80 technical resources; and issued seedcorn grants to 103 groups, helping them to get started, including 27 groups to become registered providers or investment partners.

<sup>4</sup> Entitled ‘Housing Diversification’ the action group currently includes the following organisation: the National CLT Network, National Custom and Self Build Association (NaCSBA), Federation of Master Builders and the UK Cohousing Network.

- Joe Shalam, Head of Financial Inclusion & Housing, Centre for Social Justice
- The Nationwide Foundation
- The Smith Institute
- Triodos Bank

1.5. For further information on this submission please contact Catherine Harrington, Co-chief executive, [catherine@communitylandtrusts.org.uk](mailto:catherine@communitylandtrusts.org.uk).

## 2. The case for CLTs and community led housing

- 2.1. CLTs are one form of community led housing, where communities come together to deliver new or refurbish existing housing to meet local needs.<sup>5</sup> Other forms of community led housing include housing co-operatives, cohousing communities, development trusts and self-help housing.
- 2.2. CLTs are set up and run by local people to develop and manage homes and other assets that their community wants and needs. The CLTs act as long-term stewards of the homes, ensuring that they are genuinely affordable, based on what people earn in their area, not just for now but for every future occupier. CLTs are defined in Section 79 of the 2008 Housing and Regeneration Act.
- 2.3. As of August 2020, there are 347 active CLTs, of which 312 are legally incorporated. The movement has grown more than tenfold since 2010, driven chiefly by the shortage of affordable housing for those on local incomes and a strong appetite amongst communities to have more control over housing developed in their area.<sup>6</sup> When combined with other forms of community led housing, there are now nearly 900<sup>7</sup> groups in all parts of the country developing homes.
- 2.4. There are 173,225 existing community led homes<sup>8</sup> and the pipeline of new homes has more than trebled from 6,000 homes in 2017 to up to 23,000 today.<sup>9</sup> This

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<sup>5</sup> For a definition of community led housing see <https://www.communityledhomes.org.uk/what-community-led-housing>.

<sup>6</sup> Capital Economics 'Housing by the community, for the community: an assessment of the value for money of community led housing in England', September 2020. <https://www.communityledhomes.org.uk/sites/default/files/resources/files/2020-09/final-report-capital-economics-housing-community-community-sept-2020.pdf>

<sup>7</sup> Dr Tom Archer 'ADDENDUM: Estimating the pipeline of community-led housing projects and its grant requirements', September 2020. [http://www.communitylandtrusts.org.uk/filecache/519/bc6/1000-dr-tom-archer-pipelinerreport\\_addendum\\_sept-2020-final.pdf](http://www.communitylandtrusts.org.uk/filecache/519/bc6/1000-dr-tom-archer-pipelinerreport_addendum_sept-2020-final.pdf)

<sup>8</sup> The majority of these homes is attributable to housing cooperatives formed in the 1970s and 1980s.

<sup>9</sup> Dr Tom Archer 'ADDENDUM: Estimating the pipeline of community-led housing projects and its grant requirements', September 2020. [http://www.communitylandtrusts.org.uk/filecache/519/bc6/1000-dr-tom-archer-pipelinerreport\\_addendum\\_sept-2020-final.pdf](http://www.communitylandtrusts.org.uk/filecache/519/bc6/1000-dr-tom-archer-pipelinerreport_addendum_sept-2020-final.pdf). The research found that the pipeline included 10,000 homes for which there was complete data and another 13,000 homes for which the data was patchy. The latter 13,000 homes may or may not therefore come to fruition. However, it should be noted that the CHF itself simulated a growth in the pipeline and would turn the more speculative projects into deliverable schemes.

growth has principally been driven by the Government's investment in the Community Housing Fund (CHF).

- 2.5. Many of the 900 community housing groups have played a central role in supporting their communities during the COVID-19 pandemic. A bakery operated by Homebaked CLT in Anfield, Liverpool, worked with its suppliers to deliver food to food banks and those in need during lockdown. Norton-Sub-Hamdon CLT's Community Shop assembled and delivered food parcels to those isolating and kept their shelves stocked for local people who were afraid to venture far for food. Others have been operating mutual aid donations in their communities.
- 2.6. This submission argues that the community led housing sector is delivering on many of the Government's priorities for housing and the aims for the Comprehensive Spending Review (CSR), as follows:

**It is ready and able to support the economy to recover** - there are 10,780 homes in live applications on Homes England's system following the closure of the Community Housing Fund in March 2020. Groups are ready to get to work on these homes as soon as the Community Housing Fund (CHF) is reopened. They are a vital source of contracts for local SME consultants and builders, saving local jobs in the construction industry. Many are developing on sites mainstream developers deem too challenging, especially in this current commercial environment, as proven by the recent study by Capital Economics;<sup>10</sup>

**It can help deliver the Government's ambitions for 300,000 new homes per year** - as set out above, there are 10,780 homes in firm applications on Homes England's system. This is part of a broader pipeline of up to 23,000 community led housing homes by 2025;

**It delivers additional supply that is not available through the mainstream** - community led housing groups are frequently able to overcome development constraints that would defeat established housing providers and have access to sites previously unavailable or unattractive for development.<sup>11</sup> Furthermore, because they are led by the community and trusted by the community, they are also able to mobilise popular support for new housing amongst interest groups as diverse as landowners, conservationists, environmentalists, employers and communities themselves. A recent survey found that in 10% of cases community groups have developed sites which local opposition had previously prevented;<sup>12</sup>

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<sup>10</sup> Capital Economics 'Housing by the community, for the community: an assessment of the value for money of community led housing in England', September 2020. Page 20.  
<https://www.communityledhomes.org.uk/sites/default/files/resources/files/2020-09/final-report-capital-economics-housing-community-community-sept-2020.pdf>

<sup>11</sup> Ibid. A good example includes a CLT in Appledore, Devon, where 42% of homes are estimated to be holiday lets and second homes. With very little land available for housing, the CLT took on a vertiginous and difficult site that had been of no interest to commercial developers.

<sup>12</sup> Ibid.

**It is giving deprived communities the means to level themselves up** - many of the 900 groups are in areas that have been 'left behind' and are helping to revive local economies. Unpublished analysis conducted for us by an ONS employee through the Analytical Volunteer Programme found that in most regions CLTs tend to be building homes in middle super output areas with below-average incomes, particularly when looking at incomes after housing costs. We have also identified 40 community led housing groups active in 'left behind' wards as defined by Local Trust and Oxford Consultants for Social Inclusion,<sup>13</sup> twice as many as would be proportionate if the groups were evenly distributed across England;

**It is bringing ownership within reach of more people and pioneering First Homes** - For example, one of the first CLTs in Rock, Cornwall, pioneered First Homes 12 years ago, selling homes at 30% of open market value to local people with the discount locked in perpetuity. London CLT's first project, opened by the Prime Minister when he was Mayor of London, built 23 discounted market value homes for sale at prices that ensure that the annual housing cost is no more than one third of median income;

**It is building beautiful homes and delivering the Government's vision for local design codes** - This is because the projects are community led and draw upon the ingenuity and creativity of local people. The Marmalade Lane cohousing project in Cambridge won multiple awards for its custom build and future-proof homes including the Royal Town Planning Institute's top award for Excellence in Planning to Create Economically Successful Places. We Can Make in Knowle West, Bristol, have facilitated a co-design process with residents to produce a community design code that sets out the high quality design local people want;

**It is embracing innovation and modern methods of construction (MMCs)** - Hook Norton CLT, for example, is combining MMC with PassivHaus standards to create low energy homes. Herstmonceux CLT is also using the latest technology to make sure their 17 homes meet the needs of current and future generations. Bunker Housing Co-operative completed their first project on an infill site in East Brighton using a modular system and cross laminated timber structure in April 2020;

**It is committed to building to high environmental standards** - homes are being planned and built with both future climate challenges and running costs in mind. Christow CLT was a pioneer of PassivHaus homes on Dartmoor National Park, Goodwin Development Trust is Hull's first code-5 social housing development which includes innovative features such as a communal rainwater harvesting tank and water recycling system, and Swaffham Prior CLT is installing a renewable district heating system for the entire village (which currently relies on oil).

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<sup>13</sup> Left behind? Understanding communities on the edge. <https://localtrust.org.uk/insights/research/left-behind-understanding-communities-on-the-edge>

### 3. The value for money case for community led housing

- 3.1. In addition to the multiple benefits outlined above, recent research by Capital Economics<sup>14</sup> demonstrates that community led housing delivers high value for money for the public funds invested. This is due to the additionality of the supply, the affordability of the homes and the wellbeing benefits.
- 3.2. In particular, Capital Economics found that, when using a ten-year horizon each pound of public support delivers 1.8 pounds of benefit, rising to 2.7 pounds when health and benefit savings, wellbeing and income distribution benefits are factored in. This places community led housing support in the medium to high value for money categories.
- 3.3. They also suggest that, given the long-lived nature of housing as an asset and legal clauses that ensure community led homes remain affordable in perpetuity, a longer timeframe for assessment is more appropriate. Over thirty years, each pound of public support delivers 3.1 pounds of benefit when health and benefit savings, wellbeing and income distribution benefits are allowed for. This places community led housing further into the high value for money category.

**Benefit Cost Ratios and value for money categories of public funding for community led housing**

		10 year horizon	30 year horizon
Narrow	Benefit Cost Ratio	1.8	1.8
	Value for money category	Medium	Medium
Broad	Benefit Cost Ratio	2.7	3.1
	Value for money category	High	High

### 4. Summary of our representation

- 4.1. The Government recognised the significant contribution of the CLT and wider community led housing sector when it chose to invest in the Community Housing Fund in 2016, as well as more recently when it committed to supporting the sector

<sup>14</sup> Capital Economics ‘Housing by the community, for the community: an assessment of the value for money of community led housing in England’, September 2020.  
<https://www.communityledhomes.org.uk/sites/default/files/resources/files/2020-09/final-report-capital-economics-housing-community-community-sept-2020.pdf>

in its 2019 Conservative manifesto.<sup>15</sup>

- 4.2. We welcome the recognition in the Planning White Paper of the need to allow new entrants to access the market, including CLTs and community led housing organisations, and the potential to reduce planning risk and enable access to public land. As the Minister of State for Housing, Rt Hon Christopher Pincher MP, highlighted at our launch event on 15th September 2020, community led housing can demonstrate the sort of community participation and democratic control that he stated is envisaged for planning and design in the White Paper.
- 4.3. To enable the sector to act upon the potential opportunities of these reforms however it is vital that the Government now delivers on the manifesto commitment to community led housing by:

1. **Renewing the Community Housing Fund for five years, investing £180m in revenue and capital and ensuring a proportionate process for the registration of Registered Providers;**
2. **Implementing the exemption of CLTs from leasehold reform and exempting CLTs from leasehold enfranchisement.**

## 5. Detailed proposals

1. **A five year renewal of the Community Housing Fund, investing £180m in revenue and capital over five years and ensuring a proportionate process for the registration of Registered Providers.**

The Community Housing Fund was first announced in the Spring Budget 2016. After an initial round of funding for local authorities, £163m was made available to cover pre-development revenue costs and capital expenditure relating to site infrastructure (Phase 1), as well as the capital costs of acquiring land and building schemes (Phase 2). This second incarnation of the CHF opened outside London in two phases. The revenue funding opened in July 2018 but closed for bids early, in November, after being fully allocated. The capital funding opened in September 2018 and closed for bids as scheduled in December 2019, with projects needing to start on site by the end of March 2020.

Homes England's CHF has been a significant success for the Government. There was twice as much demand for revenue funding (Phase 1) as was budgeted.<sup>16</sup> Moreover,

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<sup>15</sup> The Conservative manifesto 2019 commits to supporting community housing and self-build and 'communities living on council estates who want to take ownership of the land and buildings they live in'. Page 31.

<sup>16</sup> A response to an FOI submitted to Homes England and received in January 2020 confirmed that whilst £16m had been budgeted for pre-development revenue and local authority revenue, a total of £27m bids were

it has built up a substantial pipeline of community led projects and homes. As set out above, there are 10,780 homes in live applications on Homes England's system, nearly 900 communities bringing forward projects and the wider potential pipeline has grown from just under 6,000 homes in 2017 to up to 23,000 homes today.

Homes England's capital budget (Phase 2) was substantially underspent but this was to be expected given the insufficient time made available for schemes to progress to Phase 2. As set out above, the programme was only open outside London for 18 months. Communities need time to form effective organisations, identify the right site, work with their community to bring forward the best proposal, develop partnerships with builders and/or housing associations and build the homes. It should be noted that even established private developers and housing associations take between 4 to 5 years to go from securing a site through planning and construction to completion. Community led housing groups are not any slower than this benchmark, but may require revenue funding to identify and secure a site adding to the time lapse between the initial Phase 1 application and a capital funding application.<sup>17</sup> It is therefore critical that a renewed programme is open for at least five years, as is found with other national housing programmes and the Community Housing Fund in London, to provide the sector with the certainty that it needs to plan delivery.

Another reason for the delay in reaching the capital phase was the delays experienced by some groups in registering as a Registered Provider (RP) to access the capital.<sup>18</sup> It is vital that the administration of a renewed CHF avoids creating unnecessary barriers that limit access to the funding and prevent the realization of the pipeline. We would therefore welcome working with the Regulator for Social Housing on a more proportionate registration process for small community led housing organisations.

Following the closure of the CHF outside London in March 2020, there are now 10,780 homes in live applications on Homes England's system which are now in jeopardy. As Dr Tom Archer's independent research highlights, the absence of a decision on the CHF since March has created a further backlog of demand for

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received for pre-development revenue funding alone. Only £13m of the £16m budget was then allocated for pre-development revenue.

<sup>17</sup> The Nationwide Foundation commissioned Sheffield Hallam University in July 2020 to investigate the speed of CLH development. The author concluded that CLH is not any faster or slower than private developers and housing associations on average.

<sup>18</sup> An FOI submitted to the Regulator for Social Housing on 29 April 2019 requesting information about 'Applications to become a Registered Provider of Social Housing' and answered on 17th May 2019 confirmed that over the last five years the average time for registration was 75 weeks. The average time for registration amongst community led housing groups is unknown but anecdotal evidence points to it being comparable to the average and, in some cases, it has taken some four years.

revenue funding in particular.<sup>19</sup> Some of the schemes that require capital can access the Shared Ownership and Affordable Homes Programme, however, a proportion are developing Discounted Market Sale or other innovative home ownership products that are not supported through the latter programme.

Despite the Covid-19 pandemic, Dr Tom Archer's recent independent research proves that the wider pipeline remains as strong, with up to 23,000 homes, but delivery within five years is now more uncertain.<sup>20</sup>

As set out above, these homes deliver medium to high value for money and can play a significant role in supporting economic recovery and delivering on the Government's ambitions for housing and the CSR. The Minister of State for Housing has given repeated reassurances that allocations for future years for the Community Housing Fund would be considered as part of the CSR.

**We therefore urge that the Government takes the decision to:**

- 1. Renew the CHF for five years to provide the sector with long-term certainty.**
- 2. Provide a total of £180m, including £57m for revenue funding, £108m for capital funding, as well as £15m for sector market infrastructure.<sup>21</sup>**
- 3. Ensure the Social Housing Regulator works with the sector to put in place a more proportionate process for the registration of Registered Providers for small community led housing organisations.**

<sup>19</sup> Dr Tom Archer, 'ADDENDUM: Estimating the pipeline of community led housing projects and its grant requirements', September 2020. [http://www.communitylandtrusts.org.uk/filecache/519/bc6/1000-dr-tom-archer-pipelinerreport\\_addendum\\_sept-2020-final.pdf](http://www.communitylandtrusts.org.uk/filecache/519/bc6/1000-dr-tom-archer-pipelinerreport_addendum_sept-2020-final.pdf)

<sup>20</sup> Ibid.

<sup>21</sup> Evidence from Dr Tom Archer's independent update to the pipeline research - [http://www.communitylandtrusts.org.uk/filecache/519/bc6/1000-dr-tom-archer-pipelinerreport\\_addendum\\_sept-2020-final.pdf](http://www.communitylandtrusts.org.uk/filecache/519/bc6/1000-dr-tom-archer-pipelinerreport_addendum_sept-2020-final.pdf) - suggests that between £29m - £53m in revenue funding and between £100m - £146m in capital funding is required. However, given that the previous CHF received bids for £27m in revenue in just 18 months, that there is pent up demand for revenue and that the CHF stimulated significant growth in new group formation, we propose taking the upper end of the range. We also recommend a proportion of revenue funding is made available for local authorities to put in place a supportive policy framework for community led housing. **A total of £57m is therefore required.** For capital grant for groups we propose taking the lower end of the range - so £100m -, given the time lag in drawing down capital and that a significant proportion of projects will be able to access the Shared Ownership and Affordable Homes Programme, with a further £8m for local authority infrastructure. **A total of £108m is therefore required for capital.** The £15m for sector market infrastructure includes £2.7m for early stage funding and support for community groups, £7m to grow and expand the local enabling infrastructure, £1m for the National Advice Centre providing support and advice, up to date resources, research and data collection, and £1.2m for business advice, peer learning and accredited training programme.



## **2. Implementing the exemption of CLTs from leasehold reform and exempting CLTs from leasehold enfranchisement.**

The fundamental principle of a CLT is that homes remain affordable, not just for now but for every future occupier. It is that principle that motivates people to give up hundreds of hours of their spare time to invest in a project, and that inspires landowners to sell discounted land to a CLT, all of which give rise to the additionality of the sector and thereby the value for money it affords.

The Government has invested in stimulating a pipeline of CLT projects and homes through the CHF. It is vital that the pipeline and any further growth simulated by the renewal of the CHF is maintained and not undermined by policy measures that remove the permanent affordability of CLTs.

We welcome the Government's recognition of this when it exempted CLTs from the ban on leasehold and ground rents, allowed for discretion from the Voluntary Right to Buy and, more recently, when it exempted CLTs from the Right to Shared Ownership.

We also welcomed the Law Commission's recommendation that community led housing groups are able to exempt their homes from leasehold enfranchisement. They gave four grounds: (1) that the positive characteristics of community led housing should be fostered in the housing market, and can be undermined by enfranchisement; (2) that leaseholders on community led housing schemes will not generally expect to be able to enfranchise; (3) that the Government has already approved of exemptions where Community Right to Build Orders are used; and (4) that the impact on leaseholders is likely to be small.

**We now urge the Government to:**

- 1. Ensure the implementation of the exemption of CLTs from leasehold and ground rents when the Leasehold Reform bill is published;**
- 2. Adopt the Law Commission's recommendation that CLTs should be exempt from leasehold enfranchisement.**

## **6. Other enabling reforms**

- 6.1. Disposal of public land to CLTs** - The Planning White Paper sets out the intention to explore how disposal of publicly owned land can support SMEs, CLTs and self-builders through a cross-government strategy. We very much welcome this. Recent research by Capital Economics confirms that in urban and rural areas groups acquire

around 70% of sites and 30% of sites, respectively, from local councils. Our own research last year found that whilst some councils have been very supportive with land disposals - Bury, Gloucestershire, Hull, and Liverpool councils have between them made 51 land disposals to community led housing groups - just nine per cent of councils overall had made any land disposals to community led housing groups. Clearly, there is significant potential for more local councils but also other public bodies to support groups via the provision of sites. We suggest that Community Led Homes - with funding through the Community Housing Fund - would be well placed to engage with the Government in taking this forward.

- 6.2. **Strengthening the Localism Act** - we suggest that it would also be timely for the Government to review the Localism Act and consider extending powers available in Scotland for communities to buy land, including the pre-emptive right to buy land at an independently valued price, and the right to compulsory purchase where the existing land use is causing a significant detriment to local wellbeing. Such powers could be significant in left-behind communities, where community-led housing groups are active and could bring considerable entrepreneurial energy to level up their community.
  
- 6.3. **Delivering on the manifesto commitment to the community ownership of council estates** - we would also welcome working with the Government on the implementation of the manifesto commitment for communities on council estates to take ownership of the land and buildings they live on. This would be supported by the Community Housing Fund, which would give the communities and their local authorities the resources and access to expertise to explore the opportunities and move forward with a transfer if appropriate.