



Community Land Trust Network
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The Rt Hon Stuart Andrew MP
Minister of State for Housing
Department of Levelling Up, Housing and Communities
2 Marsham Street, London, SW1P 4DF

15th June 2022

Dear Mr Andrew MP,

Community Land Trusts and the Right to Buy

I am writing in connection with the Prime Minister's statement on the 9th June that the government intends to provide all housing association tenants with the right to buy their homes at a discount.

There are now 345 Community Land Trusts in England, with over 1,700 homes completed and approximately 7,000 in the pipeline. Of these, 14 are Registered Providers and at least 5 are working towards registration. A further 92 CLTs are delivering projects in partnership with Registered Providers, in which the Registered Provider is, or will be, the landlord. All may be at risk of coming under the new Right to Buy policy.

As you recognised in a written answer on the 30th May to Caroline Lucas MP, Community Land Trusts contribute to a number of the government's policy objectives, including "diversifying the housebuilding sector, improving design and construction quality, developing modern methods of construction and helping sustain local communities and local economies".

You also noted that "the support and close involvement of the local community enables the community-led approach to secure planning permission and deliver housing that could not be brought forward through mainstream development."

The Right to Buy, if applied to Community Land Trusts, poses a significant threat to the current stock of CLT homes; could have a chilling effect on the future growth of CLT homes; and undermines the statutory duty of CLTs to keep homes affordable in perpetuity.

As Wickham CLT put it: 'The Right to Buy means that the very essence of our promise to our community (affordable homes for local people in perpetuity) will be broken. That would be very bad for us in terms of local support for existing and new developments'.

I therefore ask the government to clearly exempt all CLT tenancies from the Right to Buy.

As other forms of community led housing, such as cohousing communities, have similar concerns I would also urge you to look at exempting all forms of community led housing.

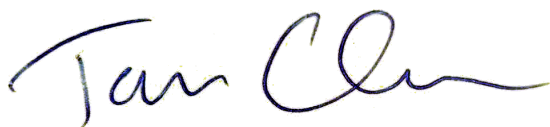
In her statement to the House on the 8th March 2016, Baroness Williams of Trafford stated that where properties are owned by a Community Land Trust then the landlord has the discretion not to sell under the terms of the voluntary agreement¹. This has reassured many CLTs, landowners and communities, though it leaves some room for doubt. If the policy is to be reformed, we would welcome a more clear and full exemption in a ministerial statement or, if appropriate, in primary or secondary legislation.

The government recognised the arguments in favour of protecting CLT homes by clearly and fully exempting CLTs from the Right to Shared Ownership; from the ban on the grant of new leasehold houses using Homes England funding; and from the ban on ground rents in the Leasehold Reform (Ground Rent) Act 2022.

The Law Commission, in its final report on leasehold enfranchisement, also recognised these arguments when it recommended that CLTs - and all forms of community led housing - should be able to exempt themselves from freehold acquisition claims². We hope the government will take on board this recommendation when it brings forward further legislation on leasehold reform, providing a clear basis for the full range of protections for CLT homes.

I would welcome an opportunity to meet with you to discuss this.

Yours sincerely



Tom Chance
Chief Executive
Community Land Trust Network

¹ https://publications.parliament.uk/pa/ld201516/ldhansrd/text/160308-0002.htm#st_188

² Para 7.203 of the full report accessed at <https://www.lawcom.gov.uk/project/leasehold-enfranchisement/>

Briefing - Impact of Right to Buy on CLTs

Community Land Trusts (CLTs) are community-based organisations set up and run by local people to develop and manage homes as well as other assets important to that community.

We fully support the Government's ambition to help people in their aspiration to buy their own home. Many CLTs provide low cost homeownership housing, affordable to local people on median incomes, and some have pioneered new forms of ownership such as Discount Market Sale homes in Cornwall's tourist hotspots, affordable to people on average local wages.

For some, though, homeownership will never be achievable, and so CLTs also provide affordable rental accommodation. This is particularly the case in areas where local wages are significantly below house prices, where assessments of housing need point to social or affordable rent as the only affordable tenure for those on lower quartile incomes or the National Minimum Wage.

If the Right to Buy were applied to CLTs that were Registered Providers, or where they partnered with a Registered Provider which acts as the landlord, it would have the following impacts:

1. Impact on the current stock of CLT homes

Of the 92 CLTs partnering with Registered Providers, and the 14 that are registered themselves, CLTs currently own 474 affordable or social rent homes in 54 projects. They may now be affected by the Right to Buy.

CLTs are set up in places where there is a high need for housing that is affordable to local people: it is that which drives people to set up CLTs in the first place. They are often situated in neighbourhoods or villages where the availability of suitable sites for affordable housing is limited. Most CLTs that are Registered Providers are also very small, so the loss of homes would have a disproportionate impact on their borrowing capacity and potentially threaten their ability to service outstanding debt.

This means that, if homes are removed from the community as affordable homes, CLTs are unlikely to be in a position to replace them like-for-like.

2. Impact on the future growth of the CLT sector

Those same CLTs are bringing forward at least 82 projects with a minimum of 970 affordable or social rent homes. This is likely to be an underestimate as many earlier stage projects have not yet clarified the tenures or the status of the landlord.

As you have noted, it is the close involvement of the local community that enables CLTs to build homes that would not otherwise be brought forward. It is the ability of the CLT to preserve homes as affordable in perpetuity that motivates CLT volunteers and persuades local people to support the development. Communities would be less likely to start CLTs, and less likely to develop housing projects, if they cannot guarantee this key aim.

The ability of CLTs to protect affordability in perpetuity is also critical in persuading landowners to sell at prices that make affordable housing viable; they would not want to see homes later go into the open market, and only sell to the CLT on the grounds that this cannot happen.

The Right to Buy is therefore likely to have a significant chilling effect on the future development of CLT homes, particularly in places like tourist and second homes hotspots. This might include projects that have received funding through the Community Housing Fund, or those hoping to bid into future rounds if the fund is reopened.

As Cornwall CLT put it to us, “this would stop Cornwall’s activity pretty much in its tracks”.

3. Impact on the statutory duty of CLTs

CLTs are defined in Section 79 of the 2008 Housing and Regeneration Act. This 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 core purpose of a CLT is to develop homes that are affordable to local people in perpetuity, to ensure that the homes benefit not just one generation, but every future occupier.

The Right to Buy would therefore make it impossible for a CLT to meet its statutory duty. This undermines public and key stakeholder trust in the CLT model.