



COMMUNITY LAND TRUSTS AND COMMUNITY LED DEVELOPMENT IN WALES

BRIEFING FOR MPs, AUTUMN 2024

INTRODUCTION TO CLTs

Community Land Trusts (CLTs) are not-for-profit organisations that own, steward and develop land for the benefit of their local community. They are run democratically by their members, and anybody who lives or works in their area can join. There are over 360 CLTs across England and Wales. The Community Land Trust Network is the official charity supporting CLTs in England and Wales.

CLTs in the two nations own over 2,000 assets, mostly affordable homes but also green space, retail and work space, community centres, energy generation, shops, food banks and other assets. CLTs are working on projects to build another 7,000 assets, with social housing being the most common focus.

Most CLT projects are partnerships with housing associations, developers and/or councils. Typically the CLT leads on negotiating with landowners, making key design decisions, securing local support, and then stewarding the land and assets to protect them in perpetuity. In a significant minority of projects, CLTs also raise the finance and develop directly, and manage homes and other assets themselves. Most have bought land that was previously owned privately, but public land has been an important source particularly in urban areas.

CLTs are one form of community led development, including community led housing. The wider community led housing sector also includes housing co-operatives, cohousing communities and other approaches, sometimes in combination with CLTs. CLTs also have other interests, such as stewarding land for biodiversity and farming, which we do not cover in this briefing.

PUBLIC POLICY BENEFITS

Following advocacy by Cwmpas and ourselves, Community Land Trusts are defined in UK law, and community-led housing is recognised in Planning Policy Wales.

The Welsh Government's programme for government 2021 to 2026 includes 'support [for] cooperative housing, community-led initiatives, and community land trusts.' The policy programme for the 2021 Co-operation Agreement also included expanding community owned renewable energy generation.

The key government policies that community-led development can assist with include:

- **Increasing social house building.** The Welsh Government has recognised that community led housing can contribute to its target of 20,000 social homes by 2026. Three quarters of CLT homes built in England and Wales are let for social or affordable rent. CLTs have been adept at providing additional supply in rural areas and on smaller urban sites overlooked by other providers; winning community support in sensitive locations such as National Parks and Areas of Outstanding Natural Beauty, often struggling with the adverse effects of tourism; and increasing the proportion of social rent homes on larger schemes initiated by others.
- **Building community.** Community-led development gives local communities new tools to play a part in our national renewal, and the Welsh Government has identified community led housing as playing a key role in the Welsh Language Communities Housing plan. Communities can build assets, but also agency, confidence and wealth. In England, where they are more firmly established, CLTs are overrepresented in the most deprived parts of each region, and in the areas of greatest affordability pressure where local incomes are far behind market housing costs. One in four CLTs have developed other infrastructure alongside housing including community centres, workspace and renewable energy generation.
- **Diversifying the housebuilding industry and raising quality.** The potential for community-led development has been recognised by ministers, by the Radix Housing Commission chaired by Kate Barker, and in recent years by policy reviews such as the Bacon Review and the Building Better Building Beautiful Commission. A more diverse and competitive industry, with a greater focus on quality, will be essential to meet Wales' housing requirements as part of the UK Government's ambition to build 1.5 million new homes.

ASKS OF THE WELSH AND UK GOVERNMENTS

The CLT Network [published its manifesto in February 2024](#), setting out a vision and policy programme to rewire the system to make community led development and land stewardship mainstream. Of the ten policy proposals, the following are our priorities for the Welsh Government under devolved powers.

PLANNING AND LAND REFORMS

CLTs don't want to water down the planning system - they welcome high standards and requirements for e.g. genuinely affordable housing. But as the Competition and Markets Authority concluded [in a detailed study \(PDF\)](#), the length and uncertainty of the planning process, and the complexity, cost and information requirements, are significant barriers for smaller builders including CLTs.

The Welsh government could reduce the uncertainty, and incentivise opportunities for community-led development, through changes to Planning Policy Wales:

1. Building on the mention of community-led housing in Planning Policy Wales to clarify, in Technical Advice Note 2, that community-led housing providers can qualify as 'appropriate providers' of social housing.
2. Adapting the Community Led Exception Site policy in the English system for Wales, providing a means by which community groups can access more site opportunities and reduce the planning risk for proposals that meet local needs, are led by local people and have demonstrable local support.
3. Expanding on this to enable sites to be allocated, in Local Development Plans and elsewhere, for community led development and community led housing. This would ensure communities become partners in significant development and regeneration schemes, and would be able to own some assets that are developed.
4. Review policies for small sites and large sites to encourage the allocation and release of more small sites, and parcels of large sites, suitable for community-led development; and

The government could reduce the complexity and cost of information requirements for applicants in future legislation. The best way to do this is for Local Development Plans and Design Codes to provide much more clarity on what will be permitted, tackling issues such as biodiversity, ecology and parking at the neighbourhood level so applicants can focus on the design and tenure of buildings.

The government's new commission on community ownership will look at community rights in Wales, and compare these to powers in Scotland and England. The UK government will be legislating for a new Community Right to Buy in the English Devolution Bill. We want this to [widen the scope](#) of the existing right to bid in two ways: to encompass economic and environmental benefits as well as social; and to enable the development of new valuable assets, as well as saving existing ones, recognising that affordable housing is also a valuable local asset. We will be urging the Welsh Government to follow suit, also looking to the more powerful and successful model in Scotland to inspire future legislation for Wales.

FINANCE

In most cases, CLT projects need two kinds of finance:

1. **Pre-development finance** - to search for, investigate and secure land/buildings, and to work up and submit a planning application if required. This is particularly hard to come by.
2. **Development finance** - to acquire the land and develop any new homes or other assets on the land, if they don't partner with a developer or housing association. CLTs can often access commercial loans and social investment, but the costs could be lowered.

Despite its avowed support for community led housing, CLTs and other community organisations have found it difficult to access the government's finance schemes. We have proposed several ways in which the government could improve access to finance.

First, the Welsh government should continue to support and finance Cwmpas' Communities Creating Homes programme, ensuring continuity in the provision of advice and small grants to get groups and projects off the ground.

In England, the equivalent programme - the Community Housing Fund - has been more stop-start, but also of a larger scale, with approaching £240m allocated by HM Treasury since 2016 for community led housing in England. It provided a clear funding pathway through pre-development and development financing stages. We have raised this with the Welsh government, for example in its last review of affordable housing financing, and while we sympathise with its position that the Welsh Government has not been allocated additional funding by HM Treasury for an equivalent, it could also be more creative in designing its existing funds around the needs of community led developers as well as the established housing associations.

For example, one CLT has been able to access the Land and Buildings Development Fund, and Cwmpas is supporting two other community-led groups to apply, and we would like to see this continue. Currently CLTs are not able to access Social Housing Grant unless partnering with a Registered Social Landlord. Both should be opened to bids from community led organisations, with legislative measures as required to enable this. We would also like the Welsh government to review the connection between these funds and its grants to Cwmpas, ensuring there is a clear funded pathway for start up, pre-development and then development finance for projects.

The Welsh Government can also invest capital into funds that provide equity and repayable finance for community led projects. Cwmpas has been working on one such proposal for a revolving loan fund. In England, HM Treasury has invested £3m in a Community Developers Fund run by Resonance with a further £20m pledged in the spring 2024 budget.

REGULATORY REFORMS

The Welsh and UK governments have both pledged to stamp out the abuse of leasehold, and reform commonhold so it can become the default tenure for blocks of flats. We support both objectives.

But leasehold is an important tool for CLTs to develop and steward affordable homes, protecting them in perpetuity. The UK Parliament has recognised this in recent years with cross-party support, exempting CLTs from the ban on ground rents in the Leasehold Reform (Ground Rent) Act 2022; exempting CLTs from the ban on leasehold houses in the Leasehold and Freehold Reform Act 2024; and in the latter act also enabling CLTs to protect affordable homes from leasehold enfranchisement. We have pressed the Sennedd to ensure these are translated into Welsh legislation with the same protections.

We want both governments to continue with this approach, tackling the abuse but ensuring CLTs can continue to make ethical use of leasehold. Reforms to commonhold could also ensure it is compatible with leasehold.

There is also an opportunity, mentioned under this briefing's section on planning reform, to address issues with the system of social housing regulation for community-led providers.

Currently, landlords of low rent homes need to be Registered Social Landlords to access Social Housing Grant, and despite the recent change to Planning Policy Wales some local planning authorities have also (incorrectly) made it a condition of a planning

consent. But the Welsh Government will not support new community-led providers registering, having pushed for mergers and consolidation in the sector more generally in recent years. Nor has it done enough to encourage existing Registered Social Landlords to partner on appropriate terms with community-led providers, in a model that is very common in England. As a result, community led developers are stuck.

We - along with the Almshouses Association and other networks of micro providers - have discussed this with regulators in England and Wales for a number of years. We do not wish to circumvent the principles of good regulation and oversight, but the current system simply does not work for our sector. We would therefore like to see a much more proportionate system of regulation introduced for micro providers, and policy such as PPW and legislation governing capital grants to be made more flexible. This could include a proportionate set of standards for governance, finance and management, and a requirement for providers to sign up to a housing ombudsman scheme.

FURTHER INFORMATION

For any enquiries, or for a discussion about CLTs, please contact our CEO, Tom Chance, with tom@communitylandtrusts.org.uk.