

Quick guide

Community Land Trusts

June 2010

Introduction

A Community Land Trust (CLT) is a not-for-profit community controlled organisation that owns, develops and manages land and buildings for the benefit of a local community. A CLT will allow the value of the land to be separated from the value of the buildings on it. This means the value of any public and private investment, as well as planning gain¹ and land appreciation, can be preserved for long-term community benefit.

Whilst not exclusively intended to provide housing, CLTs are seen as one of the vehicles that can help rural communities across Wales increase the supply of affordable homes. Additionally, they can be used to maintain land in the ownership of communities for other purposes including conservation, agriculture and workspace.

The Welsh Government committed itself to the expansion of CLTs in *One Wales* and provides funding for this purpose to Land for People², a not-for-profit organisation providing support and advice to CLTs in Wales.

Background

Development of CLTs

The roots of CLTs can be found in the co-operative and Chartist land reform movements of 19th century Britain. The momentum behind these movements led to the development of Letchworth Garden City in 1903 using the *co-operative land society* system devised by Ebenezer Howard. Although this model was not replicated in Britain, it was followed by land reformers in 1950s India and in the 1960s by the civil rights movement in Georgia where African American sharecroppers were provided with access to affordable farmland.³

In the United States the classic model for modern CLTs was developed in the 1960s by the Institute for Community Economics (ICE) in Massachusetts. The following decade saw the CLT movement in the United States expand significantly with the largest CLT, Burlington Community Land Trust (BCLT), being formed in 1983. BCLT is now part of Champlain

¹ Planning gain is the increase in value of the land as a result of planning permissions having been granted.

² Land for People website: www.landforpeople.co.uk

³ Community Finance Solutions and the new economics foundation, *Community Land Trusts: Capturing Value for Communities* (accessed 5 May 2010)

Housing Trust and provides affordable housing for around 2,000 households within the communities it serves in Vermont.⁴

Whilst CLTs on the scale of Champlain Housing Trust have not yet been seen in Britain, they have risen up the political agenda in recent years and are particularly popular in Scotland where crofting communities have purchased land they farm from absentee landlords. There have also been pilot projects in England supported by the Department for Communities and Local Government.

Legal status and finance for CLTs in Wales

All CLTs are unique and develop according to local needs but there will typically be an emphasis on community engagement, democratic accountability and empowerment.

There are a number of legal structures that CLTs can follow. The Industrial and Provident Society model is often used, which means the CLT will be a mutual body registered with the Financial Services Authority. CLTs could also constitute themselves as a charity or a limited company or indeed a combination of these structures.

Unlike in England, there is no legal definition of a CLT that applies in Wales. The UK Government has noted that the definition in England, which is contained within the *Housing and Regeneration Act 2008*, provides:

...clarity as to the nature and purpose of the community land trust model.⁵

The Welsh Government has attempted to address this situation and proposed a Legislative Competence Order (LCO) in December 2009⁶ that would have allowed Assembly Measures to be made relating to CLTs. However, this would only have applied to those CLTs that were engaged in the provision of affordable housing (i.e. not those solely involved in other community land projects).⁷ Although the LCO was not approved by Parliament before the general election in May 2010, the new UK coalition government has stated it is committed to taking this LCO forward.

Whilst there is some funding available for communities to purchase publicly owned land and buildings in Wales through the Welsh Government's Community Asset Transfer Fund, this lottery supported grant programme will not fund projects that are entirely housing based.

It is hoped that some funding may be raised for CLTs in Wales through the forthcoming *Welsh Housing Investment Trust* (formerly called the Welsh Housing Bond) as private finance remains essential for funding CLTs in Wales.

⁴ Champlain Housing Trust website: www.champlainhousingtrust.org

⁵ Department for Communities and Local Government, *Community Land Trusts: Summary of Responses*, August 2009, p4

⁶ National Assembly for Wales website: *National Assembly for Wales (Legislative Competence) (Housing and Local Government) Order 2010*

⁷ Ibid., *Letter from the Deputy Minister for Housing and Regeneration to Legislation Committee No. 2*, January 2010

CLT projects in Wales

There are four CLTs already registered in Wales and several other groups working towards delivering affordable housing. The CLTs already registered are a scheme in Aberystwyth and three that received funding from the Welsh Government as part of pilot projects in Powys: Castle Caereinion, Ceinws and Llanfyllin. All these projects have been supported by *Land for People*.

It is hoped that the first affordable homes will be delivered in 2010.

Land and funding for CLTs

England and Wales

CLTs can acquire land through a variety of routes and this will vary between projects. This can include partnerships with local authorities disposing of surplus land in their ownership as well as local planning authorities using *Section 106 agreements*⁸ to require private developers to make land available. Partnerships between CLTs and Registered Social Landlords (RSLs) can also be beneficial and provide access to the private finance that is usually necessary to assist with the purchase of land.

In England, CLTs can apply, with an RSL partner, to the Homes and Communities Agency for funding where they intend to deliver affordable housing. A consultation on the development of CLTs in England took place in 2008⁹, with a summary of the responses published in 2009.¹⁰

Scotland

Small communities in Scotland have a legal right to register an interest in purchasing land under the *Land Reform (Scotland) Act 2003*. Providing the community is eligible, and the interest properly registered with the Registers of Scotland, the community will be given the opportunity to buy the land when it comes up for sale. There is no equivalent community right to buy in England or Wales.

The *Land Reform (Scotland) Act 2003* provides a framework for the support and development of CLTs in rural Scotland. Funding is available through the lottery backed *Growing Community Assets* programme which allows communities to purchase land for the benefit of the community. This programme will fund community land projects for a variety of purposes, including affordable housing, and replaces the successful *Scottish Land Fund* which assisted 150 communities in acquiring land between 2001 and 2006.

⁸ Section 106 agreements (named after Section 106 of the *Town and County Planning Act 1990*) are also known as planning obligations. They are legal agreements between local planning authorities and developers that agree to planning permissions being subject to certain conditions, which can include the provision of land for affordable housing.

⁹ Department for Communities and Local Government, [*Community Land Trusts: A Consultation*](#), October 2008

¹⁰ Department for Communities and Local Government, [*Community Land Trusts: Summary of Responses*](#), August 2009

Land for People

Land for People was formed in 2005 to work with communities across Wales and Shropshire to enable permanently affordable homes to be built. In May 2010, with the support of the Welsh Government and Wales Co-operative Centre, it published a bi-lingual CLT handbook which is available in the Members' Library.

For further information on *Land for People*, please contact:

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Further information

For further information on aspects of Community Land Trusts please contact **Jonathan Baxter** (jonathan.baxter@wales.gsi.gov.uk) Members' Research Service.

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