

COMMUNITY LAND TRUSTS

CAPTURING VALUE FOR COMMUNITIES



Community Land Partnership – National Demonstration Project Plan

Research and development work by Community Finance Solutions and the new economics foundation on Community Land Trusts has been funded by the Countryside Agency and the Housing Corporation. Model legal rules and a CLT Guide for Practitioners have been developed. Community Finance Solutions and the new economics foundation have jointly established a national website at www.communitylandtrust.org.uk. An appeal for funds has begun to resource a national demonstration project. Practical work on the ground is leading to the development of the first CLTs in England and the plan is for at least ten new CLTs in England and Wales. Partnerships with bodies in Wales are being developed. If you are interested and want to know more, contact:

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Local CLT contact:

'Our island went into receivership and islanders came home one day to eviction notices. The achievements on the Isle of Eigg land trust were crucial as an example of what could be done. At the beginning there was no concept of what community ownership meant. We now have a five-year development plan around debt repayment, sustainable development, social infrastructure and the local economy. None of this would have happened if the community did not own the island.'

Alan Hobbett, Isle of Gigha Heritage Trust

Community Finance Solutions and the new economics foundation



What is the missing mechanism for 'Sustainable Communities'?

In the past five years, housing prices have doubled nationally. The high cost of housing in both rural and urban areas of the south of England hinders recruitment and retention of teachers, nurses, fire service workers, agricultural workers and bus drivers. In successful regeneration areas, rising land and property prices as well as high-value residential development are making it hard to retain local retail, services and local enterprise. In all areas of the country, the ability to retain and create thriving, sustainable communities with a diverse array of local service provision, green space, housing and community facilities, is hampered by high land values, fragmented ownership patterns and poor engagement of the community in planning decisions and local stewardship. A mechanism is needed to maintain housing affordability, to provide low cost workspace for local services and simultaneously to capture increases in land value for lasting community benefit. Community Land Trusts can do all three.

What is a Community Land Trust?

A Community Land Trust (CLT) is a mechanism for democratic ownership of land by the local community. Land is taken out of the market and separated from its productive use so that the impact of land appreciation is removed, thereby enabling long-term affordable and sustainable local development. The value of public investment, philanthropic gifts, charitable endowments, legacies or development gain is thus captured in perpetuity, underpinning the sustainable development of a defined locality or community. Through CLTs, local residents and businesses participate in, and take responsibility for, planning and delivering redevelopment schemes.

Activities of Community Land Trusts include:

- developing affordable housing to rent or buy for members of the community;
- enabling residents on lower incomes to acquire an economic interest in the success of their community;
- developing land for affordable workspace and retail units;
- providing and maintaining community facilities for social and public services;
- managing green spaces, conservation areas and providing access for new entrants to farming;
- promoting resident involvement, local democracy and active citizenship.

CLTs allow local people to 'manage the commons' democratically. Compared to the dominance of private and public ownership of land, 'commons land' in the UK is under eight per cent and most of this is 'waste land'. Reclaiming and extending the 'commons' is possible now through CLTs.

What are the origins of CLTs and where are they operating today?

The Community Land Trust mechanism was first developed in Britain and Ireland out of experiments in practical land reform by the co-operative movement and the Chartists in the nineteenth century. These experiments led to the development in 1903 of Letchworth Garden City using the 'co-operative land society' system devised by Ebenezer Howard to capture land value for community benefit. Howard's radical innovation was not replicated in Britain but it was revived in the 1950s by Gandhian land reformers under the Gramdan ('village gift') co-operatives in India. This movement, led by Vinoba Bhave, brought over one million acres of gifted land into 'village trusteeship'. This success came to the attention of Dr Martin Luther King and the first CLT in the USA was established by





the civil rights movement in 1967 in Georgia to provide access to affordable farm land for African-American sharecroppers. Community Land Trusts are now a well-defined legal form in the US and over the past fifteen years more than 130 CLTs have been developed in urban and rural communities. The US federal government provides financial assistance to local communities for legal and other technical expertise.

In the early 1990s, CLTs were revived in Britain by crofters in Scotland for collective purchase of land from absentee landlords. The CLT established on the Isle of Eigg was at the forefront of this movement. There is a growing number of CLTs in Scotland. The Land Reform (Scotland) Act 2003 has created an enabling framework that gives rural Scottish communities the Community Right to Buy as a pre-emptive right to purchase land in which they have registered an interest and for which they have demonstrated that it would be in the public interest for them to own. As in the USA, communities in Scotland can access technical assistance, packages of finance and other resources to establish a CLT locally.

How are CLTs governed and how can community control be maintained?

All CLTs are not for profit organisations owning land and property on trust for the benefit of the community. Legal structures used in Britain to date include Companies Limited by Guarantee and Industrial and Provident Societies for community benefit. Community Interest Companies have potential in the future. Whatever the organisational or legal form, the essence of the CLT mechanism is capturing the enduring value of the land for present and future generations. Democratic and local accountability is also central.

Membership is open to local residents and those wishing to endow land or property for the benefit of the CLT's defined geographical area. Directors are elected by the members and the governance system should ensure a healthy balance on the board to protect the community's long-term interests.

CLT Pioneers – England and Scotland

Stonesfield Community Trust, Oxfordshire

In the early 1980s, steep rises in land value in West Oxfordshire had a destructive effect on many village communities. In response, Stonesfield Community Trust (SCT) was founded in 1983. Local activist Tony Croft donated a quarter acre site in the village of Stonesfield for affordable housing for local people in perpetuity. A seed corn grant of £3,000 from a local company was used to register the trust and negotiate planning permission, which alone increased the value of the donated land from £3,500 to £150,000, enabling SCT to raise a mortgage and build the first four properties. SCT has since borrowed additional funds from the local authority and ethical investors. They have developed a further eight affordable homes on another quarter acre site, and converted a redundant glove factory into workspace units for the village. More recently, a second development has been completed to house the village post office at a low fixed rent. All properties have high energy efficiency standards to ensure low running costs. In 2005, the first loans were fully repaid and net income from CLT property now funds a local youth service. In a few years time, the net income generated by CLT rents for community purposes in the village will be £40,000 a year.

Isle of Gigha Heritage Trust, Scottish Hebrides

When the absentee landlord put the Isle of Gigha on the market in August 2001, residents formed a steering group to consider a 'community buy-out'. The Scottish Land Fund provided finance for a feasibility study and a ballot of islanders secured overwhelming support in late 2001. The community borrowed £1 million from the Scottish Land Fund and raised a further £3 million in grants to complete the purchase. The purchase included 41 of the 67 houses on the island. The Trust has since developed six properties for sale to owner occupiers and is developing 18 houses for rent in partnership with Fyne Homes Housing Association. It formed a construction consortium with Fyne Homes and three local builders to carry out home improvements on the old properties and to build the new homes. Building apprentices are being trained, and a small quarry on the island provides local materials. The Trust has also created Scotland's first community-owned wind farm, which began generating power from three 40 metre turbines in October 2004. Funding of £400,000 was secured for the renewable energy project, which in turn will generate income of £140,000 a year. Once the loans have been repaid, the profits will fund other community schemes. The Trust also operates a hotel on the island, a number of holiday homes and three dairy farms. In 2004 the £1 million loan from the SLF was fully repaid. The population of the island is on the increase for the first time in decades, the school is expanding and there is now a waiting list of people wanting to move to Gigha.



'The history of CLTs in the UK and internationally shows that CLTs often encourage residents to use co-operative forms of tenure as a means of achieving democratic local control of housing built on CLT owned land. Co-operative housing was an integral part of the development of Letchworth Garden City. The development of a new wave of CLTs in the UK will stimulate the growth of new and existing forms of co-operative housing, including co-operative home ownership which is common in other countries.'

David Rodgers, CDS Co-operatives

Where gifters of land (eg public authorities or private landlords) have contributed significant assets, their inclusion as 'constitutional custodians' is a desirable feature.

How is the land acquired by a CLT and how is housing affordability preserved?

CLTs seek to obtain land to meet diverse community needs. Such needs vary in each locality but the provision of housing is common to most CLTs. Land may be gifted or the market price heavily discounted. In rural areas, land on the edge of a village may be bought at agricultural prices with 'exception' planning permission, allowing the CLT to develop affordable housing to meet local need. In other situations, planning permission may be given to private developers on condition that they endow a CLT with a portion of the land for affordable housing development and/or other community purposes.

The CLT removes the land from the market, preserving planning gain and other appreciation for the benefit of the community. CLTs either rent or sell housing to local residents or lease workspace. Homeowners only buy the building they occupy. Typically, where a property is sold, the homeowner will be given a long-term, renewable lease, enabling the resident to raise a mortgage and allowing for succession rights by family members. The CLT retains the right to buy the building back at a price defined by a resale formula which aims to provide the homeowner with a fair share in the equity built up from mortgage payments and improvements.

What legal entities could use CLT mechanisms to capture land value for local communities?

Local communities have a choice in developing CLT mechanisms. They can form a dedicated bespoke legal structure to undertake a particular project or utilise an existing organisation. For example:

Housing associations provide and manage social housing and have development expertise. Some are member-based, democratic



organisations set up either as 'benefit of the community' associations or 'bona-fide co-operatives'. Unless they wish to obtain government housing grants, they are independent of statutory regulation. Benefit of the community housing associations are well placed to utilise the CLT mechanism. In partnership with a mutual housing co-operative, they are in a position to provide housing on CLT land.

Heritage Trusts exist for a wide range of purposes, usually related to the conservation of land, historic property or cultural/industrial sites. The National Trust is one example. In the USA, they are known as Conservation Land Trusts or Environmental Land Trusts. Unlike CLT organisations, their mission does not usually include the provision of affordable housing. However, some Heritage Trusts, like the Isle of Gigha Heritage Trust in Scotland do develop affordable housing and have become CLT pioneers.

Development Trusts are community-based organisations that undertake regeneration and development projects. They may undertake a specific project or, more likely, a range of economic, environmental, cultural or social initiatives. They hold assets in trust for the long term benefit of the community. The nature of their assets and activities varies widely. Some Development Trusts may already be using, or could use, the CLT mechanism to underpin affordable housing development and/or mixed use developments.

Parish Councils are expected to be given wider local powers and resources from government to run village and community services in future, including: managing parks, maintaining street lighting and employing neighbourhood managers. As democratically elected local bodies, Parish Councils in rural England and Wales, Community Councils in Scotland and Neighbourhood Councils in urban areas might also utilise the CLT mechanism for capturing value for meeting community needs. Indeed, if developed in this participative way, CLTs could be the ideal vehicle for seeding a 'micro-democracy' movement that advocates of Parish Councils and Neighbourhood Councils have long argued for.

