

## LOCAL HOMES FOR LOCAL PEOPLE

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**Councillor Tom Hunt**, Campaigns Director at Parliament Street and is the Lead Member for Strategic Planning at East Cambridgeshire District Council, explains how Community Land Trusts (CLTs) can make a significant contribution to tackling the housing crisis and helping rural communities remain sustainable.

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### INTRODUCTION

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Without doubt, housing will be one of the key issues going into the next General Election. Despite much heavy lifting by the coalition government, whichever party offers the best policy solutions to what remains a housing crisis will have an electoral edge. For the Conservative Party, a key and unalterable priority should be to do everything we can to help give people a hand onto the property ladder.

One of the reasons why Margaret Thatcher is so admired is because of what she did for working families who wanted to own their home. Before she came to power, 55% of homes were owner-occupied, by the time she left office, the proportion was 66%.

After 13 years of failed Labour planning policy and regional spatial strategies, the crisis when the coalition came to power was acute. The average age of a first time buyer is now 36 and over 40 in some regions, and the average house price is over 7 times the average annual salary. Moreover, rents, especially in the capital are spiralling out of control,

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and council housing waiting lists are also exploding. In Tower Hamlets it is currently over 24,000.

The coalition government has made notable progress. The Minister of State for Housing & Planning, Brandon Lewis has said that over 700,000 homes have been delivered since May 2010 and that 230,000 permissions have been granted by local councils in the year to June 2014.<sup>1</sup>

What is more, the government's local plan-led system has more often than not empowered local communities, injecting a healthy dose of democracy into the planning system. Around 80% of local authorities have now published a draft local plan, setting out clearly where local development should happen within their areas. Moreover, Neighbourhood Planning has also made strides, over 1,000 have now been adopted across the country and the number continues to grow.

However, there is far more work to do. Although numbers are important in relation to housing, they do not tell the full story. We also need to focus on the quality of the housing built, whether the housing mixes delivered suit local needs as opposed to developer profit motives, and that the resulting increase in housing numbers suits working families who want to move up or onto the property ladder, not only property speculators.

The debates relating to housing and planning, ahead of the drawing up of the party manifestos, are already providing evidence that the debate is moving beyond numbers alone. There is an increasing recognition that a purely free market, planning free for all approach is not working, especially in our nation's capital. The Labour Party has already

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<sup>1</sup> Brandon Lewis MP, 'Our plan to create thousands of new homeowners', *Conservativehome* 15 Dec 2014

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suggested that it is seriously considering a new policy where 50% of new housing in “housing growth areas” can be reserved for “local” first-time buyers for up to two months to give them priority access.<sup>2</sup> Moreover, as an extension of this policy, it is also thought to be considering allowing local councils the power to block new homes being used for buy-to-let.

The feeling is that this policy shift by Labour is driven by a desire to shore up their core vote and see off the UKIP challenge. There is no doubt that if Labour were to follow through on these proposals, there would be some populist appeal to hard pressed working families who currently feel shut out of the property market.

The recent *Conservative Home* manifesto also touches upon this same theme. The manifesto seeks to be rigidly focused on the day-to-day concerns of the average working voter. Hence its three themes: 1. Homes 2. Savings 3. Jobs. It is pleasing that such an influential Conservative voice sees the electoral potential of focusing intensely on voters’ day-to-day concerns, and to attempt to come up with solutions to their problems, as opposed to focusing on less tangible metropolitan preoccupations.

The key theme of Labour’s housing chapter was to use the power of the state to actively push a pro-ownership planning policy and opportunities to first-time buyers, moving beyond the obsession with numbers. However, as always, one needs to be wary of policy solutions being too top-down. Labour’s Lyons Review into housing goes down this route; what we need is recognition that top-down doesn’t always work and to create places and the types of homes people actually want. As Conservatives, we need to be alive to the potential of community

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<sup>2</sup> Grice A, ‘Labour would reserve half of all new-build homes for ‘local’ first time buyers, *The Independent* 16 Oct 2014

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led housing. Community led housing is the citizen, the people, the community saying what they want.

Although there is much the Conservative led coalition government can be proud of when it comes to housing and planning, we are still far away from where we need to be. The London property market is broken and too often the local planning-led system has been undermined by speculative developers who have sought to circumvent local democracy.

One area where the Conservative Party can lead the new housing agenda is through increased backing of Community Land Trusts. Although numerous housing and planning Ministers have been supportive of CLTs, most notably Grant Shapps MP and Nick Boles MP, the extent to which CLTs have been seen as a truly significant solution to the housing crisis has been limited. CLTs offer the potential to provide genuinely affordable housing, both to rent and to buy for thousands of people, and the Party needs to do more to back them and the local communities that want them.

The CLT concept, born in the USA, actually first made its presence known in Stonesfield, Oxfordshire in 1983. More recently, however, one of the first incarnations of the CLT model was in Rock in Cornwall where house prices and private rents were escalating so rapidly as a result of buyers from elsewhere purchasing second homes that the local community was forced to take action by setting up a CLT to help provide pathways to home ownership for local people.

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### CLT CASE STUDIES

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In East Cambridgeshire, we set up the county's first CLT in the picturesque village of Stretham that lies between Ely and Cambridge.

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According to property analyst Home Track, property prices in Cambridge have actually grown at a faster rate than in London since the onset of the financial crisis. The average property is now valued at £348,300 – 32.5% higher than its 2007 peak.

The booming science park in Cambridge and the associated growth of the ‘Silicon Fen’ has meant that many who work in Cambridge have looked to rent or buy outside the city in the surrounding villages which are more affordable. However, one of the negative consequences of this has been that many of the local young people in these villages have struggled to rent and buy affordably as a result of the increased house prices and rents linked to this explosion of the Cambridge property market. Being in work, the vast majority do not qualify for council housing, but also struggle to rent privately, often living with their parents for many years or leaving the area where they were brought up. Tight planning restrictions and opposition to development have also added to this acute shortage of affordable housing.

As a local authority, East Cambridgeshire District Council wants to plan for growth and CLTs, by giving the community genuine influence and control over new development. They are now the preferred way for delivering affordable housing in the district.

Stretham and Wilburton CLT has sought to provide a community-led solution to the problem. Again this has been funded through cross-subsidy. Planning permission was recently granted by East Cambridgeshire District Council for a CLT on open countryside on the edge of the village, on land not allocated in the local plan for market development.

The local community has worked closely with the private house builder Lara Homes who have developed the units. As a result, 35 new market homes will be provided, as well as 15 affordable units that will be

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managed by the local community through the Stretham and Wilburton CLT. The 15 units will be rented out at rates linked to local incomes and priority will be given to those with a local connection. Those who live in one of the 15 CLT homes can acquire up to 80% of the property. However, if they wish to move on, they cannot sell the home on the open market. It has to be sold back to the CLT.

Councillor Charles Roberts, council member for the Stretham ward and Deputy Leader of East Cambridgeshire District Council is the current Chair and founder of the CLT. Although there have been many challenges along the way, his dream is now becoming a reality:

*“Stretham is a village with approximately 1700 inhabitants, located just nine miles from the economic prosperity of Cambridge. There is a strong local community, however, with an increase in property prices the local population feel ‘priced out’.*

*Two recent exception site developments have been built against huge resistance from locals who see no benefit for the community. So, in 2012, the Parish Council led the formation of a ‘Community Land Trust’ (CLT); an industrial provident society. The CLTs primary objective is to provide opportunities for people who live and work within the community. The CLT searched for land and selected a site outside the building envelope to the West of the village. This site relates well to the settlement and is owned by a Cambridge College, however lying outside the development envelope and with the likelihood of substantial local opposition, the site under normal developing circumstances is unlikely to be considered.*

*In 2013, the Trust undertook an extensive consultation exercise, which was supported by a substantial grant from the ‘Commission for Architecture and the Built Environment’. Specialist consultants reached out to every sector of the community from the school children to the retired. The team established*

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*what people valued about the village and what form they would like to see development take.*

*Support grew quickly for the project with only a few residents living adjacent to the proposed site raising concerns. As joint applicants with the developer/ College the CLT were actively involved in developing and agreeing the design brief. Through group and one-to-one meetings with the concerned residents a compromise was reached by providing a substantial bridleway and open space between existing properties and the new development.*

*A total of fifty houses are planned with fifteen to be held by the CLT for affordable rent and shared-ownership. In addition, to the fifteen plots the Trust receive land for a Doctor's surgery, some work units, a cemetery extension, and considerable open space as a village green in the centre of the development. The Trust will also receive, in cash, 40% of the uplift in value of the thirty-five private plots. The receipt of free building plots and substantial cash uplift funding model will allow the CLT to provide genuinely affordable rents and shared-ownership opportunities for hard-working local people.*

*The design of the scheme and the individual homes is revolutionary in so far as the streets are laid out in the form of the existing village with a wide range of individually designed homes many of which are purposefully designed to be extended. The CLT owned homes are spread throughout the development, of generous proportions, and are indistinguishable from the private homes."*

*Councillor Charles Roberts (founder & chair: Stretham & Wilburton CLT, Deputy Leader: East Cambridgeshire District Council)*

As a result of these rents being affordable, breathing space is provided for young local people to save for a deposit which opens up the possibility of eventually owning their own home within the community they have been raised. CLTs provide a pathway to home ownership for many hard working local people who form the backbone of rural

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communities, often working in roles that allow these communities to thrive.

CLTs work best when they create the right incentives. Although the CLT units in Stretham are for rent (one can acquire an 80% stake) their main strength is their ability through the affordability of rent to make it possible for those who live in CLT units to save a deposit consequently opening up opportunities in terms of future home ownership in the village.

The community is opening up opportunities for young adults and families with a local link to get on the property ladder, and once on that ladder, to keep climbing. It could be that further to providing the CLT units, the local CLT could seek to incentivise those living within them to save for a deposit.

Perhaps a formula could be established locally where, if certain amounts were saved for a deposit every year, a certain fraction could be taken off the rent for that property, incentivising responsible behaviour and the kind of steps that bring the prospect of home ownership closer to those living in the CLT units. Perhaps a time limit could be placed on the length of time a particular family or individual can live in a CLT unit, encouraging them to plan for the future, freeing the CLT unit up for another family, and encouraging CLT units to be viewed as springboards to home ownership, not a permanent arrangement.

To date, the vast majority of CLTs have been in rural areas, however, the National CLT Network recently established the Urban CLT Project which is seeking to increase the number of urban CLTs. To date, there are over 20. The most prominent being the East London CLT.

The London Borough of Tower Hamlets has witnessed rapid population growth in recent years leading to spiralling house prices.



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The average new property, on the open market, is now over £600,000, an increase of 43% over the last year according to *The Guardian*,<sup>3</sup> and the housing waiting list is now 24,000. Home ownership is a distant dream and out of reach for too many local people, in work, who have been brought up in the Borough.

The East London Community Land Trust, established this year, has given these aspiring homeowners a lifeline. Gailford Try, the developer, were granted permission to develop 229 market rate units on what had been publicly owned land in Mile End (owned by the Greater London Authority) on the understanding that 23 units, on the site of the old St Clements's Hospital site be transferred over to the new East London Community Land Trust.

Membership of the trust is open to anyone who lives, works or has strong active ties to a social institution in the area. Just £1 buys a share in the not-for-profit company. Membership is not the sole consideration when it comes to allocating a CLT home. An independent panel will decide who gets a home in keeping with the council's housing allocation policy. They will be local people with housing needs but enough income to buy a property.

According to the London estate agents Foxtons the average one-bed flat in the borough costs £301,504 and the average three-bed home costs £441,048. However, the prices of homes within the CLT are permanently pegged to median local incomes, meaning that the homes managed by the trust are affordable in perpetuity. As a consequence, a one-bedroom flat on the St Clements's hospital site is £125,000 and a three-bed home £240,000, opening up home ownership for many low income, working local people who would otherwise have no hope of

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<sup>3</sup> Osborne H, 'Asking house prices in London have risen by £80,000 since January' *The Guardian* 19 May 2014

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owning a home in their local area. Once successful in securing one of these CLT homes, whoever it is who purchases one needs to sign a contract agreeing to sell the home back to the CLT if they wish to leave, meaning that all of the units are forever owned by the CLT, meaning that they will be shielding from inflationary house prices and will be affordable for local people in perpetuity.

The East London CLT certainly has a number of advantages. Young families, responsible, in work, and who have lived in the local area all their lives, are now being granted an opportunity to own a home in their local area. Moreover, as was the case with Stretham & Wilburton CLT, the proposal was able to win the support of the whole community, passing through Tower Hamlets Planning Committee with unanimous cross Party support freeing up the wider development of over 200 market homes.

In both urban and rural settings, CLTs can address housing need. When the National Community Land Trust Network was formed in 2011 there were only a handful of CLTs, there are now approximately 170, it is thought that over 1,000 homes will have been provided through CLTs. Moreover, this is not to mention the market homes, linked to the affordable CLT units through the cross-subsidy formula that have come about as a result of community and council support that would have likely not been there without the CLT component.

CLTs have received support and political backing right across the spectrum. On June 4<sup>th</sup> 2014, over 130 delegates gathered in Parliament only hours after the Queen's speech that had set out the Government's plan for housing to officially launch the National Community Land Trust Network. The event was sponsored by Chair of the Defence Select Committee, Rory Stewart MP, and was also attended by the Planning Minister at the time Nick Boles MP, both passionate in their support for CLTs.

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However, despite the progress that has been made, a number of obstacles remain in the way of the CLT agenda that are preventing it reaching its true potential. CLTs need to be more than small scale, rarefied, feel good projects. They need to be a significant component of the national response to the housing crisis. To do this, a number of steps need to be taken.

Despite the successful launch of the National CLT Network and occasional warm words from relevant Ministers, there still appears to be a lack of widespread awareness of CLTs and the potential that they hold. In February a National Action Day is being launched by the National CLT Network in conjunction with Citizens UK to increase the prominence of the agenda, and a sophisticated lobbying campaign is also being developed for this very reason.

Catherine Harrington is the Director of the National CLT Network and is currently working on a number of recommendations that she hopes the three major political parties will bear in mind when drafting their manifestos.

*“CLTs are not the solution to the housing crisis but they have to be a much bigger part of it. The mainstream isn’t delivering the volume of homes we need or the homes people want. All political parties are trying to find innovative ways to achieve the levels of new supply that will make a meaningful dent in housing need and demand.*

*However, it’s not just the political parties and the housing sector that say we need more housing. It is communities themselves. Many communities want more housing, and more affordable housing, but housing that works for that community and is actually what local people can afford. That’s why more and more communities are setting up CLTs. They offer homes at a price linked to medium income, rather than market values, and are genuinely and permanently affordable for the local community.*

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*Whilst the number of new homes delivered by CLTs to date is dwarfed by the levels of new homes needed in this country, the fact that is sometimes forgotten is that CLTs are actually key to increasingly wider housing supply.*

*We know that if you give communities genuine influence and control over new housing, and not just 'consultation', they will get behind development and bring other members of the community along with them, instead of opting for the default position of being resistant to change.*

*East London CLT are working with developers Galliford Try and have taken a complex heritage scheme to planning in half the usual time, and achieved unanimous support at Planning Committee. This was because of community support provided by the CLT.*

*East Cambridgeshire District Council have chosen CLTs as the preferred method of delivering affordable housing in the district, after failing to see community support for rural affordable housing delivered by conventional methods. What we need now is for the political parties to see the potential for CLTs and community-led housing to the wider housing supply agenda and give the sector and these communities the support and prominence they deserve.*

*Catherine Harrington (Director, National Community Land Trust Network,*

The National Community Land Trust Network is working on their own manifesto ahead of the General Election, containing a number of key "asks" from central Government. Of the listed asks, I think the Conservative Party ought to seriously consider the following four "key asks":

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## RECOMMENDATIONS

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**A dedicated funding stream for community-led housing in every future Government Affordable Homes Programme.**

The Home and Communities Agency recently released their prospectus for the 2015-2018 Affordable Homes Programme, the funding for which amounts to over £3 billion. There is no specific funding set aside for community-led housing. This needs to change.

The 2011-2015 Affordable Homes Programme included a £25m pot for community-led housing, for which the National Network lobbied. However, the current 2015-2018 programme has no such funding and, as such, CLTs have to access the main programme and compete for funding.

**Encourage local authorities to set up 'local housing revolving loan funds', to provide accessible short-term development finance to community-led housing groups and SME builders.**

The fund would work by councils using the Second Homes Council Tax, New Homes Bonus or borrowing from the public works loan board, to lend to community-led housing groups and SME builders, just as they have done in Cornwall, and with significant success. However, for local authorities to be able to do this, we are also calling for the borrowing cap for local authorities to be extended.

**All new affordable housing in Garden Cities and urban extensions to be vested in a Community Land Trust.**

With the Government's announcement in December 2014 regarding plans for a 13,000 home New Market Town in Bicester, Oxfordshire, it is becoming increasingly clear that whatever Party is in power, New Market Towns are likely to play a significant role in meeting the

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country's housing need. Like CLTs, the original Garden Cities had trusts that owned and managed the assets and any uplift in land value has been for community benefit and not for private gain. There should be a requirement that 100% of affordable homes are vested in a CLT, to ensure that the homes remain permanently affordable.

### **A presumption in favour of communities on public authority and local authority land.**

Communities have not been effectively integrated into public land disposal plans and thus have had to make an invidious choice of selecting one of the bidders for the site. However, this has been a risky process for the community group, taking up considerable volunteer time and financial resources that are potentially abortive.

Although the East London CLT can now be judged as a success story, it was almost eight years in the making and the tendering process was extremely protracted. Initially the East London CLT bid was rejected. They went into partnership with a private developer, drew up detailed plans, but were unsuccessful in the bidding process; the procurement panel opted for Galiford Try. As it happens, Galiford Try were willing to go back to the drawing board with East London CLT and agreed for there to be a CLT element. However fresh plans needed to be drawn up that further delayed the delivery of new affordable homes.

There ought to be a presumption in favour of communities to avoid such delays in the future. National Good Practice Guidance on procurement of public land requires for a presumption in favour of the involvement of communities in the disposal and development of public land and assets, where there is a registered community-led-housing group that can meet local housing need or demand.

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### **Formation of an All Party Parliamentary Group (APPG) on Community Led Development.**

There needs to be greater recognition of the potential of CLTs to deliver the country's housing needs. The formation of an APPG could make a significant contribution to inserting the CLT agenda into the wider housing debate

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## CONCLUSIONS

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For me, there are four key reasons why, as Conservatives, we should support CLTs, both locally and nationally. They deliver community led affordable housing for working families that are struggling to continue living within the rural communities where they work and have been raised. Moreover, due to being community led, and leading to results that clearly benefit the settled community, as well as fulfilling an unmet housing need, CLT housing schemes are likely to win the support of the whole community in a way that the ordinary development applications on land outside the development envelope would not.

In the case of Stretham, not only have 15 CLT units been provided, but also 35 market homes. These would not have come about without the CLT element which won over the community. Therefore, CLTs should also be viewed as a mechanism of freeing up development in rural areas more generally, and playing a key role in meeting the housing challenge.

As demonstrated through the Stretham case study, CLT-led applications also lead to good quality, well thought out homes and communities. Both the CLT units and the market component of the development will not be identikit homes. They have been designed by the community for the community.

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In the case of urban CLTs, as in rural examples, community support has been won for significant development. Moreover a number of affordable units have been provided to local people to help them remain in their local area. However, what is clear is that the challenges faced by rural and urban CLTs differ, and the approach and model really do need to be led locally.

Important also is the need to balance increasing opportunities for local people to remain living locally, while respecting and encouraging the aspirational urge to climb the property ladder.

Taken as a whole, CLTs offer the potential for the very real tension between the need to provide housing and cater for new communities to be balanced with the responsibility to respect local democracy and the needs of existing communities. Stretham is a rural community that has historically been very anti-development, as demonstrated by the recent Mereham campaign.<sup>4</sup>

How refreshing that the CLT application passed with the overwhelming support of the local community. So much so, that many are now calling for a phase two to provide an extra 20 homes. Providing housing for local people and respecting local democracy need not be mutually exclusive.

CLTs offer great potential. Used and promoted in the right way, they can make a significant contribution towards tackling the housing crisis!

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<sup>4</sup> Gray L, 'New town refused planning permission', *The Telegraph* 30 Aug 2008