

National CLT Network

STATE OF THE SECTOR 2020



About us

The National CLT Network is the official charity and membership body supporting community land trusts in England and Wales. Our mission is to mainstream the community ownership of affordable housing and land. We provide funding, resources, training and advice for CLTs and work with the Government, local authorities, developers, lenders and funders to develop the market for CLTs.

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What is a community land trust?

Community land trusts (CLTs) are community led organisations set up and run by ordinary people to develop and manage homes and other local community assets, including community enterprises, food gardens and workspaces. CLTs design high-quality housing that is responsive to local housing needs. They act as the long-term stewards of CLT homes and ensure that they remain affordable in perpetuity.

Our data

The data used to compile this report is taken from the Community Led Homes database, the most comprehensive dataset on the sector.

The Community Led Homes programme is a partnership between ourselves at the National CLT Network alongside the Confederation of Co-operative Housing, Locality and UK Cohousing. It has been funded by the Ministry of Housing, Communities and Local Government, the Nationwide Foundation and Power to Change.

Data is sourced from community led housing groups, enabler hubs and funders. We currently have a good picture of where CLTs are, what they are currently working on and when they plan to complete their projects, which has enabled us to compile this report.

We are continually developing our database, working to fill gaps and keeping everything up to date and we encourage other organisations working in the community led housing sector to share data with us.

We invite you to get in touch with us to find out more about anything you read in this report, to request datasets, or to share your data with us to enhance the picture we have of community led housing in England and Wales.

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This report was made possible by the support of our Corporate Partners



FOREWORD

What began, ten years ago, as a few pioneering projects is now a niche housing market.

Community land trusts have built over 1,000 homes and have nearly 7,000 more in the pipeline. They're putting land and housing in community ownership, stewarding it for the long-term wellbeing of their local communities.

CLTs are also stewarding and developing other land uses, including community shops, enterprise centres, food growing spaces and ecological landscapes. These activities could be the subject of another market report; here we focus just on housing.

This report tells you where CLTs are, what homes they are building and how they are innovating.

CLTs are active where they're most needed, in both the least affordable and the most left-behind communities in the country. They're able to achieve planning permission and community support in the most sensitive locations. They're pioneering new approaches to affordability, to the net zero concept, and to modern methods of construction.

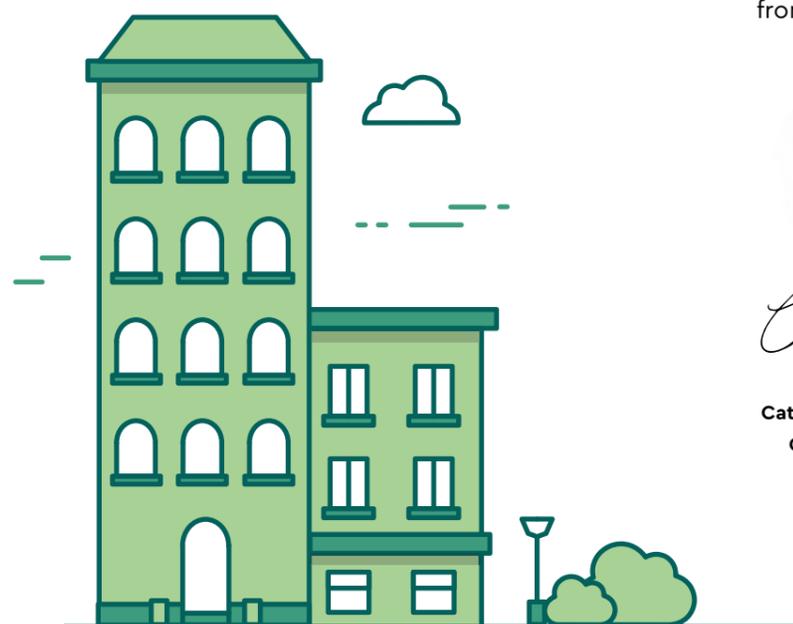
This market can deliver with the right backing from partners and lenders.



Catherine Harrington
Chief Executive



Tom Chance
Chief Executive

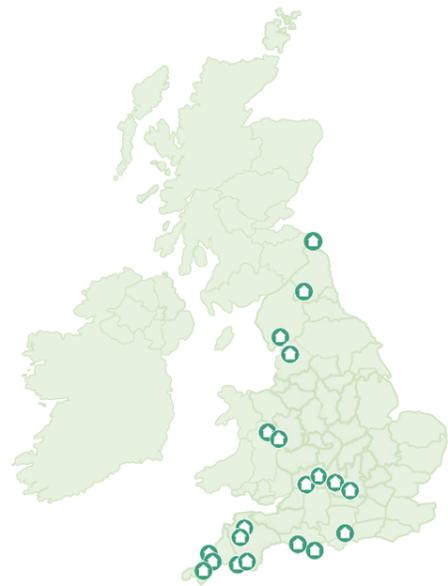


THE CLT SECTOR AT A GLANCE

CLTs are growing in number and developing in every corner of England and Wales. They are delivering homes at a faster rate than ever before.

There are more active CLTs than ever before

Between 1983 (when England's first CLT was formed) and 2008, 79 CLT homes were completed. The period 2008 to 2020 saw that number increase more than tenfold to over 1,000 homes. Now with nearly 7,000 CLT homes planned for completion in the next 5 years we can see the extraordinary rate of growth in the CLT sector.



20 active CLTs in 2008



347 active CLTs in 2020

There has been a tenfold increase in the number of CLT homes since 2008

79

CLT homes built by 2008

1,062

CLT homes built to date

CLT groups are taking on multiple projects and planning a high number of homes in the next five years

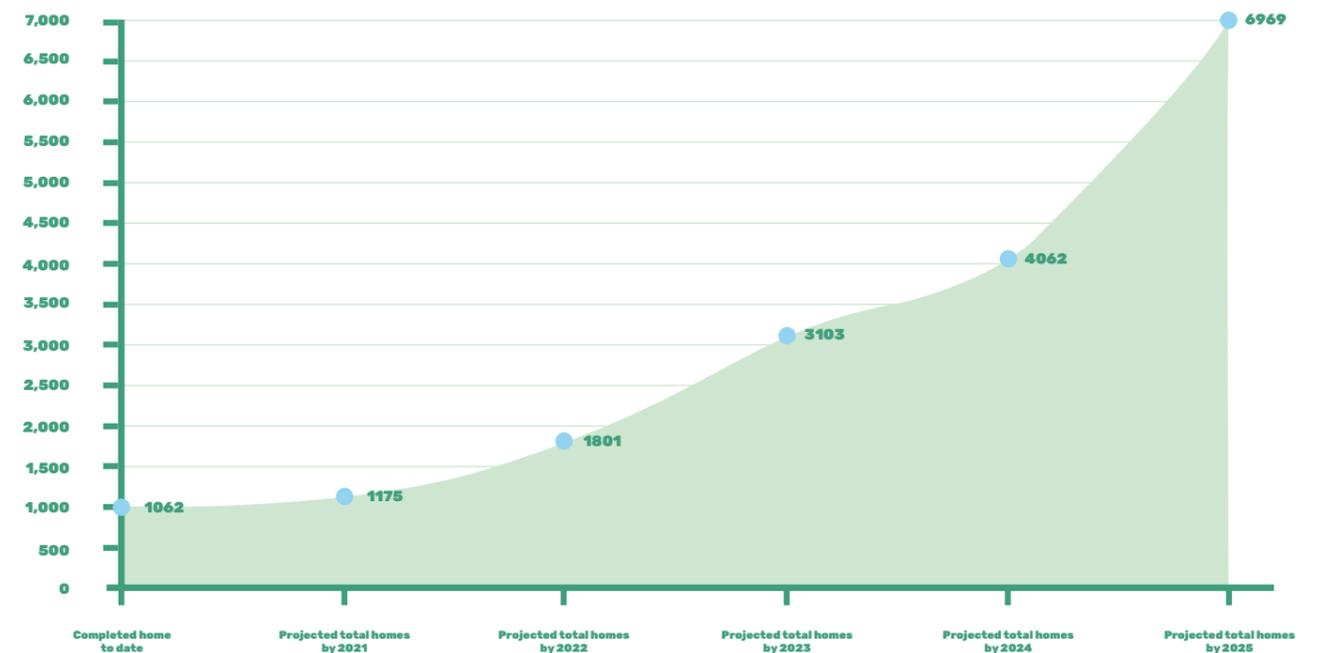
507

CLT projects in development

6,969

CLT homes planned over the next five years

Number of homes in the pipeline over the next 5 years



CLTs are adaptable. They make use of different types of sites depending on the needs of their community and the availability of land. Some CLTs, like the St Martin's project on the Isles of Scilly, deliver one or two homes as properties or land become available. Others, like Kennett CLT, are working on Garden Cities to deliver hundreds of homes (in Kennett's case it's 500 homes).

CLTs are developing larger schemes than they previously did

26

Average number of homes per pipeline CLT project

12

Average number of homes per completed CLT project

Trends in CLT activity:

CLTS EXIST IN A WIDE VARIETY OF COMMUNITIES



- CLTs provide solutions to the housing crisis in a diverse range of communities.
- CLTs tend to exist in the most unaffordable parts of the most unaffordable regions.
- CLTs also tend to exist in the most deprived parts of the most deprived regions.

CLTs form where they are most needed.

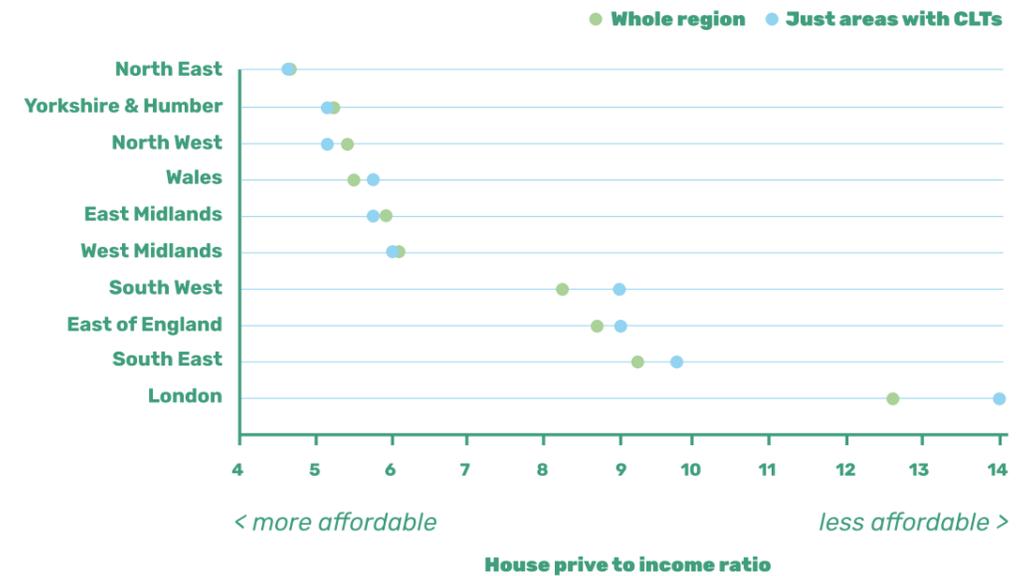
CLTs aren't just developing homes. Their projects are creating social value. These added benefits include empowering communities, improving knowledge and skills, building more homes and at better densities, reducing displacement and meeting the needs of marginalised communities.

This is happening in areas where change is most needed: the most unaffordable neighbourhoods and the most deprived neighbourhoods.

Unaffordability

CLTs exist in the least affordable parts of the least affordable regions

Areas with a higher house price-to-income ratio are unaffordable to all but a few. This can mean people are priced out of the area they grew up in, or unable to live close to where they work. Many CLTs are focused on solving these problems.

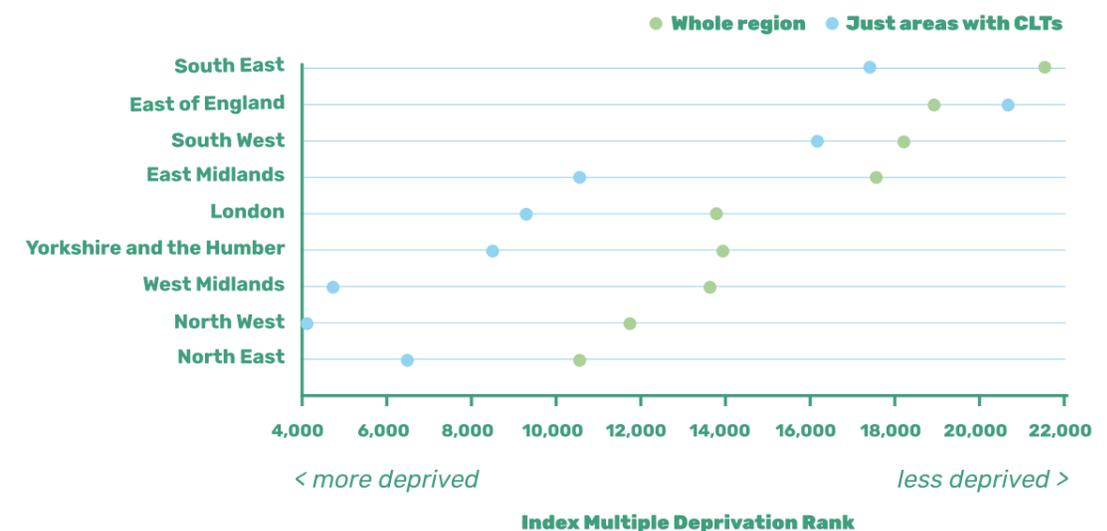


Deprivation

CLTs exist in the most deprived areas of the most deprived regions

CLTs address issues of affordability in the most unaffordable parts of the country but they are also proven to help 'level up' some of the country's left-behind places; renovating homes to a superior standard, bringing empty homes back into use, providing jobs and strengthening communities.

The Index of Multiple Deprivation looks at housing quality and the availability of local amenities. The lower the score, the more 'deprived' the area is thought to be. These areas often suffer from higher rates of dereliction as a result of empty homes and poor quality housing.



Trends in CLT activity:

CLTS DELIVER AFFORDABILITY USING STANDARD MARKET TENURES

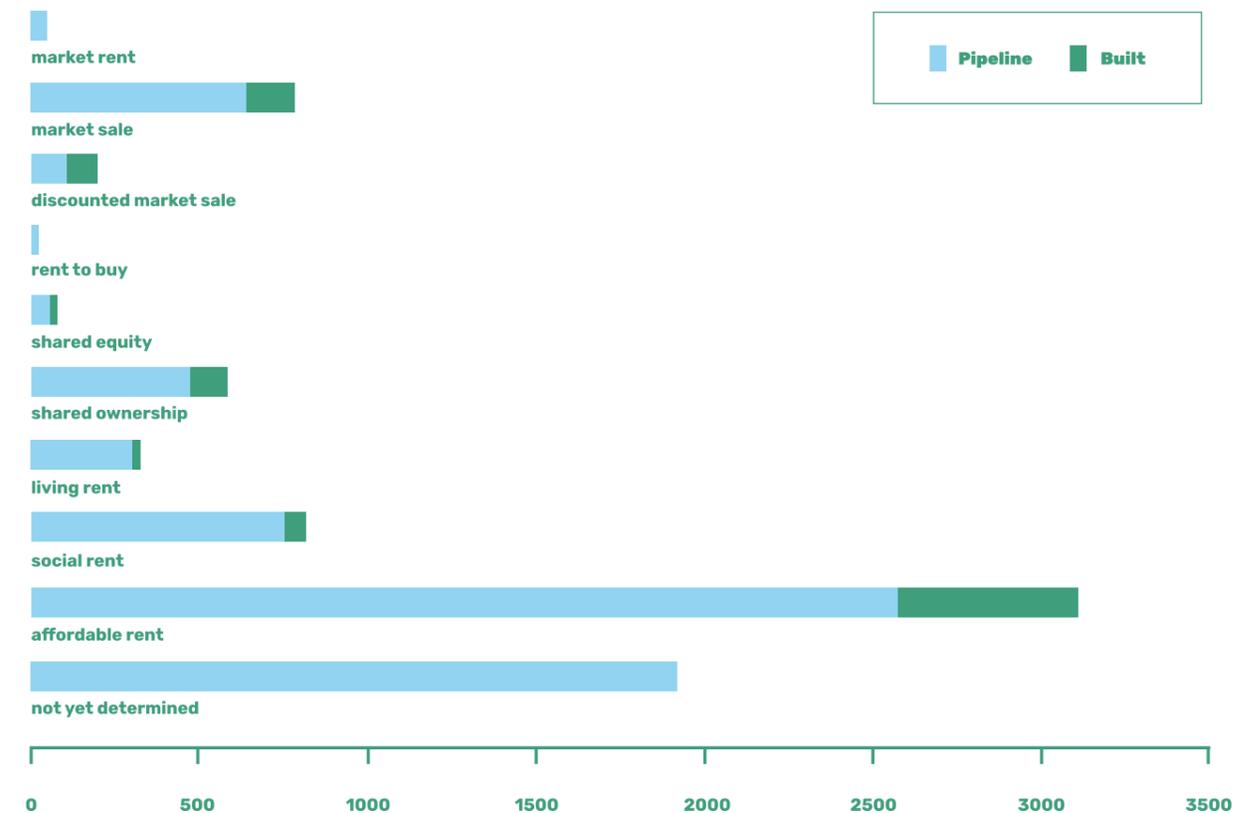


- CLTs use a variety of standard market tenures
- CLTs choose tenures to suit the specific needs of their community

CLTs use a variety of tools to address the specific issues facing their communities.

Affordability is a key driver for CLTs. The CLT approach may be unfamiliar to some, but the tenures they often use to achieve affordability are anything but. CLTs often use standard tenures, whether they are developing homes for rent or sale. The use of standard tenures is particularly important when building homes for sale and securing mortgage lending. The following chart shows the various tenures that CLTs are planning to use, or have already used.

Tenures used by CLTs



Both completed CLT homes and pipeline CLT homes use a variety of standard tenures to achieve affordability.

To determine what type of housing is needed in a specific area, CLTs look at things like housing needs surveys, local income levels and underrepresented housing types in their community. There is a big opportunity for mortgage lenders to finance delivery of these homes alongside the market rent and sale homes that are often used to cross-subsidise more affordable homes.

Keswick Community Housing Trust recognised that their community lacked affordable home ownership properties, resulting in them building 16 shared ownership homes. By electing not to charge rent on top of the mortgage costs they have been able to provide the security of ownership at a price that local residents could afford.

Leathermarket CBS in South London (zone one) developed a scheme of 27 social rented homes on under-used space on their council estate, helping to reduce overcrowding and under-occupation in their existing homes, and providing an affordable alternative to private renting.

CLTs can also combine tenures in a single scheme to address multiple issues at once. Stretham and Wilburton CLT recognised that their community needed both homes for sale and homes for rent. And so they developed their scheme as 23 affordable rent homes, 8 shared ownership homes and 44 market sale homes to plug the various gaps in local housing stock.

Sometimes the issues a community faces cannot be addressed through a standard tenure and a CLT must innovate a solution. The next section of this report will detail how some CLTs have pioneered solutions to national housing problems.

Trends in CLT activity:

CLTS INNOVATE LOCAL SOLUTIONS TO NATIONAL PROBLEMS



- CLTs are market leaders of Discount Market Value sales
- CLTs are early-adopters of Modern Methods of Construction
- CLTs are pioneering sustainability

CLTs offer much needed competition and innovation.

There is a general consensus that the current housing market isn't working. Not only are there too few homes being built (especially affordable homes), but there is also very little choice. CLTs create the high-quality, sustainable and affordable homes that their communities want and need. Examples include pioneering forms of affordable home ownership, adopting modern methods of construction, and embedding sustainability into their projects. The following page highlights some examples of market-leading CLTs.

Market-leaders of First Homes using Discount Market Value sales

Lack of affordability means the security of home ownership is out of reach for many people. Discount Market Value (DMV) sales address this by offering homes at below-market values.

St Minver CLT

The parish of St Minver in Rock, Cornwall has a higher than average rate of second home ownership and a thriving holiday lettings industry which have raised local house prices too high for many local people to afford to buy homes. St Minver CLT countered this by providing Discount Market Value homes for sale set at one third of open market value, enabling Rock residents to get on the housing ladder.

12 DMV homes in Phase 1, 8 DMV homes & 4 affordable rented homes in Phase 2 / Phase 1 completed 2008, Phase 2 2011

London CLT - St Clements project

Higher average house prices in London means that a discounted market sale based on average house prices would not deliver genuine affordability. London CLT based the discounted market rate of their homes on average median incomes in the area instead, meaning a 2-bedroom property costs £182,000 where elsewhere in the same development a non-CLT 2-bed would cost £550,000

23 DMV homes / Completed in 2017 / Now working on 4 more projects

Early-adopters of modern methods of construction

CLTs embrace modern methods of construction to create the high-quality homes their communities need.

Herstmonceux CLT

Herstmonceux CLT's Strawberry Fields project in East Sussex is using modern methods of construction to ensure the homes they build are of the highest-quality and reflect the needs of the local community. Their 'landscape-led' approach means they'll work with the natural rural environment ensuring their homes are generously-sized with plenty of outdoor space whilst maintaining low long-term maintenance costs integrating contemporary and future technologies from the start.

7 homes / Mix of affordable & market tenures / Planning consent achieved May 2020

Hook Norton CLT

Hook Norton CLT, located in Oxfordshire, is developing at a rapid pace having only formed in July 2019. They are addressing the lack of affordable housing in their village with low energy homes. To achieve this the CLT will be using modern methods of construction to build the homes to passivhaus standards - delivering low-energy, high-quality homes - and linking up with a microgrid to make use of the local energy supply.

Will build 12 homes & a community space / Planning received May 2020 / Due to complete December 2021

Pioneering sustainability

CLTs embed sustainability into their projects to make sure their homes are fit for the future.

Swaffham Prior CLT

In 2017 Swaffham Prior CLT saw some local unused land that could be used for a renewable energy system for their village. The CLT has received £2 million in government funding to install an underground renewable district heating system for the entire village instead of just house-by-house. This scheme will pioneer a whole-community approach to sustainability and could be a model for future renewable energy projects.

Funding awarded in April 2020 / Planning permission expected Autumn 2020 for a project start in 2021

Cornwall CLT

Cornwall CLT go above and beyond the UK basic building standards by using a charter in their construction standards guide ensuring all of their future build projects incorporate high-standards of energy-efficiency and ecology. Because the CLT also requires their projects ensure affordability, this charter highlights a forward-looking attitude to sustainability - that energy-efficient homes are also more affordable to run.

Includes 20 planning and building requirements in addition to UK basic building standards

Trends in CLT activity:

CLTS COUNTER NIMBYISM, UNLOCKING LAND AND HOMES



- CLTs reduce planning risk by countering NIMBYism
- CLTs can achieve planning permission in places where private developers fail, such as in Areas of Outstanding Natural Beauty

CLTs can often gain local support for new development where private developers fail.

CLTs counter the NIMBYism that can often block development, by offering the beautiful, high-quality homes communities want and can trust at a price local residents can afford. This reduces planning risk.

Spotlight on the South West:

We can see the positive impact CLTs have on development by looking at South West England as an example. The results of the 2018 British Social Attitudes survey showed that South West England has above average opposition to house building. The region has the largest number of Areas of Outstanding Natural Beauty and these beautiful landscapes have helped to make second-home ownership increasingly desirable.

This high proportion of second-home ownership has raised house prices beyond the level many local people can afford leading to a lack of trust around the development of new homes which are feared will also be out-of-reach to locals. The map below shows CLTs are adept at getting planning permission in these particular spots by gaining local trust and support.

Area of Outstanding Natural Beauty

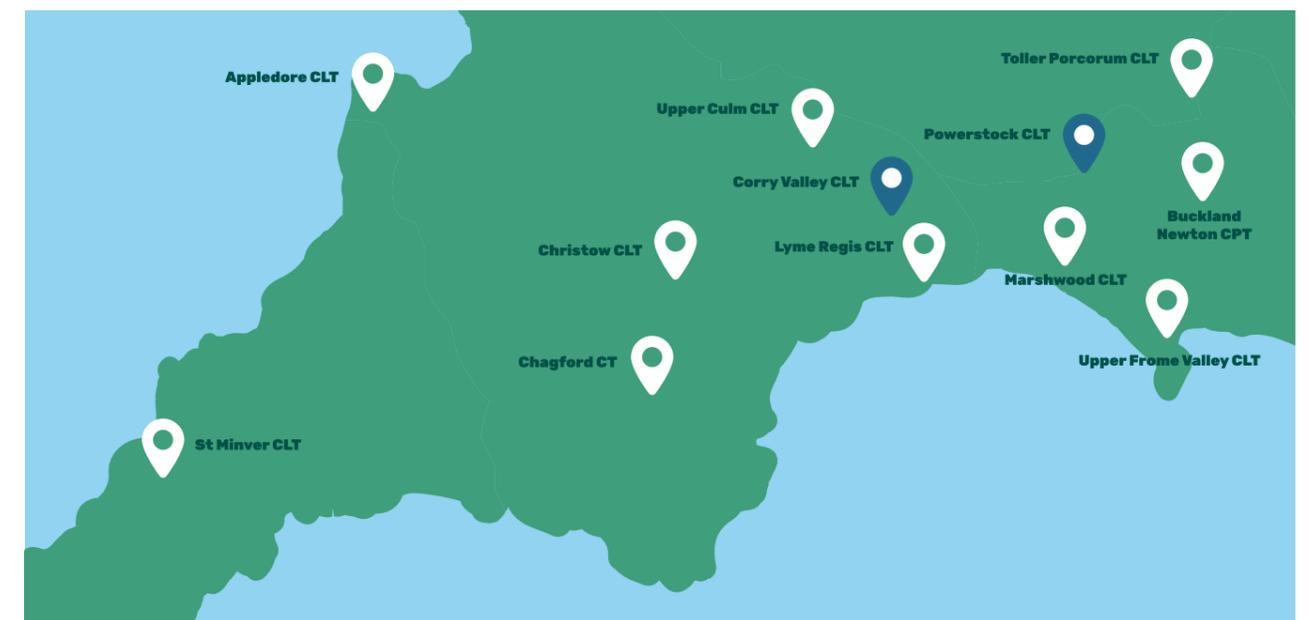
(Devon) Appledore CLT, Corry Valley CLT, Upper Culm CLT, Christow CLT (Dorset) Toller Porcorum CLT, Upper Frome Valley CLT, Marshwood CLT, Lyme Regis CLT, Buckland Newton CPT (Cornwall) St Minver CLT

Conservation Area and Area of Outstanding Natural Beauty

(Dorset) Powerstock CLT

National Park

(Devon) Chagford CT



Powerstock CLT, Dorset

Powerstock CLT persevered with a site that a private developer would see as too difficult – down a long access road, in an Area of Outstanding Natural Beauty, in a conservation area, next to a Grade 1 listed church, overlooked by a scheduled monument, and with sitting tenants! The scheme of 8 affordable homes was completed 2019.

Corry Valley CLT, Devon

Since the landowner of this site wanted to avoid any negative publicity for selling land for development they sold to a CLT. Only a CLT could keep the community informed at every step of the process, gaining support and reassuring the landowner.

It's clear from the many examples of CLTs in National Parks and Areas of Natural Beauty in the South West that CLTs can gather critical local support for planning applications. It is our ambition to investigate this subject further by gathering more data on planning applications and local support to enable a comprehensive review nationwide.

DEVELOPING THE MARKET FOR CLTS

With the number of CLTs growing at a fast rate it is vital that they can engage with the wider housing, land and finance markets to realise their ambitions.

We are developing the sector infrastructure which provides high quality advice and support, and engage with the wider market infrastructure to ensure CLTs can access the land, finance and partnerships they need.

SECTOR INFRASTRUCTURE

CLTs are supported by a strong national infrastructure of local enabler hubs and trained advisers.

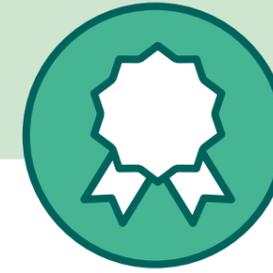
The expansion of the CLT sector relies in part on local enabler hubs becoming financially sustainable organisations. CLTs rely on high-quality advice and support to develop homes more quickly. This support comes from local enabler hubs, with trained advisers available to hand-hold groups through the process.

The support infrastructure for CLTs has grown over the last ten years to the point where enabler hubs now cover all counties in England and Wales except for four. The National CLT Network has been instrumental in this growth, establishing the CLT Umbrella Fund 2013-16 funded by the Tudor Trust, supporting Power to Change and the Nationwide Foundation on their grant programmes for enabler hubs, and jointly establishing the £3m Community Led Homes Enabler Hub fund 2019-2020 together with our partners the Confederation of Co-operative Housing, Locality and UK Cohousing.

Enabler hub staff have been quality assured by a CIH-accredited training programme, introduced as part of the 2019-2020 Community Led Homes

programme. This training programme ensures all community led housing advisers have the same minimum standard of knowledge covering all stages of development, from forming a group to construction to managing properties. This means that all CLTs, no matter where they are located, can receive the same high-standard of support. There are now 67 accredited advisers working in England and Wales with 96 more enrollments who are expected to be accredited in the next year.

As well as the training and accreditation programme, the Community Led Homes programme has provided additional support to help enabler hubs become financially sustainable organisations – with help creating business plans and identifying investment opportunities. Enabler hubs are also paid in arrears so their work pays off when, and if, groups are successful. For a regional network like this to embed and be sustainable more time is needed. A renewal to the Community Housing Fund to continue the support from the Community Led Homes programme is essential.



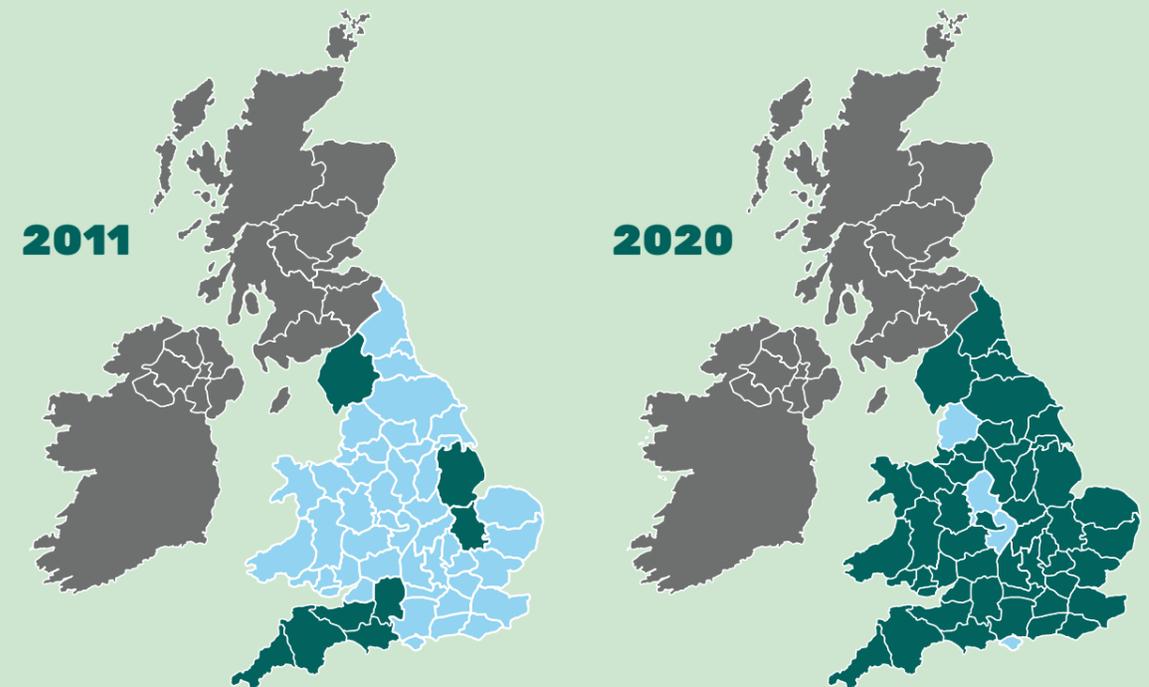
67

Number of accredited advisers



96

Number of pending accreditations



Hub coverage in 2011 and hub coverage in 2020. Blue represents cold spots where there was or is no hub.

FINANCE AND FUNDING

There's a small committed eco-system of finance and funding for CLTs but it's not enough to deliver the ambitions of the sector.

CLTs use a cocktail of funding including grant-funding, community shares, development loans or equity and - when developing homes for sale - retail mortgage lending. In recent years a small but committed eco-system of funders has developed to deliver the 1,062 CLT homes we now see but more will be needed to deliver the nearly 7,000 homes in the pipeline.

Grant funding

The united voice of the National CLT Network, Locality, Confederation of Co-operative Housing and UK Cohousing helped secure the largest injection of funding the sector had ever seen, via the £60 million a year Community Housing Fund.

From July 2018-March 2020 this funding was awarded by Homes England directly to community led housing projects in the form of capital and revenue grants and has contributed significantly to the large pipeline of projects we now see.

Envisaged as a five-year fund, delays have meant the fund was only open to bids for 18 months. An extension to the Community Housing Fund is not only vital to ensure CLTs can deliver on the pipeline but is also good value for money. Recent independent research by Capital Economics showed that over thirty years, each £1 of public support delivers £3.10 of benefit when health and benefit savings, wellbeing and income distribution benefits are allowed for.

The fund is also operated in London by the Greater London Authority, and closes in March 2023. We have also continued to discuss funding with the Welsh Government, pressing for innovative housing funds to be open to the nascent CLT sector in the nation.



Lending market

The lending market for CLTs is currently made up of a variety of organisations.

While some CLTs develop in partnership with housing associations which have their own financing arrangements, CLTs that go it alone have tended to go to a niche market of ethical lenders.

The principal CLT lenders have included, but are not limited to, the Ecology Building Society, Triodos Bank, Charity Bank, Unity Trust Bank, CAF Venturesome and Resonance. Below is some detail about two of our Corporate Partners, Ecology Building Society and Triodos Bank, and their experience of the CLT lending market.



Ecology Building Society

- Many CLTs have sustainable design at the heart of their vision, aligning to Ecology's mission.
- Currently have £4 million worth of loans supporting the CLT sector, of which £1.75 million are in loans to CLTs themselves, and £2.25 million in mortgages to residents.
- Mortgagees include the residents of London CLTs St Clements project, which was highlighted in section five of this report on 'innovation'.
- They are in active discussions with a further 20 CLTs in England and are also in discussions with similar community led housing organisations in Scotland.

Triodos Bank

- £5 million worth of loans outstanding in the CLT sector.
- £41 million invested or in the investment pipeline across the community led housing sector.
- Triodos have seen a significant jump in interest from projects at the funding stage over the last 12 months.
- Alongside pure lending Triodos also provide advisory, financial modelling and capital raising services to CLTs.

These committed lenders will support the delivery of some of the homes in the pipeline, but more is needed to fully realise the sector's ambitions. The First Homes policy represents a tangible commitment to housing that delivers on genuine affordability and the large pipeline of potential CLT homes is a huge opportunity for more lenders to work with CLTs.

**WORK WITH US
TO MAINSTREAM
THE COMMUNITY
OWNERSHIP OF
AFFORDABLE
HOUSING & LAND.**



