



# The potential for Community Land Trusts (CLTs) in Wales (incorporating current consideration of a prospective Gwynedd CLT)

Nic Bliss (Confederation of Co-operative Housing) &  
Alan Fox (Cornwall Community Land Trust & National  
CLT Network) - June 2014



## Executive summary

The Confederation of Co-operative Housing, the national representative body for co-operative housing in England and Wales, was asked, in February/March 2014, as part of its call-off service to the Wales Co-operative Centre, to outline and consider the proposed Gwynedd CLT project and draw conclusions from this project and other activity of a similar nature in Wales about potential for CLTs in Wales.

The report identifies that community-led housing may be able to make a particular contribution to rural housing need in Wales through their inherent local community support unlocking development sites in ways that otherwise may not come forward. At a time of decreasing public resources, community-led housing offers an option where local communities identify and develop their own housing solutions, thereby potentially creating local support for new homes that otherwise in some cases might not be developed.

The report identifies fledgling Community Land Trust activity in Wales in Gwynedd, West Rhyl, Hay on Wye, Presteigne, Howey and Cwm Harry. The *umbrella* CLT proposals in Gwynedd, a primary focus of this report, could potentially be replicable in other *deep* rural areas in Wales. The other CLT models being explored elsewhere are not considered in detail in this report, but they too could be replicable in other areas of Wales. This report concludes that CLTs potentially comply with the Welsh Government's definitions of the co-operative element of their co-operative housing support programme in that:

- a) CLTs are required in their legal definition to have a community membership open to people who live or work in the area that control the CLT
- b) schemes in urban and semi-urban areas also have the potential to develop schemes where residents of homes developed can be involved in the management of their homes
- c) umbrella CLT schemes can be established in rural areas which can incubate local community-led housing activity over time

The report sets out what the Welsh Government and its partners may look out for in emergent CLTs in order to consider their compliance with co-operative housing criteria. We point out that what makes community-led housing different is that their local community memberships are able

to make local housing decisions. Schemes being in compliance with the Welsh Government co-operative housing criteria may be important should they seek revenue, capital or loan funding in relation to that programme. The report suggests that the Welsh Government may particularly be able to help developing CLTs through:

- access to some revenue start up support through the Wales Co-operative Centre call-off contract
- investment and strategic support for a revolving loan fund for co-operative/community-led housing projects in Wales
- ongoing policy guidance and support to assist local authorities to use innovate approaches towards developing affordable housing on Rural Exception Sites
- where a viable affordable housing scheme has been identified, assistance in dialogue between prospective community-led housing schemes and potential local authority/housing association partners

The report outlines consideration of CLT proposals by partners in Gwynedd (Gwynedd County Council, Grŵp Cynefin and Snowdonia National Park), summarising an outline draft business plan produced by Resonance Ltd and a legal structures report prepared by Anthony Collins Solicitors. The report make suggestions on how to progress development of the Gwynedd CLT proposals and draws heavily from the experiences of the umbrella Cornwall CLT, set up in similar circumstances to Gwynedd, which has developed significant numbers of affordable homes in Cornwall since it was set up in 2006.

### **Cornwall Community Land Trust – key facts**

- established in 2006 through Cornwall Rural Housing Association (CRHA), revenue start up funding was provided by Cornwall County Council and the Tudor Trust
- its seven member Board includes representation from funders, CRHA and local stakeholders (including one local CLT Board member)
- it has open membership for residents of Cornwall
- formation of local CLTs and local activity is central to Cornwall CLT's aims and aspirations. This has enabled local support with most of the CLT's developments on Rural Exception Sites.
- Cornwall CLT and CRHA's strong relationship operates through a service level agreement where the CLT identifies and develops sites and local CLTs and CRHA provides support services and facilities

- Cornwall CLT provides discounted affordable homes for freehold sale through covenants that ensure permanent affordability and ongoing local allocations; homes at social and affordable rents; and mixed schemes with both approaches; Cornwall CLT also supports the development of other community assets such as a community farm for Lands End Peninsula CLT.
- Cornwall CLT and Cornwall Council jointly operate a £4m revolving loan fund that has enabled scheme development
- to March 2014, Cornwall CLT has supported the development of 126 affordable homes in ten local CLTs with a further potential pipeline of 140 homes

With an aim of this report being to provide resources that could be drawn from for the development of CLTs in Wales, various Cornwall CLT documentation is provided as appendices to the report.

Our assessment is that CLTs could make a useful contribution to tackling the significant and growing housing need that exists in rural communities in Wales as part of the overall co-operative/community-led housing programme being developed in Wales. We have identified ways in which the Welsh Government may be able to assist in the development of CLTs through their co-operative housing support programme to enable communities work in partnership with their local authorities and housing association partners.

## 1 Introduction

1.1 The Confederation of Co-operative Housing, the national representative body for co-operative and mutual housing in England and Wales, was asked, in February/March 2014, as part of its call-off service to the Wales Co-operative Centre (WCC), to:

- outline and consider the proposed Gwynedd CLT project
- particularly examine whether and how the Gwynedd proposals relate to Welsh Government criteria for co-operative housing
- provide some support services to assist in project development
- draw conclusions from this project and other activity of a similar nature in Wales about potential for CLTs in Wales

1.2 The project's support services to Gwynedd CLT have been provided by Alan Fox, Cornwall CLT's Project Manager, working as a representative from the National CLT Network. Alan was particularly asked to carry out this work in the light of Cornwall CLT's successful and ongoing development of community controlled affordable housing through what is now a self-sustaining intermediary organisation. Alan's work programme has included:

- detailing the structure and activities of Cornwall CLT with a potential view to its approach being adapted for use in Gwynedd and possibly elsewhere in Wales
- providing information about the relationship between Cornwall CLT and Cornwall Rural Housing Association with a view to enabling a relationship between Gwynedd CLT and Grŵp Cynefin as a potential local *host* association
- summarising how Cornwall CLT's revolving loan fund works and how it could be adapted for use by the proposed CLT
- participation in discussions about fundraising for Gwynedd CLT
- presenting to Snowdonia National Park, as a potential partner to Gwynedd CLT, on the work done by Cornwall CLT

1.3 Anthony Collins Solicitors were separately contracted by WCC to provide outline legal advice on governance and other options for the proposed Gwynedd CLT.

1.4 This report summarises the outcomes of the project and includes the following:

	Subject	Page
	Executive Summary	2
1	Introduction	5
2	A discussion on Community Land Trusts in Wales and their relationship with the Welsh Government co-operative housing programme	7
3	Analysis of Cornwall Community Land Trust	15
4	The proposed Gwynedd Community Land Trust	20
5	Community Land Trusts in Wales and Welsh Government criteria	28
	Appendices (contained in separate document)	
1	Cornwall CLT – revolving loan fund summary	
2	Methods of disposal used by Cornwall CLT	
3	Cornwall CLT and CRHA – service level agreement	
4	Example Cornwall CLT development services contract	

## 2 Community Land Trusts in Wales

2.1 The statutory definition of a CLT is a corporate entity:

- 1 established for the purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets in order:
  - to provide a benefit to the local community; and
  - to ensure that the assets are not sold or developed except in a manner which the Trust's members think benefits the local community
- 2 that is established under arrangements which are expressly designed to ensure that:
  - any profits from its activities will be used to benefit the local community (otherwise than by being paid directly to members)
  - individuals who live or work in the specified areas have the opportunities to become members of the trust (whether or not others can also become members)
  - the members of a trust control it

2.2 The National CLT Network describes CLTs as “non-profit, community-based organisations run by volunteers that develop housing, workspaces, community facilities or other assets that meet the needs of the community, are owned and controlled by the community and are made available at permanently affordable levels”. They go on to describe the following features of CLTs:

- they are community-controlled and community-owned
- they have an open democratic structure
- they provide permanently affordable housing or other assets
- they are not for profit
- they have a long term stewardship role

- 2.3 The National CLT Network identifies about 160 CLTs (primarily in England but some in Wales), ranging from fledgling organisations to those who have developed homes and assets. Some have developed in partnership with existing housing associations, whilst others have developed as independent entities that secure capital and other funding from various sources.
- 2.4 A purpose of this report is to assess the CLT model in relation to the Welsh Government co-operative housing support programme criteria.
- 2.5 The Welsh Government has made a specific commitment to a “new bold and ambitious co-operative housing movement” and this programme is leading to the development of a number of pioneer projects in many areas of Wales. A stakeholder group to the project defined the following “measures of success” to projects that are considered part of the programme:

- they meet housing need
- they provide democratic community membership
- that membership is involved in the governance of the co-op
- projects provide one or a combination of rental co-operatives; market value co-operatives; or limited equity co-operatives
- the quality of homes developed is equivalent or better than current Welsh standard for social new build housing
- quality of place is demonstrated through social, economic and environmental sustainability
- schemes provide flexibility to be accessible and attractive to a range of incomes of households, including those who are able to finance an equity stake in their home and those on low incomes
- schemes provide mixed communities with flexible tenures
- models of co-operative housing in Wales are fundable

- 2.6 The phrase *co-operative housing* is intended to refer to frameworks that comply with the Welsh Government criteria. These frameworks are also sometimes known in England as *community-led housing*, *custom build housing*, or *mutual housing*, and for the purposes of this report and the Welsh Government co-operative housing programme, these phrases have the same meaning.



- 2.7 The Welsh Government has provided revenue support to help promote and develop pioneer community-led housing projects through WCC including to this project. With growing interest in the Welsh Government co-operative housing support project, this revenue support funding has recently been extended for a further two year period (until March 2016).
- 2.8 Capital support funding and resources to developing schemes has been provided through the Welsh Government's existing capital funding arrangements to Registered Social Landlords, with negotiations taking place supported where appropriate through the WCC call-off contract.
- 2.9 The Welsh Government has indicated willingness to explore new Registered Social Landlord registration (ie. to facilitate an independent community-led housing organisation obtaining Welsh Government capital funding) where a strong case can be made to do so. To date, no groups have requested registration because most are still in a formative state. All of the existing pioneer schemes are being developed in partnership with an existing Registered Social Landlord, and there may be advantages and disadvantages for each of them to seek their own RSL registration. In the future, it may be the case that independent bodies may seek registration.
- 2.10 Various groups have emerged in Wales that identify themselves as CLTs. These include the following:
- **Gwynedd CLT** is currently proposed as an *umbrella* CLT, similar to the existing Cornwall CLT which is described below, whose aim would be to facilitate the development of local housing solutions. The proposed approach could be potentially replicable and desirable in other deep rural areas, where it would not be possible to build sufficient numbers of homes at any one time in villages or settlements to make the development of a local community-led scheme viable from the outset.
  - **West Rhyl CLT**, working in partnership with Denbighshire County Council and North Wales Housing Association, is developing homes to regenerate the run down West Rhyl area and funding has recently been agreed for an initial housing scheme. Following support funding from the Wales Co-operative Centre, West Rhyl CLT is establishing a sub-group made up of tenants of the homes developed with a view to them managing their homes as a co-operative incubated within the CLT. Because sufficient

numbers of homes are being developed in the local area, this approach enables the active involvement both of (a) the wider West Rhyl community which has an interest in the area and of (b) the tenants of the homes who have an interest in the services they receive in their homes as tenants. This approach is detailed in a separate CCH paper written for West Rhyl CLT and WCC.

- an emerging Affordable Housing Group in **Hay on Wye** has developed a partnership with a local Community Interest Company to explore development of affordable homes in what is a high value area. Again there are sufficient numbers of homes being projected for development in the town to justify a similar approach to that taken by West Rhyl CLT.
- **Home Presteigne** Co-operative (incorporated as a Community Benefit Society) aims to provide affordable homes of various tenures for local people. With support from the local Rural Housing Enabler, the local Town Council, the CLT Network's CLT Fund and Wales Co-operative Centre funding, they are currently carrying out local consultation, exploring possible sites and investigating partnership arrangements with a local housing association. They are investigating a CLT model developed by Wessex Community Land Trust Project where the CLT owns site freehold, granting a long term lease to a housing association to enable them to raise the finance to build homes.
- a small scale CLT at **Howey** started with a focus on growing produce and providing environmental benefits for the community. Their site included a derelict building that has been converted into two affordable homes that are managed by a housing association.
- a representative from **Cwm Harry** CLT participates in the Welsh Government stakeholder group. They have been involved in various environmental projects and are currently supporting some of the above local CLTs in Mid/North Wales and the Marches. Cwm Harry wishes to explore using income from other community ventures to support other activities, including affordable housing.

2.11 These schemes will potentially comply on different levels with the Welsh Government definitions of the co-operative element of their co-operative housing support programme as follows:

- the overall schemes are co-operative in that they potentially have community memberships which have at least some involvement in governance.
- schemes in urban and semi-urban areas provide the potential to develop sufficient numbers of homes to enable co-operative housing solutions like the West Rhyl scheme (of a similar nature to the earlier Welsh Government pioneer projects being developed in Cardiff, Newport and Carmarthen), which will enable the local community to participate in the CLT and those housed in homes developed to participate in the management of their homes where applicable.
- umbrella schemes, of the type set up in Cornwall and elsewhere in England, and proposed for Gwynedd, are intended to incubate local community-led housing solutions in rural areas to be developed over a period of time.

There are currently seven Umbrella CLTs in England, delivering 91% (105 homes) of the Homes & Communities Agency's current Community-led Housing Programme. Their purposes include:

- a) providing hands on face to face support for communities wanting to set up CLTs
- b) explaining legal and other options to communities and helping them to develop viable business plans and schemes
- c) providing advice on funding, building and managing affordable homes, workspace and environmental benefits
- d) being a single point of contact for the CLTs
- e) providing advice and support tailored to the economy, market and environment of individual communities
- f) building relationships with key stakeholders, including local authorities, town and parish councils, housing associations, landowners and local funders.

## The potential to contribute to meeting rural housing need in Wales

2.12 The 2008 Joseph Rowntree Foundation Commission on Rural Housing in Wales identified the need for a range of responses to meeting rural housing needs in Wales. It identified:

- population growth in rural areas up to 2001 that had been stronger than in other areas of Wales, although "almost all" of this population growth had resulted from net in-migration

- a net loss of young people from many parts of rural Wales – most pronounced in north-western areas
- a proportion of poor quality housing stock that was higher (in 1998) in some rural areas than the national Welsh average
- in 2007, high house price to local earnings ratios in all local authority areas in rural Wales

2.13 Housing that is community-led may be able to make a contribution to tackling these problems through the mobilisation of local communities to provide their own self-help solutions. Local community involvement can enable a range of local housing solutions in rural areas that otherwise may not come forward without local community leadership. The clear local community support inherent to community-led housing for such development proposals can assist in the development of schemes through:

- enabling local community support for development on Rural Exception Sites. The experience in England has shown positive local support for such activity where it is intended that the local community will have a major role in the design, ownership and in some cases management of the homes developed, particularly with regards those homes being allocated to local people. The issue of Rural Exception Site development is discussed below.
- cross subsidy of affordable housing through market sales, where local community understanding of scheme finance and the need to cross subsidise is important in establishing local community support for this approach.
- the release of land for housing development by local landowners (both private and public landowners), where landowners are prepared to release land sometimes at sub-market costs where they are satisfied that doing so will provide affordable housing for local people in perpetuity.

2.14 Community-led approaches potentially mobilise local communities to make a contribution to meeting local housing need through bespoke local affordable housing solutions ranging from social rent to intermediate sale. They may be particularly helpful in providing critical mass and technical skills to make individual schemes viable which otherwise might be difficult in sparse/remote communities. They may also be particularly of relevance where there is limited housing association interest in developing affordable housing in rural communities because of high upfront costs, unpredictable delivery and difficulties in managing dispersed stock.

## Developing homes on Rural Exception Sites

- 2.15 The JRF Commission identified that many rural housing stakeholders considered the planning system to be too restrictive – “placing more emphasis on the protection of natural spaces rather than dealing with the welfare of rural communities”.
- 2.16 The need to provide affordable homes in rural areas has generally driven new approaches in recent years to Rural Exception Site development in England, with most community-led housing development in rural areas in England taking place on Rural Exception Sites. In some cases, these developments have been funded, at least in part, through small numbers of new homes sold on the open market. This type of approach is now being promoted in England's National Planning Policy Framework and has been adopted in several Local Development Plans.
- 2.17 To date, development on Rural Exception Sites in Wales has been comparatively modest and almost exclusively for affordable housing (eg. 100 affordable housing units were delivered on Rural Exception Sites in the whole of Wales in 2012/13).
- 2.18 However, decreasing grant allocation alongside increasing rural housing need is leading some local authorities in rural Wales to consider innovative approaches. For example:
- **Monmouthshire County Council** has included development sites for up to 15 homes on 19 sites in 17 villages in their proposed Local Development Plan. The sites will be required to provide 60% affordable housing for local people (social rent and low cost home ownership) alongside 40% market sale housing. With limited recent opportunities for open market activity in the area, this approach is attracting interest from developers and landowners, who will be able to realise over and above agricultural and exception site value, but below housing open market value with the added requirement to provide affordable homes and to design homes that fit with the vernacular of local settlements.
  - **Isle of Anglesey County Council** used land it owned, leased on a peppercorn rent to a housing association, to subsidise the development of 10 affordable homes on a Rural Exception Site. It is now seeking partners to develop homes in three pilot areas to

enable 235 market sale homes to subsidise the development of 93 affordable homes – the latter on Rural Exception Sites.

- 2.19 The Gwynedd proposal suggests comparatively high levels of market sales to subsidise affordable housing in Rural Exception Sites. Whether this approach, and other similar approaches elsewhere in Wales, will be acceptable will be reliant on local authority Local Development Plans and their approaches to meeting housing need. Debate between local authorities and the Welsh Government about *departures* to Rural Exception Site policies is likely to be ongoing.
- 2.20 In turn, local authority policies on Rural Exception Sites will be dependent on community support. Housing proposals that are led by the community are an important means of achieving local support. The local autonomy and control available through community-led housing (eg. particularly on allocations to local people, design and on defining local affordability) may secure local support for development in ways that local authorities and housing associations, which may be perceived to be remote from local communities, may not.

### 3 Cornwall Community Land Trust

3.1 This section outlines the development and activities of Cornwall CLT. Cornwall exhibits the characteristics below that make it similar to Gwynedd, and which may make the ways in which Cornwall CLT was established and now operates indicative for Gwynedd and other rural areas of Wales:

- it is a *deep* rural area, made up of villages and settlements, with the occasional small town
- the population is justifiably proud of its distinctive community identity, both across the whole county and in each of its local community areas
- the market sale of many homes in the area to in-migrants has resulted in many people in the indigenous community being priced out of the market
- the local economy is characterised by extremes of affluence and relative poverty, with limited local employment opportunities
- it suffers from challenging transport links across the county and to other parts of the UK

3.2 The Cornwall CLT project was set up through Cornwall Rural Housing Association (CRHA) in 2006, with funding from Cornwall County Council (the Council providing almost half of revenue funding requirements in the first two years) and the Tudor Trust, alongside some additional top-up funding from DEFRA<sup>1</sup>. It was registered as an independent Industrial and Provident Society with charitable rules in 2007, with a Board consisting of representation from its funders, CRHA (who act as the “host” housing association), and other local stakeholders.

3.3 It has an open membership where anyone living in Cornwall aged over 16 can be a member for the nominal cost of £1. Members of

---

<sup>1</sup> In Cornwall CLT's first two years, Cornwall Council and the Tudor Trust provided start up grant funding of £50K per annum. In the third year, alongside some ongoing Tudor Trust funding, Cornwall CLT was provided revenue participation loan funding from Venturesome of £40K that is repayable on a quarterly basis when Cornwall CLT achieves a quarterly income of £20K. Approximately £16K of the loan remains outstanding. With regards its core funding, Cornwall CLT is now self-financing, although Cornwall Council chose to fund an additional staff member in 2013 for a period of two years to assist in supporting the CLT's long term sustainability.

local CLTs are encouraged to become Cornwall CLT members, but with the benefit of hindsight, Cornwall CLT considers that they could have done more to encourage more local CLT members to take advantage of that opportunity.

- 3.4 Shareholders elect the Board, although the number of beneficiaries who can become Board members is restricted to one third due to charitable rules. Currently there are seven Board members (one is a CRHA Board member, and one a local CLT Board member).
- 3.5 Cornwall CLT's aims were to develop permanently affordable intermediate and other housing (and potentially other community assets) through establishing both a county wide CLT and local CLTs. It has supported the development of five autonomous local CLTs, with whom its only contractual arrangements relate to technical assistance and development agency agreements. CRHA also signs development agreements and loan agreements with local CLTs and works with them to develop local lettings plans.
- 3.6 Cornwall CLT and CRHA see the formation of local CLTs as central to their work, even where the size of projects is small. For example, St Ewe Affordable Homes Ltd was set up in a parish with the smallest number of households in Cornwall to deliver two homes for social rent and four for discounted sale. The local community were heavily involved in the design process, and the group they set up continues to work with Cornwall CLT and CRHA. Even where the local community does not wish to set up a local CLT, Cornwall CLT will work with a local steering group and the option remains open for a group to be established to take stewardship at a later date.
- 3.7 Cornwall CLT's relationship with CRHA has been important to their development. For a new organisation without assets, it would have been difficult and expensive to raise development finance for projects. Cornwall CLT and the local CLTs have benefited from CRHA's financial input and from its reputation for providing high quality homes and housing management standards. CRHA has benefited from the sites and projects that have been generated by Cornwall CLT and the local CLTs (most of which have been on Rural Exception Sites). This symbiotic relationship between CLT and housing association partner has also been the experience of most of the other seven existing and three developing umbrella CLTs in England.



3.8 As a small specialist rural housing provider, CRHA's ethos lent itself to working with Cornwall CLT and their relationship has been about seeking the right bespoke practical approach that will achieve the development of local community housing schemes.

3.9 Cornwall CLT and CRHA have agreed an annually reviewed Service Level Agreement (see Appendix 1) where CRHA provides Cornwall CLT with spacious and good quality office accommodation at a very reasonable cost, a range of administrative and office support services, and the use of CRHA to submit bids and grant claims to the Homes and Communities Agency. Under the agreement, Cornwall CLT provides the following services:

- identification of potential sites and acquisitions
- participation in community consultation events
- liaison with planning officers, housing enablers and consultants
- advising on appropriate procurement options
- identifying sources of development finance, including loans and grants
- preparing scheme viability appraisals and reports
- project management of development programme
- preparation of bids and grant claims to the Homes and Communities Agency and Cornwall Council
- effective marketing of property disposals on joint schemes

3.10 Cornwall CLT also provides development agency services to CRHA, other housing association partners, and local CLTs on specific schemes (an example of an agreement for these services is shown at Appendix 2). CRHA have also front funded some CLT schemes to enable practical completion, and in two projects, CRHA has also provided unsecured development loans and a loan guarantee for local CLTs. More recently, Cornwall CLT and local CLTs have worked on projects where the CLT retains the freehold of sites that are leased on long leases to CRHA (or other housing association partners).

3.11 Cornwall CLT, the local CLTs and CRHA have provided a variety of housing solutions that have included:

- discounted affordable homes for sale to local people. Cornwall CLT uses covenants on freehold sales to enable permanent affordability and to ensure that the local CLT has control over future allocations. Appendix 2 sets out how Cornwall CLT have found the use of covenanted sales to be most appropriate method for CLTs to provide affordable homes for sale.
- homes at social or affordable rent which would be owned and managed by CRHA
- mixed tenure projects consisting of both of the above

- 3.12 Cornwall CLT's revolving loan fund was developed as a means of using Cornwall Council's significant borrowing powers to provide loan funding at cost to local CLTs for use as short term development finance, for the purchase of land or property, or for the construction of new homes.
- 3.13 The idea grew from a previous secured interest free loan made by North Cornwall District Council to St Minver CLT (the first local CLT established by Cornwall CLT). The initial £1m revolving loan fund facility was established between Cornwall CLT and the County Council using documentation that had been used with St Minver. It provided secured loans at 1.5% interest, with no arrangement fees, set up costs or non-utilisation fees.
- 3.14 Now operated by Cornwall CLT and the unitary Cornwall Council, the revolving loan fund facility has been increased from £1m to £4m, recognising the important role it has played in the local housing investment strategy in the provision of intermediate homes in the area. The loan interest rate has also been increased to 4.1% to ensure cost neutrality to the Council. Applications are developed through Cornwall CLT and are approved by a project group in the Council. Further details of the revolving loan fund are set out at Appendix 3.
- 3.15 The revolving loan fund has helped Cornwall CLT to build up a pipeline of schemes that have provided an income stream through which the CLT is now self-financing.
- 3.16 Since 2007, Cornwall CLT has successfully developed 128 affordable homes. 62 of these homes have been developed with 5 local CLTs and 66 have been developed through Cornwall CLT working with

local communities. Of these homes, 102 have been for covenanted sales and 26 for rent.

Scheme	Local group	Sales	Rental	Completion
Blisland – Percy's meadow	CCLT	6	7	April 2008
St Minver – phase 1	St Minver	12		December 2008
St Ewe	SEAHL	4	2	January 2011
St Teath - Brambleside	CCLT	10	6	March 2011
Blunts – Den's Meadow	CCLT	6	2	August 2011
St Minver – phase 2	St Minver	8	4	December 2011
Lizard – Henry's croft	CCLT	3		February 2012
Luxulyan	Luxulyan CLT	10		February 2012
Delabole – sidings	CCCIC	14		June 2012
Kelly Bray – Redmoor Park	CCLT	19	5	October 2012
St Just in Roseland	St Just CLT	8		October 2013
Chypons, Nancledra	CCLT	2		November 2013
<b>Totals</b>		<b>102</b>	<b>26</b>	

Cornwall CLT completed schemes up to March 2014

- 3.17 Cornwall CLT also has an ongoing projected pipeline of schemes (at March 2014) as follows:

Projected completion date	Sales	Rental	Total
2014	26	14	12
2015	51	31	82
Post 2015	9	9	18
<b>Total</b>	<b>86</b>	<b>54</b>	<b>140</b>

## 4 The proposed Gwynedd Community Land Trust

- 4.1 The population growth caused by net in-migration; the loss of young people; the problems of poor quality housing stock; and the high house price to local earnings ratio identified by the 2008 JRF Rural Housing in Wales report particularly apply in Gwynedd. The JRF report particularly identified in relation to Gwynedd:
- a lower home ownership rate (67%) by comparison to other areas of rural Wales and a higher rate of the social rented sector (19%)
  - the highest level of second and holiday home ownership (8%)
  - the lowest house price to local earnings ratio for rural Welsh local authority areas, although still comparatively high at 5.4%
  - the third highest rate of housing unfitness (10.5%)
  - the third highest homelessness rate in Wales (7 people per thousand)
- 4.2 Gwynedd Council's Homelessness Strategy identifies that Gwynedd was among the worst 10% with regards to housing deprivation and that 39.6%, 53.4% and 64.9% of first time buyers are priced out of the market for flats, terraced and semi detached dwellings respectively.
- 4.3 The Gwynedd CLT proposals seek to make a contribution to tackling these problems. An initial scoping study was commissioned by the Gwynedd Rural Housing Enabler Steering Committee. Its core members Gwynedd Council, Snowdonia National Park and Grŵp Cynefin have been actively pursuing a CLT idea since a successful study visit to Cornwall CLT in January 2013. Dependent on how the partners in Gwynedd choose to progress the initiative, local CLTs and other local stakeholders may become partners in due course.
- 4.4 Resonance Ltd has been employed by Gwynedd Council to develop a business plan for a potential Gwynedd CLT. The draft business plan they have developed proposes that Gwynedd CLT will be formed as a legal *umbrella* CLT that aims to complement other social and private provision of housing through providing affordable intermediate shared equity housing primarily through local sovereign CLTs or other local methods.
- 4.5 The outline business plan for Gwynedd CLT, drawn up by Resonance Ltd identifies the following purposes for the CLT:

- providing professional development services to create intermediate market housing subsidised by market sales
- acting as a steward of residential and non-residential properties through ownership, leasehold or equitable interests
- ensuring long-term community engagement
- facilitating the formation of local CLTs or co-operatives to act as stewards and/or the landlord for residential and non-residential elements of schemes

4.6 The business plan proposes that Gwynedd CLT would seek to generate local support and activity in all schemes. Wherever possible, it would support and facilitate local people to form groups with whom it will work in partnership to provide affordable homes. Local groups would be constituted and would operate in bespoke ways suitable to the local location. The following initial projects for the years 2016/17 have been identified:

	Scheme Locations	Shared equity homes	Devt cost incl. market sales
1a	Rhoshirwaun (1)	2	416,030
1b	Rhoshirwaun (2)	6	1,013,598
2	Efailnewydd (Cae Elfed)	3	722,373
3	Efailnewydd (Parc Yr Efail)	7	1,388,993
4	Llanllyfni/Maes Castell	5	1,222,144
5	Corris Uchaf (Eglwys Zinc)	2	447,996
6	Maes Y Pandy, Llanuwchllyn	4	439,252
	<b>Totals</b>	<b>25</b>	<b>4,935,572</b>

Further potential schemes have also been identified at Botwnnog and Bethesda, and further work is now being done by Grŵp Cynefin to assess viability of each of the above potential schemes.

4.7 Most of the potential schemes have developed from work carried out by the Rural Housing Enabler (Arfon Hughes) in each of the communities concerned. In particular he has worked with Community Councils in each of the areas concerned, attending public meetings, and facilitating local people to identify potential development sites and to explore local housing need. This work has also involved identifying local landowners in each of the areas (including Gwynedd Council and community councils) who are prepared to release land for development by a prospective CLT.

- 4.8 If the Gwynedd partners choose to progress the development of a Gwynedd CLT, this type of local community development work would be an important part of its development. The business plan proposals envisage that a dedicated Gwynedd CLT project manager, whose functions would be of a similar nature to those carried out by Alan Fox at Cornwall CLT, would be appointed who will be responsible for the CLT development programme.
- 4.9 The business plan proposes that an initial investment of £212,000 over two years would attract up to £3m in capital funding and deliver 200 new homes in the Gwynedd area between 2016/2021 – 133 of these affordable to purchase for wage earners who cannot afford to buy in the local area (25 in 2016/17).
- 4.10 The current intention is that the affordable homes developed will be shared equity at 60-70% of open market value. Distressed sales, Section 106 developments, self-build and co-developments with local landowners have also been suggested as possible options, and other activities could be possible.
- 4.11 The current outline draft business plan anticipates:

- 50% market sales subsidising the affordable housing developments, most of these in Rural Exception Sites
- development fees from market sales that would enable a minimum programme of 45 homes per annum (60% shared equity) which would be sufficient to cover £120,000 per annum operating costs and build internal reserves
- a need for initial start up grant alongside significant long term investment that would be repayable over 7 years
- a £1m revolving loan fund operated by Gwynedd CLT that would provide pre-development and development finance to local projects
- a viable business plan from year 7 onwards
- a 1% rent charge on unsold equity in the shared equity homes which could finance local CLT activities
- development of 133 affordable homes over a five year period

- 4.12 Sufficient information does not yet exist to determine the feasibility and viability of the business plan, and this falls outside the remit of the project funded through the Wales Co-operative Centre. The

partners in Gwynedd are still currently exploring their options, and whether and how they may wish to proceed with the proposals set out in the Resonance business plan. Subject to how they wish to proceed, they are also considering options for how to raise start up revenue, development and revolving loan fund resources.

- 4.13 Should the partners choose to progress with CLT proposals, Anthony Collins Solicitors (ACS) have produced a report outlining legal options for Gwynedd CLT, considering:

- the role of Gwynedd CLT and its relationship with stakeholders
- overall governance arrangements
- potential legal structures for Gwynedd CLT and local groups
- tax implications
- legal issues relating to administration and management
- hosting arrangements with Grŵp Cynefin

- 4.14 The ACS report highlights that Gwynedd CLT could be a wholly owned subsidiary of Grŵp Cynefin (dependent on what is permissible in Grŵp Cynefin's existing funding arrangements), a joint venture vehicle between various stakeholders, or a new and independent vehicle. Grŵp Cynefin are considering whether the functions of Gwynedd CLT could be performed through Cywaith, an existing Grŵp Cynefin regeneration subsidiary. The ACS report also discusses whether and how Gwynedd CLT could register as a charity and as a Registered Social Landlord with the Welsh Government.

- 4.15 The ACS report also briefly discusses the legal status of sovereign CLTs, pointing out that they could be independent or subsidiaries, and that they could be local CLTs, co-operatives or any other appropriate legal form. For the development to be considered a CLT, as a minimum, it would be expected that local groups would establish and operate their own allocations policies, deciding who would be prioritised for housing need and would set and control their own local definition of affordability. Normally it would be expected that there would be a range of other functions for local CLT groups.

## Progressing the Gwynedd proposals

- 4.16 The Rural Housing Enabler has asked us to identify recommendations, targets, priorities and a timeline for how to progress Gwynedd CLT.
- 4.17 Clearly how a potential CLT is progressed is dependent on how the partners in Gwynedd wish to progress and their views on whether and how a CLT should be established. We have set out some indicative potential next steps below:

Activity		Estimated completion date
Initial planning stage		
a	Clarification and agreement of aims and objectives of Gwynedd partners	June 2014
	Particular dialogue with Gwynedd County Council re. Rural Exception Site strategy	July 2014
b	Identification of resources available through the Gwynedd partners	July 2014
c	Formal agreement of Gwynedd partnership including development of decision-making structure	July 2014
d	Further development of Gwynedd CLT business plan	September 2014
e	Consideration of and development of external funding requirements if necessary	October 2014
Development stage		
f	Staff recruitment/identification	Autumn 2014
g	Formal development of legal structures	Autumn 2014
h	Development of Revolving Loan Fund	Winter 2014
i	Gwynedd CLT/ Grŵp Cynefin service level agreement	Winter 2014
j	Ongoing product development and market research	From Winter 2014 onwards
k	Local CLT development	
l	Ongoing initial scheme development	

- 4.18 With regards point (a), the primary partners in Gwynedd – Gwynedd County Council, Grŵp Cynefin and Snowdonia National Park – need to agree what their aims and objectives are in relation to setting up a Gwynedd CLT. From the meeting we attended with partners on 5<sup>th</sup> March 2014, we were not clear as to whether a CLT



approach, with the local autonomy that a CLT approach requires, or the more centrally determined Monmouthshire style approach, or combinations of both, would better suit Gwynedd's strategic housing approach<sup>2</sup>. In particular, an understanding of Gwynedd Council's approach to its Local Development Plan regarding development on Rural Exception Sites will determine what may be possible through a Gwynedd CLT. Clearly for a Gwynedd CLT to be established, all partners need to be fully committed to its aims and objectives.

- 4.19 With regards point (b), the partners need to identify the resources they have available to commit to developing a CLT. In particular, Gwynedd Council needs to identify if it is able and willing to provide revenue resources and to use its borrowing permissions to support a revolving loan fund in a manner similar to how Cornwall Council supported Cornwall CLT in its early stages. Grŵp Cynefin need to consider how they wish to support an emergent CLT, possibly considering the approach used between CRHA and Cornwall CLT. Further exploration needs to take place with Snowdonia National Park regarding how they may wish to support the project<sup>3</sup>.
- 4.20 With regards point (c), the partners need to establish a formal decision-making structure between them that is able to progress CLT development, with an eye towards the future governance structure for the CLT. The partners may wish to use the ACS legal structures paper and the options summarised in this report to assist in that consideration.
- 4.21 With regards point (d), there will be a need for further development of the outline business plan subject to decisions made by the Gwynedd partners regarding their aims and aspirations.

The outline business plan envisages an initial and immediate input of £212K revenue resources to enable CLT development. If these resources are available through the Gwynedd partners, they may choose to progress CLT development through these means. If these resources are not available locally, the partners will need to consider either whether they might be available from elsewhere or

---

<sup>2</sup> whilst local authorities have been active partners to the umbrella CLTs in England, they support CLT housing developments as well as continuing to support more conventional housing development

<sup>3</sup> all partners need to develop a clear understanding of what they would be expected to put into a Gwynedd CLT project and what outcomes would be generated as a result of the project. This would involve how impact would be measured and identifying risks and how those risks would be mitigated. These things would need to be part of a business planning process owned by all the partners.

whether there are alternative options for staff support for the project in the short to medium term<sup>4</sup>.

If the Gwynedd partners choose to progress the CLT project as part of the Welsh Government's co-operative housing support programme, they may wish to seek ongoing revenue support through the Wales Co-operative Centre call off project (that may, for example, enable Alan Fox to provide some ongoing support to the project).

Development of the business plan will also rely on further testing of the assumptions made in it, particularly to consider:

- whether assumptions regarding the existing proposed developments in the business plan are valid. Grŵp Cynefin is carrying out detailed investigation of the initial schemes proposed.
- a realistic assessment needs to be made by partners about future potential pipeline possibilities (ie. availability of future sites, local support for developments, political support, availability of finance etc)
- whether the income projected in the business plan is realistic (ie. will house sales generate £3.8K per property? Is it possible to rely on 1% income from shared equity?)
- the demand for the shared equity product proposed and whether this is affordable for the potential client market, and whether it will be possible for the client market to obtain mortgages for the product on sale
- how the CLT will prevent leaseholder enfranchisement
- what other products may be available through the CLT to enable it to meet local housing needs in a variety of ways

---

<sup>4</sup> a Gwynedd Umbrella CLT could also receive 3 days support from an existing Umbrella CLT as part of the National CLT Network's peer to peer programme for emerging umbrellas.

4.22 With regards point (e), once the Gwynedd partners have crystallised their answers to the first four points, they may wish to consider if they wish to seek resources from external sources. The next section explores the potential for resources from the Welsh Government, but the Gwynedd partners may choose to seek to augment their own resources from other sources of a similar nature to the resource support provided by the Tudor Trust and Venturesome to Cornwall CLT.

## 5 Community Land Trusts in Wales and Welsh Government criteria

5.1 During the course of this project, four potential areas were identified where the Welsh Government may be able to assist emergent CLTs:

- some revenue start up support, which, if applicable, will be provided through the Wales Co-operative Centre call-off contract in the same way that the CCH has provided the support of Alan Fox to the current Gwynedd project<sup>5</sup>
- investment support for a revolving loan fund. It may be possible to develop Welsh Government support for a revolving loan fund for Welsh community-led housing schemes, set up in a similar way to existing Welsh Government loan funds for empty homes schemes. A Welsh Government supported revolving loan fund could potentially attract the interest of institutional investors such as Aviva.
- ongoing policy guidance and support to assist local authorities to use innovate approaches towards subsidising affordable housing in Rural Exception Sites using market sales
- where a viable affordable housing scheme has been identified, assistance in dialogue between prospective community-led housing schemes and potential local authority/housing association partner

5.2 We would suggest that the Welsh Government consider the points below in relation to their co-operative housing support programme criteria in assessing the potential of Community Land Trust schemes.

5.3 **Meeting housing need** – clearly the Welsh Government would want to ensure that any housing programme they support will assist in meeting identifiable housing need and that the approach being considered is complementary to and supported by the local authority and other local stakeholders. Where CLTs have been successful, particularly *umbrella* CLTs, they have enjoyed local authority support and have usually had effective partnership

---

<sup>5</sup> The CCH's contract with Wales Co-operative Centre includes enabling access to a cross section of CLT expertise (identified in partnership with the CLT Network) meaning that, where appropriate, local groups may be able to choose to work with consultants who are appropriate to their needs.

relationships with housing associations. They have also developed bespoke housing schemes that potentially provide a suite of housing products, potentially from affordable intermediate homes (through sales, shared equity and rental) to homes for people on low incomes (through affordable and social rental housing).

- 5.4 **Meeting the criteria of the co-operative housing support programme** – if the Welsh Government wishes to support a CLT scheme as part of its co-operative housing support programme<sup>6</sup>, regard will need to be given to how the proposed project will meet the two criteria identified by the Welsh Co-operative Housing Stakeholder Group that apply specifically to co-operatives, namely that they provide democratic community membership and that membership is involved in the governance of the co-op. The following points need to be considered about how prospective CLTs intend to develop community memberships and involve them in governance (as required in the CLT definition):

- what are the membership structures for the proposed CLT? How are they open to all local people? How does membership enable local people to participate in decision-making? Are there realistic staffing and other proposals to enable members to participate?
- for *umbrella* CLTs, are there realistic proposals for developing local groups and can members of local groups have appropriate levels of autonomy? Is there sufficient staffing intended within the proposals to enable local activity?
- what is the relationship between the CLT and partner housing associations? Will this relationship enable sufficient autonomy for the CLT and any local groups?
- where there are proposals to develop a sufficient number of homes in any one location where the CLT has an ongoing relationship with the residents of those homes (ie. through lease or rent), what consideration has been given to how those tenants will be able to control the management of their homes?

---

<sup>6</sup> Or the Wales Co-operative Centre, if a CLT scheme is seeking revenue support through the WCC call-off contract.

- 5.5 The development of control and decision-making at the local neighbourhood, village and settlement level is what differentiates community-led schemes from the normal rental, shared equity, or sales activity of a housing association. For a scheme to be considered part of the Welsh Government co-operative housing programme, plans to develop local control and decision-making need to be realistic, achievable and genuine.
- 5.6 **A viable business plan** – clearly schemes that wish to receive support from the Welsh Government also need to be viable and fundable. In relation to CLT schemes, this particularly needs to include ensuring that there is sufficient income in the business plan to enable the CLT to become self-sufficient and that issues relating to enfranchisement have been considered and addressed.