



# CLTN SUBMISSION TO AUTUMN BUDGET 2024

## ABOUT US

The Community Land Trust Network is the official charity supporting Community Land Trusts (CLTs) in England and Wales. We are a membership body and represent 360 CLTs with over 2,000 assets, most of which are, and which have plans to deliver 7,000 more homes.

We are part of a wider community led development sector encompassing other forms of community led housing (such as housing co-operatives and cohousing communities), community energy and community business.

Collectively, this sector can help the government deliver on its manifesto commitment to double the size of the UK's co-operative and mutuals sector. The autumn budget represents an opportunity to work with our sector, as pledged, to address barriers such as accessing finance.

This submission is also endorsed by the Nationwide Foundation, established by the Nationwide Building Society in 1997 as an independent charity that influences changes to improve circumstances for those people in the UK who need our help most.

## THE CASE FOR COMMUNITY LED HOUSING

### Likely effectiveness and value for money

- Previous iterations of the Community Housing Fund effectively grew the potential pipeline of homes from 6,800 to 23,000, with a robust pipeline of 11,828 homes identified by Dr Tom Archer and Cathering Harrington in 2021<sup>1</sup>.
- A forthcoming review of the previous Community Housing Fund (enclosed) has found that only 5% of the 206 projects in the study sample had failed, with 27%

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<https://www.communitylandtrusts.org.uk/wp-content/uploads/2021/09/Delivering-the-Community-Led-Housing-Pipeline-in-England-Final-Copy.pdf>

either completed or under construction and a majority of the remainder with a secure site and a planning consent.

- The review also found that the Community Housing Fund had been very effective in catalysing the supply of over 4,222 homes in those projects, of which 90% were affordable.
- A 2020 study by Capital Economics<sup>2</sup> found that, when using a ten-year horizon each pound of public support delivers 1.8 pounds of benefit, rising to 2.7 pounds when health and benefit savings, wellbeing and income distribution benefits are factored in. This places community led housing support in the medium to high value for money categories.
- Many projects go on to obtain capital grants from Homes England or the GLA. The value of the revenue grant from the CHF is often, in effect, recovered in a lower capital grant requirement at this later stage. For example, Aster Homes calculated that on a development of 10 social rented homes its AHP requirement would be reduced by 64-100% of the value of the CHF grant, depending on how it is calculated. Aster, Homes England and local authorities in the South West believe that the CHF is highly effective in increasing Aster's reach in rural areas where they would be unlikely to develop without a CLT's leadership.

### Economic and sectoral impacts

- Community led housing provides additional housing supply, and in particular social/affordable rented homes which account for up to 75% of the pipeline. The sector is capable of reaching places others won't, for example - in Homes England's words - leading to a significant increase in social housebuilding in the rural South West, especially in protected landscapes; unlocking public land; and building on small, sensitive infill sites.
- The potential for community-led development has been recognised by ministers, by the Radix Housing Commission chaired by Kate Barker, and in recent years by the Bacon Review and the Building Better Building Beautiful Commission. A more diverse and competitive industry, with a greater focus on quality, will be essential to build 1.5 million homes in this Parliament.
- In the Capital Economics study, 6 in 10 projects were also providing non-housing amenities including renewable energy infrastructure, work space, shops, pubs and post offices with a direct benefit on local employment and economic activity; and other amenities such as community hubs, libraries and sports facilities.

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<https://www.communitylandtrusts.org.uk/wp-content/uploads/2021/08/999-final-report-capital-economics-housing-by-the-community-for-the-community-sept-2020-2.pdf>

Together, these help communities to build wealth that is retained in the local area.

- In an evaluation of a complementary £5.1m Power to Change programme focused in the Tees Valley, Leeds city region, Liverpool city region, West Midlands and West of England, CRESR found that as much as a third of development expenditure was on non-residential assets; that most projects were also helping people to find employment or providing training to improve skills to employment; and concluded that failing to continue the Community Housing Fund would have a ripple effect on the viability of projects and so stymie these wider benefits in terms of economic growth, wellbeing, living standards, housing and pride in place.<sup>3</sup>
- A UWE literature review demonstrated how a range of Community Led Housing models support healthy ageing, increase social capital and social cohesion, improve physical health, meet additional support needs and tackle multiple disadvantages.<sup>4</sup> Several studies have found that Community Led Housing groups and schemes increase feelings of social cohesion and trust in communities,<sup>5</sup> and decrease the loneliness of residents and volunteers.<sup>6</sup>

### Distributional and locational impacts

- Community led housing delivers housing for all income brackets, but mostly affordable housing, and of that mostly homes for social/affordable rent, so the sector primarily helps households on low incomes. A recent study by Dr Tom Archer, Ian Wilson and the Nationwide Foundation found that 9 in 10 community led homes - including those built by CLTs - cost no more than 35% of local household incomes<sup>7</sup>.
- Projects in the review of the Community Housing Fund were in every region of the UK, but were concentrated in regions with the greatest affordability pressures (London and the south) and in regions where the sector has been able to develop the most effective market infrastructure to facilitate delivery.

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<sup>3</sup> <https://icstudies.org.uk/repository/homes-community-hands-year-three-evaluation>

<sup>4</sup> <https://www.uwe.ac.uk/research/centres-and-groups/spe/projects/community-led-housing>

<sup>5</sup> <https://www.communityledhomes.org.uk/join-movement/more-housing>

<sup>6</sup> <https://www.communitylandtrusts.org.uk/news-and-events/tackling-loneliness-by-design/>,  
<https://cwmpas.coop/what-we-do/policy-publications/clh-schemes-during-lockdown/>

<sup>7</sup>

<https://nationwidefoundation.org.uk/wp-content/uploads/2024/01/Affordability-of-Community-led-Homes-FINAL.pdf>

- A study of CLTs in 2023 found that CLTs were disproportionately present in two types of place: those with the greatest affordability pressures, or those that are the most deprived areas in each region<sup>8</sup>.

### Environmental impact

- A 2021 study of a random sample of CLT projects found that they all met, and most significantly exceeded, local and national policy requirements for energy efficiency<sup>9</sup>, showing that community-led housing achieves high environmental standards and can help to develop regional supply chains for these technologies and techniques.
- Two other recent studies have found that community-led development promotes a circular approach to the built environment<sup>10</sup> and promotes sustainable lifestyles with lower carbon emissions<sup>11</sup>.

## PROPOSALS FOR THE AUTUMN BUDGET

1. A renewal of the Community Housing Fund, providing £50m in revenue grants for projects and the enabling infrastructure.

The Community Housing Fund was first announced in the Spring Budget 2016. After an initial round of funding for local authorities, £163m was made available to cover pre-development revenue costs and capital expenditure relating to site infrastructure (Phase 1), as well as the capital costs of acquiring land and building schemes (Phase 2), from 2018. A further £4m was allocated via the Community Led Homes partnership in 2021/22.

We note the effectiveness, value for money and impacts of this fund above.

A renewed Community Housing Fund, with £50m in revenue grants, could both aid the delivery of the existing pipeline of homes and continue to catalyse further supply.

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<https://www.communitylandtrusts.org.uk/wp-content/uploads/2023/03/State-of-the-Sector-2023-PRESS-1.pdf>

<sup>9</sup> [https://www.communitylandtrusts.org.uk/wp-content/uploads/2021/11/Leading\\_to\\_Net\\_Zero.pdf](https://www.communitylandtrusts.org.uk/wp-content/uploads/2021/11/Leading_to_Net_Zero.pdf)

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<https://www.circularbuildingscoalition.org/blueprint-projects/and-the-people-x-european-community-land-trust-network>

<sup>11</sup> <https://www.consciouscoliving.com/research-sustainable-coliving-cohousing/>

## 2. Release of the £20m of investment capital pledged in the Spring Budget 2024.

This money was pledged in the Spring Budget, and MHCLG has conducted an Expressions of Interest process and identified a preferred fund manager. This money now needs to be released. We are aware of projects that hang in the balance, that would be more able to proceed with site acquisitions and starts on site, if the money is released ASAP.

## 3. Invest in a new £11m Rural Social Housing Fund

We have worked with an independent social investment expert to develop a fund proposition to finance the work of regional enablers bringing forward rural community led housing with a focus on social housing. It would begin as an £11m fund over an initial 5-6 year investment phase, with a 6 year run off. Patient, unsecured loans would be invested via regional enablers with proven track records and support from local authorities and partner Registered Providers. The money would pay for their work to bring forward projects to the point where sites and planning consents are secured and Registered Providers will commit to partnering, recycling the funds at that point. It would catalyse a pipeline of around 1,000 homes, unlocking 22x additional capital to then complete them.

We are discussing the fund with two fund managers, and estimate that it would need at least £2m of the capital in the form of grants or first-loss capital to attract the other investors.

## 4. Invest in the long-term strategy for community-led housing

The Community Land Trust Network, Confederation of Co-operative Housing and the UK Cohousing Network jointly developed a long-term strategy to scale up community-led housing in the UK. This would deliver a longstanding mission of past governments to see the sector grow to a size in the UK equivalent to many other European countries. The strategy was discussed and endorsed by ministers in the previous government in September 2023, and is currently with the Housing Minister for consideration.

The strategy has three prongs:

1. Develop a cadre of delivery vehicles, such as the rural CLH enablers, capable of working with communities to deliver projects effectively and with high value for

money.

2. Create one or more investment funds for those delivery vehicles, attracting private and social investment to address the financial barriers the sector faces.
3. Enacting policy and regulatory reforms, such as planning reforms we are discussing with MHCLG, and continuing with leasehold reforms in such a way as to support more community led housebuilding.

We have proposed that the Government could catalyse this strategy with a £150m endowment to finance a business accelerator programme supporting new delivery vehicles, and to attract the private and social capital into the investment funds or vehicles they require to scale up their activity. We would welcome an indication that the government continues to back this strategy, and will take forward research to investigate the best means by which it can help the sector to achieve this step-change in scale.

The strategy resembles proposals such as Power to Change's British High Street Investment Vehicle, which will mobilise private capital to acquire failing high street assets and transition them into community ownership; and Power to Change and Better Society Capital's investment in CORE, a delivery vehicle that acquired six solar farms and transitioned them into community ownership. We would welcome the Cabinet Office developing a cross-departmental Community Ownership Strategy, at the heart of which would be the means to develop more of these delivery vehicles.

## OTHER ENABLING REFORMS

We have also written to the Housing Minister to propose other policy reforms which could increase the level of community led housebuilding in England:

- Using the forthcoming Planning and Infrastructure Bill to reform the planning system to reduce the length and uncertainty of the planning process, and the complexity, cost and information requirements, which the Competition and Markets Authority identified as the most significant barriers for SMEs.
- Through the bill and/or NPPF, the programme for New Towns and other means, require that provision is made for community-led development and self and custom build homes in larger-sized developments, as recommended by the

Letwin Review, to diversify the housebuilding industry and speed up delivery.

- Use the English Devolution Bill to introduce a Community Right to Buy with a revised definition of Asset of Community Value that accounts for economic and environmental interests, as well as social; and that covers land and buildings that could be used to further those interests in future with a change of use, as well as those assets with an existing community interest. This would help communities unlock derelict and underused land and buildings to develop new housing, workspace and other assets that will support economic growth and prosperity.
- To ensure that public asset disposals target the government's priorities such as economic growth and the construction of new social housing, modernise the legislation and general consent orders for local and combined authorities, Homes England and other public bodies to ensure 'best consideration' achieves the optimal use of public land, reflecting policy requirements such as those in the spatial plan and any set out by the Secretary of State.
- Implement the regulations relating to Schedule 3 of the Leasehold and Freehold Reform Act 2024 so that CLTs can obtain community housing certificates to protect homes from the threat of enfranchisement. This protection increases the willingness of landowners to sell to CLTs.