



Community Land Trust Network
34-35 Butcher Row, Shrewsbury, SY1 1UW

Alex Norris MP
Parliamentary Under-Secretary of State (Local Growth and Building Safety)
Ministry of Housing, Communities and Local Government
2 Marsham Street, London, SW1P 4DF

15th November 2024

Dear Mr Norris,

I am writing in support of your aims to promote community ownership and the co-operative economy, and to urge a much greater ambition.

Community Land Trusts have been cheered by your government's stated intention to empower local communities with measures such as a new 'right to buy'. I have had constructive and encouraging discussions with your officials about how this can be best designed.

But there is a much greater opportunity for you to - as Jim McMahon MP put it at your party conference - bring about "a top to bottom redistribution of power into communities and neighbourhoods".

In recent months I have been discussing this with councils including Birmingham and Liverpool, where councillors and communities recognise the opportunities not just to save existing assets but to redevelop and reimagine them - for example, rebuilding a community centre into a multipurpose hub and affordable housing - and to take a place-based approach drawing together assets of community value, sites allocated in the Local Plan, surplus public assets, high street investments and more into a cohesive community-led regeneration strategy. You may recall seeing a glimpse of this in your visit to Youlgrave CLT, whose 200 members have built affordable homes, created a community orchard and were trying for an anaerobic digester.

This kind of ambitious agenda for community-led renewal is not well supported by existing government policy on localism and community ownership. Funds are siloed with unnecessary restrictions on eligible activities. The much more substantial investments the government makes in place do not make any provision for community power or co-operative models. Powers for communities are narrowly drawn and misaligned with parts of the system that really shape and drive markets like the planning system.

What we need is analogous to your government's approach to industrial strategy set out in Labour Party papers and Invest 2035: a sustained collaboration between the public, community

and private sectors to meet societal goals, or missions; providing a direction for growth, increasing business expectations about future growth areas and catalysing activity that otherwise would not happen; building institutional capacity; building structures and ways of working which allow for holistic policy solutions, that cut across departmental boundaries and are transformational in scope; creating stable and certain policy direction to allow business and delivery partners to plan and make long-term (investment) decisions, with less policy churn; etc.

I have been discussing a long-term strategy for community-led housing with your colleague Matthew Pennycook. There are parallels with this long-term strategy he has endorsed and the wider agenda around community ownership.

I would urge you to incorporate the following three proposals into your government's approach:

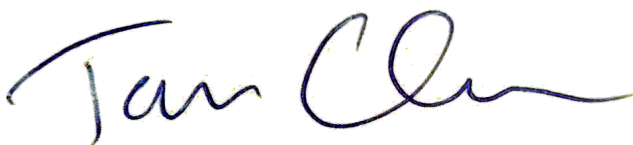
1. Design specific powers and funds like the community right to buy and the community ownership fund to enable community-led development in the broadest sense, to meet future needs and not just to protect existing assets.
2. Align more public funds, and seek to shape the investment of private finance, so that they result in more assets of all kinds in community ownership. There is a particular opportunity for place-based funding such as through Homes England and combined authorities.
3. Support the development of intermediaries able to move quickly and at scale, and to access lower cost private capital, to work with communities on delivering projects, alongside initiatives that directly fund community organisations.

I have described these in more detail overleaf. Taken together, they would bring about a transformation in the power and capability of communities to play a part in the national renewal. Community power would no longer be a niche interest, it would be a third arm of renewal alongside the private and public sectors.

I would be pleased to meet with you to discuss the above points, and to show you around another relevant CLT project if you wish to visit one.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in blue ink that reads "Tom Chance". The signature is fluid and cursive, with the first name "Tom" and the last name "Chance" clearly legible.

Tom Chance, Chief Executive, Community Land Trust Network

THREE COMPONENTS OF A COMMUNITY OWNERSHIP STRATEGY

Design broad community powers and funds

The proposals in the King's Speech, and described elsewhere, for a Community Right to Buy are positive. Gaining a first right of refusal, and a longer window than six months, would strengthen the hand of communities. But I have discussed with your officials two other changes that are needed for this to really support community-led development:

1. Redefine Assets of Community Value to consider the economic and social interests as well as social, and to apply to assets where it could further those interests in future as well as the existing use of assets. So, for example, a community could gain a first right of refusal to buy and redevelop a vacant plot into affordable homes and workspace, or to buy farmland adjacent to the settlement to promote nature restoration and provide new entrant farmers with opportunities to use agroecological methods.
2. Work with RICS to ensure that valuations are done in the public interest. This means, in the first instance, ensuring they are conditioned by applicable public policy such as the Local Plan, so for example a landowner cannot demonstrate a potential buyer willing to pay a higher sum on the assumption that they could wriggle out of requirements for affordable housing. It also means enabling asset owners, where appropriate, to use bases of valuation other than 'market value', such as 'equitable value', so they can fulfil their fiduciary obligations while negotiating a sale price that better meets the needs of the community bidder. In the case of purchases from public bodies, this means also modernising the rules around 'best consideration' to ensure that public bodies are under a duty to obtain the optimal value reflecting the full range of public policy considerations and not just the highest capital receipt.

The Community Ownership Fund (COF) and any other specific funds and powers should also be redrawn in a similarly broad fashion. For example, a number of community-led developments have been ineligible for the COF because they included too much housing, but this is both a key component of the business model for many projects and a dire local need. The COF shouldn't duplicate funds like the Affordable Homes Programme, but also shouldn't arbitrarily rule out certain forms of development if they are what the community needs.

The new Community Wealth Fund is an exception, where we support the campaign led by Local Trust to draw this narrowly to focus on building capacity and social connection in those places in the UK that are 'doubly deprived' - being both economically deprived and lacking the social spaces and connections to mobilise community action.

Align public and private finance towards community ownership

The Community Ownership Fund has been very welcome, but the government will miss a much larger opportunity if it only uses these niche funds to put power into communities.

For example, the annualised spend of the Community Ownership Fund if fully deployed would average £38 million. But in 2023/34 (for example) Homes England spent £3,400 million on housing and regeneration, and the ONS estimated total UK construction output of £221,256 million. If your policies could direct even 0.02% of that construction activity, or 1% of that Homes England spend, towards assets that ended up in community hands it would equal the contribution of the Community Ownership Fund.

Indeed, your department may already be doing this without quite realising. For example:

- We have estimated that the £27m of pre-development grants from the Community Housing Fund could result in community-led housing drawing as much as 3% of the Affordable Homes Programme, worth significantly more than the COF. This in turn is enabling communities to lever in many multiples of this in private capital, either directly or via partner developers and housing associations.
- We have also tracked over £2.5 million of funds from the towns fund, refugee housing fund and brownfield fund and other recent initiatives being accessed by CLT projects, and were community ownership a specific strand in these the potential would add up to more than the COF again.

There is a particular opportunity to wire community power into place-based funding. For example, in March the previous government announced a £67 million funding package to create two new residential neighbourhoods in Sheffield City Centre. Homes England is using this to assemble and enable five hectares of land for 1,300 new homes and 4,000 square metres of commercial space. But in a combined authority led by a self-styled 'co-operative mayor' there was no role for community and co-operative enterprise. The partnership could have directed the investment so that the freehold of some or all of the land was stewarded by Sheffield CLT, and enabled residents - through the CLT - to shape the plans as they emerge. A similar approach was taken by East Cambridgeshire District Council with the 500-home Kennett Garden Village, where the local CLT was a co-client for the masterplan, sits on the project board overseeing the development, and will be the steward of all the open space and amenities and a third of the affordable homes. The Sheffield partnership could have required a portion of the homes to go into a housing co-operative, as the GLA brokered - following a long CLT-led campaign - on the regeneration of St Ann's hospital in Haringey.

The government could also use tools like the planning system and new powers for combined authorities to require, incentivise and encourage these kinds of approaches that give communities agency and result in community ownership.

Support intermediaries

There is abundant research showing that tools like neighbourhood planning, community asset transfers and community ownership funds are not used to their full potential by the most deprived and disadvantaged communities in the UK. There is a disproportionate number of CLTs in these places, but they struggle to make progress.

A key part of our long-term strategy for community-led approaches to housing is to develop the market of intermediaries able to do the heavy lifting with, and for, communities. The majority of successful CLT projects - such as in Youlgrave - have involved regional intermediary organisations providing technical support and creating partnerships with capitalised market actors like housing associations. Internationally, places with high levels of community housing and other co-operative economic activity are characterised by the role of these intermediary bodies. Vienna doesn't have 200,000 co-operative homes because renters self-organised to build them.

We are now running a Growth Lab to support our sector to design new products and services to meet the different needs around the country. For example, an organisation based in the North East looked at how to scale up community-led regeneration of empty or underused properties in high streets in deprived towns. They found most existing community organisations lacked the skills, headspace and access to capital to progress the kinds of projects that might be supported by the Community Ownership Fund (and that many would be ineligible anyway due to the role of housing). So they are working, with the support of the councils and the combined authority, to create a regional developer that can step in to acquire and redevelop assets with those community organisations and transfer ownership.

Similar models have had success in other domains. For example, Power to Change and Better Society Capital set up the highly successful CORE intermediary which bought six solar farms and then transitioned them into the ownership of local community energy co-operatives. Power to Change has also advocated a British High Street Investment Vehicle to carry out a similar function to the concept being developed in the North East.

The government should support this strategy through a sustained collaboration with the sector to build this institutional capacity, and by designing policies such as the Community Ownership Fund or Homes England's future funds so that they are compatible with, and can actively support, the financing of these intermediary models.