

# Delivering Affordable Sustainable Housing



**COMMUNITY LAND  
TRUST FUND**

# What is a Community Land Trust?

**It is often difficult for people to find affordable accommodation in their local community.**

Community Land Trusts (CLTs) seek to address this problem by creating affordable housing and community resources through the co-operative ownership of land by the local community. Land is acquired by community groups (usually below its market rate) through public investment, planning gain or philanthropic or charitable gifts and is held in perpetuity by the local community.

The value of the land, plus subsidies and other equity benefits, is permanently locked in, on behalf of the local community and future occupiers, by the CLT. Local residents and businesses form CLTs in order to plan and deliver long-term affordable and sustainable development of this land, which will benefit the local area and its inhabitants for generations to come.

In 2008 an official definition of Community Land Trusts was laid out in the Housing and Regeneration Act 2008, Part 2, Chapter 1, Clause 79. This says that a Community Land Trust is a corporate body which:

1. is established for the express 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
- 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. is established under arrangements which are expressly designed to ensure that:

- any profits from its activities will be used to benefit the local community (without being paid directly to members)
- individuals who live or work in the specified area have the opportunity to become members of the trust (whether or not others can also become members)
- the members of a trust control it.

# How the Community Land Trust Fund came about and who is involved

The Community Land Trust concept emerged in the United States in the late 1960s, and some early successes meant that community groups around the world were keen to adopt the CLT model. In England and Wales interest in the model has escalated with a number of projects currently in development. Whilst enthusiasm and commitment are still running high it has become clear that CLTs are encountering two barriers that prevent their ideas from becoming reality:

1. a lack of technical support in preparing development and business plans; and
2. a lack of access to risk capital.

These barriers have stalled or even stopped some community groups in their tracks. Having seen these problems at first hand Community Finance Solutions (University of Salford) and Venturesome (a division of the Charities Aid Foundation) put forward a proposal for a fund to support the development of Community Land Trusts by tackling the most common obstacles they faced.

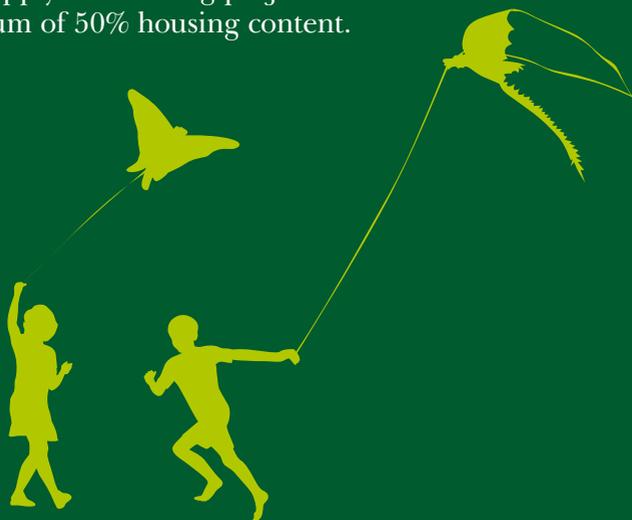
The Esmée Fairbairn Foundation and the Tudor Trust became the first contributors to the Fund. They have since been joined by the Charities Aid Foundation, the Nationwide Foundation and a private investor. It is hoped that the Fund will continue to grow as other funders become involved.

The Community Land Trust Fund (CLT Fund) has been split into three, to reflect the different stages in establishing and developing a Community Land Trust.

The three funds are:

- 1. a Feasibility Fund**
- 2. a Technical Assistance Fund**
- 3. an Investment Fund**

To be able to apply for funding projects must have a minimum of 50% housing content.



# Feasibility Fund

The Feasibility Fund will provide community groups or fledgling CLTs in England and Wales with one day of consultancy support and guidance by an expert from either Community Land and Finance Ltd (CLF) or another consultant in the field.

This initial 'scoping' day will be used primarily to develop a concept note for your community group. You will receive assistance to establish your CLT and guidance to help you develop your initial ideas and make your project come alive.

After the scoping day your consultant should be able to advise your group of the most appropriate way forward, whether this be through further information gathering, approaching other local organisations or applying to the Technical Assistance Fund which provides further support for business planning and creating strong foundations for your project.

## How to apply to the Feasibility Fund

If you know of an experienced consultant who can help you to develop your initial ideas please send a copy of their C.V. together with a short paragraph explaining why they are best placed to deliver the scoping day to:

CLT Feasibility Fund  
c/o Tudor Trust  
7 Ladbroke Grove  
London W11 3BD

If you don't have a consultant in mind we can put you in touch with a number of individuals who may be able to help.

Full details are available at [www.cltfund.org.uk](http://www.cltfund.org.uk) or by calling 020 7467 0201.



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# Technical Assistance Fund

The Technical Assistance Fund (TAF) has been established to provide community groups with grants of up to £2,500 so that they can employ a consultant or consultants for up to five days to assist with certain aspects of the development of their community land trust, and to work up their initial ideas into a comprehensive business plan that is ‘investment ready’. This consultancy can be used in a variety of different ways including, but not restricted to:

1. Community – General liaison with the group, site finding and general support. A TAF grant should not be used to fund promotional activity costs;
2. Legal – Organisation/charity registration, tenures, skills for Board, choice of stakeholders, choice of housing association or RSL partner;
3. Financials – Feasibility and affordability and identifying potential funders, calculating potential revenue streams against building costs;
4. Procurement – Building methods including choice of professional team and tendering vs negotiation;

This is not a comprehensive list of work that a CLT should have undertaken before seeking investment. CLTs are encouraged to put as much thought as possible into the requirements of the project at this development stage and draw on any support that may be available to make a strong case for investment.

The ultimate outcome of a Technical Assistance Fund grant should be a robust business plan that can be used to achieve financial support from the CLT Investment Fund, commercial banks and other private lenders. The process of developing this plan should lead to greater knowledge amongst committee members and confidence in the success of the CLT.

Applicants will need to be able to demonstrate that they are, or seek to become, independent bodies. The TAF panel strongly feels that support by independent professionals, whilst necessary and welcomed, is not a substitute for an engaged committee or steering group. Applications that are not clearly able to demonstrate the independence and commitment of the individuals and community involved may not be successful.

All applicants to the Technical Assistance Fund will need to demonstrate the affordability of the proposed housing and how it stands to benefit the wider community.

The panel will look to make grants that help to ‘test’ the CLT model. This means that diversity will be a consideration when assessing applications to the Technical Assistance Fund: issues such as proposed building methods, a commitment to sustainability and the location of the project may all be taken into account when reaching a decision as to which groups receive funding.

### **How to apply to the Technical Assistance Fund**

Guidance on applying to the TAF is given at [www.cltfund.org.uk](http://www.cltfund.org.uk)

Applications by email cannot be accepted.

The Tudor Trust is acting as the administrator for the Technical Assistance Fund. Grants are made from the Technical Assistance Fund by a panel of funders and housing experts. The panel’s decision is final. Unfortunately, not all applicants can receive a grant from the TAF.

# Investment Fund

The Investment Fund can support eligible CLTs by providing secured and unsecured loans. This Fund does not offer grants.

The Investment Fund will only make loans to affordable housing projects adopting a Community Land Trust model (as defined in the Housing and Regeneration Act 2008). Projects supported will comply with the Housing Corporation, HMRC and Charity Commission's joint guidance on the charitable nature of affordable housing.

The Investment Fund covers two areas of funding:

## **Pre-development finance**

Pre-development finance may be made available when a CLT project has developed an outline concept for a housing development including the identification of a target market for the properties, a potential site and a project budget. Pre-development finance may then be needed to fund the costs of conducting site surveys and employing architects for submission of a detailed planning application, procuring construction and raising further finance for the project. The desired outcome of pre-development finance would be a scheme ready to go on site.

## **Development finance**

Development finance offers CLTs capital loans to top up commercial development financing already secured from banks and other investors for building affordable housing.

The Investment Fund cannot provide long term loans.

### **How to apply to the Investment Fund**

CLTs seeking loan finance should approach the Investment Fund by telephoning or emailing Venturesome on 03000 123 300 or [venturesome@cafonline.org](mailto:venturesome@cafonline.org)

Venturesome will hold initial discussions with the CLT to appraise their proposal, its stage of development and financial need.

### **Following this discussion Venturesome will either:**

- provide signposting, informal advice and feedback if the proposal needs further development;
- refer the enquiry to the TAF for further development; or
- proceed with the appraisal and due diligence of the proposal, preparing an application for the CLT Investment Committee.



# Best practice and knowledge transfer

A key aim of the CLT Fund is to establish proven and workable models for financially viable CLTs which successfully deliver affordable housing. To help establish these models it is vital that CLTs supported by the CLT Fund share their knowledge and learning as their projects develop, so an interactive website has been set up to facilitate the sharing of best practice and to create a forum for CLTs to communicate with and support each other.

This website has been designed to be as user friendly as possible, and should be the first port of call for any group thinking of setting up a Community Land Trust. The website can be accessed at [www.communitylandtrust.org.uk](http://www.communitylandtrust.org.uk)

Further information on the projects that have been supported by the CLT Fund, feedback from these projects and on-going development work is available at [www.cltfund.org.uk](http://www.cltfund.org.uk)



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# What now for my CLT?

## What stage has my group reached?

I have spoken to others in the community and we are keen to create a CLT and advance ideas we have about an affordable housing project.

We have created a CLT and have definite ideas about an affordable housing project but we are not sure how to progress these ideas to a level where we will be able to attract investment.

## Which fund should I apply to?

Feasibility Fund

Technical Assistance Fund

## Who do I contact?

A consultant with expertise in community projects and affordable housing. If you do not have a consultant in mind you can find details of experienced individuals at [www.cltfund.org.uk](http://www.cltfund.org.uk)

Application details from [www.cltfund.org.uk](http://www.cltfund.org.uk)

Our CLT has a business plan but lacks funds for pre development work such as paying for the planning process, appointing architects, and conducting site surveys.

Our CLT has a business plan, designated land with planning permission and architectural drawings of an affordable housing project but is lacking commercial funds to finance the building work.

Investment Fund  
(Pre-development  
finance)

Investment Fund  
(Development finance)

Venturesome (CAF)  
7th Floor  
St Andrew's House  
18-20 St Andrew Street  
London EC4A 3AY  
Email: [venturesome@cafonline.org](mailto:venturesome@cafonline.org)  
Tel: 03000 123 300

Venturesome (CAF)  
7th Floor  
St Andrew's House  
18-20 St Andrew Street  
London EC4A 3AY  
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Tel: 03000 123 300





**The Esmée Fairbairn Foundation** aims to improve the quality of life throughout the UK through funding organisations that have the ideas and ability to achieve change for the better. The Foundation's primary interests are in the UK's cultural life, education, the natural environment and enabling people who are disadvantaged to participate more fully in society.



**The Tudor Trust** is an independent grant-making trust which supports organisations addressing the social, emotional and financial needs of people at the margins of our society. Tudor focuses on supporting smaller, under-resourced organisations which offer direct services and which involve the people they work with in their planning.



*Supporting communities  
nationwide*



**CAF Venturesome** provides capital to charities and social enterprises, operating in the space between providers of charitable grants and providers of bank loans at market rates. Since its launch by CAF in 2002, £15m has been offered to over 250 organisations. For more information visit: [www.venturesome.org](http://www.venturesome.org)

**The Nationwide Foundation** is one of the UK's leading and most innovative grant makers and is committed to making a significant difference to people's lives. The Foundation makes grants to registered UK charities which offer financial and/or housing-related support.