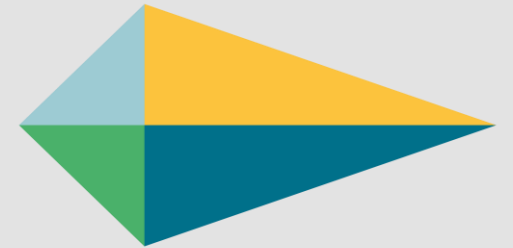


Community Led Housing Tenure models

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EASTSUFFOLK
COUNCIL

Community Led Housing

- Community Led Housing (CLH) is housing schemes, designed, owned or managed by community groups. They do not have to set them up but they do have to support them.
- The homes are provided through a democratic, non profit legally defined organisation that has an 'asset lock' which protects the homes in perpetuity. Homes are delivered at costs linked to **35%** of income not property values.
- Can include Community Land Trusts, Cohousing, Cooperative and Mutual Home Ownership organisations.
- 15,000 homes in pipeline nationally
- [Examples and information on Community Led Housing](#)

Examples of assets held



Stretham and Wilburton CLT
Affordable homes



Chedworth CLT
Community woods



High Bickington Farm land



Isle of Ghia – community energy



Library, café, nursery & homes
Southwold CLT

Community Led Housing Tenures

Community Led Housing Groups can access funding and deliver Innovative housing solutions that are not available to local authorities or housing associations.

The models below have been delivered in the UK, see links provided.

Community Led Housing Groups need to consider how they can access Funding to deliver their schemes or whether they would like to partner with the Council, a housing association or existing non profit organisation.

Funding information is available [here](#)

Homes can be built by professional contractors or people who seek to meet their housing need via self build, providing the underpinning legal entity is a non profit organisation and the homes are protected in perpetuity.

Community Led Housing Tenures

	Rent	Ownership
For Profit	<ul style="list-style-type: none"> Rent to Buy Rent to Build Market Rent 	<ul style="list-style-type: none"> Self and custom build Home ownership
Not for profit	<ul style="list-style-type: none"> Rent to equity Tenancy Plus Affordable Rent Social Rent Self-build Self-help (renovation) 	<ul style="list-style-type: none"> Shared equity Self-build Equity Purchase (USA model) Mutual Home Ownership Shared ownership Rent to equity (USA)

Shared Equity (London CLT)



Land bought for £1 by CLT from developer
CLT raised funds (community share offer)
Bought homes at build cost.
(Developer provided the subsidy)

Cost of homes based on 1/3 median incomes
With ward. This links income to housing cost.

Resale covenants recycle the subsidy &
Homes remain affordable for future occupants



Bought home based
On 1/3 median income

Mutual Home Ownership (Leeds Cohousing)

Couples, singles, families or retired



Mix of low to high incomes



Members pay 10% deposit + 35% of their income
They buy into whole scheme not specific property
Property costs linked to incomes not property value

Resale covenant when leave
Payments – maintenance charges = equity

MUTUAL HOME OWNERSHIP SOCIETY
(part of Cooperative Housing Society model)



<http://www.lilac.coop/affordable/>

LEASEHOLD TENURE or RENTAL TENURE

Self build St Minver CLT



8 bungalows for
purchase by self finishers

£107,100 (2008) 3 bed
property – resale covenant
fixed at 35.7% - growth in
resale value

Recycled for next buyer

St Minver CLT hold pre-emption rights & resale covenant
with local connection cascade

<https://www.the-self-build-guide.co.uk/st-minver-community-land-trust/>

Equity Purchase (USA model)



Buys house off
CLT



CLT buys land
with mortgage
& builds homes

CLT sells
80% for
purchase

CLT model

Subsidy = land

Low or £0 cost land required

CLT raises mortgage for development

CLT sells % (no additional rent)

(Buyer shares maintenance with CLT)

CLT recycles sales growth back into scheme

Resale covenant recycles in perpetuity for
benefit of CLT & future buyers

Working example – resale covenant

Property = £200,000 at open market value

Household buys 80% = £160,000 (no additional
rent)

CLT retains/owns 20% = £40,000

At resale:

Property now worth = £250,000 Open market value

20% x £50,000 growth shared with seller = £10,000

CLT receives £40,000 into equity pot.

Buyer 2

Open market value £250,000

Buys 80% = £200,000

The equity pot helps the CLT provide the discount.

(BSHF 2006a)

Rent to Equity (USA model)



Owned by CLT
(with mortgage)

Exit formula:

Householder receives an equity stake, calculated on the rise in value of the property.

Assured Rental Agreement
20-year repairs responsibility



Renters pay 80% open
Market rental value

Example

£100k (property value)
occupier leaves after 15 years
£150k (property value)
occupier gets 50-90% of the £50k
increase
(£25k - £34k) as deposit new home

CLT recycles equity back into property

Affordable housing - definition

Based on National Planning Policy Framework – summary

- Homes must be below market values for eligible people who are unable to meet their housing needs via the open market. They must also have the Right to Buy (LA) or Right to Acquire (HA)* their rental homes with a discount.

Tenures - Rent

- Affordable Rent – 80% open market values (post 2012 policy)
- Not covered by housing benefit in some areas
- Social Rent – 50% open market values (pre 2012 policy)

Tenures – ownership

- Shared ownership – can buy from 10% share + rent on unsold equity (low deposit)
- Discount Open Market – buy 80% of home, no rent (high deposit)
- First Homes – buy 70-80%, no rent (high deposit)

30-40% affordable homes delivered as part of private developments – few homes via Rural Exception Site Policy

*Assets owned by CLT or Cooperative are protected from these rights on rented homes.

The Housing Problem - Affordability

Average income
£28,472
(East Suffolk)*

40% earn less than
£19,699
(East Suffolk)*

Median income
£23,277
(East Suffolk)*

60% earn less than
£27,392
(East Suffolk)*

Residents need 8 X
income = median priced
home
Source

*Source:
Table 8.7a

The Housing Problem - costs

Property Type	Cheapest property price (Waveney) *	Cheapest property price (Suffolk Coastal) *
1 Bed Flat	£85,900	£134,800
2 Bed Flat	£119,200	£184,300
2 Bed House	£187,900	£250,000
3 Bed House	£224,000	£323,800
4 Bed House	£346,500	£457,500

Cheapest 2 bed house (Waveney) needs joint income of £45,635 plus £28,185 deposit (15%)

*Based on data from Hometrack Q3, 2021/22

Community led Housing – Benefits

- CLH groups link housing costs to incomes, not property values
- CLH can prevent homes sold via Right to Buy/Right to Shared Ownership
- CLH groups can partner with LA/HA/PC's
- CLH groups can access funding LA/HA's cannot.
- CLH groups can deliver tenures LA/HA's cannot.
- CLH groups are legally incorporated, with built in protections
- CLH groups are mainly non-profit but some 'for profit' exist.

Useful links

- [National CLT Network \(communitylandtrusts.org.uk\)](http://communitylandtrusts.org.uk)
- [Homepage | Community Led Homes](#)
- [Community Led Housing » East Suffolk Council](#)
- [Co-operative Councils' Innovation Network Home Page](#)
- CommunityLedHousing@EastSuffolk.gov.uk