

Housing as a community asset: position statement

1. Our vision for community asset ownership

The DTA wants to see robust and independent development trusts in every community, achieving long term social, economic, and environmental improvements. Ownership of community assets is a means towards that end and increasingly, through Community Land Trusts and other mechanisms, there are opportunities to develop housing as a key community asset.

2. Benefits of community ownership of housing

For many years, community based organisations have been working to provide solutions to local issues, such as transport, training, youth services, workspace units, community centres, open spaces, business start-ups etc. Members of the DTA have, of course, been at the forefront of developing and delivering such activities and using enterprise activity to generate sustainable income streams so why has the supply of housing (and particularly affordable housing) had a relatively low profile within the movement? Principally this is because in this country (although not, for example, in America) housing is usually seen as separate from other aspects of regeneration. Historically this is largely due to the ways in which publicly subsidised housing has been funded and regulated resulting in the dominant role of housing associations and their funding body, the Housing Corporation (now part of the Homes & Communities Agency). However good quality affordable housing is fundamental to achieving viable confident communities the ultimate objective for the DTA and its members. In addition, there are many social enterprise opportunities related to housing development in construction and training, and in knowledge-based services such as consultancy support and housing data collection e.g. housing needs surveys.

2.1 Communities under stress

Rising land and property prices have made it hard for many people to get onto the property ladder. In many rural areas, access to affordable housing both rented and low cost home ownership is crucial to the social and economic viability of smaller communities. Open market housing is out of the reach of the majority with the consequence that:

young people move out of the area- resulting in many villages having an aging population whilst employers find it difficult to recruit in key industries like tourism and agriculture

as properties are increasingly bought as second homes, villages lose key services like schools and Post Offices.

In urban areas, the problems are different but the impact on local communities are equally damaging. Local residents are forced out of their communities, over-crowding is increased, housing allocation policy becomes a focus for social conflict, and key workers in public sector employment are increasingly hard to recruit because of the lack of affordable accommodation.

2.2 Income generation

A house is an asset alongside any other building though the returns may not be straightforward. Potential roles for development trusts range from acting as developers through to managing properties. Housing for rent yields an income in the same way as an office or workshop development. However low cost home ownership tends to yield less predictable returns models differ, but sometimes a community organization will only earn income when the property is sold on. Discussions on sustainability for development trusts have tended to look at reliable revenue streams. However housing, like any other development, is:

an asset on the balance sheet against which loans can be drawn down

a potential source of revenue income ideally as part of a wider balanced portfolio of assets

2.3 Better partnerships

Community groups with assets are players: they have something to bring to the table, their partnerships with the state and private sector start on a firmer basis, and are much more likely to be productive. The development of a housing asset base will further enhance this situation as well as opening up potential for new partnerships with RSLs, local authorities and private developers.

2.4 Building community confidence

Access to affordable, good quality housing is a key factor in building strong, confident communities. The development of a community-owned and managed housing asset base can contribute towards raised aspirations, building new networks and skills and nurturing new community-led enterprise.

More specifically:

Through the use of local trades and professional support, the house building / renovation expenditure is more likely to be re-invested within the local community

If the properties are rented, the community can set its own allocations policy tied to local needs

Land owners may be more willing to part with land because no one will be making a financial killing in the future and a level of affordability can be established in perpetuity

3. Progress to date

In the past couple of years, the community housing agenda has progressed on several fronts:

3.1 Community Land Trusts (CLTs)

CLTs have attracted significant interest across all shades of the political spectrum. CLTs are an emerging solution that aims to maintain and improve housing affordability over the long term. They are an attempt at genuinely promoting sustainable development and sustainable communities. They work on a non-profit basis, raising money from new sources and unlocking other resources, to provide and manage housing, workspace, community buildings and green space. CLTs are not a wholly new kind of organisation in spirit they are similar to most development trusts and should have a natural long term home within our movement. What they offer is a new set of legal, financial and resource management tools.

3.2 Investment

The government has placed a major emphasis on building new affordable housing over the next ten years. CLTs represent one of the key ways not just to deliver this goal but also to capture the wider social and economic benefits of investment in communities across the UK. Similarly, several Regional Development Agencies like EEDA have identified CLTs as a key priority.

There is also increasing interest in linking the creation of new development trusts with the development of new towns e.g. Northstowe (south of Cambridge). This recognises that communities are not made up of buildings but of people and that social capital has to be factored into planning and budgeting considerations.

3.3 DTA activity

The DTA's affordable housing project in the North East (managed through the Federation of Northumberland Development Trusts) is an exemplar of good practice. With limited resources, it has already supported the development of three community housing schemes and five living over the shops projects. There are a further seven projects in the pipeline of which three are asset transfers.

There is also significant learning to be derived from experiences in Scotland where a number of member trusts have undertaken housing initiatives (although, of course, the legal framework is very different to that in England). Interestingly, the Environment Trust is also developing a joint venture with DTA Scotland and has identified 17 member trusts that want to develop affordable housing.

In addition, we have produced a report on housing as a community asset for Action for Market Towns in the Eastern region and have worked to build good working relationships with key players like Community Finance Solutions as well as speaking at various seminars and workshops. In tandem with our work around asset transfer, this provides a foundation upon which to develop a leadership role in taking forward the issue of housing as a community asset.

3.4 Member Activity

In December 2007 the DTA undertook an online survey of member involvement in housing provision and/or management. The response was relatively poor with only 22 members responding. Several members had major housing assets (e.g. Coin Street Community Builders and Housing Initiatives both in excess of 12 million) but most respondents

held only one or two properties. However, this picture is changing. The Goodwin Trust is in the process of taking ownership of some 1550 homes, Shoreditch Trust is breaking new ground in urban community housing while ECOS and the Environment Trust have developed innovative approaches to delivering environmentally-friendly housing (although not retaining ownership or management). The Holy Island of Lindisfarne Community Development Trust is another example of best practice in a rural context where the provision of affordable housing is regenerating a community (and providing a surplus for reinvestment in other community services).

4. What more needs to be done

4.1 Asset transfer

The Quirk Review has the potential to transform the relationship between local authorities and local communities. Significant steps have been made through the DTA-led pilot transfer programme but few projects have involved development land or housing stock. One exception involves Forest Heath District Council which is selling land at below best value to Keystone Development Trust to develop housing, retail and community facilities. The debate around appropriate assets for transfer needs to be widened to encourage similar initiatives.

Similarly, other public sector agencies like health authorities, Regional Development Agencies, and Government departments such as the Ministry of Defence hold significant land and property that could be developed as community housing. Extending the provisions of the Quirk Review to cover such agencies would open new opportunities to create a community asset base.

4.2 New town / eco-town development

Increasingly new town / eco-town initiatives are realising that community investment is as important as physical infrastructure if the outcome is to be a confident, sustainable development. This is already impacting upon the work of the DTA and is offering new opportunities to create development trusts and to work more closely with local authorities and other strategic agencies as well as private sector developers / building firms.

4.3 Community Right to Buy

A UK wide-version of Community Right to Buy, for urban as well as rural areas, would create a window for community groups to bid for land and buildings which could be developed as a community housing asset base. In the interim, there is also a case for promoting Land Banks on the Scottish model.

4.4 Investment

We need access to a mix of capital grants and patient loan finance for community housing asset purchase, refurbishment, and new-build, combined with revenue funds for initial feasibility, project development, and to strengthen management and financial competences.

We also need to incentivise new approaches to finance, notably community share and bond issues, which can attract finance from local residents as well as venture philanthropists.

4.5 The development of new partnerships and new expertise

The DTA is currently a peripheral player in terms of influencing the housing agenda. It is not widely recognised as having a key interest in the provision of housing despite the activity of some of our members. There is a real need to further develop our in-house expertise and expand our ability to support members across the country in taking forward housing projects.

In addition, the DTA needs to develop new partnerships where we can identify win-win situations. Community Finance Solutions, for example, are driving much of the CLT agenda but have little interest in creating a membership in principle they are happy to recommend the DTA as the long term home for new and emerging CLTs. A key challenge, therefore, is for the DTA to turn this into opportunity into reality, refine our offer and bring CLTs into the wider DTA movement.

4.6 Lobbying

Further work needs to be done to raise the profile of housing as a community asset. Whilst Community Land Trusts are receiving significant attention, this is just one approach to addressing the affordable housing challenge. Development trusts have a lot to offer a track record of delivery, capital/asset development experience, real investment in building local communities, expertise in governance issues and in developing successful models of training and employment.

Working with other partners, we need to raise the profile of development trusts as a route to delivering affordable housing

and to promote the investment readiness of development trusts as a natural home of community managed housing. Key audiences include government, local authorities, housing associations, regional development agencies and the Homes & Communities Agency.

4.7 Further collection and analysis of information about member involvement in housing

To properly promote the role of the DTA as a key strategic player in the housing arena and as a shaper of local, regional and national housing policy, the DTA needs a firm evidence base about member involvement in and interest in housing provision. We intend to repeat the member survey of December 2007 and collect detailed case studies to demonstrate best practice and disseminate learning across the movement.

Further information: Contact Steve Clare, DTA Assistant Director (South): s.clare@dta.org.uk. Further resources, case studies and other information will be made available through this website shortly.

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