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# Brightness on the Edge of Town

HOW COMMUNITY LAND TRUSTS CAN DELIVER AFFORDABLE HOUSING

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By Sandy Forsyth

# About Localis

## Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

## Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Decentralising political economy.** Developing and differentiating regional economies and an accompanying devolution of democratic leadership.
- **Empowering local leadership.** Elevating the role and responsibilities of local leaders in shaping and directing their place.
- **Extending local civil capacity.** The mission of the strategic authority as a convener of civil society; from private to charity sector, household to community.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.

## What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

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**Sandy Forsyth**

## Advisory panel

This research project was supported by an advisory panel, whose members are listed below. Advisory panel members provided one-on-one advice and/or attended an editorial roundtable. They may not necessarily agree with every analysis and recommendation made in the report.

- Richard Blyth, Head of Policy, Practice and Research, Royal Town Planning Institute
- Kerry Booth, Chief Executive, Rural Services Network
- Dr. Quintin Bradley, Senior Lecturer, Leeds Beckett University
- Tom Chance, Chief Executive, Community Land Trust Network (chair)
- Tim Goodship, Head of Rural and Place, DEFRA
- Nigel Kersey, Team Leader – Community Housing, DLUHC
- Jo Lavis, Director, Rural Housing Solutions
- Ailbhe McNabola, Director of Policy and Communications, Power to Change
- Paul Miner, Acting Director of Campaigns & Policy, CPRE
- Cllr Amanda Serjeant, Deputy Leader, Chesterfield Borough Council
- Cllr Emily Smith, Liberal Democrat Councillor, Vale of White Horse District Council

## Executive summary

Over recent decades, a tension has been emerging in rural areas of high tourism, one which must be alleviated if local economies are to deliver prosperity: the tension between the needs of the resident population and the needs of visitors. While tourism – and its associated services like short-term letting and holiday homes – is beneficial to local economies, the problem of housing provision and cost of living for residents of tourist hotspots is increasingly well rehearsed. This is particularly true in those idyllic rural areas where holidays and second homes are especially desirable.

Community Land Trusts are emerging in many hotspots as an attempt to deliver more homes of social rent and have proved a popular way of building homes in sensitive areas of natural beauty. They represent just one of the many multifaceted solutions which will be needed to resolve the housing crisis, one which can be implemented through collaborative work between councils of different tiers, registered housing providers and, most crucially, communities themselves. The Government has indicated that it wishes to see their role scaled up, and for the philosophy of community-led housing to become core to the acceptance of new homes by local communities. This report provides a litany of examples to this effect, draws together best practice from across the institutional landscape, and charts a course to lifting barriers and further enabling Community Land Trusts to deliver affordable housing.

### Key points

#### i. Why development is not delivering for rural communities in tourist hotspots

Workers in the tourist sector, particularly in rural areas, are faced with multiple severe pressures related to earning a lower-than-average wage in places with higher-than-average living costs. Tourism can improve the quality of life for locals, while providing other benefits such as the preservation of cultural heritage, the development of local business networks, and the improvement of the public image of the area. However, alongside these benefits come several detriments to rural areas, perhaps the most pressing being an extremely crowded housing market, where young and relatively low-paid residents struggle to compete with higher-earning workers, second homeowners and holiday rentals.

Systemic issues with the planning system serve to exacerbate the problem in these areas, with a severely constrained housing supply leading to ever-increasing house prices and private rent, against a backdrop of cost-of-living inflation and in the context of a damaged tourism sector post-pandemic. The rural housing market

already faces unique challenges due to the nature of planning in rural areas, despite not being fundamentally different in process from urban planning. For one, development in many rural areas is limited by the stringent planning restrictions in place for sites within areas classified with both national and international designations. Housing can be a challenge when met with rules which restrict planning in protected landscapes, but development remains a necessity for local populations to grow sustainably in these areas.

As well as an established problem with second home ownership in rural tourist hotspots, a recent sharp rise in short-term lets further exacerbates the housing pressures felt by many locals in these areas – a problem which regulation is only now beginning to catch up to. New platforms for letting, such as Airbnb are heightening already-existing pressures, and the biggest impacts occur in places such as the Cotswolds or the Heritage Coast. During the pandemic, there was a sharp rise in owners of second homes wanting to list their properties as short-term holiday lets, making use of the increase in domestic tourism and evidencing the rise in popularity of the STL sector in recent years.

## ii. How Community Land Trusts are being used to combat the housing shortage in rural areas

Community-led housing has risen greatly in prominence in the past 15 years, with an increasing policy focus on enabling communities to take control and bring forward development. A Community Land Trust is an initiative run by a community group as a democratic solution to local problems such as unaffordable housing or the loss of a locally-loved business. Community Land Trusts have proven to be very effective at providing affordable housing particularly in the rural and coastal tourist areas where there is the most disparity between local income and housing market prices and where even small developments can have big impacts. They have also been able to use housing projects as launchpads for a wider range of asset development to support thriving communities, such as local shops, workspace and green spaces, and indeed further housing developments.

While there is much positive work being done by locally minded individuals in order to guard rural communities against the negative impacts of over-tourism and the highly pressured housing market in England and Wales, much more is needed. More than 7,000 homes are currently in the pipeline for development, and with the ongoing cost-of-living crisis more people than ever are in need of genuinely affordable options for housing. Not only that, but CLTs can provide enhanced community engagement in areas that are becoming increasingly diluted by massive tourist populations, supplying a more holistic, social benefit through the enactment of democratic decision-making and community ownership.

Legislative pathways for Community Land Trusts have been established to enable communities, but technical support in navigating the framework is currently not holistically provided by central government and left to support groups. This can create inequality as the in-built capacity of groups varies significantly across the country, and calls for sustained and patient financing of local efforts. Funding for Community Land Trusts and other forms of community housing has in the past been welcomed in the form of the Community Housing Fund, but the discontinuation of this fund and the lack of a suitable replacement imperils efforts of communities to come together and provide affordable housing to the benefit of their locality.

### iii. The policy landscape for Community Land Trusts

Community Land Trusts interact with several institutions in their journey to develop community-led, small scale and affordable housing – the most important of which are local planning authorities, registered providers of social housing and parish councils.

All these actors, however, are facing similar pressures caused by dwindling revenue support in a time of stubbornly high inflation. Local authorities across the country have innovated a variety of policy levers to support Community Land Trusts both operationally and financially but are severely limited by their own lack of funding and limited ability to influence the housing market. Partnerships between registered providers of social housing (normally housing associations) and Community Land Trusts have proved extremely fruitful in parts of the country, but the ever-increasing viability challenge of development coupled with ongoing amalgamation of the housing association sector are proving to be barriers to success.

The discretionary and time-consuming nature of the planning system is a particularly acute limitation to development in rural areas where landscape protections heighten the planning risk, with housing supply continually contracting and rising concerns over depopulation in parts of the country. Rural areas are defined by their diversity, each space different from the last, ranging from coastal, upland, remote, near-urban, more- and less-deprived areas. Every characteristic of a rural space can come with its own challenges for the provision of affordable housing. The neighbourhood plan can help communities take some control over supply in their areas at a hyper-local level, but – as with the process of forming a Community Land Trust – technical support is thin on the ground.

## Moving forward

### i. How local government can support Community Land Trusts

Local authorities can play a fundamental role for CLTs both in getting development started and in supporting their continued success as community initiatives.

Councils can transfer assets to community trusts, provide funding, identify experts to support CLT progress, introduce supportive planning policy and support needs assessment surveys for affordable housing.

Advocates for CLTs within councils can help CLT board members as they progress through complex planning stages and interact with various council departments that are often siloed into bodies with varied regulations. There are many organisations that offer training for local authorities to increase awareness of community-led housing and understand all aspects of the process towards community-led development. In addition to this, there exists plenty of examples of best practice across England, as several local authorities become more involved in supporting community-led housing groups through various strategic means.

The most common way for councils to support CLTs is through the production of a strategy or delivery plan that requires community-led housing to form part of affordable housing delivery obligations, and local authorities can also undergo assessments of and allocate sites suitable for community-led housing within local plans.

Other approaches include:

- An empty property strategy that will provide resources for the purchase and refurbishment of empty homes through partnership with community groups.
- A housing allocations policy to raise awareness of community-led housing and to identify those in housing need who might want to benefit from and become part of a community group.
- A register of self-builds and custom housebuilding to identify people who might be interested in becoming founding members of community-led housing groups.
- Procurement policies, panels and frameworks that provide bidding opportunities for community-led housing groups to develop a site.
- A corporate asset management strategy that will work alongside strategic policy objectives and local spatial plan to determine the market value for a desired use of sites.
- A Supplementary Planning Document concerned with community-led development or even include a community-led development policy within their

local plan in order to remove barriers to success in terms of the provision of affordable and community-led housing.

- Undergoing ground remediation of brownfield sites, opening up land to community groups.
- Assisting community-led housing groups with accessing funds where local authorities or MPs lead on bids, such as the One Public Estate brownfield fund or the Towns Fund.

## ii. How central government can clear the path for community-led housing

Beyond the current legislative slate, there are a number of avenues to further bolstering CLTs and their ability to deliver affordable housing, particularly in rural tourism hotspots where need is extremely acute. At the most basic level, the conversation around affordability in housing needs to change at its root. The statutory definition of affordable housing should account for income levels rather than merely fluctuating alongside open market prices, which in rural areas can be massively swayed by external, urban incomes. Additionally, there needs to be incentives for landowners to provide land at affordable prices. Otherwise, such mechanisms as compulsory purchase orders may release land for use at more affordable tenures. Following from this, the new infrastructure levy needs to approach affordable housing from an angle that ensures rural housing provision will not be undercut by urban need.

Reform of the planning system, which is likely to become an issue leading up to and after the next general election, must take into account the potential of neighbourhood plans to facilitate mature conversations about housing delivery in local areas and help carve out a path to provision. At the local planning authority level, greater attention must be paid to planning capacity and process if the housing crisis is to be properly addressed – the announcement of a £24m capacity fund is welcome but detail is needed on how this will translate to sustained uplifting of local capacity beyond capital injections. Rural planning, in particular is due a rethink in terms of how people acknowledge the necessity for development in discussions that value conservation of landscapes and natural heritage.

Following on from the recent £2.5m fund for rural housing enablers, there needs to be long-term investment in the capacity of enabling organisations, such as the CLT groups and umbrella groups cited throughout this report. Providing them with the risk capital to grow their pipeline and deliver projects. The key here is slow, patient capital which allows for capacity to be built up at a relatively low cost to the state. Similarly, grant funding and further positive assistance for neighbourhood planning could produce expert support for communities without

the time, money, or skills available to undertake such extensive projects while also ensuring planning policies that will meet local needs.

## Recommendations

While the return of a mechanism similar to the Community Housing Fund would be very welcome, a long-term approach to the benefit of the rural communities across the board would be enabling the mainstreaming of CLTs and other community-led housing models through national policy. Policy changes to support the uptake of CLTs and help enable communities to deliver affordable housing in their areas fall into two broad categories: those concerned directly with funding uplift, and those concerned with planning reform.

### i. Direct funding

- **Long-term investment in CLT organisations is required.** A ten-year, £100m fund to build capacity for enabling organisations at the sub-regional level could see major social returns.
- **Funding must be restored to local authority planning to solve the housing crisis.** There must be a revenue funding uplift for planning across the board to reverse the damage of austerity and return housebuilding to sustainable levels.
  - Rural planning capacity must be built up particularly – either through local fiscal mechanisms or a national revolving fund, councils must be able to uplift their capacity or the housing crisis will continue to exacerbate social issues in these areas.
- Support for community housing at a sustainable scale can help all areas access equal opportunity to community-led housing. Subregional hubs to support community-led housing could help facilitate action by both councils and community groups.

### ii. Planning reform

- **The current definition of affordable housing does not deliver for rural communities, particularly in areas of high tourist activity.** It is essential that future planning reforms redefine affordable housing, moving to an income-focused approach where councils have the ability to influence the income level which defines affordable housing in their area, based on local circumstances.
- **Neighbourhood planning represents a step forward for localism, but the costs and length of the process must be considered.** A review

of neighbourhood planning is required, with an examination of capacity funding and the speed of the process.

- **National planning policies can do more to support communities in getting affordable housing off the ground in their areas.** A general priority for community-led housing within the National Planning Policy Framework would greatly aid groups on the ground.
- **Homes England can be used as an institutional vehicle to ensure effective delivery of community-led housing.** Homes England should incentivise collaboration between registered providers and CLTs through grant conditionality, and set rural targets for registered providers to provide social housing.
- **Current thresholds on affordable housing by development size do not work in rural areas.** Planning reform should ensure an affordable housing percentage is required even for small sites in rural areas.

## Introduction

The problem of housing provision and cost of living for residents of tourist hotspots is increasingly well rehearsed, particularly in those idyllic rural areas where holidays and second homes are especially desirable. The Government has recognised the benefits that second homes and short-term holiday lettings can bring to local economies and to the tourism sector in terms of increasing consumer choice and distributing tourism across the country. At the same time, the adverse effect that large numbers of second homes can have on some areas has also been acknowledged, a situation that has prompted the introduction of a series of measures in mitigation, including as part of the Levelling Up and Regeneration Bill.

Community Land Trusts are emerging in many hotspots as an attempt to deliver more homes of social rent and have proved a popular way of building homes in sensitive areas of natural beauty. Many have been developed in partnership with housing associations. This report is the result of an original research project conducted by Localis and sponsored by the Local Government Association, aimed at developing a policy narrative to outline the place of Community Land Trusts in the current political debate, elucidating the parameters for action and highlighting possible pathways to overcoming the barriers to good quality, affordable housing for residents of rural areas with high tourist demand.

The report details the particularly difficult situation for residents of rural tourist hotspots, particularly those working in the sector itself, which have only been compounded by new issues arising from the pandemic and the ongoing cost-of-living crisis. This is followed by an explanation of the form, function and finance of Community Land Trusts and an examination of the policy landscape in which they operate. Finally, current reforms aimed at alleviating some of the identified problems are evaluated, with further measures offered in the form of policy recommendations to central and local government.

Any serious evaluation of the contours of the housing crisis, in rural areas of high tourism or elsewhere, will reveal that no single solution exists, that no one institution or actor has agency to cut through the Gordian knot, and that the path to reform is politically, economically and socially perilous. To fix our housing market, concerted and public-minded action is required across the board to forge a consensus. Yet for those currently struggling to own or rent a home in the area they live and work in, the problem is immediate – any and all solutions available must be drawn upon in the short term, to circumnavigate the system and deliver for communities. Community Land Trusts provide one such solution, which can be implemented through collaborative work between councils of different tiers, registered housing providers and, most crucially, communities themselves. This report provides a litany of examples to this effect, draws together best practice from across the institutional landscape, and charts a course to lifting barriers and further enabling Community Land Trusts to deliver affordable housing.

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**CHAPTER ONE**

# Why development isn't delivering for rural communities in tourism hotspots

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Places in England are facing immense strain in the housing market, seeing house prices soaring above average local incomes and cost-of-living pressures only further tightening belts, especially in rural and tourist areas.

The disparity between house prices and local income is driven by a multitude of intertwined factors, including unsustainable practices in the tourism sector, more and more people able to work from home following the pandemic lockdowns, and a high interest in second homes in such desirable areas. This section will outline the nuances behind the housing crisis in rural areas and tourist hotspots.

## Key Points

- Workers in the tourist sector, particularly in rural areas, are faced with multiple severe pressures related to earning a lower-than-average wage in places with higher-than-average living costs.
- Systemic issues with the planning system serve to exacerbate the problem in these areas, with a severely constrained housing supply leading to ever-increasing house prices and private rent, against a backdrop of cost-of-living inflation and in the context of a damaged tourism sector post-pandemic.
- As well as an established problem with second home ownership in rural tourist hotspots, a recent sharp rise in short-term lets further exacerbates the housing pressures felt by many locals in these areas – a problem which regulation is only now beginning to catch up to.
- Tourism is on the whole extremely beneficial to local economies, and is generally welcomed by residents, but action is needed to prevent a situation where there is nowhere to house the people who work to maintain the sector, as well as to ensure that locals of all social backgrounds have access to housing.

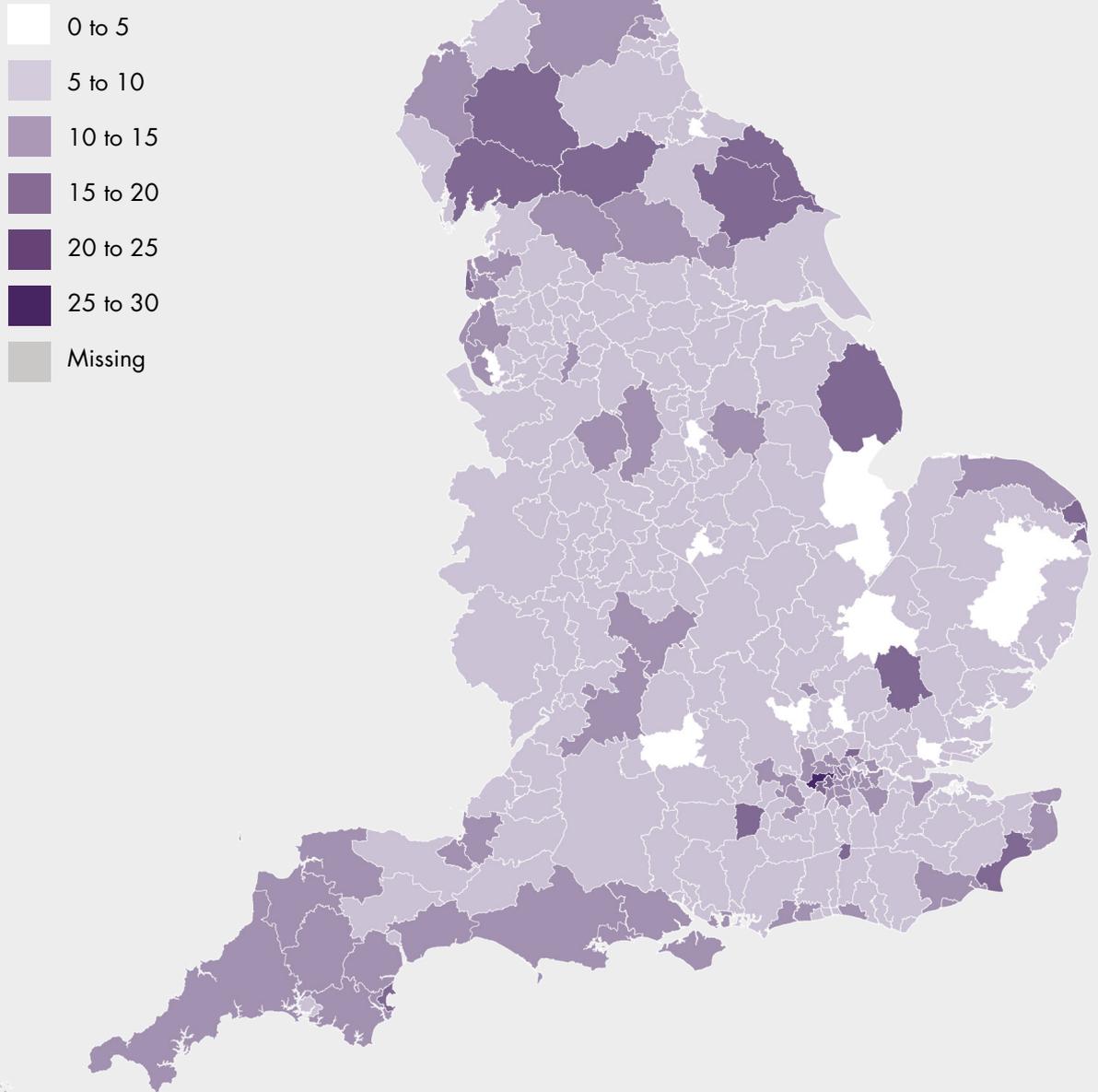
### 1.1 Barriers to prosperity for residents of tourism hotspots

The Office for National Statistics published a report in 2021 on the dire situation of young and low paid workers in tourist hotspots, who are increasingly unable to afford to live in their areas of work. House prices in some rural and coastal areas rose as much as three times the national rate by July 2021<sup>1</sup>, with hard-hit areas including North Devon, the Yorkshire Dales, and the Derbyshire Dales. The ONS also hypothesizes that some landlords might be attempting to utilise domestic tourism for gain through short-term holiday lets, which decreases the supply of long-term lettings. The myriad factors that affect the housing market in tourism hotspots create a whirlwind of obstacles to a sustainable way of living for many who want to remain living locally.

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1 Office for National Statistics (2021) – House prices in tourist hotspots increasingly out of reach for young and low paid

**Figure 1:** Percentage of Employment in Tourism



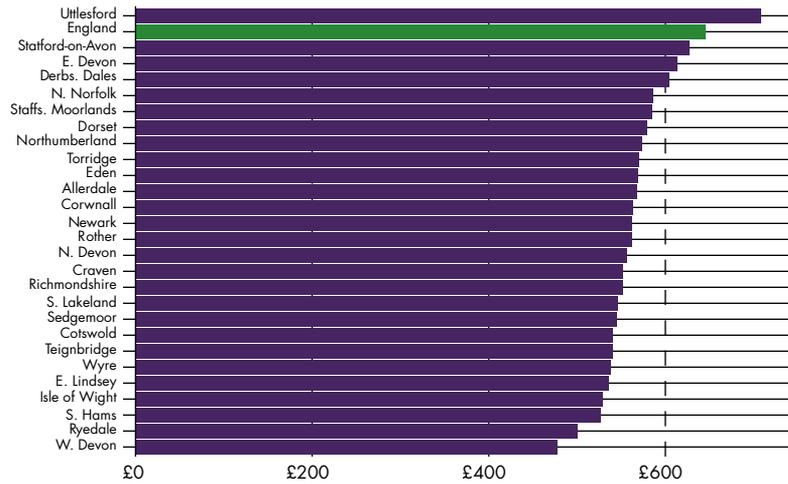
### 1.1.1 Work and reward in the tourism sector

The central problem facing tourist economies in high-value areas is that, as an ONS analysis stated, “those who work in tourist hotspots earn less on average than people who live there”<sup>2</sup>. Furthermore, those who work in the tourism sector in these areas earn, on average, even less than those in other industries. Median hourly pay in hospitality is lower than other sectors<sup>3</sup>, and in rural areas those who work in hospitality often do so in remote, inaccessible locations or for very long hours. Workers in hospitality in rural areas often struggle to find affordable accommodation, resulting either in long commutes or having to stay overnight in staff lodging provided at their place of work. Living in staff accommodation can disrupt workers’ social and family connections, leave workers unable to settle, and as a result to feel as if their work is temporary and not reliable<sup>4</sup>. Indeed, many regions attract only seasonal tourism, making working in the industry unstable for many<sup>5</sup>.

Furthermore, the demographic of those working in hospitality trends towards younger workers, workers from minority ethnic backgrounds, and foreign-born workers, while many in the sector work part-time or hold zero-hours contracts<sup>6</sup>. This places these workers at a disadvantage in a crowded housing market, with competition from higher-earning workers, second homeowners and holiday rentals, and – since the pandemic – a rise in people moving into more desirable areas to work-from-home. In such a market, the cost of living can become insurmountable for those who work in the hospitality and tourism sectors.<sup>7</sup>

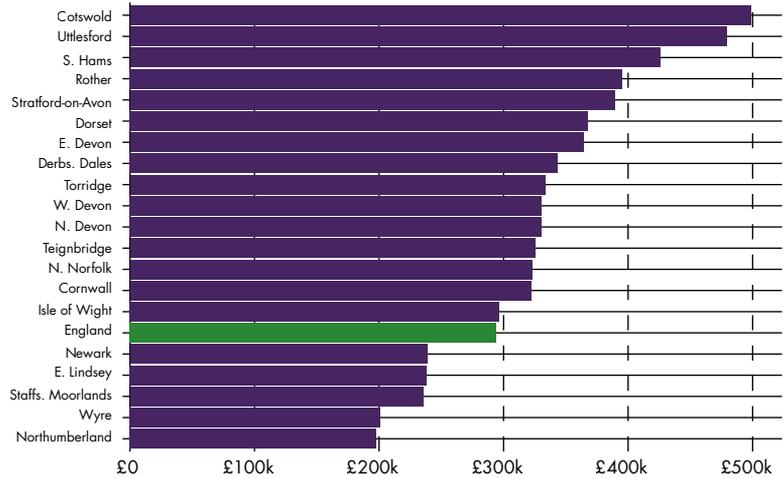
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- 2 ONS (2021) – House prices in tourist hotspots increasingly out of reach for young and low paid
  - 3 House of Commons Library (2022) – Hospitality industry and Covid-19
  - 4 National Institute of Economic and Social Research (2023) – A qualitative investigation into the experiences of workers in the hospitality sector in Scotland
  - 5 Environment, Food and Rural Affairs Committee (2017) – Rural tourism in England
  - 6 House of Commons Library (2022) – Hospitality industry and Covid-19
  - 7 Rural Tourist Hotspots are defined as areas with more than 10% of employment concentrated in the tourist sector (as defined by the ONS) which are classed in group 1 or 2 of the Rural Urban Classification

**Figure 2. Median weekly wage**  
Rural tourist hotspots v. England



Source: Annual Survey of Hour & Earnings, BRES, ONS

**Figure 3. Average house price in December 2022**  
Rural tourist hotspots v. England



Source: Land Registry Data

Tourism intensity is higher in rural areas than in urban, meaning that changes in tourist activity have a greater impact on rural economies than urban economies<sup>8</sup>: in 2019-20, 15 percent of total employment in rural areas was in tourist-related industries, compared to only 11 percent in urban areas<sup>9</sup>. Tourism contributed as much as four percent of total Gross Value Added to predominantly rural areas in 2018<sup>10</sup>. This brings many benefits to these areas, including the provision of jobs, and the injection of income into the local region through visitors spending money on local businesses and tourist attractions. Although second homes don't necessarily provide a steady stream of income from tourism for local communities<sup>11</sup>, the short-term letting (STL) sector can provide some jobs, such as those for cleaners, tradespeople, and decorators<sup>12</sup>. Tourism can improve the quality of life for locals, while providing other benefits such as the preservation of cultural heritage, the development of local business networks, and the improvement of the public image of the area<sup>13</sup>.

However, alongside these benefits come several detriments to rural areas: there can be overcrowding in public spaces, disruption to the lives of locals, safety concerns, environmental damage, increased waste, and the overuse of local resources<sup>14</sup>. Furthermore, with the rise of STLs in rural areas, there may be increasing pressure on more traditional forms of accommodation such as hotels and bed and breakfasts, potentially reducing possible income for other sub-sections of the hospitality sector as more visitors turn to the alternative of STLs.<sup>15</sup>

Tourism relies on the encounters that occur between visitors and hosts – meaning that the long-term success of tourism in a rural area relies on local support and positive opinions of local tourism and tourists<sup>16</sup>, which the rise in STL may be pushing to a tipping point in some regions.

### 1.1.2 Planning and house prices

Rent is becoming an inordinately high proportion of salary for those who live

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8 Jie Zhang et al. (2003) – Regional Economic Impacts of Tourism: The Case of Denmark

9 Defra (2021) – Statistical Digest of Rural England: Tourism

10 Department for Environment Food & Rural Affairs (2021) – Statistical Digest of Rural England: Tourism

11 Welsh Government (2021) – Second homes: developing new policies in Wales

12 Morgan Morris (2023) – Holiday Lets: How is the UK Hospitality Sector Evolving?

13 Wookhyun An and Silverio Alarcón (2020) – How Can Rural Tourism Be Sustainable? A Systematic Review

14 Wookhyun An and Silverio Alarcón (2020) – How Can Rural Tourism Be Sustainable? A Systematic Review

15 Morgan Morris (2023) – Holiday Lets: How is the UK Hospitality Sector Evolving?

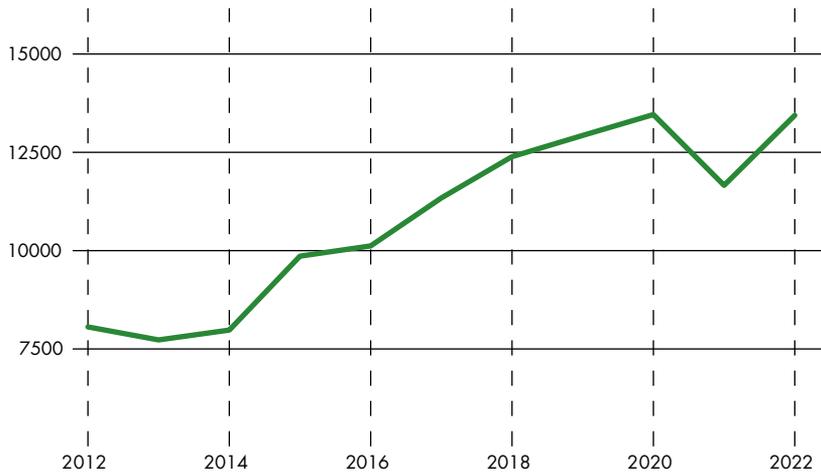
16 Doohyun Hwang et al. (2011) – Community Behaviour and Sustainable Rural Tourism Development

and work in rural areas. These are low-wage jobs, often seasonal, and although many people hold down two or three jobs at a time, they remain unable to compete with the incomes of workers who can afford second properties in rural areas. Wealthy property-seekers often influence house prices locally, out of the salary reach of many local people. However, the scenario is very complex and so solutions must be multifaceted. When there is strong amenity demand in rural areas, there are multiple demands on the property market and at the same time the planning system will remain concerned with constraint and the character of the settlement. New platforms for letting such as Airbnb are heightening already-existing pressures, and the biggest impacts occur in places such as the Cotswolds or the Heritage Coast.

Additionally, shorter term developments such as a lower stamp duty, despite the original intention of aiding first-time buyers to climb onto the property ladder, can have the unintended effect of raising house prices. First-time buyers are most severely impacted by rising prices without the safety net of an existing place on the property market<sup>17</sup>. Although second-home buyers since 2022 have been subject to a higher stamp duty tax rate, first-time buyers in particularly rural areas are still suffering due to inflationary effects of second-home buying on the rural housing market. Unfortunately, a result of inflation in these markets is that essential service providers in both the public and private sectors are being priced out of rural areas, unable to find access to housing.

The rural housing market already faces unique challenges due to the nature of planning in rural areas, despite not being fundamentally different in process from urban planning. For one, development in many rural areas is limited by the stringent planning restrictions in place for sites within areas classified with both national and international designations.

**Figure 4. Housebuilding in rural tourist hotspots**  
Homes completed, 2012-2022



Source: DLUHC, Dorset not included due to boundary changes

In England, protected landscapes can fall into a number of designations with the purpose of conserving their aesthetic, cultural, and environmental qualities and that each have their own specific regulation concerned with their protection. Of these designations, National Parks and Areas of Outstanding Natural Beauty (AONBs) make up around 24 percent of England's land area<sup>18</sup>. The former exist under the remit of a park authority, each of which is composed of members and officers that set policies, use resources, and carry out decisions in order to "conserve and enhance the natural beauty, wildlife and cultural heritage of the area" and "to promote opportunities for the understanding and enjoyment of the parks' special qualities by the public"<sup>19</sup>. AONBs also have managing authorities who must ensure the conservation and enhancement of the areas' natural beauty.

One difference between the two designations is that National Park Authorities have a duty "to seek to foster the social and economic wellbeing of the local communities within the National Park in pursuit of their purposes"<sup>20</sup>. The

18 Natural England (2020) – England's statutory landscape designations: a practical guide to your duty of regard

19 Peak District National Park (2020) – About the Peak District

20 National Parks England (2018) - National Parks: living, working places where beauty drives the economy

Government's vision and circular on National Parks and the Broads states the Government's "expectation is that new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services"<sup>21</sup>. Regrettably, no such duties, to balance landscape protection, apply to Areas of Outstanding Natural Beauty.

Aside from these nationally designated areas, Local Plans also designate certain areas for protection via policies including Conservation Areas and cultural heritage landscapes. Furthermore, other environmental designations of national and international standing across England include Sites of Scientific Interest, Special Areas of Conservation, and Special Protection Areas, among others, each with their own specific regulations and contributions to England's natural environment<sup>22</sup>. In contrast, Green Belt policy works to prevent urban sprawl into rural areas as a planning tool, although Green Belts are not designated specifically for their landscape quality. In spite of that, nearly a quarter of the London Metropolitan Green Belt, for example, is designated an AONB<sup>23</sup>.

Housing can be a challenge when met with the stringent regulations that restrict planning in protected landscapes, but development remains a necessity for local populations to grow sustainably in these areas. National Parks in England and Wales were home to 399,400 people in 2021<sup>24</sup>, but in most parks, population figures have declined over the past 10 years. Due to the sensitive nature of these environments, there can be many, strict requirements for development design in rural areas, and planning authorities must remain devoted to conserving these environments without the encroachment of sporadic or over- development<sup>25</sup>. Planning restrictions can therefore be more constraining to local planning in rural areas and there may be further pushback from poor local opinion of new development.

There also tends to be a limited interest in rural planning practice, with a purported lack of skills and knowledge among planners and, particularly, a lack of an appreciation for the pressures that face rural areas<sup>26</sup>. Rural planning is furthermore limited by resource constraints alongside this general emphasis on urban over rural development. There are fewer landowners across rural areas, limiting the supply of sites across the countryside for development particularly if

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21 Defra (2010) - English national parks and the broads: UK government vision and circular 2010

22 Historic England (2023) – Natural Designations

23 CPRE (2019) – A Positive Vision for London's Green Belt

24 Office for National Statistics (2023) – National park residents, England and Wales: Census 2021

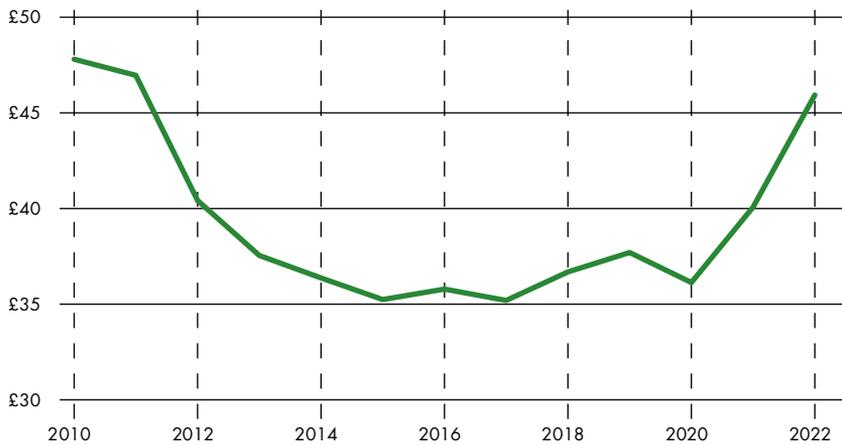
25 Wiltshire Council (2021) – Wiltshire Council Local Plan

26 RTPI (2022) – Rural Planning in the 2020s

landowners are reluctant to sell land, and residents of rural areas also tend to have stronger views on the acceptability of new housing<sup>27</sup>. To address the sector-wide lack of capacity in planning, the government has announced an extra £24m to invest in local planning capacity, however this may not be sufficient to offset the major reductions in spending over the 2010s.

### Figure 5. Planning spend in rural tourist hotspots

Average per head of population, 2010-2022



Source: LGINform/DLUHC, Cumbria and N. Yorks authorities not included due to boundary changes

Sites for development in rural areas fall into one of three categories: allocated sites, windfall sites, and rural exception sites. The first are allocated within the Local Plan of the relevant local authority, and both these and windfall sites are under a requirement to provide an agreed quantity of affordable housing. Rural exception sites, on the other hand, and as will be discussed further in this report, have affordable housing as their primary function<sup>28</sup>. Rural exception sites are the only kind of exception sites that can be utilised in designated rural areas and areas within the Green Belt, but it is the responsibility of local authorities and other stakeholders such as local communities or parish councils to bring rural exception sites forward for development<sup>29</sup>. Action in rural Sussex (Airs), for example, have developed several homes through RES to provide perpetually affordable housing

27 Local Government Association - Planning on the Doorstep: The Big Issues – Rural Housing

28 LGA - Planning on the Doorstep: The Big Issues – Rural Housing

29 DLUHC (2021) – Housing needs of different groups

for communities in the region, keeping land values consistently low for more than a decade.

Viability is a foremost consideration for all housing development but is a particularly relevant question when it comes to delivering affordable homes on rural exception sites. Planning authorities can either cross-subsidise affordable housing with limited market-price development or look to find grant funding, for example, where other approaches are untenable<sup>30</sup>. Unfortunately, cross-subsidising on rural development sites can lead to developers building starkly varied housing on a single site. Trying to re-establish the integrity of RES policy is therefore very important for local authorities, using such instruments as Chief Planning Officer Advice Notes, the National Planning Policy Framework, and SPDs to provide policies that harden up their approach to providing affordable housing. However, there remain obstacles in the form of official viability assessments and the five-year land supply, which can come into opposition with local plan work.

Because of strict controls over planning in rural areas, landowners tend to have low expectations of their land's value, potentially opening up sites to development for community-focussed development schemes<sup>31</sup>, but many landowners remain reluctant to consider the lower-value opportunities offered by affordable housing. The NPPF suggests that in order to ensure sustainable development for rural areas, housing be "located where it will enhance or maintain the vitality of rural communities", emphasising in particular that planning policies need to identify opportunities to support local services<sup>32</sup>. Due to the restrictions on rural development and the desire to maintain sustainability, the supply of housing in rural areas can fall short of providing for the very high demand that exists in such desirable settings, driving up house prices inordinately, and certainly beyond the capacity for locals to contend with.

### 1.1.3 The impact of COVID-19

The pandemic brought with it a huge increase in the number of buyers looking for second homes away from major urban centres. By December 2021, 21 percent of UK employees worked in firms that intended to retain remote working on a permanent basis, and this phenomenon was skewed towards higher paid sectors<sup>33</sup> - those that tend towards urban centres. With this new ability to work

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30 DLUHC (2021) – Housing needs of different groups

31 Wiltshire Council (2021) – Wiltshire Council Local Plan

32 Wiltshire Council (2021) – Wiltshire Council Local Plan

33 Institute for Fiscal Studies (2021) – Inequality and the Covid crisis in the United Kingdom

remotely, the number of wealthy London-based buyers of second homes outside the city rose from 2019 to 2020 by 309 percent, and across the country second home purchases went up by 58.5 percent in the same period<sup>34</sup>. Before domestic travel reopened on the April 12 in 2021, new owner enquiries for second homes increased by 91 percent<sup>35</sup>. House prices rose fastest in the South West during 2020 as many high-income urban workers bought up homes in more desirable, rural locations<sup>36</sup>.

During the pandemic, there was a sharp rise in owners of second homes wanting to list their properties as short-term holiday lets, making use of the increase in domestic tourism and evidencing the rise in popularity of the STL sector in recent years. In fact, during the height of lockdown, it was reported that Airbnb hosts were attempting to provide spaces for “COVID-19 retreats” and renting to domestic customers in breach of lockdown regulations<sup>37</sup>. As a result, rural areas are seeing a greatly reduced capacity in the private rental sector to provide properties for locals, instead seeing homes acquired by non-local buyers and used primarily for STLs, although there has been suggestion that the post-pandemic housing market may still see a ‘boomerang’ effect after some time, wherein interest in rural home ownership would return to pre-pandemic rates<sup>38</sup>.

The RTPI in 2022 produced a large study of planning in rural areas across the UK and Ireland, specifically looking into the question of COVID migration. The evidence showed that attractive areas of the country near big cities were suffering from migration-inspired house price increases towards the end of 2021 and the beginning of 2022<sup>39</sup>. The impact of this is quite spatially varied, depending on perceptions of the attractiveness of the countryside. The pressure is especially felt in areas that are accessible and that have a good broadband connection, exacerbating issues of affordability in many rural areas when such sources of connectivity between rural and urban areas cause an overheating of the land market.

Contrastingly, some areas do remain low-value – areas that inspire less investment and perhaps remain agricultural economies, where housing stock is low-quality, and incomes are also low. Such areas must not be left out of the conversation on

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34 Knight Frank: The Intelligence Lab (2021) – Pandemic leads to leap in second home purchases by London-based buyers

35 House of Commons Library (2022) – The growth in short-term lettings (England)

36 BBC News (2020) – House prices rise as Covid sparks rural relocation

37 House of Commons Library (2022) – The growth in short-term lettings (England)

38 RTPI (2022) – Rural Planning in the 2020s

39 RTPI (2022) – Rural Planning in the 2020s

rural housing and development. Analysis of homelessness figures among primarily rural local authorities shows that the registered numbers of homeless people have continued to rise quite significantly in recent years, illustrating that there is a continued, growing need that is becoming more and more urgent<sup>40</sup>.

While second home ownership and the STL sector saw relative stability over the pandemic, the hospitality industry saw the biggest economic decline of all sectors due to COVID-19<sup>41</sup>, and the sector is still struggling to recover due to additional pressures such as inflation, energy costs and staff shortages<sup>42</sup>. In 2020, domestic tourist spending in the UK was estimated at 63 percent lower than in 2019 and the country saw 73 percent fewer international visitors<sup>43</sup>. As noted previously, many of those working in hospitality and tourism are of a younger demographic, and it was young people who were most disproportionately affected by falling employment in the sector from 2019-2020<sup>44</sup>. In areas that primarily rely on tourism, the effects of the pandemic were most keenly felt. In coastal areas, seven percent of all businesses closed permanently from 2020 to February 2021<sup>45</sup>. Of all workers across the UK, those reporting that their main job was in the travel and tourism industry dropped by 10.8 percent from 2019-2020. For regions with high employment in the industry, such as the Isle of Scilly wherein 46 percent of the workforce report working in travel and tourism-related jobs<sup>46</sup>, the pandemic likely had a much greater impact.

While tourism and hospitality were hit very hard by the pandemic, the cost of doing business is only continuing to rise and, in an industry that relies on non-essential spending, the cost-of-living crisis is driving away its consumer base. Over the past several years, accommodation and food services have seen some of the highest insolvency rates across the country<sup>47</sup>. These industries are also more vulnerable to the lasting effect that long COVID is having upon the workforce. Most sufferers of long COVID will end up having to take sick leave, reducing their earnings by an average of £65 per month, and are at a higher risk of reducing their work hours to zero with an associated fall in earnings<sup>48</sup>. Those working on zero-hours or part-time contracts within the hospitality sector are likely to see exacerbated detriments

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40 English Rural (2023) – Homelessness in the Countryside: A Hidden Crisis

41 House of Commons Library (2022) – Hospitality industry and Covid-19

42 Morgan Morris (2023) – Holiday Lets: How is the UK Hospitality Sector Evolving?

43 Peter Jones (2022) – A Review of the UK's Tourism Recovery Plans Post COVID-19

44 ONS (2021) – Coronavirus and the impact on the UK travel and tourism industry

45 VisitBritain (2022) – 2023 tourism forecast

46 ONS (2021) – Coronavirus and the impact on the UK travel and tourism industry

47 Senedd Research (2022) – Under pressure: what are the issues facing hospitality, tourism and retail?

48 IFS (2022) – Long COVID and the labour market

to their job security as a result of the prevalence of long COVID, which may have disproportionate effects upon the workforce within tourist hotspots.

It is evident that tourist hotspots across the UK were placed under a lot of pressure by the pandemic, and now these areas are also suffering due to the combined impacts of the cost-of-living crisis and the intrusion of STL and owners of second homes into local property markets.

## 1.2 The rise and impact of short-term lets

The introduction of online platforms such as Airbnb and Booking.com signalled the start of a new age in which short-term lets became mainstays of the holiday accommodation market, making it easier for tourists to find cheap places to stay even in the localities of some of the UK's most desirable destinations. However, with this stampede of tourists to hotspots around the country has concerns about over-tourism. Likewise, landlords have been tempted by the burgeoning potential for much greater profits in the STL sector, restricting rental supply for residents of these communities.

### 1.2.1 Online platforms and proliferation

The introduction of online, STL platforms has provided an immensely efficient mechanism for suppliers of properties to find potential customers worldwide, and with this ease has come a sky-rocketing popularity in the sector. CPRE has noted that, nationally, STLs saw a 1,000 percent increase in the years from 2015-21, driven in part by the huge increase in popularity of STL platforms – by 2018, the reach of Airbnb was about a third of the size of the hotel sector in London<sup>49</sup>. Alongside London, other tourist hotspots in the UK have been most affected. For example, South Lakeland, a rural district in the popular holiday destination of the Lake District, saw as much as a 1,231 percent increase in short-term listings between 2016-20<sup>50</sup>. With the sector rising so sharply in popularity, properties that might otherwise have been or become homes for local families are instead being used for tourists.

The tourism sector does have the benefit of providing jobs, particularly to rural areas, some of which have seen STL activity contributing up to four percent of their GDP<sup>51</sup>. However, beyond removing properties from the private rental market,

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49 House of Commons Library (2022) – The growth in short-term lettings (England)

50 CPRE: The countryside charity (2022) – New research: a huge rise in holiday lets is strangling rural communities

51 Short Term Accommodation Association (2023) – Short term rental sector creates an economy of new jobs

an abundance of STLs can have poor impacts on neighbourhoods, where STLs can be seen as a threat to community and personal security for residents. They can also have a negative impact on public amenities, wherein the comings and goings of short-term renters can cause unwelcome noise, accelerated wear-and-tear of public areas, leave behind poorly disposed rubbish, and can lead to overcrowding in areas particularly where STL owners might not know how many people are staying in their properties. It is also likely that tenants sub-letting spaces in breach of tenancy agreements are benefiting from the increased availability of accommodation sharing platforms<sup>52</sup>.

In 2018, it was noted that the impact of STLs on London's housing supply was negligible, with less than one percent of the city's total housing stock used for this purpose<sup>53</sup>. However, the rapid expansion of the sector, particularly exacerbated by the rise of Airbnb and other such platforms, means that the housing supply both in London and other areas that have a greater proportion of STLs will become increasingly crowded.

### 1.2.2 The regulatory landscape

In the current climate, central government and local authorities are struggling to provide support for local residents left behind by the impacts of tourism and to regulate against the negative impacts of the STL sector, while still maintaining the economic benefits that tourism can produce.

Legislation concerned with short-term letting provides an insight into some of the differences between the sector across rural and urban areas. In London, the Deregulation Act 2015 ensures that anyone hosting short-term rentals for more than 90 days per year must obtain planning permission from their local authority for change of use of the property, legalising short-term letting below that figure. However, there have been criticisms that the deregulation reforms were largely ineffective because of a lack of reliable data about the number of nights booked for each property<sup>54</sup>. Local authorities must devote time and resources to enforcing STL regulation even though the Deregulation Act 2015 did not provide any additional resources for this purpose<sup>55</sup>. Consequentially, the GLA estimated in 2019 that 23 percent of London listings breached the regulations in being occupied for more than 90 nights in the year<sup>56</sup>.

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52 House of Commons Library (2022) – The growth in short-term lettings (England)

53 London Assembly Labour (2018) – More BnB? Short-term Lets in London's Housing Crisis

54 London Assembly Labour (2018) – More BnB? Short-term Lets in London's Housing Crisis

55 Greater London Authority (2020) – Short-term and holiday letting in London

56 House of Commons Library (2022) – The growth in short-term lettings (England)

Across the rest of England, the 90-day rule does not apply. However, in 2022 DLUHC committed to new rules that were expected to come into legislation in April 2023, which outline that holiday lets must be rented out for a minimum of 70 days a year to qualify for business rates rather than domestic council tax, and available to be rented out for at least 140 days a year<sup>57</sup>. These rules did not come to fruition, but levelling up secretary Michael Gove has recently announced goals to see regulations crystallised within the planning system, ensuring that holiday homes in England must receive planning permission in order to function as STLs<sup>5859</sup>, closing a tax loophole via which second homeowners receive business rates relief rather than paying council tax. These regulations are set to come about through secondary legislation later in 2023, and a consultation is underway that aims to consider the number of nights per year – whatever that figure may end up being – that homeowners would be eligible to let out their own homes before the change in planning permission<sup>60</sup>.

Significantly, there are currently still no requirements for property owners to provide evidence that they are using their property for commercial letting. On the other hand, at present second homes may be eligible, under the auspices of whichever local authority concerned, to a reduction for council tax of up to 50 percent. The government plans for introducing strict planning permission requirements for holiday homes have also seen criticism from some Conservative MPs, who see these moves as failing to address the housing crisis by avoiding new housebuilding as a solution and who are worried that there is potential for the tourism industry to be detrimentally impacted by the proposed rules<sup>61</sup>. The government's post-pandemic Tourism Recovery Plan does, however, provide some measures that hope to ensure a minimal impact from the rise of digital renting platforms on local communities<sup>62</sup>. The eventual aim, following a call for evidence that is currently underway, is to provide a Tourist Accommodation Registration Scheme (TARS) and to ensure that breaches in legislation by hosts in the sector are avoided.

In 2022, a call for evidence was published concerned with the growth of the

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57 DLUHC (2022) – Gove closes tax loophole on second homes

58 DLUHC; Department for Culture, Media and Sport (2023) – New holiday let rules to protect local people and support tourism

59 The Guardian (2023) - Holiday homes in England to need planning permission under new plans

60 DLUHC; Department for Culture, Media and Sport (2023) – New holiday let rules to protect local people and support tourism

61 Sky News (2023) – Michael Gove announces holiday lets could require new permissions in bid to stop second homes 'pushing out' locals

62 Department for Culture, Media & Sport; Department for Digital, Culture, Media & Sport (2023) – Developing a tourist accommodation registration scheme in England: call for evidence

STL sector and the potential TARS, looking particularly into policies to reduce the impacts of short term and holiday lets across the UK and examining measures taken in Scotland, Ireland, and other countries such as the USA, France, Greece, and Japan<sup>63</sup>. For example, in Scotland, ministers recently approved proposals from councillors for a short-term let control area in Edinburgh<sup>64</sup>. A suitable registration scheme should be able to restrict the unsustainable behaviour of STL hosts and ensure that second-home owners in rural areas will not benefit via tax loopholes that leave properties empty in these areas across most of the year.

At present, a consultation by the Department for Culture, Media, and Sport has been undertaken to explore the value of a registration programme for STLs in England, a decision that has been supported by Airbnb itself<sup>65</sup>. The registration scheme, which is being introduced via the Levelling Up and Regeneration Bill, would require the payment of a fee by property owners to receive registration, and as a result this plan has seen some backlash from landlords and associated industry stakeholders<sup>66</sup>. This is not to say that the sector is hostile to regulation – Airbnb responded in 2017 to the 90-day STL regulation in London, with the rule that entire-home listings in Greater London could not be listed for more than 90 days a year, unless the owner could provide evidence that they had acquired the relevant permissions to extend past the limit<sup>67</sup>. This kind of regulation from digital STL platforms does seem to greatly improve the ability for local authorities to control the STL sector and to avoid the exploitation of tax loopholes by STL managers; hence the government proposal for an STL register across the whole country. However, not every platform has the capacity or the willingness to enforce regulation<sup>68</sup>.

### The urban/rural split in the impact of short-term lets

STLs do have similar impacts on housing supply in areas both urban and rural where there are great proportions of the private market that have been acquired for STL purposes. However, the impact on rural areas is exacerbated by the differences in rural and urban incomes. While higher-income urban residents begin to buy second homes for STLs or move into

63 Department for Culture, Media & Sport; Department for Digital, Culture, Media & Sport (2023) – Developing a tourist accommodation registration scheme in England: call for evidence

64 The City of Edinburgh Council (2023) – Short-term let control area

65 The Guardian (2023) - Holiday homes in England to need planning permission under new plans

66 The Telegraph (2023) – Holiday landlords fear fees of up to £1,000 a year under Gove's 'anti-business' crackdown

67 Airbnb (2017) – I rent out my home in London. What short-term rental laws apply?

68 London Assembly Labour (2018) – More BnB? Short-term Lets in London's Housing Crisis

attractive rural areas for retirement or to work from home, local residents are being pushed into an uncomfortable corner of the market, some pushed out of properties rented in the private market in favour of second-home owners or STL hosts<sup>6970</sup>. In Cumbria, for instance, since 2016 there has been a 14 percent increase in families on social housing waiting lists while there has been a four percent decline in the number of privately rented properties<sup>71</sup>. The cost-of-living crisis has also had a magnified effect on residents of rural areas, and so the wider impacts of an increasingly restrictive private rental market are being felt keenly in such places. House prices in rural England and Wales are increasing at a rate twice as fast as their urban counterparts<sup>72</sup>. The housing crisis is having an immense effect on rural communities while many homes in some areas remain empty for the majority of the year.

### 1.3 International comparisons

While the problems of short-term letting and second home ownership for rural housing markets can seem at times frustratingly intractable, it is worth acknowledging that this is a problem experienced by similar areas all over the world. Different nations are at different stages in the journey to strike a better balance between holiday and residential homes in desirable rural areas. It is worth surveying the international evidence for lessons to be applied in the UK.

#### 1.3.1 The impacts of being a tourism hotspot

According to the World Tourism Organisation, rural tourism is “a type of tourism activity in which the visitor’s experience is related to a wide range of products generally linked to nature-based activities, agriculture, rural lifestyle / culture, angling and sightseeing”<sup>73</sup>. In rural tourist hotspots, tourism can therefore inject life into the environment and culture, visitors bringing both enthusiasm and income to local communities. Across Europe in 2020, partially due to the influence of COVID-19 on tourist behaviour, almost 40 percent of the total nights spent in EU tourist accommodation were in rural areas<sup>74</sup>. Tourism is well known to

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69 BBC News (2023) – Shrewsbury tenant worries short-term lets will force her out

70 BBC News (2022) – Caught up in Cornwall’s worsening housing crisis

71 CPRE (2022) – CPRE research: Explosion in holiday lets is strangling rural communities

72 Hamptons Estate Agents (2021) – Market Insight Summer 2021

73 UN World Tourism Organisation (2020) – Rural Tourism

74 Eurostat (2022) – Tourism statistics at regional level

bring economic growth, particularly in the context of rural and more deprived regions<sup>75</sup>. Furthermore, while rural regions are often reliant on the single industry of agriculture for development, tourism can promote diversification of the local economy by providing another option for local development<sup>76</sup>. This can provide stability for rural economies that support a flourishing trade in tourism and as a result, also reduce regional inequalities<sup>77</sup>, not replacing agriculture but rather supplementing local incomes and providing cross-sector networks<sup>78</sup>.

Agritourism (or agrotourism) in particular, which is the use of agricultural resources to provide entertainment for visitors, generally domestic, can utilise an agriculture sector's excess labour supply alongside existing agricultural resources. In this way, rural and agritourism can actively reduce poverty by increasing the income level of particularly lower-income households<sup>79</sup>, and, in Europe, by providing an alternative form of industry that can soften the consequences of agricultural land abandonment<sup>80</sup>. There is evidence that farm tourism – the utilisation of farms for tourism purposes such as accommodation – can result in proportionately higher benefits than tourism that uses other, purpose-built accommodation<sup>81</sup>. Tourism will also be beneficial for both large and small local businesses<sup>82</sup>, and especially in less developed economies, leads to the facilitation of training in rural development for locals<sup>83</sup>.

Rural tourism tends to place importance on local traditions, increase the popularity of local crafts, and preserve local heritage and cultural identities<sup>84,85</sup>. It can

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- 75 Tadayuki Hara and Sandra Naipaul (2007) – Agritourism as a Catalyst for Improving the Quality of the Life in Rural Regions: A Study from a Developed Country
- 76 Thowayeb H. Hassan et al. (2022) – Impact of Rural Tourism Development on Residents' Satisfaction with the Local Environment, Socio-Economy and Quality of Life in Al-Ahsa Region, Saudi Arabia
- 77 Nikolaos Apostolopoulos et al. (2020) – Sustaining Rural Areas, Rural Tourism Enterprises and EU Development Policies: A Multi-Layer Conceptualisation of the Obstacles in Greece
- 78 Jenny Holland et al. (2003) – Tourism in Poor Rural Areas: Diversifying the product and expanding the benefits in rural Uganda and the Czech Republic
- 79 Tadayuki Hara and Sandra Naipaul (2007) – Agritourism as a Catalyst for Improving the Quality of the Life in Rural Regions: A Study from a Developed Country
- 80 Nikolaos Apostolopoulos et al. (2020) – Sustaining Rural Areas, Rural Tourism Enterprises and EU Development Policies: A Multi-Layer Conceptualisation of the Obstacles in Greece
- 81 Jenny Holland et al. (2003) – Tourism in Poor Rural Areas: Diversifying the product and expanding the benefits in rural Uganda and the Czech Republic
- 82 Regina Scheyvens and Matt Russell (2010) - Tourism and poverty alleviation in Fiji: comparing the impacts of small- and large-scale tourism enterprises
- 83 Xavier Greffe (2009) – Is rural tourism a lever for economic and social development?
- 84 Jenny Holland et al. (2003) – Tourism in Poor Rural Areas: Diversifying the product and expanding the benefits in rural Uganda and the Czech Republic
- 85 Thowayeb H. Hassan et al. (2022) – Impact of Rural Tourism Development on Residents' Satisfaction with the Local Environment, Socio-Economy and Quality of Life in Al-Ahsa Region, Saudi Arabia

bring revitalised efforts to protect and conserve both the local built and natural environments, particularly when effort is made to promote sustainable tourism and the preservation rather than depletion of natural assets. In Western Europe, those regions that have a high rural tourism probability are also those with a high potential for conservation, although this particular correlation is not necessarily replicated among other parts of the continent<sup>86</sup>. When certain areas become popular destinations and begin to attract investment and other opportunities for development, this can have the additional and often welcomed effect of drawing attention from regional or even national governing bodies, which may be able to provide funding initiatives or develop partnerships in order to further stimulate local development<sup>87</sup>. However, it can also be the case that policy makers and regional authorities try to interfere with local partnerships and entrepreneurial activities, as in some cases in the EU<sup>88</sup>.

As stated above, tourism can provide opportunities for the reduction of labour excess in the agriculture sector. It almost goes without saying that tourism provides job opportunities for locals, but it can particularly be noted that across Europe, for example, those regions with highest tourism intensity – i.e., tourism nights per local inhabitant – also see an unemployment rate that lies below their national average<sup>89</sup>. The accommodation sector also provides employment opportunities for the less educated, and nearly one in seven people employed in tourism in Europe are foreign citizens<sup>90</sup>. Persuaded by employment opportunities, inhabitants of rural areas increasingly remain in these areas, meaning that tourism reduces out-migration, particularly among younger people for whom the tourism sector can provide relatively steady employment, and potentially even supports re-population<sup>91</sup>. A further benefit is that tourism can drive the development of local infrastructure and improve quality of life for local inhabitants. Facilities and infrastructure that already exist such as hospitals, roads, and other services, can be adapted and renewed to support the reception and transit of higher numbers of visitors<sup>92</sup>.

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86 Derek B. van Berkel and Peter H. Verbung (2011) – Sensitising rural policy: Assessing spatial variation in rural development options for Europe

87 Nikolaos Apostolopoulos et al. (2020) – Sustaining Rural Areas, Rural Tourism Enterprises and EU Development Policies: A Multi-Layer Conceptualisation of the Obstacles in Greece

88 Nikolaos Apostolopoulos et al. (2020) – Sustaining Rural Areas, Rural Tourism Enterprises and EU Development Policies: A Multi-Layer Conceptualisation of the Obstacles in Greece

89 Eurostat (2022) – Tourism industries – employment

90 Eurostat (2022) – Tourism industries – employment

91 Jenny Holland et al. (2003) – Tourism in Poor Rural Areas: Diversifying the product and expanding the benefits in rural Uganda and the Czech Republic

92 The Program in Rural Monitoring and Evaluation (2021) – Tourism: An Opportunity for the Economic Development of Rural Areas

On the other hand, alongside the improvement of local services come associated rising costs of these services, and rising costs of accommodation as detailed above, often beyond the comfort zone for locals working within the poorly paid tourism industry. Due to the high tourism intensity in rural areas and the reliance on the tourism sector for diversification of industry, rural areas are disproportionately susceptible to changes in tourism, as evidenced by the impact of the pandemic on the industry as outlined previously in this report. Phenomena such as mass tourism can have an inordinately detrimental impact on rural localities when tourism is carried out unsustainably<sup>93</sup>. And while employment opportunities are many and varied within the rural tourism sector, they can also be, on average, less permanent and often part-time, leading to uncertainty among the livelihoods of rural workers<sup>94</sup>.

In Europe, the accommodation sub-sector sees lower-than-average hourly earnings and labour costs. As discussed above, rural workers can suffer from poor employment conditions, accommodation, and job certainty. Furthermore, many rural destinations rely primarily on seasonal tourism. Some regions across the coasts of the Mediterranean and the Black Sea reported that almost 90 percent of tourism nights were spent at short-stay accommodation during the summer season, and there are 10 regions in the EU where more than 50 percent are spent during the winter season<sup>95</sup>. Seasonal fluctuations such as this can leave tourist hotspots relatively empty in the off-season and drive up living costs during the tourist-heavy season, which can force away local residents and ensure that employment in the industry is only attractive for part of the year.

### 1.3.2 Regulating short-term lets: international comparisons

According to research carried out by the Scottish government on STL regulation outside the UK, there is a good deal of precedent across Europe and North America for such policies. Types of regulation concerned with STLs are configured into the following categories: limitation on the number of nights a property can be let per year; limitations on the number of listings in an area; registration or licencing or planning permission; limitations to change of use; income taxation or a Tourism tax; Airbnb data sharing; and whether the host is required to live in the property. Where a Tourism tax is in place, the money raised will go towards financing improvements to the destination and, often, specifically the destination's tourism sector. Additional regulations for STLs include the following: in Italy, an STL host must share guest data with the police; in Boston, hosts can only be owners,

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93 Priatmoko et al. (2023) – Understanding the Complexity of Rural Tourism Business: Scholarly Perspective

94 Eurostat (2022) – Tourism industries – employment

95 Eurostat (2022) – Tourism industries – employment

rather than renters, of the property being let<sup>96</sup>; in Ireland, there is a principle of “one host, one home” in areas of high housing demand – second homes can only be used as an STL once planning permission has been obtained for change of use, and in areas with high demands, planning permission is not granted<sup>97</sup>. It is notable that only four of the examples found here – Denmark, Greece, Italy, and Ireland, alongside the Scottish government’s more recent efforts – see regulations concerning whole-of-country impacts, rather than just city-wide regulations. In England, the problems attracted by STLs in rural communities seem to evidence a need for similar controlling measures across the country beyond just the current planning permission regulations in London. Gove’s proposed reforms might see some of these measures come to fruition.

A detailed report by the Property Research Trust examines 12 European cities in terms of STL regulations: Amsterdam, Barcelona, Berlin, Brussels, Lisbon, London, Madrid, Milan, Paris, Prague, Rome, Vienna. In 2018/2019, London had by far the most Airbnb listings offered of these cities (77,096), with only Paris joining London in having above 50,000 listings<sup>98</sup>. The report notes that Berlin, Madrid, Barcelona, and Amsterdam have the strictest control over STLs, also outlining for each city the methods of implementation and enforcement for the regulations. It also provides information about where regulations appear at national and regional level for the cities of interest: for example, evidencing that there is regulation in Catalonia, and therefore the city of Barcelona, specifying that rental platforms must display the registration number of the rental property.

Closer to home, the Welsh government launched a public consultation in September 2022 concerned with their commitment to introducing a visitor levy with which local authorities might be able to fund public services, infrastructure, and the “preservation and celebration of local communities”, aiming to also further the autonomy of local authorities<sup>99</sup>. In Scotland, since October 2022 those who offer STL must apply for one of four kinds of licence from their local councils: home sharing, home letting, secondary letting, or home letting and home sharing. In order to achieve the licence, the properties must meet certain requirements including conditions of insurance and fire safety, and individual councils have the power to set their own terms as well<sup>100</sup>.

Although England has not seen similar resources devoted to policing the rise

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96 Scottish Government (2019) – Short-term lets: consultation annexes

97 Scottish Government (2019) – Short-term lets: consultation annexes

98 Property Research Trust (2021) – Regulating Short-Term Rentals

99 Welsh Government (2022) – A visitor levy for Wales

100 Mygov.scot (2022) – Overview of short-term let licenses

of STLs, there is hope that DLUHC's new regulations as described previously, combined with the increased powers for local authorities that the Levelling Up and Regeneration Bill grants, to regulate second homeownership and ensure council tax premiums on second homes, will go some way towards responding to the issues outlined in this report<sup>101</sup>.

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101 RTPI (2022) – Addressing the challenges of short-term lets and second homes

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CHAPTER TWO

# How Community Land Trusts are being used to combat the housing shortage in rural areas

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Community-led housing is a catch-all term for housing created for and by community groups. Community-led housing is increasingly popular across the UK, particularly because it can provide affordable solutions to those struggling with high rent and costs of living in their localities.

Rural areas that are heavily impacted by inflated open-market house prices and a lack of social and other forms of affordable housing can greatly benefit from the successful foundation of community groups and the subsequent development of community-led housing. Small-scale, affordable developments can have enormous benefit to communities in rural areas, potentially in perpetuity, meaning that smaller, community-led schemes can go a long way to softening the burden of the housing crisis within these localities. There are also a growing number of larger-scale rural community led developments, in the order of 50-150 homes, which could make a greater contribution if supported nationally. While there has been an increase in political attention to and policy support for community-led housing in recent years, there remain legislative and financial obstacles to overcome that could be eased with prudent reform.

### Key Points

- Community-led housing has risen greatly in prominence in the past 15 years, with an increasing policy focus on enabling communities to take control and bring forward development.
- Community Land Trusts have come to the fore as an increasingly widely used method of circumventing the housing crisis, particularly in rural areas with property values driven up by tourism.
- While legislative pathways for Community Land Trusts have been established to enable communities, technical support in navigating the framework is currently not holistically provided by central government and left to support groups.
- Funding for Community Land Trusts and other forms of community housing has been welcomed in the form of the Community Housing Fund, but the discontinuation of this fund and the lack of a suitable replacement imperils efforts of communities to come together and provide affordable housing to the benefit of their locality.

## 2.1 Community-led housing in a failing market

It is widely acknowledged by the general public, and across the political spectrum, that the housing market in England is failing to deliver. Housebuilding is currently at its lowest level since the second world war, the barriers to buying a home have not been so high in several generations, and the private rental sector is facing acute difficulties. Facing these problems is a generational task, however efforts by communities to address the issues in their areas are increasingly mature. Community-led housing is a growing sector, particularly in rural areas, and represents hope for a sustainable housing market in the future.

### 2.1.1 The policy response to demand for community-led housing in non-metropolitan areas

Community involvement in the planning system is vital to ensuring development that is both efficient and of high quality. Following the Localism Act 2011, a number of new initiatives came about with the aim of empowering communities to act within the planning system, to conserve local assets or introduce new community-led development. Under the Community Right to Bid, communities can nominate a building or other land for listing by the local authority as an asset of community value, namely that the asset adds to the community's social

wellbeing<sup>102</sup>. This legislation does not mean that the owner is under any obligation to sell to the community, but it does stall the selling process so that communities can prepare a proposal and raise funds to place an offer on the asset<sup>103</sup>. The Community Right to Build allows communities to propose small-scale development without the need for planning permission, provided the development is used for community benefit<sup>104</sup>.

Beyond the 2011 Act, the Self-build and Custom Housebuilding Act 2015 placed a duty on certain public authorities to support self-build and custom housebuilding projects as a part of wider planning strategies<sup>105</sup>, while the Housing and Planning Act 2016 placed a duty to grant planning permission on local authorities for the support of self-build and custom housebuilding, although neither of these two pieces of legislation directly result in private land being brought into public or community control<sup>106</sup>. Development Trusts in Scotland benefit from a Scottish Government-funded Community Ownership Support Service and grants of up to £1m through the Scottish Land Fund. The Land Reform Acts of 2003 and 2016 have enabled extensive work by communities, especially in rural areas of Scotland<sup>107</sup>.

Furthermore, community-led housing can counteract local issues. When landowners do have an appetite for placing land with development potential into a community holding vehicle, such vehicles have the potential to unlock sites that otherwise might not be brought forward. Community-led housing schemes are generally seen to have a positive social outcome, not just internally but also in terms of contributing to the local community – they might, for example, put on community events or support public services. The schemes can focus the interest of rural communities their own long-term future, social sustainability, and evoking positive action. The ability of Community Land Trusts to protect social rented homes from the Right to Buy, Right to Acquire and Right to Shared Ownership can also reassure landowners that are selling land at low values; if affordable homes can be lost to the open market, landowners may justifiably feel they should have held out for an unconstrained market value for the land instead.

In recognition of this, the Community Housing Fund (CHF) was allocated to councils in 2016 by central government, to support all community-led housing in

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102 DLUHC (2012) – Community Right to Bid: non-statutory advice note for local authorities

103 Hertsmere Borough Council (2022) – Community Right to Bid

104 DLUHC (2020) – Neighbourhood planning

105 Legislation.co.uk (2016) – Self-build and Custom Housebuilding Act 2015

106 Legislation.co.uk (2016) – Housing and Planning Act 2016

107 Development Trusts Association Scotland (2009) – A history of community asset ownership

England. While there has not been a publicly available evaluation of how this has been used, research discussions for this report revealed that many local authorities made positive use of this funding to gap-fund projects to address viability issues, and to support the technical advice provided to communities. Most of this money has now been spent.

The fund provided a further phase of support delivered by Homes England and the Community Led Homes partnership from 2018 to 2020, amounting to £163m in both capital and revenue grants for community led housing projects across England<sup>108</sup>. Although criticised for its stop-start nature, the CHF gave a real boost to community-led housing in England – areas that benefited from greater allocations of the CHF now have greater numbers of schemes. However, following the dissolution of the CHF in 2020, community housing support groups and practitioners have noted the necessity for the continuation of more extensive streams of funding to continue their work. This support would need to be in addition to the Affordable Homes Programme of 2021-2026<sup>109</sup>, which provides support for tenures for homes planned under Affordable Rent, Shared Ownership, or Social Rent schemes. This is primarily because the Affordable Homes Programme does not provide aid to housing projects in their inception, requiring an already-developed project plan and, if necessary, planning permission already in place before funding is provided.

In 2022, DLUHC devoted an additional £4m Community Housing Fund Revenue Programme to support the pre-development stage of community-led housing, although did not extend to helping groups at the earliest stages of pre-development, such as developing the community group, mostly concerned with planning applications and bids for capital funding<sup>110</sup>. There are also concerns that while the Affordable Homes Programme supports affordable housing, it does so under the assumption of a definition of affordability that aligns with market prices, rather than the a criteria which is income-based and stresses that schemes must be locally beneficial and perpetually affordable.<sup>111</sup> In Scotland, the Scottish Land Fund has been ongoing in its aid to both urban and rural communities, helping some of the most rural places in the UK to counteract depopulation or for communities to support local infrastructure and public services<sup>112</sup>. A similar

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108 Homes England (2019) – Community Housing Fund

109 Community Land Trust Network (2021) – Delivering the Community Led Housing Pipeline in England

110 Community Led Homes (2021) – CHF Revenue Programme 2021/22

111 Centre for Regional Economic and Social Research (2022) – Homes in Community Hands: Year Three evaluation report

112 Scottish Government (2022) – Scottish Land Fund

mechanism or other funding support could be immensely valuable for communities in England.

Over the past 15 years, there has been a disparate collection of communities working in relative isolation trying to achieve new housing delivery. Many community-led housing groups have been reinventing the metaphorical wheel, leading to various inefficiencies. More recently, though, a critical mass of schemes has been evolving, with specific learning points and collective learning happening alongside institutional developments. More organisations representing community-led housing such as the CLT Network and the Cohousing Network, and a network of regional enabler hubs like Cornwall CLT, Middlemarch CLH and the Sussex Housing Hub, are providing mentoring and support so that groups are not working in isolation. Investment into community-led housing enablers can also have a quantifiable difference. Furthermore, investment makes a difference to local policymaking – some of the most progressive policies around community-led housing are in areas where there has been investment in enablers, such as Bristol, Devon, East Cambridgeshire, Leeds, and Liverpool, where there is a resultant emerging, localised policy agenda.

Cornwall Council have started a programme of proactive enabling work as an affordable housing team to promote community-led housing, going to parish and town councils and interested community groups, housing working parties, and neighbourhood plan groups. In the last year, the team have prioritised 34 of 213 parishes to provide a geographically based point of contact. A newsletter including the team's contact details goes to all parish and town councils. The team answers questions, carries out on-the-ground work, and still has funds carried over from the CHF with which the council set up a number of different grants for the community – for example, a fund for land remediation, and an early-stage feasibility fund. The council no longer has further money to spend on these schemes, but that initial funding is still supporting communities who would otherwise struggle to initiate projects.

A newly announced £2.5million in funding for Rural Housing Enablers has been met with general elation. The vast majority of RES development in the last three years has been where there is a rural housing enabler at work. However, this new funding announcement is just reversing past damage in terms of the massive cuts in previous budgets for rural housing enablers. Hopefully it will improve matters in future: if there had been more consistent funding over the past ten years, rural housing would be in a much better position.

## Levelling Up and the turn to the hyper-local

A central argument that underpins the levelling up agenda across England is the idea that local leaders and communities are ideally placed to provide place-based solutions to local problems<sup>113</sup>. The last few years in particular have seen immense pressures placed on communities across the UK as a result of the COVID-19 pandemic, the cost-of-living crisis, and the changes brought about as a result of the Brexit referendum.

For instance, the Shared Prosperity Fund set up by central government to replace the European Structural and Investment Programme following the UK's withdrawal from the European Union, relies on the work of local partnership groups in order to identify local need and opportunities for the direction of the fund, ensuring that it goes to where investment is both needed and will be utilized to maximum effect<sup>114</sup>. Grassroots initiatives, community projects, and local networks are all involved in empowering and revitalizing areas all over the country. Following the pandemic, a YouGov survey found that 40 percent of Brits felt a stronger sense of local community following the pandemic lockdowns<sup>115</sup>, proving that strong community networks and local relationships can drive positive reactions to adversity and provide a foundation for building back after the changes wrought by COVID-19.

CLTs and community-led projects can really help to encourage these durable community networks to prosper, particularly through the provision of mutual aid and the building of partnerships between local residents and local authorities. It has been proven that where community collaboration and decision-making are at their strongest, benefits to communities can include individual health and wellbeing, community resilience, democratic participation and trust in the decision-making of authorities, more sustainable and prevention-focussed public services, and longer-term financial savings<sup>116</sup>. Community practices, which can be driven by the presence of CLTs, create an adaptive landscape for individuals to respond to challenges and ensure varied practices that can guarantee mutual benefits.

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113 DLUHC (2022) – Levelling Up the United Kingdom

114 Locality (2022) – Communities in Charge Report

115 The Royal Society of Arts (2020) – Brits see cleaner air, stronger social bonds and changing food habits amid lockdown

116 New Local (2021) – Community Power: The Evidence

### 2.1.2 Community Land Trusts and other forms of community-led housing

A **Community Land Trust (CLT)** is an initiative run by a community group as a democratic solution to local problems such as unaffordable housing or the loss of a locally-loved business. CLTs are non-profit organisations that enable communities to own land and any ensuing developments and community assets, ranging from a supply of affordable homes, community green spaces, and other local businesses or facilities. Control of these organisations is placed in the hands of the local community, where all decision-making is undertaken democratically from the inception of the group to the various stages of development, to the ongoing upkeep and future progress of the CLT. They can bring together members of the community from all walks of life, ensuring collaboration based on addressing local needs<sup>117</sup>. **hey are** typically initiated by local people, but can also be initiated by local authorities, landowners or developers and built up around a land or development opportunity. As such, CLTs can be a source of renewal and rejuvenation for a community, can turn a more deprived area into a genuinely desirable place to live, make use of otherwise-undeveloped sites, or provide an affordable solution to housing in places where residents are being forced to move away from their locality by increasingly unaffordable rent and housing costs.

There is an extensive precedent for CLTs that begins in the 1960s with the Civil Rights Movement in the USA and that has been followed by communities in Scotland supported by the Scottish Land Fund of 2000 and the Land Reform (Scotland) Act of 2003, with precedent lying in community buy-outs of land since 1908<sup>118</sup>. Now, 2.6 percent of the total land area in Scotland is under some kind of community ownership<sup>119</sup>. In England, the first CLT was formed in rural Oxfordshire in 1983, and the Housing and Regeneration Act provided the first legal definition of CLTs in 2008.

Following the Localism Act and central government's emphasis on decentralisation, it was posited that CLTs reflected the drive to support localism across the country<sup>120</sup>. There were only 20 active CLTs in England and Wales in 2008, whereas in 2023 there are 350 active CLTs with 209 more projects in development<sup>121</sup>. Part of this immense growth of CLTs in England and Wales has been reliant on support from the housing association sector, with many partnerships growing between CLTs and housing associations. These partnerships

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117 The Young Foundation (2022) – Diversity and inclusion in Community Land Trusts

118 Tom Moore and Kim McKee (2012) – Empowering Local Communities? An International Review of Community Land Trusts

119 Scottish Land Commission (2023) – Community Ownership

120 Tom Moore and Kim McKee (2012) – Empowering Local Communities? An International Review of Community Land Trusts

121 CLT Network (2023) – State of the Sector 2023

have been able to enhance the wealth of expertise that CLTs can draw from to support funding, technical competence, and strengthening their volunteer base<sup>122</sup>.

CLTs are one of multiple forms of community-led housing, all of which should be considered part of the wider toolkit available to communities and councils aiming to navigate the mounting pressures and dysfunctions of the housing market. Recent growth in the community-led housing sector in the UK has primarily favoured CLTs, with some niches of co-operative housing particularly amongst students. The bulk of the growth in CLTs in the past 10-15 years has been rural, but there are now a lot more CLTs active in urban areas.

Below are summaries of some other prominent forms of community-led housing:

- **Co-operative housing** is a catch-all term for a number of housing solutions wherein people live either collectively within one development or in close proximity to each other. As of 2021, there were 720 housing co-operatives across the UK, split between various models of formation: fully mutual associations; par value co-operatives, in which the only financial interest members have in the co-operatives is the value of their own shareholding, usually a nominal sum, often of £1; co-ownership housing associations, wherein each member receives an equitable stake in the association based on the value of their property; short-life housing co-operatives; tenant management organisations and management co-operatives; self-build housing co-operatives; and privately funded housing co-operatives
- **Co-housing communities** are defined as “intentional communities”, wherein residents, although inhabiting separate properties, are able to come together within community space to socialise and to manage the community, often based on decisions reached by consensus. Usually made up of 10-40 households, residents can share resources and facilities, and many develop specific environmental goals such as the promotion of biodiversity, food growing, or promoting renewable energy generation.
- Where other forms of community-led housing concern themselves primarily with new development, **self-help housing** offers the opportunity for members to refurbish existing properties. Most self-help housing projects find their inception in a time-limited licence or lease from a co-operative landlord, although there are some that are founded on a more permanent basis, and properties must be leased for enough time that the projects become financially viable.

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122 Tom Moore (2016) – Replication through partnership: the evolution of partnerships between community land trusts and housing associations in England

- **Tenant Management Organisations** are simply organisations that manage and maintain properties for the owner, whether that be a council or a housing association. Through this means, council tenants and leaseholders can take on collective responsibility for their places of residence via the Right to Manage. They are non-profit membership organisations and under the authority of an elected, tenant-led management committee in contract with the landlord.
- When a group of individuals recognise a need for new housing and can form a collective through which to build new homes, the resultant projects are termed as **community self-builds**. Initiated by the groups themselves, potential residents can use their own existing skills or train and develop new skills to complete the project as a community. Usually, support for community self-builds comes in the form of a specialist developer or housing association<sup>123</sup>, and the homes produced can be privately owned, co-owned, or rented. CLTs often take the form of community self-builds, but not all CLTs come under the umbrella term and, likewise, not all community self-builds are CLTs.

The CLT model – as opposed to other community-led housing – is generally organised externally, as something that provides housing but where the coordinators are not necessarily residents themselves. Co-housing, on the other hand, is developed with a different intentionality, by people who want to live with shared facilities and communal spaces. The co-operative movement has a deeper, more idealistic sense linked to affordability, so people who are, for example, younger with less access to finance and equity will be more likely to work towards a co-operative project. Sometimes these models can be combined, where the CLT acts as the steward of the land and leases some of it to residents who form a cohousing community or co-operative to manage the homes. There is also a capacity for CLTs to act at a broader spatial scale and to include more and more varied stakeholders than other community-led housing, where these can be difficult to achieve for resident-member housing co-operatives.

### 2.1.3 The benefits of CLTs in tourist hotspots

CLTs have proven to be very effective at providing affordable housing particularly in the rural and coastal tourist areas where there is the most disparity between local income and housing market prices and where even small developments can have big impacts. Evidence shows that where regions are at their least affordable,

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123 NaCSBA's Self Build Portal (2022) – What is custom and self build?

a greater number of CLTs have been developed or are in the pipeline for development, including in tourist hotspots such as the South West and Cumbria<sup>124</sup>. A recent analysis on the state of the CLT sector produced by the Community Land Trust Network has shown that industry partnerships through communities could see at least 278,000 new homes added via replicable project types, of which 80 percent would be additional and only made possible due to the involvement of a CLT<sup>125</sup>. There is much opportunity for new development, and tourist hotspots are among the areas most likely to see CLTs offer positive change and the direct production of perpetually affordable housing, meaning that residents can remain local, continue to benefit from the tourism sector, and not sacrifice their wellbeing to continue living in these areas.

There can be different benefits of community control for different areas. For instance, the coastal towns in Cornwall are different in terms of property ownership, the use of property and development investment than somewhere such as Hastings. In Wales, community control can preserve culture – in Pembrokeshire, where there are a lot of English incomers taking up housing for second homes, CLTs can secure the language and culture. For those English seaside towns, community-led housing can preserve a way of life.

The Cornwall CLT has completed over 260 homes to date<sup>126</sup>; Lyme Regis CLT in Dorset was able to gain planning consent in an area of outstanding natural beauty because of its dedication to community life; and Marshfield CLT in South Gloucestershire grew from the application of a rural exception site in order to provide affordable and environmentally sustainable housing for local people<sup>127</sup>. The Glendale Gateway Trust in North Northumberland runs a community and business centre in the small town of Wooler, alongside holding ownership of several commercial units and 20 affordable housing properties<sup>128</sup>. Keswick Community Housing Trust (KCHT) in the Lake District has provided 40 properties and has additionally set up a lobbying sub-group, with aims to protect residential homes in Keswick against the rise in popularity of second homes and holiday lets<sup>129</sup>.

All of these examples evidence the positive work done by locally minded individuals in order to guard rural communities against the negative impacts of

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124 CLT Network (2023) – State of the Community Land Trust Sector 2023

125 CLT Network (2023) – New research shows potential for 278,000 more community led homes

126 Cornwall Community Land Trust (2023) – Projects

127 CLT Trust Network (2023) – Success Stories

128 The Glendale Gateway Trust (2019) – Welcome to The Glendale Gateway Trust

129 Keswick Community Housing Trust (2020) – Message from Bill Bewley, KCHT Chair

over-tourism and the highly pressured housing market in England and Wales. Much more is still needed, however: KCHT admits that it is oversubscribed by a factor of more than 4 to 1 for its affordable properties, and there are hundreds of CLTs in the initial stages of development in areas of great need. More than 7,000 homes are currently in the pipeline for development, and with the ongoing cost-of-living crisis more people than ever are in need of genuinely affordable options for housing. Not only that, but CLTs can provide enhanced community engagement in areas that are becoming increasingly diluted by massive tourist populations, supplying a more holistic, social benefit through the enactment of democratic decision-making and community ownership.

## 2.2 Community Land Trusts in practice

The legal and financial environment that CLTs operate in is challenging, but there are clear paths through policy for their formation – albeit in an increasingly sparse funding environment.

### 2.2.1 Form and structure of Community Land Trusts

Statute 79 of the 2008 Housing and Regeneration Act states the following:

- A Community Land Trust must be established as a not-for-profit organisation with a membership that is open to all who live and work in a community. The members must also own and control the organisation.
- A Community Land Trust must be established for the express purpose of furthering the social, economic and environmental interests of a local community.
- The land and property assets of a Community Land Trust must be used to provide a benefit to a local community and must be protected in the long-term by a legal asset-lock.

Any CLT is the work of individuals to enrich their local community through the purchasing of land to be held by the Trust in perpetuity. All embark on the project of forming a CLT with a specific goal in mind – a goal which has the primary purpose of enhancing the community for those living in it. This goal might be to regenerate or save a local business, to develop local facilities, protect the local natural environment or, very often, to provide affordable housing for local people. The CLT becomes a steward for the community, protecting it from such as disinvestment, dereliction, or rising prices while supporting environmentally sustainable development, decarbonisation, and the enhancing of social values in the community. At this time of the cost-of-living crisis, affordability is becoming ever more crucial for individuals across the UK. Affordable housing provided by

CLTs can take all kinds of forms, from affordable rent to opportunities for self-builders and creating pathways to ownership.

The government's definition of affordable housing is housing "for those whose needs are not met by the market"<sup>130</sup>. However, this definition does not account for the fact that affordability is very often dependent on local incomes: current government provisions for affordable housing only provide grants based solely upon market pricing, not taking income into account. CLTs can provide housing that not only meets local affordability measures by gauging affordability based on local income, but provide affordability in perpetuity, due to the asset-lock on the land purchased by the CLT that prevents prices rising to market rates. The purchased housing cannot be sold again at market price, but instead remains low according to local affordability measures, and any profits made by the CLT must by definition be returned to further support the community, which is an obligation that sets CLTs apart from other affordable housing initiatives such as cooperative housing. Additionally, CLT rental housing is currently ineligible under Right to Buy and Right to Shared Ownership schemes. With these methods, CLT housing is protected from soaring market prices.

The community aspect of the CLT is its most important founding component. It is the community which benefits from it, owns it, and has a hand in all decisions concerned with the CLT. Often, although not always, CLTs are created and run by local volunteers. Membership, as codified in the Housing and Regeneration Act, is open to everyone locally – membership has a low cost (usually of £1<sup>131</sup>) to ensure members are shareholders in the Trust – and control over the CLT is handed over to members. Some may choose to involve partnerships to aid with the development of the CLT, but community remains a fundamental aspect of the CLT: democratic inclusivity is vital at every stage of the process, from inception to planning to benefitting from the project.

The board of a CLT will typically include residents of the CLT, other members of the CLT, and other stakeholders or specialists such as local councillors who might provide valuable expertise for the continuity of the CLT. For example, a look at the board of the Homebaked CLT in Liverpool, which was founded with the original goal to save a locally loved bakery from demolition and has now expanded to further the development of sustainable and affordable homes in the area, evidences the important of a skilled, locally invested board. The chair of the board provides legal expertise as a trained solicitor, and other members have skills in

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130 DLUHC (2022) – Affordable housing supply

131 CLT Network (2021) – CLT Handbook Essentials

housing development, intergenerational community work, counselling, education, finance, and art, all among people who are tied deeply with the community<sup>132</sup>. Significantly, for CLTs in England and Wales, community is geographically defined: locality is a specifically geographical phenomenon in this case, often cited in reference to who is eligible for membership of CLTs based on proximity to the CLT area of influence.

### 2.2.1 The legal framework for CLTs

The main driver for CLTs is local community support. Particularly in rural communities, there often exists a resistance to new development and negative perceptions about the character of affordable housing. There are local communities who are against development, sometimes due to stigma attached to social housing. The challenge is in trying to educate against such perceptions, and that rural exception sites and social housing provide for those who already have a link to the parish and who have a link to its allocations policy. CLTs provide those who recognise the need with a means to advocate for and gain support of their neighbours for new affordable homes. The message is all the more powerful coming at this very local level, couched with reference to local priorities such as keeping the local school open or staffing the lifeboat station.

Once community support for a CLT project has been gained, the next step is land acquisition. Land can be made available for CLTs via a number of different methods, but one of the most popular is in the form of the rural exception site. Over 30 percent of sites from rural community-led housing initiatives, including CLTs, are developed on rural exception sites<sup>133</sup>. Local authorities are themselves unable to utilise rural exception sites for development because they are unable to provide affordable housing in perpetuity. Such development from local authorities is constrained by the Right to Buy scheme<sup>134</sup>.

Often, land that CLTs acquire takes the form of small rural sites or brownfield sites, or land otherwise unattractive to developers due to environmental constraints. This is relevant in urban as well as rural areas – London CLT, for instance, are turning a disused TfL site in Shadwell into a space for affordable and sustainable homes and green space<sup>135</sup>; in Leeds, a CLT has developed homes with the support of the Community Housing Fund and Power to Change on very sloped, derelict,

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132 Homebaked Community Land Trust (2021) - team

133 Capital Economics (2020) – Housing by the community, for the community

134 CPRE (2020) – How to improve the supply of rural affordable housing

135 London CLT (2022) – Cable Street, Shadwell, Tower Hamlets

and low-value land that is subsequently unattractive to developers<sup>136</sup>. Often, these sites require development more sensitive to the environment, either due to the aforementioned environmental constraints, the density of development, or in order to remain in-keeping with heritage sites or sites of natural beauty. Many patches of land in rural areas are not fit or suitable for residential development, either because they are classified for other use, or because they are in challenging environments. The community-led nature of CLTs makes them ideal for such sensitive development and the revitalisation of community land.

CLTs can reach parts of the country beyond the scope of larger registered providers and local authorities, using RES as the primary tool of land acquisition. For instance, most affordable homes in Cornwall in recent years have been developed through RES rather than allocated sites. By creating very tight development boundaries to utilise the exception site approach, the council can provide an efficient method of delivery. Furthermore, East Cambridgeshire District Council has taken the lead in supporting community-led housing through local planning, as laid out in its Community-Led Development SPD. The SPD outlines the role of community-led exception sites, within which affordable housing can be provided outside the usual remit of development policies by specified local community groups – including CLTs<sup>137</sup>. The success of this kind of strategic decision making opens up the possibility for more local authorities to privilege affordable housing provision through policies that support community-led development. The CLT Network has proposed that this policy is introduced into the National Planning Policy Framework through a new ‘community led exception site’ policy<sup>138</sup>.

The missing link in many community-led housing schemes is technical support, helping communities to identify their pathway to development, through to the project management and build stages. The CHF was critical to achieving this while it was operational. Eden Council, for example, used part of the CHF to fund a community-led housing hub for Lancaster and Cumbria, although it remains underfunded and lacks specialists – in remediation, land purchasing, and law, for example – to provide the ideal ‘one-stop-shop’ with a multidisciplinary team. In general, local authorities do not have enough specialists, including people such as ecologists or highway officers, to provide support to community groups. This means that the planning process is grinding to a halt, frustrating the rest of the sector.

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136 CLT Network (2023) – Success Stories

137 East Cambridgeshire District Council (2016) – Community-Led Development Supplementary Planning Document

138 CLT Network (2023) - CLTN response to the English planning consultation

### 2.2.3 Financing land acquisition

Given that many of the areas most impacted by pressures to the housing supply are in rural, tourism “honeypot” areas, rural exception sites in certain regions such as Areas of Outstanding Natural Beauty, National Parks, and Heritage Coasts, can have great benefit<sup>139</sup>. Development on rural exception sites must remain aligned with other policies outlined by local plans, so tend to maintain the high-quality environment suitable for such areas<sup>140</sup>. CLTs also acquire land at a discount from local authorities or charitable landowners, or from developers as a part of their commitment to the Section 106 (s106) planning obligation, which requires developers to soften the impact of private development on the local community and often takes the form of a financial contribution – although this is to be changed by ongoing legislative reform, discussed in the next section.

CLTs are at present seeing a lot of development from s106, although more in urban-fringe development, where there exist larger schemes with more opportunities, than rural schemes. National Parks do not have use of the CIL nor s106 obligations and are unable to accept moneys off-site. The Peak District National Park authority have in the past investigated justifying a CIL officer but concluded that the expense would not be worthwhile. However, in recent years they have considered reviewing that position, particularly given their inability to access funding schemes.

The CLT Network have undertaken much work supporting networks for community-led development. The focus is on making it financially sustainable and how the wider funding system considers the role of rural housing enablers and community-led housing advisors to support communities through those processes. There has been most success in rural tourist areas where there has been more readily and consistently available support of a high standard, alongside support from housing associations.

National policy also effects prices due to the presumption in favour of sustainable development, which contributes to landowners’ price expectations and can therefore make the price of land unviable. The biggest impediment in using RES is in accessing land at the cost that enables development. The average of values of agricultural land tends to be about £15-20,000 per hectare, but on RES, housing associations typically pay £10-15,000 per plot. To extrapolate, the landowner can receive about half a million per hectare on an exception site. When landowners sell land to a housing association at that price, there is a tendency to

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139 CLT Network (2023) – Draft NPPF Consultation Response, Feb 2023

140 savills (2022) – In plain English: Rural exception sites

believe that the land is discounted, compared to the full residential value of the land. Housing associations have good relationships with some landowners and difficult with others, but the view from housing associations is not that they are buying land at a discount, rather that the land is priced at best permissible use: social housing. Additionally, landowners tend to want to retain ownership. These plots should remain at affordable rent in perpetuity, but landowners may have confidence that political machinations in central government will eventually allow them to sell at market rate or similar, retaining the land value for themselves. CLTs can offer added reassurance to landowners so long as they are able to protect homes from the Right to Buy, Right to Acquire and Right to Shared Ownership.

As one of the most influential mechanisms for CLT funding and the enabling of land acquisition for community-led housing, the stop-start nature of the Community Housing Fund was problematic, leading to some schemes that could have been on-site without delays ending up mothballed. Money from the CHF additionally went to some enabler hubs, five of whom could also benefit from Power to Change's Homes in Community Hands funding. However, the UK has created a relatively poor financing regime for CLTs, at the present time worse than it has been for five or six years, because there is no longer a CHF and because certain charitable funders have stepped back due to issues with financing mechanisms. For instance, Cambridgeshire and Peterborough used to have a large allocation of funding, because of Cambridgeshire's status as a hotspot for growth, but that funding has now been withdrawn by central government, which has in effect ended their housing programme.

The community-led housing sector is beholden to the grant structure, in that it requires grants to build but if a group approaches Homes England for a grant, there is high possibility that the development will be shared ownership or affordable rent. The group loses control of the tenures and affordability unless it sources additional finance to suppress rents below 80 percent. Recently, the government approach has been to have pots of funding open for bidding, with the intention that this will benefit those most in need. In reality, this funding goes to the councils best at writing bids. Councils with less staff and capacity will therefore always be at a disadvantage, particularly with the need for different departments to work together, getting the funding formula right to provide the basis for development.

Under the context of no capital funding, community-led housing is very unattractive unless there happens to be a landowner willing to provide developable land at considerably below market rate – essentially agriculture rate. Trusts need to be supported through capital grant, and in rural areas that grant needs to be higher for development to be viable. Sources of funding could include higher levels of taxation, especially so that landowners are able to achieve profit from negotiations.

## 3. Case studies

### 3.1 The Glendale Gateway Trust

The town of Wooler in North Northumberland sits within one of the most sparsely populated areas of England, and in 1996 the Glendale Gateway Trust and community hub was established in order to provide a centre for local residents to gather, hold events, conferences, and workshops, named the Cheviot Centre. From 2005-2007, the Trust developed new affordable housing for the community on a derelict site in the town, and since then has been involved in the creation of Wooler's youth drop-in centre, shops and a café on Wooler high street, and even saw the relocation of Wooler library to the Cheviot Centre in 2012, followed by the conversion of the old library building into two affordable housing properties via an asset transfer. Further projects have expanded the development of affordable housing in Wooler since then<sup>141</sup>. The Glendale Gateway Trust are also partnering with several external projects on works concerned with local heritage and the environment.

As a community centre, the Glendale Gateway Trust is providing an essential service to Wooler and its environs beyond just the provision of housing. CLTs can provide targeted community support for vulnerable people such as the elderly, young people, or those struggling to provide for themselves and their families particularly since the increasingly severe impact of the cost-of-living crisis since the COVID-19 pandemic. The Cheviot Centre, for instance, has begun to build a 'nourish and share shed' food larder with support from the National Lottery Community Fund, making use of the already-standing tradition of distributing home-grown produce at the site, sourced from the donations of residents. The Glendale Gateway Trust took control of the Wooler and Glendale food bank at the beginning of the pandemic, and so in 2023 are now expanding the offer of food, and other homemade items, to the whole community, regardless of financial status<sup>142</sup>. Furthermore, the Trust has, since 2020, established a fund of up to £2,000 every year for a period of five years for the purpose of providing small grants to Glendale-based community groups. All in all, the Wooler and Glendale community benefits greatly from the Trust's services, including improving the opportunities for tourism in the area alongside the provision of affordable housing and public services, collaboration between sectors, and the support of community

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141 The Glendale Gateway Trust (2023) - Projects

142 The Glendale Gateway Trust (2023) - Projects

initiatives<sup>143</sup>.

### 3.2 Lyme Regis CLT

The Lyme Regis CLT (LRCLT) came about to combat the shortage of housing stock in the seaside town of Lyme Regis in West Dorset. Lyme Regis is a very popular destination for tourism, seeing 81,000 staying visitor trips and 516,000 day visits in the year 2017<sup>144</sup> – immense figures given the town’s population of approximately 3,670<sup>145</sup>. Over half of staying visits use self-catering accommodation<sup>146</sup>, and more than 20 percent of the housing stock is now second or holiday homes<sup>147</sup>. Lyme Bay, in which the town sits, forms a part of the Heritage Coast World Heritage Site, with fossils found along the cliffs and beaches that form part of the ‘Jurassic Coast’. The town lies entirely within the Dorset Area of Outstanding Natural Beauty, and development is further constrained in the area due to land instability<sup>148</sup>. Furthermore, although tourism has a generally positive effect on the area’s economy and provides jobs for residents, these jobs tend to be seasonal, limited, and low-paying, meaning that residents are unable to afford the high rent associated with living in such an in-demand town. Many young people have been unable to find affordable housing and so have been driven away from their communities by high housing costs.

The LRCLT was conceived in 2012 by locals in Lyme Regis, became incorporated in January 2014, a Registered Charity in 2016, and has provided and allocated 15 homes to tackle the shortage of affordable housing. The LRCLT works to maintain excellent standards of sustainable development with design that is sympathetic to the outstanding environment<sup>149</sup>. Its first project, the Timber Hill scheme, was developed on an exception site unable to be otherwise used for the development of market-rate housing. The construction of 15 affordable homes was undertaken through partnership with the Yarlinton Housing Group housing association, after the initial planning stages that were funded through a grant from the Homes and Communities Agency.

Originally, the planning application was recommended for refusal West Dorset

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143 The Glendale Gateway Trust (2019) – Welcome to The Glendale Gateway Trust

144 The South West Research Company (2017) – Lyme Regis Tourism Summary 2017

145 Dorset Council (2015) – West Dorset, Weymouth & Portland Local Plan

146 The South West Research Company (2017) – Lyme Regis Tourism Summary 2017

147 Dorset Council (2021) – Dorset Council Local Plan Options consultation document – Volume 2 – Western Dorset

148 Dorset Council (2021) – Dorset Council Local Plan Options consultation document – Volume 2 – Western Dorset

149 Lyme Regis Community Land Trust (2019) – About Us

District Council Development Committee on environmental grounds, but when supporters from the Lyme community, Yarlington, the architects Boon Brown, the Lyme Regis Town Council, and the Wessex CLT Project approached the Committee, it voted to accept the plans, which received planning permission in 2016<sup>150</sup>. This evidences the positive impact that community collaboration and external partnerships can have for the development of community-led housing, alongside the role that Local Authorities can play in ensuring that community-led housing is given space for development in rural areas, making the most of Rural Exception Site policy. As of October 2022, the LRCLT was working in collaboration with Uplyme Parish Council regarding a new plan for the potential development of six affordable houses for rent on an exception site at the edge of Uplyme. At this early stage, the LRCLT has seen more-or-less unanimous support from both the Parish Council and the local community at Uplyme, proving the potential that CLTs have to benefit rural areas struggling with limited housing stock.

### **3.3 Stocksfield Community Association Trading Arm (SCATA)**

SCATA prides itself on the success of its work in collaboration with not only its local Parish Council but also with its partner Karbon Homes (formerly Isos Housing), a not-for-profit housing group, for which it won first prize in the “Best Partnership” category at the National Housing Awards. It was created as a venture stemming from a proposal within the Broomley and Stocksfield Parish Plan with the intent to establish a community-led development trust to manage assets for the benefit of local residents, able to benefit the community in ways out of the reach of the Parish Council itself.

The major benefit that the Trust could provide for the community at the time was evidently affordable housing, given that no new affordable homes had been built in the village for 25 years. Fortunately, the Trust was able to use the existing Stocksfield Community Association in order to achieve its goals, and so it became a trading arm of the Community Association with support of the board. SCATA, now formed, was able to continue its partnership with the Parish Council to commission a housing needs survey for the village, concluding that new development was required on previously developed land within the village and outside the reimits of the green belt. Since then, partnering successfully with Karbon Homes, SCATA has completed seven affordable homes on two brownfield sites<sup>151</sup>.

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150 Lyme Regis Community Land Trust (2016) – History of Timber Hill Scheme – Our First Project

151 SCATA – Who we are

The North East Community Led Housing Development Network (NECLHDN) was set up in 2011 by the Homes and Communities Agency's North East region in order to stimulate community-led housing activity via the 2011-2015 Affordable Homes Programme, and SCATA is one of the major success stories lauded within its Development Strategy, set out in 2018. This strategy outlines the future ambition for community-led housing in the North East, supporting in particular the collaboration between the public, private, and third sectors. It revolves around five "BIG Ideas" for the region. Namely, creating two Community Led Housing Enabling Hubs to support local groups intent on developing community-led housing with peer support, technical advice, and best practice sharing; "keep it local" through the utilisation of local networks; "make it less scary" with a focus on best-practice provision and de-risking the development process; "help us to help ourselves" and support communities in raising their own funding; and "secure high-level supporters", looking for commitments of support from council leaders, chief executives, and other senior housing stakeholders. Ideally, the Development Network is looking to have every local authority in the region signed up to this strategy, and to see every SME, large house builder, large housing association or consortium, and large landowner working with the network and the Enabling Hubs to identify opportunities for community-led partnership and development<sup>152</sup>. The NECLHDN is a centre for collaboration and provides an illustration of the benefits of multi-level partnership for local communities, particularly in the delivery of affordable housing and the support of local relationships.

### 3.4 Bradwell CLT

Bradwell is a village nestled within the beautiful rural scenery of the Derbyshire Peak District, within an area currently limited by a severe shortage of housing that is only continuing to grow as more and more people move into the Derbyshire Dales district in order to benefit from living in a very desirable area. Due to the proposed power that would be granted to Local Authorities by the Regeneration and Levelling Up Bill with which they might increase council tax on second homes by 100 percent, the Derbyshire Dales District Council has begun the steps to introduce a Council Tax Premium on second homes, noting that house price inflation in the area is likely exacerbated by the fact that one in 20 homes in the district are, at present, not used as permanent accommodation<sup>153</sup>. Furthermore, a good proportion of space within the Peak District National Park falls within conservation areas, wherein special planning rules place limits on the possible

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152 NECLHDN (2018) – North East Community Led Housing Development Strategy

153 Derbyshire Dales District Council (2023) – Second homes Council Tax premium consultation

planning applications for development in these areas. The majority of the centre of Bradwell falls within the remit of a conservation area.

However, despite these challenges, Bradwell Community Land Trust (BCLT) received 12 affordable homes following negotiations with the Peak District National Park, which is the planning authority for the region, and Bradwell Parish Council as part of a development site of 55 houses on a site in the village. This site came into being as a result of the departure of the Newburgh Engineering Company from its site in the middle of the village in the late 2000s. Originally, the company proposed a 100-dwelling development on the vacant site, but village residents opposed this plan. As a result of this opposition, Bradwell Parish Council developed a Neighbourhood Plan in order to support local perspectives on suitable development for the village. The 55-house site plan with its 12 affordable homes came about directly from this initiative, and BCLT was set up as the recipient of these affordable homes<sup>154</sup>. Construction began in 2020, and the first six affordable homes were “almost ready” by May 2021<sup>155</sup>. The BCLT have also now secured 12 existing rental homes in Bradwell through a collaboration with the Peak District Rural Housing Association (PDRHA), providing affordable houses for potential tenants so that they could remain in the village, rather than being sold as market-rate homes or holiday lets. Although grants are not usually available for the purchase of existing housing stock in England, the BCLT/PDRHA partnership was able to utilise the fact of the limited supply of housing in the area caused by tight restrictions to new development in National Parks, in order to gain grants from Homes England, Derbyshire Dales District Council and the Sheffield City Region, alongside the PDRHA raising further funds via loans<sup>156</sup>.

### 3.5 CLTs in Devon

Devon is the county with by far the greatest number of CLTs in England, with 43 CLTs overall covering 49 CLT-led projects. In fact, the second and third CLT projects in the UK were founded in Devon. As a county continually ravaged by the effects of the housing crisis, the demand for affordable housing is only increasing with time. House prices are increasing in Devon at rates among the highest in the country, and the county’s status as an ideal holiday destination has led to its housing market being swamped by demand for second homes and properties for short term lets. There are parishes in North Devon where nearly half of residential properties are used as either holiday lets or second homes, and across North

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154 Bradwell Community Land Trust (2022) – About Us

155 Bradwell Community Land Trust (2021) – Bradwell Springs

156 Bradwell Community Land Trust (2021) – Purchase of Ex-Newburgh Houses

Devon from 2020 to 2022 there was a substantial increase in no fault evictions of tenants alongside a 67 percent reduction in available private rentals from August 2019 to August 2021<sup>157</sup>.

In response to the difficulty of meeting the local housing need across rural Devon, the Devon Community Housing Hub was formed as a partnership of Devon's local authorities, housing associations, National Parks and housing professionals, and in 2016, local authorities in Devon received financial support from the Community Housing Fund. Although many areas of the county are limited in terms of development opportunities by land designations, such as areas of outstanding natural beauty, there are CLTs across Devon that have been able to utilise land that would otherwise not see development. For example, Morteohoe and Wollacombe CLT was set up through the Community Housing Fund in 2020 and acquired land through the mechanism of rural exception site policy<sup>158</sup>. The CLT benefitted from gap funding from North Devon Council for the development of 21 new social rent homes, combined with external funding from Homes England and Aster Group housing association<sup>159</sup>.

Devon as a county saw great success under the support of the Community Housing Fund and would benefit greatly from its reinstatement and the consequent ability for local authorities to provide initial-stage funding for CLTs as a tool with which to tackle the housing crisis. Local authorities could also produce more supportive policies and continued partnerships with CLTs and other community-led housing – such as the policy of the prioritisation of CLTs that appears in the SPD on Community Led Development from the East Cambridgeshire District Council. Partnership with private developers as a model accounts for 21% of completed CLT projects<sup>160</sup>, often where CLTs are used to account for the affordable housing requirement on new developments, so incentivising developers to engage with community-led projects. In Devon, for example, Chagford CLT was developed as part of an s106 scheme with a housing association, as part of a mixed-tenure site<sup>161</sup>. Policy in favour of community-led development further incentivises private developers towards the model. If CLTs were given precedent by planning policies, the provision of genuinely affordable and community-led housing would increase and as such local communities would both be much more accepting of new development and have more opportunities to benefit from affordable housing schemes.

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157 North Devon Council (2022) – Draft responses to Call for Evidence – Self Catering Accommodation

158 North Devon Council (2022) - Gap funding 21 Social Rents at Woolacombe (M&W CLT)

159 North Devon Council (2022) – 21 affordable Woolacombe homes one step closer to reality

160 CLT Network (2023) – State of the Community Land Trust Sector 2023

161 Aster Group – Chagford, Devon

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CHAPTER FOUR

# The policy landscape for Community Land Trusts

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CLTs function within a planning system defined by substantial negotiations between local authorities and other stakeholders including registered providers, landlords, and local individuals and community groups, and that is restricted by stringent land use policies across the country.

At the present time, the country primarily relies on private sector output, to the deficit of affordable housing stock. However, CLTs and other forms of community-led housing may provide suitable alternatives that can alleviate pressures on the housing market that arise from the private ownership of land and private land value capture<sup>162</sup>. Solutions to the housing crisis need to move beyond merely the uptake of new development, requiring more adaptive and localised approaches such as those that community-led housing can offer.

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162 Nick Gallent et al. (2022) – Village Housing: Constraints and opportunities in rural England

### Key Points

- CLTs interact with several institutions in their journey to develop community-led, affordable housing – the most important of which are local planning authorities, registered providers of social housing and parish councils.
- Local authorities across the country have innovated a variety of policy levers to support CLTs both operationally and financially but are severely limited by their own lack of funding and limited ability to influence the housing market.
- Partnerships between registered providers and CLTs have proved extremely fruitful in parts of the country, but the ever-increasing viability challenge of development coupled with ongoing amalgamation of the housing association sector are proving to be barriers to success.
- The discretionary and time-consuming nature of the planning system is a particularly acute limitation to development in rural areas, with housing supply continually contracting and rising concerns over depopulation in parts of the country. The neighbourhood plan can help communities take some control over supply in their areas, but technical support is thin on the ground.

## 4.1 Key institutional actors and their context

CLTs work across a broad range of local contexts, and each can benefit from different kinds of local collaboration. For one, some local authorities have worked with local housing associations and encouraged them to support community-led housing by offering parts of, or even the entirety of, their large development projects to community groups. But at a hyper-local level, moving from principal authorities to local council areas, collaboration can produce even more fruitful outcomes.

### 4.1.1 Local authorities

The key point of contact with the state for CLTs are **local planning authorities**, normally district or unitary councils. Local planning authorities have housing targets that are produced based on Strategic Housing Market Assessments, without clear government guidance on calculating “objectively assessed need” for housing. These targets and their underlying formulae often confuse the difference

between housing “need” and “demand”<sup>163</sup>. DLUHC specifies an overall target for local authorities to meet regarding new homes, without providing support for individual councils to meet targets, distributing penalties for those that fail to meet the targets<sup>164</sup>. However, the Levelling Up and Regeneration Bill has recently seen some amendments that may allow councils to fall short of housing targets due to local circumstances.

A CPRE review on housing targets in rural areas found that rural areas have suffered more from the current approach to determining housing and affordable housing need, which ignores the necessity for local assessments, and furthermore that local authorities are under pressure to plan for aspirational housing demand rather than genuine local need. This can result in higher than necessary housing targets, unnecessary development on inappropriate sites, and a lack of consideration given to environmental impacts and the viability of development<sup>165</sup>. In late 2022, it was admitted that DLUHC would likely fail to meet its housebuilding targets set in 2021 as part of the Affordable Homes Programme by as many as 32,000 homes<sup>166</sup>.

Local authorities can play a fundamental role for CLTs both in getting development started and in supporting their continued success as community initiatives. In its most recent survey of local authorities, the CLT Network estimated that half are providing some support<sup>167</sup>. Despite some reports that councils may have some trepidation concerned with the risks involved in supporting relatively unknown ventures, once gained, council support can be pivotal in ensuring the success of CLTs. Local authorities can provide resources and guidance<sup>168</sup>, particularly for communities who are new to the planning system and the process of getting development off the ground. Councils can transfer assets to community trusts, provide funding, identify experts to support CLT progress, and support needs assessment surveys for affordable housing.

Advocates for CLTs within councils can help CLT board members as they progress through complex planning stages and interact with various council departments that are often siloed into bodies with varied regulations<sup>169</sup>. There are many organisations that offer training for local authorities to increase awareness

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163 CPRE (2015) – Set up to fail: why housing targets based on flawed numbers threaten our countryside

164 Committee of Public Accounts (2022) – The Affordable Homes Programme since 2015

165 CPRE (2015) – Set up to fail: why housing targets based on flawed numbers threaten our countryside

166 Committee of Public Accounts (2022) – The Affordable Homes Programme since 2015

167 CLT Network (2022) - Strong council support for community led housing (2022 FOI)

168 Power to change (2017) – What works: Successful community housing

169 Power to change (2017) – What works: Successful community housing

of community-led housing and understand all aspects of the process towards community-led development<sup>170</sup>. In addition to this, there exists plenty of examples of best practice across England, as several local authorities become more involved in supporting community-led housing groups through various strategic means.

The most common way for councils to support CLTs is through the production of a strategy or delivery plan that requires community-led housing to form part of affordable housing delivery obligations, and local authorities can also undergo assessments of and allocate sites suitable for community-led housing within local plans.

Other approaches include<sup>171</sup>:

- An empty property strategy that will provide resources for the purchase and refurbishment of empty homes through partnership with community groups.
- A housing allocations policy to raise awareness of community-led housing and to identify those in housing need who might want to benefit from and become part of a community group.
- A register of self-builds and custom housebuilding to identify people who might be interested in becoming founding members of community-led housing groups.
- Procurement policies, panels and frameworks that provide bidding opportunities for community-led housing groups to develop a site.
- A corporate asset management strategy that will work alongside strategic policy objectives and local spatial plan to determine the market value for a desired use of sites.
- A Supplementary Planning Document concerned with community-led development or even include a community-led development policy within their local plan in order to remove barriers to success in terms of the provision of affordable and community-led housing.
- Undergoing ground remediation of brownfield sites, opening up land to community groups.
- Assisting community-led housing groups with accessing funds where local authorities or MPs lead on bids, such as the One Public Estate brownfield fund or the Towns Fund.

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170 Community Led Homes (2020) – Building internal capacity to support CLH

171 The Co-operative Councils' Innovation Network (2017) – Community-Led Housing: a Key Role for Local Authorities

Despite these policy levers for the delivery of community-led housing, local authorities in England are currently limited by a lack of guidance on how to support community-led housing groups. For instance, some local authorities lack the information to pursue the evaluation of council land that can be used for community benefit via sale to community groups. Other authorities who have in the past chosen to transfer under-utilised sites at nil or discounted value to CLT groups have cited the ever-increasing pressure of budgetary responsibilities that will limit their willingness to partake in similar processes in the future. On the other hand, some do continue to support community-led housing groups by offering an exclusivity period on the sale of a council site or by setting up a deferred payment scheme, in order to minimize the impact on funding through the sale of assets while maintaining their support for the promotion of community-led housing<sup>172</sup>.

There are a number of methods via which local authorities can raise funds specifically for community-led housing. For example, local authorities can use commuted sums from section 106 obligations, a second homes Council Tax, or New Homes Bonus receipts to provide financial support for community-led housing groups. Some have even used retained Rent to Buy receipts for this purpose<sup>173</sup>. Councils can also fund housing association partners for the development of affordable homes. Local authorities can make loans available for community housing groups in order to reduce risks for non-local authority lenders and so open up more funding for the groups. This kind of support can often take the form of the provision of revolving loan facilities<sup>174</sup>.

However, any financial support that local authorities can provide for community groups for the sake of affordable housing has been continually restricted by a lack of resources and government grants, meaning that local authorities may be unable to make available resources and officer time to the provision of community-led housing<sup>175</sup>.

In 2018, it was found that one in six councils had policies in place that supported community-led housing, that one in three councils had given grants or loans for community-led housing, and that at least 208 public sites had been sold or leased

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172 The Co-operative Councils' Innovation Network (2017) – Community-Led Housing: a Key Role for Local Authorities

173 The Co-operative Councils' Innovation Network (2017) – Community-Led Housing: a Key Role for Local Authorities

174 The Co-operative Councils' Innovation Network (2017) – Community-Led Housing: a Key Role for Local Authorities

175 The Co-operative Councils' Innovation Network (2017) – Community-Led Housing: a Key Role for Local Authorities

to community-led housing groups<sup>176</sup>. It is evident that where support and resources are available, local authorities can provide a significant boost to community-led housing in all stages of development, from the inception of community-led housing groups to finding a suitable site, to providing loans for development. Good guidance is needed to ensure that local authorities are aware of all they can do to enable community-led housing, but there is a myriad of best practice examples where some councils have led the way in providing help for community-led housing.

#### 4.1.2 Housing Associations and registered providers

**Registered providers** are the providers and subsequent landlords of social housing in England. All providers of social housing must be on the Regulator of Social Housing's register, so local authorities join other groups such as housing associations, supported housing and care providers, small charities, commercial developers setting up small subsidiaries to receive s106 affordable housing, and, significantly, community groups, in working within the complexities of the planning system to arrive at affordable housing provision. Social housing is defined by the Housing and Regeneration Act 2008 as low-cost rental and low-cost home ownership accommodation<sup>177</sup>. CLTs do not have to be registered, but **Homes England** requires registration for a housing provider to be eligible for capital grant for low rent homes, and therefore some – such as the Brighton & Hove CLT – choose to go through the arduous process of registration, at the cost of £2,500 to the CLT group<sup>178</sup>.

CLTs can also choose to partner with a housing association or build homes for purchase in order to avoid the registration process, and these partnerships are by far the most popular forms of community-led housing in some parts of the country. In these cases, the expertise of RPs can be utilised to support the commitment to locally supportive and locally supported development that community-led housing can provide. Partnerships with large housing associations such as the Aster Group or with smaller registered providers can provide support for innovative local development. Additionally, because RPs must maintain high consumer standards – and so must undergo tenant consultations, provide good customer service, maintain the Decent Homes Standard, and ensure tenant allocation<sup>179</sup> – they can often provide these services where CLTs and their base of time- and energy-

176 CLT Network (2019) – More councils than ever before back community led housing development

177 Legislation.co.uk (2010) - Housing and Regeneration Act 2008

178 CLT Network (2021) – Our Director, Tom Chance confronts the anxieties around becoming a Registered Provider | Community Land Trust Network

179 Shelter Legal England (2021) – Regulation of social housing providers

constrained volunteers can struggle to find capacity. Specialist organisations can produce greater consistency, and therefore increase the potential for growth in the sector.

When registered providers and CLTs can work in partnership, avoiding the tensions spurred by viability considerations and a lack of understanding of the benefits of (and the potential obstacles to) community-led housing, there can be massive benefit to communities. For instance, communities will be more likely to allow new development provided community involvement and control is guaranteed. Communities can then provide unique assistance to registered providers as they traverse the complex stages of development and maintenance, ensuring the success of development on more difficult sites and imparting local knowledge<sup>180</sup>. Following development, registered providers then can use their greater expertise in terms of allocating housing to tenants and the day-to-day management of housing, where the volunteer base of CLTs may be unable to provide these services.

This partnership model can be low risk, as a housing association partner may be able to take on the responsibility of developing, financing, and managing a property development scheme, while the CLT encourages community participation and can acquire the freehold. In one case, for example, Wessex Community Assets hosted the Wessex Community Land Trust Project, where the CLT then has the option of buying the 125-year lease for the property from its housing association if it can gather appropriate funds. The Project worked with four housing associations including Aster Group and Hastoe, each providing a unique approach to the support of community-led housing in the area<sup>181</sup>. According to tracking data from the CLT Network, approximately 41 registered providers have adopted this model.

Unfortunately, registered providers, like the rest of the country, have been unable to escape suffering undue pressure as a result of both the pandemic and the Brexit referendum. The social housing sector has become more costly, as material costs for development rise and the availability of both skilled and unskilled workers falls<sup>182</sup>. As a result, housing scheme viability has become much more tenuous,

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180 National Housing Federation (2019) – Successful partnerships: Community Land Trusts and housing associations

181 Community Led Homes (2018) – Community Land Trusts and Housing Associations working in partnership in Wessex

182 Grant Thornton (2022) – Housing sector developments 2022

and RPs increasingly competitive<sup>183</sup>. The challenge is even greater for small-scale RPs. Because of construction price inflation, renovation schemes have become implausible, and small developments unviable. Aster Group, which continues to support community-led housing, has only a break-even viability model for CLTs.

Registered providers, to counteract these issues, have begun to coalesce into larger groups, but this can diminish their relationship with communities, as the administrative centre of an RP can be miles away from the relevant locality. It can be that the consolidation of registered providers results in smaller housing associations being able to leverage their conjoined capacity to deliver more housing at a better quality, and to receive better service quality for their homes and better access to skills and expertise as a result of the merging process. One of the elements driving mergers in the sector is increasing regulation, and one of the major risks for the CLT model is concerning regulation. Small, localised providers and community-led housing groups can have a lack of expertise, skills, or staff to understand and carry out health and safety requirements. When small providers suppress rent levels for the sake of providing affordable housing, they might see future problems when refurbishment is needed but the necessary finances are unavailable.

This strained environment has led to some registered providers seeing CLT groups as obstacles to viable development and disliking the potential lack of expertise among them, especially given that the smaller developments that are often ideal for more rural areas have a lower return than larger projects that would be more financially viable. Partnering with a registered providers brings viability considerations to the fore and the housing mix of schemes can become diluted. Even under the East Cambridgeshire model, which provides better access to land for community-led housing, levels of affordable housing are only expected to meet the general policy requirement for 40 percent to be affordable. For example, there is a scheme with 52 units of which only 21 are offered as affordable homes, the rest available on the private market. Similarly, on the site at Bradwell in the Peak District, only 12 of the 55 homes are affordable<sup>184</sup>, where the most expensive properties really highlight the disparity between local affordability and the selling price of open market properties.

The extent of support from registered providers remains erratic across the country. In some areas, such as Bristol, there are registered providers essentially leading

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183 Homes for Cambridgeshire & Peterborough (2021) – The key issues affecting affordable housing development in 2021

184 Peak District National Park (2023) – ‘New Life Brought to Old Industrial Site’ Peak District National Park Affordable Housing Scheme Wins National Award

and developing community-led sites. In other areas, such as the East Midlands, there has been a struggle to find any organisations willing to develop community-led housing. Some enabler hubs have become registered providers themselves, for example Cornwall CLT. Where the partnership model works, it works well, in places such as Devon where organisations like Middlemarch CLH have developed a model where most sites are brought forward through work with RPs. The system for housing provision in the UK can be paternalistic and adversarial, so there needs to be sympathetic deliverers already attuned to community needs.

Local authorities in rural Sussex have struggled to deliver schemes either through registered providers or CLTs. Despite supportive planning policies or reduced thresholds for affordable housing, the National Park saw very few new affordable homes in 2022, none of which were CLTs. Reasons for this include land prices, but also the tension between the National Park and its policies and members, who see conservation as its primary purpose as opposed to development. Small housing associations can, however, really come to benefit communities by taking account of factors unique to local areas<sup>185</sup>. This summer, Icklesham Parish CLT became the first CLT in rural Sussex to complete homes, providing 12 homes for social rent and three for shared ownership in partnership with Hastoe Housing Association.

In Coniston, Cumbria, there is a continuous drip feed of small affordable homes development. Although these homes are not owned by the community, the community has embraced the need for affordable housing and have worked well with local RPs to ensure against 'planning anxiety', building in small groups of less than 10 instead of greater numbers, which developers often support but would be unsuitable for a settlement with only 500 houses. In Coniston, the balance of children in schools has improved over the past 10 years, there are more people supporting local sports clubs, and the scheme is sustaining the community, tipping the balance back in favour of the people who live and work in the area. Eden Council work with local schemes with a mix of self-build approaches and a partnership model with RPs, where small RPs have kept the focus on the local scale, supporting CLTs and so showing that there is a good market for the partnership approach.

Evidently, housing associations can provide a strong foundation for many of the stages of developing a CLT, although there have been some complaints that the sector can be unresponsive and paternalistic in terms of dealing with smaller or community-led projects<sup>186</sup>. Furthermore, as financial pressures due to

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185 Joseph Rowntree Foundation (2014) – Smaller housing associations' capacity to develop new homes

186 CLT Network (2022) – Partnerships in place

high inflation come to the forefront of these partnerships, and smaller housing associations merge into larger groups that are unlikely to tackle smaller and less viable development sites or community-led development, it may be becoming more challenging to establish the right kinds of partnership for CLTs. However, when these partnerships can be formed, housing associations can become a vital link between CLTs and tenants, ensuring tenant safety and the delivery of services<sup>187</sup>. When RPs are informed about the benefits of community-led organisations and if policies for affordable housing are suitably supportive, then these partnerships can become the bedrock for local growth and regeneration.

### Homes England

Homes England exists as the government agency that manages the delivery of new homes, primarily providing financial and strategic support for housebuilding organisations and stakeholders. Furthermore, in their recently published strategic plan, Homes England announced that in the next five years they intend to move beyond housing and to focus on the government's levelling up agenda<sup>188</sup>. For community-led housing, Homes England support has been mostly received through, previously, the Community Housing Fund and, at present, from the Affordable Homes Programme. Certain issues with the mechanisms of the latter fund have resulted in disrupted access for community-led groups, namely those using tenures unsupported by the programme<sup>189</sup> and the fact that capital grants from Homes England for low rent homes are only available to registered providers. Homes England also asked registered providers seeking Strategic Partnerships to explain any plans to partner with CLTs, but with the notable exception of Aster Group this has not resulted in much more partnership activity to date.

Homes England have increased activity when it comes to rural areas and have become more flexible with grant provision. However, there are regional variations, and not necessarily parity across all approaches in terms of regional investment. Homes England now have a delivery target of 10 percent of homes for rural areas, but it is likely that a rate of only about 5-7.5 percent will be achieved<sup>190</sup>. There needs to be a bigger share generally for housing provision, and rural needs should get a fair share of

187 Regulator of Social Housing (2022) – RSH identifies key risks facing social housing sector in 2022 and beyond

188 Homes England (2023) – Strategic Plan: 2023-28

189 CLT Network (2021) – Delivering the Community Led Housing Pipeline in England

190 Committee of Public Accounts (2022) – The Affordable Homes Programme since 2015

the pot without detriment to urban areas. There is an economic argument for a fair share: when unable to access affordable housing, people move into private rental, and there begins to be a leakage of public money to landlords who are charging higher rents. Furthermore, in terms of incentivizing registered providers to partner with CLTs, especially those in remote rural areas, there is more that Homes England could do in offering large funding packages straightforwardly in return for the uptake of strategic partnerships with community housing groups.

There have been general calls for a rejuvenated CHF or a similar, large-scale fund to allow financial support particularly for the earliest stages of community-led housing, before the group reaches a more stable and reliable stage of development. However, not all are in support of continued reliance upon centralized funding mechanisms and Homes England in order to deliver the pipeline of community homes. Rather, if the community-led housing framework were mainstreamed in policy and in governmental rhetoric, there is an argument that the model would become more efficient and less reliant on variable funding streams. As Homes England have stated themselves, the lack of community-led housing models in England “has a real impact on people’s lives”, and an empowered community-led sector would genuinely open up opportunities to allow people to choose housing that works for them.

### 4.1.3 Parish and town councils

Local councils – known variously as town, parish, village, or community councils – function at a more local level than principal authorities. They can range greatly in size, from larger parish councils that manage museums and leisure facilities with larger staff teams and budgets, to smaller councils with minimal budgets that focus on park management, car parks, community centres, and other local amenities. There are over 10,000 parish councils in England, and, significantly, most of these fall within rural areas<sup>191</sup>. They operate within a consultative role for locals, on issues that include the planning system and how it functions within their boundaries. Beyond this, local councils have the power to provide grants to local bodies and can request that an ‘asset of community value’ be listed under the Community Right to Bid and can even develop a neighbourhood plan for local development. A benefit of local council involvement and the production

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191 House of Commons Library (2020) – Unitary authorities: The role of parish and town councils

of a neighbourhood plan, beyond the highlights outlined in the prior section of this report, is that a parish council can, under present legislation, receive 25 percent of the revenues from any Community Infrastructure Levy aligned with the development initiated by the local council<sup>192</sup>. These local councils are thus in a great position to extend collaboration between different community organisations and local stakeholders in pursuit of affordable, community-led housing such as CLTs, particularly in terms of encouraging developers to support community-led housing and including affordable housing within the remit of their neighbourhood plans.

Other forms of local governance that extend beyond local authorities and local councils can include area committees; neighbourhood management groups; tenant management organisations; area or community forums; residents' and tenants' associations; and community associations. On a broader scale, CLTs function within a wide net of community organisations and as such can support partnerships that strengthen community networks to the benefit of local residents. They can become anchoring points for community activity, or work in collaboration with or support of (or with the support of) other community initiatives, cementing community ideals for their local area.

## 4.2 The role of the planning system and housing supply

Planning in rural areas is oddly stymied by land availability, despite the apparent capacity for land provision in non-urban areas. In reality, despite sparse populations and the appearance of space, rural areas are limited by restrictive planning policies and, often, local opposition to new development. Social housing makes up a much smaller proportion of housing stock in rural areas than in urban areas following housing reforms in the 1980s, when much of the supply of council housing in rural areas was lost to Right to Buy sales<sup>193</sup>. Additionally, there is a reduced stock of rental housing, exacerbated by the popularity of rural holiday-let homes.

### 4.2.1 Systemic challenges in rural areas

Rural areas are defined by their diversity, each space different from the last, ranging from coastal, upland, remote, near-urban, more- and less-deprived areas. Every characteristic of a rural space can come with its own challenges for the provision of affordable housing. The heterogeneous nature of planning, particularly in rural spaces, has added to the argument against the current

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192 House of Commons Library (2021) – Parish and town councils: recent issues

193 Nick Gallent et al. (2022) – Village Housing: Constraints and opportunities in rural England

discretionary planning system, although the solution of a zone-based system has been criticized for the likely disruptive nature of its implementation and the reduction of democratic accountability that it would perhaps bring<sup>194</sup>. Planning in rural areas is defined by negotiations between actors at different scales and happens in concurrence with community-led decision-making. However, obstacles can appear to rural development such as stringent and outdated ideas about acceptable land use, lack of resourcing, and challenges in supportive partnerships between communities and stakeholders.

Increasingly, rural housing enablers are reporting that the level of housing need revealed by an initial housing needs assessment is fairly low, potentially due to local disenchantment with housing provision. Local authorities produce choice-based lettings (CBL) data and strategic housing market assessment (SHMA) data in order to prove need. Once a scheme becomes feasible, a second survey or surgery, perhaps through an open day in the village with housing authority experts, will reveal a substantial increase in the numbers of people qualifying for housing need. For a rural exception site, there must be detailed assurance of local housing need, so the second survey becomes very important. However, there is a large issue with local housing allowance: if a rural area is associated with a low value urban area, the allowance will not pick up on the high rents experienced in the rural area.

Many rural areas with particular pressures caused by tourism are within National Parks, which have a very high bar for building design. Design codes increase costs, which the park authority expends much effort to reduce. For example, it could be that although the cost of natural stone is very high, only the key views into a development are required to utilise the stone. By only providing that minimum of aesthetic consideration, there can be some alleviation to the costs of development. Derbyshire has an industrial heritage as well as status as an AONB. As a result, areas which might appear very green still struggle with post-industrial issues like contaminated land which would require remediation before development. Areas across the North East such as Northumberland and County Durham share these issues.

The Peak District National Park also has a very strong policy of local connection: in order to qualify for affordable housing in the park, a person must have lived there for ten years. The park is currently undergoing a local plan review, in which there have been considerations of reducing this requirement to five years and therefore more aligned with the requirements of the park's constituent authorities

and hopefully opening up housing opportunities to more park residents. In areas where there are pressures relating to a lack of supply for the settled community, CLTs are very rarely used to housing people that are not currently living within the community, although it is an ongoing issue that many in desirable areas may sell their homes at inflated prices without consideration for preserving lower values for local future generations. Communities in the Peak District are concerned about depopulation – the park has an aging population and most people in the area commute to nearby urban settlements such as Manchester, Sheffield, and Derby for work. There is a shrinking local workforce, and many are unable to afford the area, particularly given the rise in people moving to the area since the pandemic.

Alterations to rural planning restrictions, such as reforming current green belt obligations to align with contemporary development issues<sup>195</sup>, have begun to see more uptake in recent years, but are entrenched in a long tradition of regulations that constrain development. Perhaps the most extreme version of the argument for reform was the zoning system proposed in the Planning for the Future White Paper, which would have replaced local plan allocations with a simple system of development zones. For rural areas, however, this would be far from a panacea – quite apart from the enormous political difficulties of achieving such a reform – as rural areas, as stated in the white paper, would be more likely to be protected from new housing than identified as zones for growth, leaving residents unable to afford housing or rent due to supply constraints in a similar situation to under the current system. A move away from the discretionary system would therefore still require local influence over the policies drawn up, to make sure that new housing reflects the needs of the area.

There are certain organisations in favour of removing the discretionary system, but, overall, the evidence does not support that this would provide all necessary solutions. While planning reform remains on the table, with the Labour party promising alterations including a re-examination of green belt restrictions if elected to office, the systemic challenges faced by rural areas are manifold and addressing them requires action from all levels of government and the private sector to address. In the short term, for residents seeking affordable housing, working within the system as it exists and trying to increase the availability of housing remains the only feasible option.

#### 4.2.2 Availability and affordability

The crisis of affordability in the housing market across the UK is an intensely

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195 Leaders Romans Group (2022) – The need for Green Belt reform

complex problem with a multitude of causal factors and, therefore, no one single solution to solve it. A shortage in the housing supply is often cited as one of the primary factors of the housing crisis, linked to the inability for the planning system to respond at an efficient pace to housing demand. It is true that the discretionary nature of the planning system, reliant on the permission of local planning authorities on a case-by-case basis guided but not legislated by Local Plans, and the promotion of democratic engagement, may slow housebuilding<sup>196</sup>. Developers are currently unable to rely on such a risky system, unable to commit to sites that may be refused based on individual decision-making and a privileging of local interests.

As far as local planning is concerned, however, community-led housing can provide some relief to pressures from these restrictions, circumventing obligations through measures such as the use of rural exception sites for new development of affordable housing. CLTs are able to navigate certain development restrictions in rural areas: for example, there are 247 CLTs in the UK built in conservation areas<sup>197</sup>. Furthermore, questions of biodiversity loss, climate change, food security, and energy security all come to the fore of decision making in rural planning<sup>198</sup>. CLTs and other forms of community-led housing often encourage community action in terms of counteracting these issues, forming on the basis of goals such as sustainable living and biodiversity enhancement. In this way, CLTs can benefit rural areas, striking some of the more complex and entrenched issues with the way that the planning system works for non-urban sites.

However, housing supply is not the be all and end all of housing affordability, and raising the supply without consideration for other influencing factors in the housing market would not only fail to make prices more affordable but it would also increase the number of vacant properties<sup>199</sup>. Other markers of unaffordability that have developed in recent years, particularly among those new to the private housing market, include youth unemployment, benefit cuts, the erosion of social housing stock, low wage growth among certain groups, and a struggle to access finance especially among first-time buyers – particularly following the 2008 financial crisis<sup>200</sup>. To such a myriad of issues, further solutions that target affordability as well as housing supply are a necessity.

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196 Nick Gallent et al. (2020) – Is Zoning the Solution to the UK Housing Crisis?

197 CLT Network (2023) – State of the Community Land Trust Sector 2023

198 RTPI (2022) – Rural Planning in the 2020s

199 UK Collaborative Centre for Housing Evidence (2019) - Tackling the UK housing crisis: is supply the answer?

200 UK Collaborative Centre for Housing Evidence (2019) - Tackling the UK housing crisis: is supply the answer?

There is a lack of satisfactory statutory definition of affordable housing in England: although the Housing and Regeneration Act 2008 does provide a definition of social housing, this refers to accommodation at rents below market rates for those whose needs are not adequately served by the commercial housing market, and defines low-cost home ownership, which incorporates shared ownership, equity percentage arrangements, and shared ownership trusts<sup>201</sup>. These mechanisms for affordability, however, do not consider genuinely affordable housing to the extent that CLTs endeavour to provide – in other words, perpetually affordable homes based on local income levels rather than fluctuating market prices.

The National Planning Policy Framework states that any major development that includes housing must allow at least 10 percent of the new housing stock for affordable home ownership and local planning authorities can then determine the level of affordable rented housing. Social sector properties traditionally sat at about 50-60 percent of market rents, but in 2011 this figure increased to 80 percent, reducing the capacity for the social sector to supply genuinely affordable housing<sup>202</sup>. Furthermore, the stock of available council housing has been reduced both as a result of the Right to Buy Scheme, under which 1.8 million English properties were purchased between 1980-81 and 2013-14, and through the transference of stock from local authorities to the housing association sector. There has been suggestion that there should be legislation concerned with monitoring whether properties, particularly in rural areas and those most impacted by tourism, remain within the ownership of the correct beneficiaries from the Right to Buy scheme after a number of years, so protecting the market in these areas, but the fact remains that affordable housing provision from local authorities is weakened by this phenomenon.

Housing associations do provide affordable homes and support for local communities alongside the social housing sector, but the lack of replacement of the rented stock bought through RTB has exacerbated housing supply issues and reduced affordability<sup>203</sup>. Furthermore, as housing associations have merged into large social developers and grown their capacity to build, they have simultaneously lost connection to their original communities, removing their local benefit<sup>204</sup>. In response to this shift, CLTs and community-led housing in general can reduce the pressure of the housing market to provide affordable homes,

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201 House of Commons Library (2022) – What is affordable housing?

202 House of Commons Library (2022) – What is affordable housing?

203 Centre for Regional Economic and Social Research (2015) – The Impact of the Existing Right to Buy and the Implications for the Proposed Extension of Right to Buy to Housing Associations

204 CLT Network (2022) – Levelling Up the Basics

making best use of planning obligations for developers and other planning system opportunities such as rural exception sites. Furthermore, CLTs can provide new development efficiently, including democratic, local-led decision-making at all stages of development, design, and construction without sacrificing community control, which works for the benefit of individuals at the most local levels.

### **Viability and affordability**

Small- and medium-sized builders are at the moment facing financial challenges around access to labour, access to materials, and the volatility around material costs. Costs of building are not supported by grant rates, the cost of borrowing is rising, and rent rates are changing, so there is rising a perfect financial storm around viability. There is a real challenge for registered providers because they have finite funds for investment, and so have to look at value and impact, what they can actually build, and the particular challenge that occurs with CLT involvement. CLTs have laudably high aspirations with standards and design, but these can come with a significant price tag, which is impossible to meet without an additional grant.

Inflation of construction pricing has created such volatility that wildly varying viability claims have become common. There can be abnormal, on-site costs that are a big issue for many rural locations, particularly where there has been a large role for rural industry and mining. The Peak District National Park have struggled with affordable housing provision, because their constituent local housing authorities have been unable to access funding since previous streams have been dropped, and there are very high standards for buildings in the park – sites must have at least 5 units to be viable, and even that number is ambitiously low. Unfortunately, relying on open-market housing for viability is not always successful. There is also an abnormal cost for encouraging supply chains to work in places that are distant from basic essentials such as builders' yards, making development more expensive. Planners do not always have the skillset and confidence to achieve the best value outcomes and deal with ambiguity from developers.

Most registered providers are interested in building from the ground up, not least because obstacles like energy performance certificates and the cost of refurbishing properties can be as or more expensive than new builds. Although refurbishment is a necessity for increased housing provision, it remains unattractive to registered providers. The risk for housing associations could potentially be reduced if there were a formal rural target from Homes England, not only limited to the Affordable Homes Programme – providing

the incentive of a money opportunity for the housing associations. On top of the grant rate that has now disappeared, experts suggest that the capital funding guidance of Homes England could be amended so that the costs of enabling support can be an eligible cost for grant.

#### 4.2.3 CLTs and neighbourhood planning

First introduced in the Localism Act 2011, neighbourhood planning exists to ensure that communities across England have a say in local development. Where Local Plans cover areas under the remit of local authorities, Neighbourhood Plans are controlled by Parish Councils or Neighbourhood Forums. They are completed under the auspices of a local referendum, ensuring that local decision-making is at the heart of local development, and can even take precedence over existing non-strategic policies in Local Plans<sup>205</sup>. Neighbourhood Plans are, at present, a primarily rural phenomenon, less popular in urban areas than their rural counterparts.

Generally, neighbourhood planning has had beneficial impacts on housing supply, house design, and local engagement across the communities where it has been enacted<sup>206</sup>. According to data reported by Locality from DLUHC, there are almost 3,000 Neighbourhood Plans in various stages of progress across England, ranging from “designated” neighbourhood plan areas to fully realized plans<sup>207</sup>. Where Local Plans can fail to proceed due to political gridlock and fierce debate over the entirety of a local planning authority geography, neighbourhood planning can genuinely reflect local preferences for development, removing obstacles caused by public dissent. Neighbourhood plans are set up in advance of any housing association involvement in development, and so can soften communities to the needs for housing provision, leading to a smoother reception for the housing association when the community understands where it can leverage the skills and investment of a housing association to deliver housing solutions.

There are possible drawbacks that can arise due to the reliance of neighbourhood planning on community decision-making, in that public influence can be inefficient and fall back onto popularity contests that avoid considerations of genuinely

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205 East Cambridgeshire District Council (2016) – Briefing note - Relationship between LP NPs

206 Housing, Communities, and Local Government Committee (2021) – The future of the planning system in England

207 Locality Neighbourhood Planning (2023) – Key neighbourhood planning data

sustainable development<sup>208</sup>. Although, when there is an open, consultative process, neighbourhood planning can be genuinely nuanced and sensitive to community needs – rather than shaped by individual leaders who may privilege personal views and resulting in a poor allocation of development sites. Furthermore, it remains unclear to what extent the government’s proposal for a future Infrastructure Levy will interact with neighbourhood planning<sup>209</sup>.

Often, neighbourhood groups have worked hard to form plans without success, with many coming up against bureaucratic and financial obstructions. In the Vale of White Horse, there was a neighbourhood plan encouraging development in one village that received heavy opposition from the planning inspectorate. The council had to fight on behalf of the parish, and success only came thanks to a good deal of time and effort to achieve around eight affordable homes.

On the other hand, the benefits of neighbourhood planning do seem to outweigh the potential drawbacks, particularly in their effectiveness in engaging local communities. CLTs, being exemplary models for community engagement in terms of the planning system, can naturally benefit from well-established Neighbourhood Plans that aim to support community-led development in ways perhaps missed by Local Plans. Indeed, many neighbourhood plans support the smaller exception sites that are often used for CLTs, and so have the potential to bring forward more community-led schemes. Although it can be beneficial to communities, the development of CLTs does not hinge upon support from neighbourhood planning. For example, at Stretham and Wilburton in East Cambridgeshire, the CLTs resulted directly from parish-level planning through the council’s supportive SPD, without the necessity of a neighbourhood plan.

It is not currently possible for neighbourhood groups to allocate sites for community-led development in their neighbourhood plans, because there is no supportive framework in the National Planning Policy Framework. One neighbourhood forum in East Cambridgeshire has been able to do this with reference to the Local Plan policy and SPD for community-led development<sup>210</sup>. The amended NPPF expected later this year could provide both a definition of community-led development and an equivalent policy to East Cambridgeshire’s, enabling all neighbourhood forums to then allocate sites for community-led development.

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208 Housing, Communities, and Local Government Committee (2021) – The future of the planning system in England

209 Housing, Communities, and Local Government Committee (2021) – The future of the planning system in England

210 East Cambridgeshire DC (2023) - Swaffham Bulbeck Neighbourhood Plan

There are ways that neighbourhood planning can be more supported: for instance, the Peak District National Park has a small grant for local communities with a focus on supporting neighbourhood plans. The most positive CLT success story in the Peak District is at Bradwell, which evolved from a neighbourhood plan conceived by the parish council. There was an available site for housing, on which the council were able to provide some community-led development. On the other hand, at Bakewell, the inspector's examination removed most of the neighbourhood plan, and the park authority had to advise the town council against bringing the remaining, minimal plan to referendum. The park continued to support the town council using the local plan, but there was a tangibly negative response to the failure of the neighbourhood plan in communities across the Peak District. Additionally, the park found that the inspector's report for Bakewell was inconsistent with previous feedback given at Bradwell. Furthermore, it would be impossible to challenge the inspector's decisions. A neighbourhood plan can take years to come to fruition, with no remuneration going to the relevant authority for the work.

Derbyshire Dales have adopted a framework to support community engagement, in which people with a variety of professional backgrounds are willing and able to volunteer their time without remuneration. This is a response to a common problem with neighbourhood planning, that the capacity of communities and potential volunteers who have the skills and time for the task is often a significant barrier.

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CHAPTER FIVE

# Ongoing and potential reforms

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There are numerous areas of policy that can be positively impacted by the provision of community-led projects.

Community ownership and management of assets can be foundational in propelling forward solutions to challenges such as climate change, cost-of-living, rural costliness, the levelling-up agenda and the housing crisis – particularly in areas of the country most impacted by tourism (and over-tourism). While currently progressing legislation begins to answer some of the questions about regulating second homes and short-term lets to protect residents and economies in tourist hotspots, there are further steps that can be taken to enable CLTs and other forms of community-led housing to rise to the challenge of local housing market failure.

## 5.1 Current approach to housing reform

Bills currently under consideration in Parliament that concern the availability of affordable housing include a bill to enable local authorities to apply an affordable housing obligation to conversions of commercial property to residential use<sup>211</sup>. A bill has also been proposed to allow local authorities to require licences for the conversion of domestic properties into short-term and holiday-let accommodation; to use fines or remove these licenses when conditions on safety, noise, and other nuisance are not met; to ban the licensing of these properties in defined geographical areas; to vary local tax rates in relation to these properties; and to restrict the number of days per year that these properties can be let<sup>212</sup>.

### 5.1.1 The Levelling Up and Regeneration Bill

CLTs are in a position where they can provide place-based, community-first solutions to some of the most pressing issues that the UK is facing. In consideration of the Levelling Up White Paper, the Community Land Trust Network has produced research that proves more CLTs are found in the most deprived areas of the most deprived regions of England and the most unaffordable areas of the most unaffordable regions<sup>213</sup> – those spaces that the LUWP described as the “left behind” places of the UK<sup>214</sup>. By regenerating these areas, CLTs across the country can alleviate pressures brought upon communities by the inordinately high cost-of-living as inflation continues to make the country ever more affordable for an increasing number of its residents. Local community action can also be an essential driving force behind projects in support of vulnerable people, including the distribution of food and the provision of affordable housing while maintaining goals that further the progress of sustainability.

The Levelling-up and Regeneration Bill, which arose from the white paper, will have great import for community-led projects. Perhaps the most pertinent reason for this is that it proposes the creation of an Infrastructure Levy in the place of the Community Infrastructure Levy and Section 106 obligations for affordable housing<sup>215</sup>. The levy will see the s106 obligation replaced by a flat tax on new development paid to local authorities, which aims to guarantee that developers take their commitment to community infrastructure seriously and so that more

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211 House of Commons Hansard (2023) – Affordable Housing (Conversion of Commercial Property)

212 UK Parliament (2023) – Short-term and Holiday-let Accommodation (Licensing) Bill

213 CLT Network (2020) – State of the Sector 2020

214 DLUHC (2022) – Levelling Up the United Kingdom

215 UK Parliament (2023) – Levelling-up and Regeneration Bill

affordable social housing can be provided<sup>216</sup>. It has been noted that the introduction of the IL may put the delivery of affordable housing at risk<sup>217</sup>.

The LURB further proposes National Development Management Policies (NDMP), intended to raise the efficiency of the local plan-making process by allowing central government to develop its own planning policies, which would take legislative precedence over local government policies. It remains unclear as to whether the advertised efficiency of this streamlining process would come to fruition and some expert trepidation that the proposal for NDMPs fails to realise the full nuances of the local planning system.

Second homes have not escaped the attention of the LURB either, which intends to enact a discretionary council tax premium on second, and long-term empty, homes of up to 100 percent. This action has been accompanied by general support from local government actors<sup>218</sup>, with its popularity only marred by delays to the LURB passing into legislation<sup>219</sup>. This comes alongside the introduction of a register for STLs in England and the creation of a new use class to grant local planning authorities more control over planning permissions for STLs. There are hopes that the LURB will therefore help to reduce the strain of the tourism industry on areas with a high tourism density.

### 5.1.2 Policy in the devolved nations

A recent agreement between Welsh Labour and Plaid Cymru concluded upon a 3-point strategy on STL, concerned with taxation, a supportive regulatory framework and the registration of STLs, and the addressing of the affordability and availability of housing<sup>220</sup>. Acknowledging the differences between second homes and STLs and their impacts, there remains room for more control from the planning system. However, the planning system is unable to entirely solve such a nuanced problem. In October, the Welsh government made amendments to the use classes order and the permitted development order, so there is now a four-way split in use classes that includes second homes. There are now powers wherein if a local authority can demonstrate high demand for second homes and resultant demonstrable harm, they can suspend permitted development rights and use the

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216 Shelter England (2021) – Levelling Up and Regeneration Bill: Second Reading

217 London Councils (2023) – Levelling Up and Regeneration Bill – Committee Stage, House of Lords, February 2023

218 Local Government Association (2023) - Levelling Up and Regeneration Bill, Second Reading, House of Lords, 17 January 2023

219 Dorset Council (2023) - Government delay on increasing council tax premiums for second homes

220 RTPI Cymru (2021) – Holiday Homes in Wales: How can planning support the management of holiday homes

new use classes order to block planning permission. There remains some criticism that this will have minimal impact, given that there are already second homes exacerbating the housing market.

Since 1 April 2023, local authorities in Wales have had the power to set council tax premiums on long-term empty dwellings and second homes to as much as 300 percent on a discretionary basis. This decision comes after local outcries concerned with the inability for residents to afford housing in tourist hotspots – in some areas of Anglesey 25 percent of properties are second homes, and 39.8 percent are second homes in the area of Llanengan in Dwyfor<sup>221</sup>. No local authorities have reached the full 300 percent rate yet, although some, such as Pembrokeshire, have introduced a higher rate. It remains that if a property has planning permission as a tourist let, it is still exempt from council tax. In the past, there was a loophole for business rates exemption, but the Welsh government have set up a threshold for eligibility for the exemption, albeit with some pushback from the tourism industry.

While STLs have brought positive impacts for individual households and their income in Scotland, there exist substantial negative impacts on local housing supply and house prices. Local people, particularly those with lower incomes and even those who provide essential services for their communities, are most impacted. Legislation was introduced around the time of the pandemic with two details specifically regarding regulation. The first of these was that STLs need to be licenced to cover health and safety – which was particularly relevant for properties in Edinburgh, where there are traditional tenements wherein up to 4 out of 6 flats in one ‘stair’ might have been STLs without any regulation.

There is also scope for every local authority to introduce an STL control zone. Edinburgh Council introduced a control zone over the whole city, which some have pushed back against. In Edinburgh, property owners must get planning permission for STLs before receiving a licence, but the planning permission is guarded by the new control zone. Highland Council is also implementing a control zone scheme, potentially alongside other areas in the highlands and islands. In the highlands, quite a few new officers have been recruited, under the assumption that through the licencing fee, the scheme should be self-sustaining – provided that there is an initial outlay for the local authority to recruit and train those people and to set up the new system.

The Scottish government is also consulting on a possible increase to council tax for

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221 Welsh Government (2021) – Second homes: Developing new policies in Wales

long-term empty properties and potentially redefining what a long-term empty is, alongside increasing the premium council tax for second homes.

## 5.2 Clearing the path for CLTs

The CLT model has the potential to ease pressures in areas otherwise out of the reach of the rural planning model, but in order for CLTs to become a widespread solution to problems of rural affordability there are a number of actions that can be taken to uplift support and upscale the CLT pipeline.

### 5.2.1 Evaluating current efforts

A central criticism of central government's work on the housing crisis is that the solutions coming from central government are mostly rhetorical. For instance, Community Rights may simply not be powerful enough to live up to the rhetoric pushed by policymakers, making them a missed opportunity. A comparison with Scotland provides stark evidence of how far behind the English system of community powers is. Furthermore, the evidence from Scotland and Wales does suggest that there are more actions in policy reform that central government could take in order to alleviate pressures to the housing market, specifically those caused by the problems that CLTs helps to alleviate. There have been calls for English local authorities to enact similar regulations that can reduce the impact of second homes, including holiday home licences and a cap on the number of second homes in Cornwall following the Welsh example<sup>222223</sup>.

However, there have been criticisms that, for example, the Welsh 300 percent council tax premium will not sufficiently disincentivize people from buying second homes due to the massive potential for profit that the STL sector provides. Furthermore, there are concerns that some in England will utilize the ability to change their property from domestic to commercial use, thereby avoiding much higher council tax by paying business rates on the property. There exists a lot of scepticism about the latitude for increasing council tax alongside other forms of taxation, including comments about political signalling versus the actual effect that these decisions would have on correcting housing markets. The Welsh government may also have plans to introduce a tourism tax. At present, a tourism tax on nights per stay happens commonly across Europe, but tourism providers are reluctant to support such a tax in the UK, claiming that the UK is already an overly expensive tourist destination and that a tourism tax would exacerbate this.

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222 The Telegraph (2022) – Cornwall calls for licences for holiday lets and cap on second home ownership

223 CornwallLive (2022) – Demands Cornwall be allowed to limit second homes and holiday lets like Wales is doing

The solution to STLs that has been enacted in Edinburgh may prove effective in the English context. The question of the impact of second homes and holiday lets on affordable housing evidently requires a multi-faceted approach that focuses not just on regulating the demand side by restricting holiday letting, but also ensures that the supply side keeps abreast of demand. Here, CLTs can genuinely make a difference by targeting the areas of England that are most negatively affected by over-tourism, and potentially work alongside regulations that prevent the overabundance of second homes and holiday lets. Potentially, further regulations such as the introduction of a tourist tax – another new step being made by the Welsh government in the coming year – would also be spent on the enhancement of local areas for community benefit.

The usefulness of the new infrastructure levy proposed by the LURB will hinge upon a number of details. It intends to aim for no less provision in terms of affordable housing, but this starting point is unideal given that the current level of provision is insufficient. Experts believe that there is a real risk for rural areas that the IL will only extend current obstacles, where the thresholds are set too high for rural areas in terms of on-site provision of affordable housing. If the IL is unconcerned with on-site provision and is instead placed into a general funding pot, then funding is unlikely to reach rural areas and leak out into urban areas. As such, the Levelling Up Bill could be clearer about on-site, community-focussed provision.

One of the most critical functions of any levy or negotiation is the consideration of land value capture, placing the onus of negotiating price onto the developer rather than laying inflated prices onto future tenants. The developer should renegotiate with the landowner for reasonable prices rather than take funds from community benefit, on-site provision, or any kind of levy. Continuing on the theme of land value capture, the Labour party have recently announced intentions in favour of lowering land prices for local authorities in an attempt to undercut the snowballing effect on price that planning permission can incur by introducing “compulsory purchase orders” (CPOs) for councils<sup>224</sup>.

Concerning the LURB’s NDMPs, while it may be helpful that each council would not need to expend effort re-inventing the wheel for each policy – there already exists such a mechanism for the greenbelt, for instance – the primary concern among critics is that NDMPs would result in a ‘levelling down’ in which some of the foremost innovations on policies such as those concerned with climate change would be forbidden due to the slower pace of central government action. For

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224 Financial Times (2023) – Labour plans to tackle housing crisis by forcing landowners to sell at lower prices

CLTs, a place in national policy may be ambitious, and it could be that central government may undermine district-level policies that support community-led housing. There may however be benefits in terms of RES, partly due to the already long-established precedent for RES that could have a place in a binding national policy to ease the decision-making process.

Furthermore, NDMPs may have a poor impact on affordable housing on small sites. At present, national policy states that affordable housing should generally not be sought on sites of ten units or fewer, although a number of local authorities have made a strong case for exemption from the rule. Reading Borough Council, for example, managing very high land values, challenged the planning inspector to achieve an exemption. In future, the government could conceivably bring forward the ten-unit NPPF policy as an NDMP, which would remove any scope for local authorities to derogate from it. On the other hand, government has committed an NDMP to assuring a high proportion of affordable housing on large development sites, which would be helpful in terms of provision.

### 5.2.2 Further reforms

Beyond the current legislative slate, there are a number of avenues to further bolstering CLTs and their ability to deliver affordable housing, particularly in rural tourism hotspots where need is extremely acute. At the most basic level, the conversation around affordability in housing needs to change at its root. The statutory definition of affordable housing should account for income levels rather than merely fluctuating alongside open market prices, which in rural areas can be massively swayed by external, urban incomes. Additionally, there needs to be incentives for landowners to provide land at affordable prices. Otherwise, such mechanisms as compulsory purchase orders may release land for use at more affordable tenures. Following from this, the new infrastructure levy needs to approach affordable housing from an angle that ensures rural housing provision will not be undercut by urban need.

Various degrees of funding across a number of pressure points can provide a foothold for community-led housing projects and assure their proliferation particularly in rural areas. Following on from the recent £2.5m fund for rural housing enablers, there needs to be long-term investment in the capacity of enabling organisations, such as the CLT groups and umbrella groups cited throughout this report. Providing them with the risk capital to grow their pipeline and deliver projects. The key here is slow, patient capital which allows for capacity to be built up at a relatively low cost to the state. As evidenced by the work of charities like the Local Trust in provisioning capital to community

groups<sup>225</sup>, patient finance and support can allow for a build-up of skills and expertise to support community-led housing in areas for which this expertise would otherwise be inaccessible. A £10m *per annum* fund over the course of ten years would have a significant social return on investment in the form of affordable housing delivery.

Similarly, grant funding and further positive assistance for neighbourhood planning could produce expert support for communities without the time, money, or skills available to undertake such extensive projects while also ensuring planning policies that will meet local needs. Neighbourhood planning can provide for local needs and engender widespread, local support for new development. However, it necessarily requires an inclusive approach that accounts for genuine need and avoids privileging community leaders above communities.

Reform of the planning system, which is likely to become an issue leading up to and after the next general election, must take into account the potential of neighbourhood plans to facilitate mature conversations about housing delivery in local areas and help carve out a path to provision. A review of the efficiency and efficacy of the process, with a view to bolstering and streamlining neighbourhood planning, could be extremely helpful in facilitating housing supply, particularly in areas of the kind focused on in this report. If this can be achieved, the neighbourhood plan can become a comprehensive tool to ensuring development goes to where it is most valuable, particularly for smaller settlements.

At the local planning authority level, greater attention must be paid to planning capacity and process if the housing crisis is to be properly addressed. Rural planning in particular is due a rethink in terms of how people acknowledge the necessity for development in discussions that value conservation of landscapes and natural heritage. Support for CLTs within this conversation will open up routes to sensitive development, particularly allowing for the use of small schemes with financial support, rather than relying on more viable but less environmentally sensitive large development sites.

While any revenue funding uplift for local authorities will be extremely challenging in the current fiscal environment, the need for investment to prevent further social costs such as depopulation of rural areas or intensified labour shortages in the tourism sector is clear. Rural planning is suffering due to a lack of workers with an interest in rural-specific skills and knowledge. A greater provision of resources to local authorities and targeted education pathways that support rural-specific

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225 Community Wealth Alliance (2019) – Strong resourceful communities: the case for a community wealth fund

engagement will be necessary to ensure the best and most efficient use of rural spaces and to support sustainable development across rural areas. The announcement of a £24m capacity fund is welcome but detail is needed on how this will translate to sustained uplifting of local capacity beyond capital injections. A proper and comprehensive assessment of the potential for localised tax levers to help support this initiative may be necessary in the absence of treasury funds – the costs of doing nothing will be much greater if the housing crisis in rural areas, particularly those with large tourist economies, is left unattended.

Financial support to local authorities will go some way towards them being able to transfer under-utilised or discounted sites to CLT groups as well as providing officer support and expertise – ensuring a point of contact between the local authority and community groups. Given fiscal restraints, there is also potential for specialist support in areas such as affordable housing from public sector teams that cover widespread areas of the country beyond council boundaries, reaching communities without over-stretching local authority resources – in a manner similar to the local net zero hubs ran by DESNZ. Any funding for local authorities, however, must avoid taking the form of bid mechanisms, which tend to favour authorities that are already better provisioned. Genuine, across-the-board support for deprived or unaffordable areas will require sustained funding not one-off bidding rounds from local authorities.

Planning will have a fundamental role in the mainstreaming of the CLT model and opening up community-led housing as an option to more people otherwise struggling with rural affordability. Following the lead of East Cambridgeshire and their Community-Led Development SPD, more local authorities would benefit from giving permission in principle to CLT development, effectively greenlighting communities to grow in the way that they see fit, subject to safeguards. If the practice were to be adopted nationally – by, for instance, extending a general priority for community-led housing within the NPPF – local communities across England would see a path to affordable and sustainable development uncovered. Such a change would also incentivise more registered providers to work with CLT groups.

The theme of successful partnerships between registered providers and CLTs leading to delivery ran throughout this research project. At the national and subnational levels, there needs to be a greater monetary incentive for registered providers to undertake less viable housing projects, including refurbishment and small, rural schemes. Risk must be reduced for providers so that CLTs can garner the best support concerning new housing development and continued maintenance. Homes England should be enabled to ensure that registered providers will enter into strategic partnerships with CLT groups – placing local

community partnerships at the centre of agreements for funding packages from the national body could achieve this goal.

At council level, it would be beneficial for local authorities to consider best practice examples in terms of the strategic support of CLTs, albeit there does need to be work to better provision local authorities with guidance in terms of how to support the delivery of community-led housing. Local authorities might also endeavour to ensure the strength of the ratio of affordable housing to market housing on rural exception sites, particularly avoiding vast disparities between housing levels within individual schemes.

## 6. Recommendations

While the return of a mechanism similar to the Community Housing Fund would be very welcome, a long-term approach to the benefit of the rural communities across the board would be enabling the mainstreaming of CLTs and other community-led housing models through national policy. Policy changes to support the uptake of CLTs and help enable communities to deliver affordable housing in their areas fall into two broad categories: those concerned directly with funding uplift, and those concerned with planning reform.

### Direct funding

- **Long-term investment in CLT organisations is required.** A ten-year, £100m fund to build capacity for enabling organisations at the sub-regional level could see major social returns.
- **Funding must be restored to local authority planning to solve the housing crisis.** There must be a revenue funding uplift for planning across the board to reverse the damage of austerity and return housebuilding to sustainable levels.
  - Rural planning capacity must be built up particularly – either through local fiscal mechanisms or a national revolving fund, councils must be able to uplift their capacity or the housing crisis will continue to exacerbate social issues in these areas.
- Support for community housing at a sustainable scale can help all areas access equal opportunity to community-led housing. Subregional hubs to support community-led housing could help facilitate action by both councils and community groups.

### Planning reform

- **The current definition of affordable housing does not deliver for rural communities, particularly in areas of high tourist activity.** It is essential that future planning reforms redefine affordable housing, moving to an income-focused approach where councils have the ability to influence the income level which defines affordable housing in their area, based on local circumstances.
- **Neighbourhood planning represents a step forward for localism, but the costs and length of the process must be considered.** A review of neighbourhood planning is required, with an examination of capacity funding and the speed of the process.

- **National planning policies can do more to support communities in getting affordable housing off the ground in their areas.** A general priority for community-led housing within the National Planning Policy Framework would greatly aid groups on the ground.
- **Homes England can be used as an institutional vehicle to ensure effective delivery of community-led housing.** Homes England should incentivise collaboration between registered providers and CLTs through grant conditionality, and set rural targets for registered providers to provide social housing.
- **Current thresholds on affordable housing by development size do not work in rural areas.** Planning reform should ensure an affordable housing percentage is required even for small sites in rural areas.

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