

Community ownership of land and assets: enabling the delivery of community-led housing in Wales



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Executive summary

The housing crisis in Wales has become starker since the Covid-19 pandemic, with house prices rising, a shortage of development sites and increased competition. There needs to be a multi-faceted approach to tackle the issues facing our communities and we believe that community-led housing can be part of the solution.

This paper has been produced to discuss the potential of strengthening community ownership rights in Wales to make more land and assets available for community-led housing, putting communities and co-operation at the heart of decision making about development at a local level. Whilst some community ownership rights already exist in Wales, Community Asset Transfers and Compulsory Purchase Orders, they do not go far enough to enable communities to take real control of land and assets to deliver more affordable homes.

The paper looks to Scotland and England, where communities have a variety of routes to take ownership of land and assets. Whilst these rights have resulted in several successful community buy outs, barriers remain for many, including cost of land/assets, access to funding/support, lack of capacity, and difficult timeframes. Wales must learn from these experiences, both positive and

negative, and develop a bespoke Welsh system that works for all communities.

The Welsh Government have shown their intentions to tackling the housing crisis by building 20,000 affordable homes, dealing with the issues of second homes, and introducing a right to adequate housing. They have also committed to continuing their support for community-led initiatives, including housing co-operatives and community land trusts. The abilities of communities to succeed in delivering these latter commitments are fundamentally dependent on the availability of land on which such community-led housing can be built. This report highlights several recommendations to strengthen community ownership rights in Wales, allowing local people to take greater control over their housing stock, delivering affordable homes that meet their needs and creating more active, cohesive, and resilient communities.

Structure of paper

Following the executive summary and collated recommendations, the first section of the paper outlines the purpose of the report and introduces the concepts of community-led housing and community ownership.

The second section gives context on the housing crisis in Wales and how the current land ownership system is negatively affecting the delivery of affordable homes.

The report then explores the various community ownership rights in Scotland, England, and Wales, followed by an overview of their impact, community-led housing projects developed using community ownership rights and barriers still faced when trying to take on land and assets.

The report concludes by highlighting the potential impact that strengthening community ownership rights in Wales could have on the community-led housing sector.



Recommendations

Community Ownership and Empowerment commission and legislation

1. The Welsh Government should establish a commission to stimulate innovative thinking on community ownership of land and assets in Wales.

The commission should investigate and make recommendations on the implementation of various tax reforms on land and assets for community uses and determine the most appropriate method of valuing land, considering the social, ecological, cultural value as well as financial value, and should produce guidance on the fair price for land.

2. The Welsh Government should introduce a Community Ownership and Empowerment Act that gives well-governed, sustainable community organisations the opportunity to have more control over land and assets in their communities.

Data and information

3. The Welsh Government should develop a land ownership registry/database, which provides publicly accessible key data on land ownership/transactions in Wales (including publicising options agreements where future development may occur) bringing together existing databases e.g., HM Land Registry and the Welsh Government Land Division, to create a universal resource containing information on land.

The current mapping data, property characteristics data, and property transactions data are collected by different government agencies and are not easily accessible for community groups. Richer data should make clear where the land is owned by public bodies, as well as private landowners and where land is unclaimed. This registry should always be kept up-to-date and transparent.



Funding

4. The Welsh Government should establish a Revolving Loan fund for community-led housing projects to grow the number of affordable community-led housing projects.
5. The Welsh Government should develop a Community Wealth Fund that would support communities to develop social infrastructure.

Public land and assets

6. The Welsh Government should publish guidance (e.g., a Technical Advice Note) and should encourage local authorities to develop bespoke policies (e.g., Supplementary Planning Guidance, land disposal policies) on community-led housing and how it can be included in future developments and provide community groups with access to public land at a reduced cost, enabling planning departments to ensure that this commitment in the Programme for Government is readily achieved.
7. The Welsh Government should make Place Plans a mandatory part of the development plan process to encourage participation and give local people a change to influence their area.
8. Local authorities should work in partnership with local communities wanting to develop community-led housing projects to meet local housing need by leasing land for affordable community-led housing projects where necessary, utilising their CPO (Compulsory Purchase Orders) powers to purchase sites suitable for community led housing.

Existing powers

9. The Welsh Government should develop a formal process for Community Asset Transfers (CAT) so that there is a standardised approach across all local authorities and public bodies.



1. Introduction

- 1.1.** This discussion paper has been produced by the Communities Creating Homes programme at the Wales Co-operative Centre, Wales' only community-led housing hub. The purpose of the paper is to stimulate thinking and discussion on community ownership of land and assets in Wales, which will lead to the delivery of more affordable, community-led housing.
- 1.2.** Community ownership rights are of interest to a cross-section of organisations and individuals in Wales e.g., to ensure local services are run efficiently, to save local amenities and facilities, to protect the environment for future generations, to secure sustainable food production etc. We acknowledge the breadth of the debate but given the aim of our programme to increase the extent of community-led housing in Wales, this paper will be focussed specifically on how community ownership of land and assets can help to deliver more affordable, community-led housing.
- 1.3.** Community-led housing can come in a variety of forms, but fundamentally it refers to the practice of communities taking a leading role in providing their own housing solutions – whether that is through building a new property, taking over existing properties, or protecting existing affordable housing stock. It could be a small group collectively buying a house to share and rent out affordably, leaseholders/social housing tenants setting up a tenant management committee, community members buying local land on which to develop homes which might be kept in perpetuity for local people at affordable rates - these are all examples but there is no one-size-fits-all approach and community-led housing can be adapted to best suit a community. The aim is to give people more control of where they live to achieve a shared goal.
- 1.4.** Community-led housing projects can include many forms of housing tenure, but in Wales, the Communities Creating Homes programme focusses specifically on helping community-led housing projects that will provide affordable housing. Affordable housing is housing provided to meet the needs of those who cannot afford market housing and can include social rent, affordable rent, shared ownership, and below market value ownership.



- 1.5.** There are multi-faceted benefits to this model, for the residents, providers, and wider communities. Research, commissioned by the Communities Creating Homes programme in 2019, found that community-led housing offers much more than good quality, affordable housing. Residents living in community-led housing identified a large range of benefits that they have gained from living in community-led schemes, including increased confidence, new skills, improved mental well-being, reduced loneliness/isolation, greater community feeling and the ability to live more in tune with their values and the environment. There were also benefits to those organisations working with community-led housing projects, such as housing associations, including greater ease of letting properties, fewer voids, lower rent arrears, less anti-social behaviour/complaints and better community cohesion.¹
- 1.6.** Further research was also conducted in 2020 during the Coronavirus pandemic to understand the lived experiences of residents living in community-led housing throughout lockdown periods. Residents identified a number of benefits that they attribute to living in community-led housing as opposed to other types of housing, including better physical living conditions, greater practical day-to-day support, improved financial security, reduced loneliness/isolation/mental distress, and closer links to the community.²
- 1.7.** Community-led housing projects can also help to regenerate and reenergise local communities, often providing additional community facilities and services as well as affordable housing. Groups are often likely to want to take on existing properties, instead of building new homes and are typically committed to developing low carbon homes. Recent research by the National Community Land Trust Network of a number of community land trusts and other forms of community-led housing projects currently in development are expected to outperform national minimum energy standards.³
- 1.8.** While not yet common in Wales, community-led housing approaches, such as community land trusts, housing co-operatives and cohousing projects, are popular across mainland Europe and have seen a surge of interest in England in recent years, where UK Government funding has enabled the delivery of thousands of new homes by community groups.

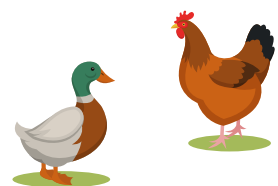
¹ <https://wales.coop/what-we-do/policy-and-research-publications/assessing-the-potential-benefits-of-living-in-co-operative-and-or-community-led-housing-cclh/>

² <https://wales.coop/what-we-do/policy-and-research-publications/a-report-into-the-lived-experience-of-clh-schemes-during-the-lockdown/>

³ https://www.communitylandtrusts.org.uk/wp-content/uploads/2021/11/Leading_to_Net_Zero.pdf

2. Context

- 2.1.** Wales is facing a housing crisis. The average price of homes in Wales hit a new peak of £215,810 in June 2021, up 12.5% on 2020 and the strongest rate of growth reported over the past year.⁴ This increase partly reflects the demand as a result of the Covid-19 pandemic, which has heightened wealth inequalities, with more people having spare finance to able to afford homes in more rural locations or buying second/holiday homes in desirable areas. There is also an increased desire for larger homes, with a space for a home office and outdoor space, often difficult to find in urban areas. Both factors are causing house prices in Wales to rise faster than any other area in the UK, and with not enough homes being supplied, especially affordable homes, it seems that it has never been more difficult to secure a roof over your head. But building new homes is only part of the answer to soaring house prices, rising rents, and the inability for many to get on the housing ladder.
- 2.2.** A fundamental prerequisite for building new homes is land, and therefore house prices and housing supply are inextricably linked to the cost of land. Between 1950 and 2021, 74% of the increase in UK house prices was due to land inflation.⁵ Property values are driven by the cost of the build, and the cost of the land on which the homes are built upon, the cost of land being the largest of the two. The price a developer will pay is determined by the market. When a developer bids for a piece of land, they are creating a market price, usually based on a calculation that ensures a profit will be made.
- 2.3.** The value of land is rarely determined by the actions of the landowner, but by two factors; its location and what it can be used for.⁶ Access to amenities and services will increase the value of a piece of land e.g., if a train station is built nearby, it will immediately influence the cost of the land. The potential use for the land, or its 'hope value' will also influence the cost. A hectare of land is worth, on average, 100 x as much when used for housing. Neither of these factors results from the action of the landowner, but from the actions of wider society, including local investment, and infrastructure improvements.



⁴ Principality Building Society House Price Index Wales, Q2 2021 <https://www.principality.co.uk/mortgages/House-Price-Index>

⁵ <http://www.civitas.org.uk/content/files/thelandquestion.pdf>

⁶ <https://www.iwa.wales/agenda/2017/07/case-land-value-tax-wales/>

- 2.4.** The privatisation and sale of large amounts of public land led to private landowners having too much power over development in our communities. Private landowners have little incentive to offer consideration to the local community as to how they use their land and who benefits from this. Land has become a capitalist asset and the object of speculative lending and investment. Land and property owners are able to earn and store wealth in the form of rent and appreciation, allowing them to buy even more land and property, which in turn increases their income and drives a cycle of wealth accumulation and increasing inequality. Owning land is also the best way of storing and increasing value.
- 2.5.** This system is not working for communities across Wales. It is causing landowners to hold onto their land and wait for the highest price, which delays the supply of affordable housing. Secondly, it is the landowners that benefit from the uplift in value, even though it is usually the community which has caused the price to rise.
- 2.6.** Governments across the UK have sought to try and increase the delivery of affordable housing via the planning system, with Section 106 (S106) and Community Infrastructure Levy (CIL) obligations. In Wales, S106 remains the dominant method of delivering affordable housing on large development sites. However, there is no standard approach to S106, and it is typically a negotiation process, with many developers often avoiding obligations, claiming that the development would not be viable if they had to contribute to the delivery of affordable housing. CIL, introduced by the Planning Act 2008, is a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It is an upfront cost in the development process and can be used to benefit the wider community, and not just on the development site, unlike S106. Only 3 of 22 local authorities in Wales have taken up CIL, which could be a more transparent and straightforward way of developers contributing to the delivery of affordable and community-led housing. While changes to the planning system can lead to the supply of more affordable community-led housing, it is local people that need to be in the driving seat of development and therefore need access and ownership of land and assets to deliver more affordable housing.
- 2.7.** The challenge is not just to increase the number of new homes, but to ensure the right ones are built in the right places. Strengthening community ownership rights in Wales should ensure that more land is brought forward for high quality mixed tenure housing more quickly, with the local community at the heart of decision making, management, and ownership.

2.8. The Welsh Government are committed to providing more affordable homes in the right places for people who need them and have pledged to build 20,000 low carbon social rent homes by 2026. They have also pledged to continue their support for community-led housing initiatives, including housing co-operatives and community land trusts.⁷ The recent co-operation agreement between the Welsh Labour Government and Plaid Cymru enhances the commitments previously made in the Programme for Government, with a vision for creating a fairer housing market, which includes taking immediate and radical action to tackle second homes and a commitment to a White Paper which will set Wales on the path towards a legal right to adequate housing being enshrined in legislation.⁸ The Communities Creating Homes programme will continue to work with the Welsh Government to help them achieve these goals, regardless of the response to this paper. However, we are clear that we can do so faster and more effectively if the recommendations made herein are addressed: by introducing to legislation community ownership of land and assets rights communities will be able to more effectively deliver climate-secure, affordable homes that are developed and managed by and with local people to meet their needs and the needs of future generations.



⁷ <https://gov.wales/sites/default/files/publications/2021-06/programme-for-government-2021-to-2026.pdf>

⁸ <https://gov.wales/sites/default/files/publications/2021-11/cooperation-agreement-2021.pdf>

3. Learning from elsewhere

3.1. The conversation about land ownership and community access to and ownership of land is a relatively underdeveloped one in post-devolution Wales. Elsewhere within the UK, there exist policies that enable the transfer of land and assets into community ownership which could set useful precedents for Welsh approaches and are explored in this paper, with a view to enhancing the power that communities in Wales have over land and assets. We will explore courses taken in Scotland and England, in both of which countries are to be found policies which might benefit us here in Wales, as well as looking at the current picture in Wales by comparison.

3.2. Scotland

Scotland has a long history of community rights with regard to land acquisition, created in response to community insecurity and localised social and economic decline often attributed to disengaged absentee landowners, whose neglect had led to a sense of communities being disempowered.⁹ In the early 2000's these rights were enshrined in policy and law and now there are several routes to community ownership of land and assets, including negotiated sales, community right to buy, assets transfers and compulsory sales orders.

i. Land Reform (Scotland) Act 2003

Following devolution in 1997, Scottish parliament committed to addressing land reform issues which resulted in the Land Reform (Scotland) Act 2003 being passed. The act consisted of three parts; the creation of a legal framework for land access, the community right to buy and crofting community right to buy.¹⁰



⁹ https://www.landcommission.gov.scot/downloads/601acfc4ea58a_Legislative%20proposals%20to%20address%20the%20impact%20of%20Scotland%E2%80%99s%20concentration%20of%20land%20ownership%20-%20Discussion%20Paper%20Feb%202021.pdf

¹⁰ https://www.legislation.gov.uk/asp/2003/2/pdfs/asp_20030002_en.pdf

The Community Right to Buy allows community bodies within communities with populations of up to 10,000 to register an interest in land or rights and buy that registered land once it is offered for sale. It provides community bodies with a pre-emptive right to have the first option to buy land that they had registered interest in, once it is on the market. Community bodies can register their interest in fields, woodlands, and a range of other assets such as buildings, for example, churches, schools, community buildings, etc. The Act also allows communities to register an interest in salmon fishing and mineral rights (except mineral rights to oil, coal, gas, gold, or silver) which are owned separately from the land with which they are associated. Community bodies can register an interest in the land before the owner wants to sell or after the land is offered on the market. A registered interest in land lasts for five years (from the date of approval from Scottish Ministers) and can be re-registered on an ongoing basis at five-year intervals. The Community Right to Buy involves a willing seller and does not involve any compulsory purchases of land.¹¹

ii. **Community Empowerment (Scotland) Act 2015**

During the Scottish National Party's second term in government, a Land Reform Review Group was established to enable more people to have a stronger voice in land ownership/management to increase diversity and type of land ownership.¹² This led to the development of the Land Registration (Scotland) Act 2012, which set a target for all land to be registered under the Land Register of Scotland.¹³

During this time, the Community Empowerment (Scotland) Act 2015 was also passed by the government. This new law was intended to help communities do more for themselves and have more say in decisions that affect them. It also included funding for community groups and an ask of public bodies to listen to communities. The Act covered eleven topics (national outcomes, community planning, participation requests, community right to buy land, asset transfer, delegation of Forestry Commissioners' functions, football clubs, common good, allotments, participation in public decision making, and non-domestic rates).¹⁴

¹¹ <https://www.gov.scot/publications/community-right-buy-information-communities/>

¹² <https://www.gov.scot/publications/land-reform-review-group-final-report-land-scotland-common-good/>

¹³ <https://www.scotlawcom.gov.uk/law-reform/law-reform-projects/completed-projects/land-registration/>

¹⁴ <https://www.gov.scot/publications/community-empowerment-act-easy-read-guidance/>

The Community Empowerment (Scotland) Act 2015 extended the community right to buy to all communities across Scotland, including communities of any size and urban areas. It also included the introduction of the Community Right to Buy Abandoned, or Detrimental Land, which allowed community groups to apply to Scottish Ministers to allow them to buy abandoned/neglected land, even if the owner does not want to sell.¹⁵

iii. Land Reform (Scotland) Act 2016

Following a review and a consultation period of the Land Reform (Scotland) Act 2003, the updated Land Reform (Scotland) Act 2016 was passed, which included the Right to Buy land to further sustainable development. This allows eligible community groups the opportunity to apply for the right to buy land to further sustainable development, but also includes the provision for community bodies to nominate a third-party purchaser to become the legal owner of the ground being acquired, if it is not possible for the community group to do it themselves. The Right to Buy land to further sustainable development does not require a willing owner. It allows community bodies with a registered interest to force the sale of land, via Scottish Ministers.¹⁶

The Land Reform (Scotland) Act 2016 also included a Land Rights and Responsibilities Statement, the first of its kind in the world and forms the foundation for all land decisions and further land reform. It sets out a vision for Scotland to have “a strong and dynamic relationship between its land and people, where all land contributes to a modern and successful country, and where rights and responsibilities in relation to land are fully recognised and fulfilled.” The Statement consists of six principles and a suite of protocols to promote good practice in land rights and responsibilities that establishes a collective understanding of what is expected and supports people in addressing issues on the ground.



¹⁵ <https://www.gov.scot/publications/land-reform-scotland-act-2003-part-3a-community-right-buy-abandoned-neglected-detrimental-land-full-guidance/>

¹⁶ <https://www.gov.scot/policies/land-reform/right-to-buy-land-to-further-sustainable-development/>

iv. Summary

In summary, the legislation for land reform and community empowerment in Scotland has created several routes to community ownership, including a land rights and responsibility statement; a land commission; and a land register which seeks to clarify who owns what land. The various refinements, additions and extensions have been a result of communities identifying barriers and loopholes that the original legislation did not anticipate, and the Scottish Parliament listening to communities and addressing concerns and changes to legislation. The Scottish Parliament continue to develop policies, guidance and any further legislation needed to increase community ownership rights of land and assets.

3.3. England - Localism Act 2011¹⁷

In England, the Localism agenda brought with it a number of community rights, encouraging decisions to be made at a local level.

i. Neighbourhood Planning - Community Right to Build

Community Right to Build proposals can form part of the Neighbourhood Planning process or they can be developed independently. Community Right to Build gives local organisations the right to bring forward small-scale community-led developments through developing plans for their area. Community organisations, constituted to further the economic, environmental, and social well-being of the area can produce development proposals as part of neighbourhood plans. Proposals must be passed by an independent examiner and agreed by at least 50% of local people who vote in a community referendum. Community organisations can involve partners, including housing associations, and the local authorities must support the process.

Any surpluses generated by the project must be retained for community benefit and the disposal, improvement or development of assets must likewise be for the benefit of local people. If the community body later decides to transfer its assets, the transfer must be to another corporate body with similar objectives.¹⁸

¹⁷ <https://mycommunity.org.uk/files/downloads/Understanding-the-Community-Right-to-Bid.pdf>

¹⁸ https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Viewpoints/HLIN_Viewpoint40_CRTB.pdf

ii. **Community Right to Challenge**

The Community Right to Challenge allows community organisations to express an interest in running a public service. A community organisation could include a community group, charity, parish council or group of public sector staff. They must complete an application form to the local authority, and if accepted, will prompt a competitive tendering process.

iii. **Community Right to Bid** (Assets of Community Value)

The Community Right to Bid gives community groups and parish councils an opportunity to nominate land and buildings as assets of community value to the local authority, who must keep a list of these assets. To be an asset of community value, the principal use of the land/buildings must further (or recently furthered) the social well-being or social interests of the community and is likely to do so in the future. If an asset of community value comes on the market, a moratorium on the sale is triggered, usually lasting six months. This allows community groups a better opportunity to try and make a compelling case for purchasing the asset on the open market, including finding finance, developing a business plan, developing appropriate governance structures etc.

iv. **Right to Regenerate**

In 2021, the UK Government updated the 'Right to Consent' policy to the 'Right to Regenerate' which made it easier for the public to challenge councils and other public organisations to release land for redevelopment, helping communities make better use of public land and give unloved buildings a new lease of life. Underused public land could be sold to individuals or communities by default that have first right of refusal unless there are compelling reasons not to.¹⁹

The purpose of the Localism Act and its various community empowerment rights was to make it easier for people to take over local amenities and keep them part of the community; to ensure that local social enterprises, volunteer and community groups had the option to improve local services; to enable residents to call local authorities to account for the careful management of taxpayers' money; and to place significantly more influence in the hands of local people over issues that make a big difference to their lives.²⁰

¹⁹ <https://www.gov.uk/government/news/right-to-regenerate-to-turn-derelict-buildings-into-homes-and-community-assets>
²⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/5959/1896534.pdf

3.4. Wales

In Wales, we have far fewer options for community ownership of land and assets, mainly community assets transfers and compulsory purchase orders.

Community Asset Transfer powers, via the General Disposal Consent Wales²¹, are available to community groups in Wales to take on and manage facilities and assets owned by public bodies, which might be in danger of closure.²² The programme has been successful in Wales, but there have been several issues, mainly relating to lack of capacity and support for community groups, and public bodies transferring liabilities, not assets.

Community groups can also work with public bodies to use Compulsory Purchase Orders (CPOs) in Wales to obtain land and assets without the consent of the owner if it is for the benefit of the local community. During the Covid-19 pandemic, the rules were strengthened to allow public bodies to use CPOs on vacant property, reflecting the need to develop more housing and to aid in the recovery from the pandemic.²³ However, with very few public bodies completing CPOs and communities still excluded from decision-making about land and assets in their local area, Wales needs stronger community rights.

There have been discussions in the past to increase these rights. In 2014, the Welsh Co-operative and Mutuals Commission²⁴ made a number of recommendations to the Welsh Government regarding Assets of Community Value to enable communities to have first refusal to bring assets into community ownership; for the Welsh Government to consider asset locking and for a funding mechanism to be developed to support this, but unfortunately, this was never taken up. In 2015, the Welsh Government also commissioned a consultation on protecting assets of community value, like in England, with responses strongly supporting bespoke Welsh legislation, but again, no further action was taken. Since then, there has been no specific proposal to implement legislation to improve community rights to own land and assets.²⁵



²¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/7690/462483.pdf

²² <https://gov.wales/sites/default/files/publications/2019-10/community-asset-transfer-guide.pdf>

²³ <https://businessnewswales.com/changes-to-compulsory-purchase-orders-transforming-communities-in-wales/>

²⁴ <https://gov.wales/sites/default/files/publications/2019-05/report-of-the-welsh-co-operative-and-mutuals-commission.pdf>

²⁵ <https://www.iwa.wales/agenda/2021/09/iwa-analysis-what-do-we-want-from-wales-land-and-why-does-it-matter/>

4. Impact

- 4.1.** The community empowerment legislation in Scotland and Localism Act in England has given local communities a greater say and control in how land and assets are owned, how development takes place and how services are delivered.
- 4.2.** In September 2021, Scottish Government released their annual publication of the extent of community ownership in Scotland²⁶. As of December 2020, there were;
- 612 assets in community ownership registered, an increase of 3% on 2019
 - 422 groups owning assets, with ninety-seven groups owning more than one asset
 - 191,261 hectares of land in community ownership (in the last ten years the area of community owned land in the rest of Scotland has increased by almost 80% - excluding Na h-Eileanan Siar and Highland)
 - 141 assets transferred at zero costs or a nominal value (under £100)
 - Nearly half of the community owned assets are land only (268) with a just over a third (220) exclusively buildings and 117 land and buildings
 - Only 18% of community assets in urban areas.
- 4.3.** In England, only 1.5% of Assets of Community Value listed have been acquired by communities, and this is even lower in deprived areas, with an estimated 1,366 buildings due to come into community ownership within the next five years.²⁷ Despite funding to support community initiatives, they often encounter multiple barriers and struggle to get off the ground, especially when the motivations of property and landowners are not aligned to the priorities of the local communities. The legislation has improved awareness of community ownership options but the limits on the legislation mean that it has not been used as much as expected.



²⁶ <https://www.gov.scot/publications/community-ownership-scotland-2020/>

²⁷ https://www.createstreetsfoundation.org.uk/wp-content/uploads/2021/10/8560_PS_Create_No_Place_Left_Behind_FINAL_amended.pdf

5. Barriers

- 5.1.** While Scotland and England have more progressive legislation than Wales to allow community ownership of land and assets, it is important to understand the barriers still faced by communities when trying to take on ownership of land and assets, this will allow us to develop a system that works for the people of Wales.
- 5.2.** Scotland has the most progressive community ownership rights in the UK, but take-up of the Community Right to Buy (CRtB) has been limited, often attributed to land market failures. When a community nominates an asset and registers an interest, the sale price is determined by an independent assessor. While this is fairer than the English system (where the land/property owner determines the price), it still makes community ownership impossible for many, because of the aforementioned land valuation system. However, the Scottish Land Fund has been instrumental in overcoming this barrier and can fund up to 95% of acquisition.
- 5.3.** In England, land/property owners can still sell at a price they determine, to whomever they want, even after a community has registered an interest. Asset owners can even sell the company that owns the asset as a 'going concern,' without triggering the moratorium on sale due to its listing as an Asset of Community Value.
- 5.4.** There is limited capital funding for feasibility studies or acquisition and therefore communities can struggle to develop a viable business plan. There are also disparities across geographies; in high-value areas, acquisition costs are high, in low-value areas, running costs and income generation can be difficult, leading to difficulties sustaining ownership.²⁸
- 5.5.** In both cases, lack of capacity and resources within community groups is also another barrier to community ownership, especially in small rural areas. Taking on land and assets can be a time-consuming, resource-intensive venture which is often undertaken by volunteers and therefore local communities need more information, training, and support as well as funds for these community initiatives.

²⁸ https://www.createstreetsfoundation.org.uk/wp-content/uploads/2021/10/8560_PS_Create_No_Place_Left_Behind_FINAL_amended.pdf

- 5.6.** There are issues in England in terms of what is defined as an asset. Assets must have been used for community purposes in the recent past. If it has been empty for a number of years, it may not be eligible to be included as an Asset of Community Value, even though empty buildings that are usually a big concern for communities.
- 5.7.** Timescales can also pose problems in both countries. In England, asset transfers can be painfully slow, but Scotland, when a land/property owner decides to sell under CRtB, the community only have 6 months to raise the necessary funds to purchase which, many claim, is not long enough.
- 5.8.** While take-up of CRtB in Scotland has not been as high as expected, the legislation has led to an increase in community ownership more generally, with land/property owners now willing to negotiate and sell to communities before having to enter formal CRtB proceedings. It has therefore raised the profile of community ownership more widely and highlighted some extremely successful case studies and good practice examples. Many communities in Scotland are now using these powers to provide more affordable community-led housing for local people, especially in areas with high levels of second homes and depopulation.
- 5.9.** In England, localism reforms have neither materialised in substantial reforms of social housing nor in significant scale of funding for community-led initiatives, but they have led to increased awareness of community-led housing initiatives generally, showing that it is not just assets or services that can be owned and managed by local people, but also the delivery of affordable housing, led by local people, for local people.
- 5.10.** While we already have some community ownership rights in Wales, we need to strengthen these and develop a bespoke approach that works for our communities across the country. We can learn from our experiences and those in Scotland and England to create strong community ownership system that can help deliver more affordable community-led homes, facilities, and services.



6. Opportunities for community-led housing

- 6.1.** Strengthening community rights can help to deliver more affordable community-led housing in Wales. In both Scotland and England, the political discourse on localism and community empowerment has increased the profile of community-led housing amongst local communities, landowners, housing providers, and local councils, many of whom are now actively engaged in the movement and involved in developing projects.
- 6.2.** The below case studies show how community-led housing projects in Scotland and, to some degree, in England, have used the various community ownership rights to develop and deliver community-led housing, as well as wider community services.

i. Wigtown and Bladnoch Community Initiative

Wigtown and Bladnoch Community Initiative was formed to tackle local housing need. Wigtown has little social housing, and what private rental accommodation there is, is often unaffordable for residents. There is a high demand for both family housing and accommodation for older residents.

In 2007, following the closure of the Bank of Scotland branch, the Initiative used the Community Right to Buy powers to purchase the property, which had accommodation on the first floor. The building would have likely stood empty for several years if it had not been purchased by the Initiative.

Most of the building will be converted into two units: one family sized, and one for single occupancy, which may enable the opportunity for intergenerational living. The original retail space will be used as a bunkhouse and will provide much needed affordable holiday accommodation and importantly will complement rather than compete with other businesses in the town.

Development costs were completely grant funded, without the need for additional borrowing. Grants were secured from the Rural Housing Fund, a local windfarm community benefit, SSE Development Fund, Dumfries & Galloway Town Centre Living Fund, and the Scottish Government's Town Centre Capital Fund. The project was supported by South of Scotland Community Housing, who helped with housing needs surveys, project management, and funding applications.²⁹

²⁹ <https://sosch.org/21-north-main-streetwigtown-dumfries-galloway/>

ii. Knoydart Foundation

The Knoydart Foundation is a company limited by guarantee with charitable status. In 1999 the Foundation completed a community buy out of the Knoydart Estate, following years of hard work and discussions. The company is a partnership of local residents, the Highland Council, Chris Brasher Trust, the Kilchoan Estate and the John Muir Trust. It aims to preserve, enhance, and develop Knoydart for the well-being of the environment and the people.³⁰

Housing is a complex issue on Knoydart, as it is across much of the west coast of Scotland. There is a need for low-cost rental housing, affordable housing for purchase, land to build on and accommodation for seasonal workers. The Foundation are committed to tackling these issues. When the estate was bought, the Foundation inherited five properties which needed repair, which has now been completed. They have also developed three new homes, sold three plots to local residents at a reduced cost, with four more in the pipeline. They have also allocated a small proportion of the existing housing stock on the island to seasonal workers, ensuring that they have access to affordable housing, which helps local businesses to continue operating.³¹

iii. West Harris Trust

The community of West Harris came together in 2007 to form The West Harris Trust to purchase three crofting estates belonging to the Scottish Government, consisting of 7,225ha (17,853 acres) of land with 119 residents. A key priority for the trust was addressing the unsustainable population, 35% of which were over 65. 35% of homes in the community were owned by second homeowners, and thus the area had seen a stark decline in population. To readdress this balance the trust set out to develop a community with greater economic opportunities and wider social provision, in order to attract young families into the area. Creating employment and housing opportunities lie at the very heart of the trust's objectives.

As the main land and property owners, The West Harris Trust, in partnership with a local housing association, made plots of land available for affordable housing designed for local and permanent residents. They have also developed a purpose-built community facility, invested in renewable energy, own a number of

³⁰ <https://www.communitylandscotland.org.uk/members/knoydart-foundation/>

³¹ <https://knoydart.org/improving-local-housing/>

small campsites, and created several retail and business units that are leased to local businesses.³² The population now stands at 143.³³

iv. Atmos Totnes

Since 2007, a group of local Totnes residents have been working to bring an unused pumping station and engine house into community ownership. In 2008 the group were successful in getting the site, built by Isambard Kingdom Brunel, listed as a grade II building, and the Atmos Totnes campaign was founded. The following years involved a number of meetings and discussions with the owners of the site to convince them to sell to the community at a reduced market price and leave a legacy for the community. In 2012 the community formed the Totnes Community Development Society (TCDS).

With the arrival of the Localism Bill in 2011 and following the development of a co-operative agreement in relation to the disposal of the site, the TCDS formally launched their Community Right to Build order in 2014. The TCDS developed a masterplan to acquire most of the site to provide 99 homes for local people (62 held in affordable perpetuity and 37 for older people), workspace that will accommodate 160 jobs, a health and well-being centre, community space and flood defences, through a town wide share offer.

The masterplan and community right to build order being approved by 86% in a local referendum, the council, and the owners of the site, and the subsequent new owners of the site. Despite initially agreeing to the plans, in 2020, the new owners of the site announced that they had accepted another offer for the site and terminated its agreements with TCDS.³⁴

The Totnes community lost its rights to the site on a technicality about a footpath that was no longer relevant and could easily have been resolved and questions are now being asked of the ethics of the company that sold the site.³⁵ This example shows that while communities in England have increased rights over citizens in Wales, these rights can be seen as tokenistic and give communities no legal protection. There are now calls in England to introduce strengthened community ownership legislation, to also bring them in line with Scotland.

³² <https://www.westharristrust.org/>

³³ <https://www.landcommission.gov.scot/our-work/ownership/community-ownership/west-harris-trust>

³⁴ <http://totnescommunity.org.uk/wp-content/uploads/2020/07/Atmos-Timeline.pdf>

³⁵ <https://www.theguardian.com/commentisfree/2021/sep/15/england-right-to-build-laws-totnes-devon-housing>

7. Community-led housing in Wales

7.1. The Communities Creating Homes programme (2019-2022), funded by the Nationwide Foundation and the Welsh Government, is Wales' only CLH hub and provides support and advice to groups and organisations across Wales looking to develop community-led housing projects to create a thriving community-led housing movement, in turn creating more affordable homes, for people in need. The current programme is supporting over sixty community groups and organisations with the potential to develop over five hundred community-led homes.

7.2. Access to land is often the main barrier that community-led housing groups face when progressing their plans. Below are examples from clients of the Communities Creating Homes programme.

i. Gwyr CLT (Community Land Trust)

A multi-generational group based on Gower Peninsula, which are looking to provide affordable housing for nine local families. Due to its location, the group is struggling to find an appropriate plot of land, near to services and amenities at the right price to be able to provide affordable housing.

ii. Aberdyfi Communities Housing Trust

The Aberdyfi Communities Housing Trust, set up to build sustainable housing and workspaces for local people, will struggle to find appropriate land within a village that has a high number of second homes (43% of housing stock) and limited access to affordable building plots. We are working to support Aberdyfi Community Trust to help them to take community ownership of a mixed-use site, centred on a building built by one of the group's grandparents, and including housing which the group intend to make available to priced-out local people.

iii. Come Unity / Crow Collective / Bedwen Fach

All these land-based projects are struggling to find appropriate land on which housing and land-based enterprises could be developed hand in hand, especially since the post-pandemic housing rush in mid-Wales has led to an increase in prices, shortage of suitable sites, and increased competition with pre-capitalised buyers.

iv. **Bro Machno Housing Partnership**

The Bro Machno Housing Partnership, made up of local authorities, housing associations, community organisations and local residents, came together to explore a range of approaches to support the sustainability of communities falling victim to the impact of second and holiday homes. One of the group's priorities is to revitalise the village centre by transforming empty properties into affordable housing. However, due to the increased demand for properties in these areas, the community will struggle to compete even when a property does come on the market. Properties are currently being bought by people outside the community without even being viewed in person.

7.3. **Potential impact**

We believe that strengthening community rights to acquire and own land and assets will help to reduce the number of barriers faced by community-led housing groups and will grow the number of affordable community-led homes being developed and help to create a thriving movement.

We also believe that community-led housing offers one possible response to the issue of people being priced out of the area that they want to call home because of second/holiday homes. The knock-on effects in small, rural communities, of a high number of these homes, bought to be let as holiday homes or used by the owners for short periods of the year, include such tangible changes as school closures, where the number of young families forced to move out due to lack of affordable housing renders it economically unviable to maintain school provision.³⁶

The Communities Creating Homes team are already well established in many of the localities most affected and are supporting a number of projects to provide truly affordable housing for local people, some of which are mentioned above. By strengthening community ownership rights, more communities will be able to take on land assets to provide services that meet the needs of the local community, including providing affordable housing for local people. The Welsh Labour and Plaid Cymru co-operation agreement set their intentions to take immediate and radical action to address the upsurge in second/holiday homes through various tax, planning and property measures, including bringing more homes into common ownership³⁷.

³⁶ <https://nation.cymru/news/council-defends-closing-welsh-medium-school-following-betrayal-accusation/>

³⁷ <https://gov.wales/sites/default/files/publications/2021-11/cooperation-agreement-2021.pdf>

The Welsh Government's latest consultation on their Welsh Language Communities Housing Plan also set out their proposals to develop a package of support to help create community-led social enterprises that can explore small community-led housing interventions under the co-operative model³⁸. We are encouraged to see that the Welsh Government also see community-led housing as part of the solution to sustaining and protecting our communities, including the language, heritage and culture, but they should increase community ownership rights and encourage bespoke local action, solutions and ideas.



³⁸ <https://gov.wales/sites/default/files/consultations/2021-11/welsh-language-communities-housing-plan-consultation-doc.pdf>

8. Summary

- 8.1.** The Welsh Government is committed to tackling the housing crisis and providing more affordable housing in communities that need it most. As outlined at the beginning of this paper, access to, and ownership of land is a crucial element in the ability to supply more housing for people in need, but the current system is not working for the majority. Communities should have more say over development in their local area.
- 8.2.** Wales is trailing other nations in UK when it comes to community ownership rights. This paper has given a brief overview of the various policies that enable people across Scotland and England to take ownership of land and assets in their communities, in order to provide amenities and services, including community-led housing. The various community ownership options open to people have impacted positively in many communities across Scotland and England, but barriers still exist and take up has not been as high as expected. In Wales, we need to look to other countries, learn from their experiences and develop a bespoke, well-resourced community ownership system that works for all of us, by enhancing participatory democracy at a local level and transferring the balance of power away from wealthy landowners to ensure that people across Wales have a greater ability to shape their local areas.
- 8.3.** Improving community ownership rights could be transformative for the community-led housing sector in Wales, allowing communities take control of their housing situations and provide homes that they really want and need. Clearly, community ownership is multi-faceted and there is strong support from across several organisations, representing different sectors, to implement these rights in Wales. It is not just the housing sector that could benefit, but it could also grow the community energy, farming, food production sectors, help to protect the natural environment, and revitalise dilapidated assets and buildings in our cities, towns, and villages.



8.4. It is time to reignite discussions in Wales about community ownership of land and assets and we are calling on the Welsh Government to set up a specific body, with representatives from all sectors, organisations and communities that are interested in this agenda, to look at the various options and work co-operatively to strengthen community ownership rights in Wales. Welsh Government has already recognised in its Programme for Government that the time has come for communities across Wales to have greater influence in the development of affordable housing where they live. In order to fulfil this ambition, it is now time that we see a recognition of the need for changes to peoples' abilities to access land, suitable for the development of this much needed, perpetually affordable community-led housing.



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