

Community Led Housing and the Right to Buy

The community-led housing sector is seeking an exemption from the proposed Right to Buy and other measures aimed at housing associations and their tenants. We have developed a legal definition for community-led housing, working with Anthony Collins Solicitors, designed to enable community-led housing to be clearly identifiable in law, so that it can work more effectively with central and local government, and be exempted, where applicable, in the forthcoming Housing & Planning Bill. The current working draft of this definition is attached at Annex A.

Building new community led homes

A flourishing community-led housing sector exists in the UK. It is characterised by its local scale community dynamism. Building on waves of community activity, recent years have seen it start to develop new homes, meeting local housing need in a variety of imaginative and innovative ways across a range of tenures. This development is often in places where traditional forms of housing would not win local support, and usually results in housing that requires limited public resources.

The national community-led housing organisations have recently come together in an alliance with the Building and Social Housing Foundation, funded by the Nationwide Foundation, to explore how the contribution that the sector could make to meeting housing needs can be scaled up. It is estimated that the hundreds of community-led homes being developed now can be escalated significantly.

The effect of a Right to Buy on community led housing

This potential development is threatened by a potential Right to Buy. A Right to Buy for community-led housing organisations would both fracture the local community identity that characterises and drives sector organisations as well as potentially threatening the viability of business plans and reducing borrowing potential needed to build new homes.

Most community-led housing organisations exist where it would not be possible to develop more homes, both in urban and rural areas. It would not be possible to replace homes lost through Right to Buy. Already this has led to communities considering shelving potential new housing schemes because they do not want to risk devoting their voluntary time unless they can guarantee that homes built will remain affordable in perpetuity. Many of these homes may never be built, and the much wider community benefits they generate may be lost.

The value of community led housing

The unique value of community led housing has been documented widely. Community led housing can:

- attract local support and encourage people to make available land and buildings at sub-market prices in order to provide homes in perpetuity to people who need affordable housing in the community
- encourage employment, skills and confidence – where many individuals gain employment as a result of their voluntary activity
- act as a local community anchor – building community vigour and enterprise, often in the most challenging areas of the country, and
- stimulate the sense of self-reliance that exists in home ownership where local people take on the responsibility to make their homes, neighbourhoods and communities work.

The unique membership relationship in community led housing

Where homes are rented in the sector, the relationship that exists between the community-led housing organisation and tenants housed is substantially different from the equivalent relationship in housing associations. A community's choices about the balance between rental and home ownership is a considered reflection of local housing and labour market conditions which members of the community know best; and are thus fully aligned with central government policies on localism, and local government's responsibilities to promote the social, economic and environmental wellbeing of their areas.

Community-led housing tenants either are, or are encouraged to become, members of the community-led housing organisation where they have a legal right to shape how it operates. This means they have power to make changes that housing association tenants do not have. In many cases, this can transform passive consumers into active citizens who have a desire and a passion to make their communities work. This in turn can result in the individuals housed – people who are likely to have been housed because of some financial or other disadvantage – taking responsibility to turn their lives around and in many cases, journey into employment and home ownership.

The national community-led housing organisations recognise the importance of offering people opportunities for home ownership. But our sector enables home ownership in other ways. The potential our sector offers society is too valuable to risk losing the transformational nature of what it does. We urge the Government to grant an exemption from Right to Buy to the community-led housing sector so that it can use its resources to work with Government and others to develop many more new homes and many more dynamic local communities.

ANNEX A: PROPOSED STATUTORY DEFINITION FOR COMMUNITY LED HOUSING

Anthony Collins Solicitors LLP Working Draft 7 August 2015

1. A Community Led Housing Provider is a body corporate (“a body”) which makes available, or intends to make available, dwellings in England and satisfies all the conditions in sub-section 3 and at least one of the conditions in subsection 4.

2. In these conditions the following definitions apply:

- a. “dwellings” means flats and houses for occupation by individuals as their only home;
- b. “local community” means the individuals who live and/or work, or want to live and/or work in a specified area and/or are part of a specified community;
- c. “own” and “owned” means ownership of a freehold interest and/or a leasehold interest;
- d. “specified area” means the locality or region referred to in a body’s constitution;
- e. “specified community” means the individuals to whom the body seeks to provide a benefit as set out in its constitution.

3. The conditions that must be satisfied are that:

- a. the body includes within its constitution the purpose of providing accommodation to the local community and/or for the members of the body;
- b. the local community have the opportunity to become members of the body (whether or not others can also become members);
- c. the local community must provide the majority vote on resolutions at general meetings and decisions at management board meetings;
- d. any profits or surplus from its activities will be used to benefit the local community or other activities of the body as set out in its constitution (otherwise than being paid directly to members);
- e. the accommodation let to individuals is owned by the body;
- f. the number of properties owned by the body does not exceed 1000.

4. One of the conditions set out in this sub-section 4 must be satisfied:

- a. the body’s objects include furthering the social, economic and/or environmental interests of a local community; or
- b. the body is owned in the majority by its members who are also the tenants of the body.