Community Led Housing: How to Guides

1. Organisation

Down to Earth

1. Organisation

Contents

1. Introduction

Community-led housing (CLH) groups form in a multitude of different ways, and this diversity is part of the beauty of a community-led approach to developing housing. However a group is formed, the people involved in an organisation are it's beating heart, so choosing and defining how you are going to organise yourselves will be key to working together successfully to navigate the many challenges you'll encounter on your CLH journey. As a grassroots organisation, you have the unique opportunity to rethink how people organise themselves from the bottom up, which is an exciting prospect, but one which requires careful thought, planning and inevitably time. This chapter will look at some of the organisational and legal structures available and how to navigate these choices from both a practical standpoint and from a legal perspective.

2. Forming a group

You may already have a group while you are reading this however if not, below are some ideas for initially forming a group, which have worked for many successful organisations.

Groups can be formed by:

- Creating a new organisation made up of:
  - Potential future residents.
  - Members of the local community looking to provide housing in their area.
- An off shoot of an existing organisation
  - Within the existing organisation (e.g. a church-based charity looking to develop housing on their land).
  - Creating a spin off organisation with a new legal entity (e.g. a community-council forming a Community Land Trust to develop & manage a housing development).

Choosing and defining how you are going to organise yourselves will be key to working together successfully

↑ **Housing People, Building Communities, St Bernards Church, Liverpool**

3. Considerations when setting up a CLH group:

There are two good places to start when defining the parameters of a group, some of this may already be predetermined by who is in the group, and how you came together.

A. **Defining a particular geographical area for your project**

B. **Defining a shared ethos or goal** or;

C. **A combination of the above**

This isn't to say that having a shared ethos isn't important if you're based in a specific area, or vice versa. Rather, it's about deciding whether location or a common set of values will serve as the central focus around which the group will form

A. Defining a particular geographical area for the project

E.g. A particular site, a council ward, village, group of villages, town, city, urban neighbourhood, county or country.

Benefits:

- You can access certain localised funding or gain planning permission through certain localised policies. It is worth noting if you are aiming to align with government or council policy relating to local needs for affordable housing (see chapter 6 Planning Permission) to access funding or gain planning permission through certain policies, you will need to understand the areas and boundaries in these policies before forming the group.
- You will be able to utilise local contacts and networks and gain local support much more easily if your members are already embedding in a particular community.

Challenges:

- This limits the sites which would be suitable as well as the potential membership.
- It requires that all members are already based in the same geographical area.

This is the route most usually favoured by Community Land Trusts – which by definition serve a particular geographical area, and by many co-operatives and a small proportion of cohousing groups.

Example 1: A group of local people in a rural village identify that there is a lack of affordable housing which is forcing young people to move away from the area. They decide to build a small number of affordable homes in the village, where the sale is restricted to local people.

Example 2: A group of local people in an urban area identify a derelict site suitable for housing, form a co-operative and negotiate with the local authority to give them priority to purchase the site for the purpose of building a mix of market and affordable housing on the site.

B. Defining or finding a shared ethos or shared goal

Defining or finding a shared ethos or shared goal rather than deciding on a particular geographical area, groups can form around particular aims, values or visions. Whether you are a community group, potential resident or professional body, it is important to find a shared purpose for the project for people to mobilise around.

This could include:

- People wanting to live more communally or in a cohousing community/neighbourhood.
- Wanting to align with other people with particular values e.g. live more sustainable lifestyles.
- Wanting to live with or provide homes for a particular group of people (homeless, elderly, LBGTQ+, female only)
- Revive a run-down neighbourhood or bring a particular site back into use.

Benefits:

- This approach would enable you to expand your site search and membership recruitment across the entire UK. However, it's important to keep in mind the significant differences in policies and approaches to CLH within the devolved nations.
- It can make it easier to find members with more specifically aligned values and vision.

Challenges:

- It can make it harder to win local support, if it is seen you are outsiders coming into an area – work will be required to bring local people with you on the journey.
- Some funding and planning policies specify residents need to be from a certain geographic area or have a local connection.

This is the way most cohousing groups, and many co-operatives form.

Example: A group of people want to set up a cohousing community, with the intention of living more communally and sharing communal facilities, on a site near enough to public transport hubs that they can commute to a major town. They advertise online to recruit members with similar aims and ideals, and look for a suitable site.

C. A combination of location and value led

Some groups based in a specific area with a strong vision choose to prioritise both a geographical location and defined values or aims, which would involve all the above points. This is a great way to create a solid concept which reflects the aims of your group, but may require some level of compromise further down the line to make the project a reality, whether that is widening your site search or allowing your aims and values to evolve over time as new members join and a balance is found between multiple ideas and visions.

4. The Why? Defining your purpose and vision

Once you have formed a group it is important to define your purpose and vision in a way which can be easily communicated in clear and simple language. Your vision needs to outline what you want to achieve and how you will get there. This will enable your group to move forwards towards the same goal and attract support from people and organisations who will help your project succeed.

Many groups find it helpful to write a vision and mission statement, usually one sentence or at most a very short paragraph.

Vision statement

Where you aspire to be once you've achieved your mission – A single sentence that defines the desired image or legacy of an organisation at a point, far into the future.

E.g. Fair and secure housing for the people of Newport.

Mission statement

What you're there to do – a single sentence that is used by an organisation to explain its existence, what it does and for whom.

E.g. To provide a solution to the housing crisis in Newport by turning derelict buildings into safe and secure co-operative housing, using a community-led approach.

Try to set these out in writing so that all members of the organisation feel confident telling people about your exciting project. Try to avoid making your vision too vague, as again the more specific it is, the easier it will be to get other people on board with your project. Setting up a CLH project is not a vision, it is a way of achieving a vision.

This will become the basis for your business plan, which provides a detailed breakdown of your vision and how you will get there. It will also help guide you in choosing an organisational structure and legal entity which will create the vessel through which your organisation will achieve its vision.

Quick definitions:

Organisational model – This is broadly the type of organisation you are, for example: a Community Land Trust, Mutual Co-operative or Mutual Home Ownership Society. The organisational model usually defines a set of principles which dictate how the organisation is owned and managed. However there are no hardlines with these models, and in practice each organisation will have their own model specific to them.

Legal entity – These are much more rigid legal definitions, and which state how the organisation must be governed, and the responsibilities it has. All incorporated organisations register with the government under a certain entity, and information about the organisation is available to the public. Legal entities include Community Benefit Societies, Co-operative Societies, Companies and Charitable Trusts.

Organisational structure – The is how your group organises and makes decisions on the ground. It can be very defined, or very loose, depending on how you work. You may choose to use an existing structure such as Consensus Decision Making or Sociocracy or create your own. Some of this may be dictated by the legal entity you choose, for example having a responsible board of directors.

5. Getting organised – organisational model

There are several options for how organisations can be structured, which will be influenced by:

- How the group was formed.
- Who is in the group (e.g. is it residents/community members?).
- What the groups vision and mission are.
- Whether the group needs to align with certain government policies or funding criteria.

Your organisational structure is related to, but not the same as the legal governance of a CLH organisation (i.e. what legal entity you choose), and there are often multiple legal entities which are suitable for a particular organisational model.

In the next section we will set out the main organisational structures which can be used; however these are certainly not exhaustive, and new models and ways of organising are emerging all the time, which either combine existing models or propose new structures entirely. It is useful however, to understand the established routes for CLH groups and what has worked well in the past, before attempting to rewrite the rule book.

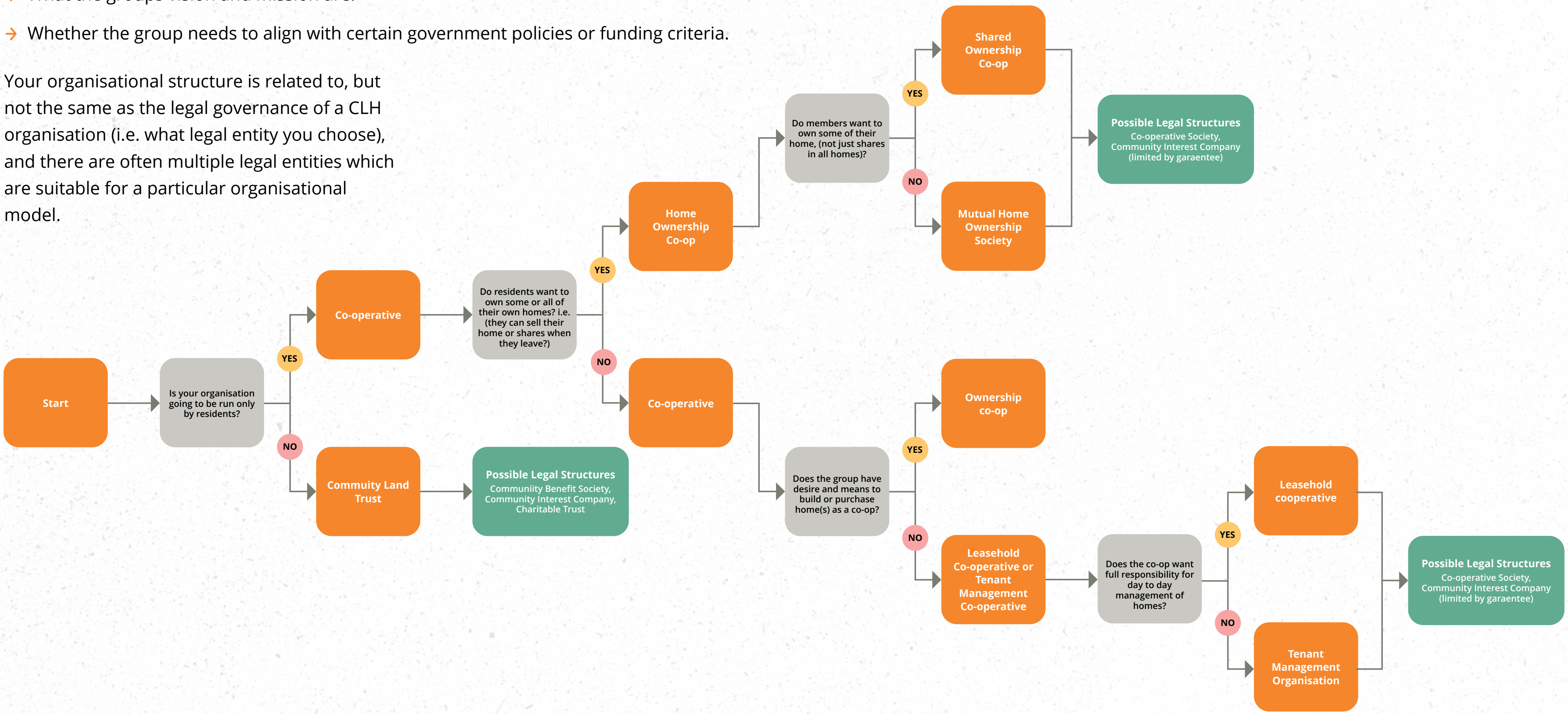


Figure 1. A simple flow diagram outlining the main organisational models CLH groups choose

List of Acronyms

CLH - Community Led Housing

CLT - Community Land Trust

CIC - Community Interest Company

MHOS - Mutual Home Ownership Society

TMO - Tenant Management Organisation

TMC - Tenant Management Co-operative

EMB - Estate Management Board

CIO - Charitable Incorporated Organisation

Community Land Trusts (CLTs)

Possible legal structure:

- Community Benefit Society (used most often)
- Company Limited by Guarantee
- Community Interest Company (CIC) limited by guarantee which meets the legal criteria below
- Charitable Trust

Context:

CLTs are not-for-profit groups formed of members of the local community, who want to own, manage and benefit from an asset or service. CLTs are usually run by volunteers and are by definition small scale organisations embedded in local communities, placing a large emphasis on community empowerment.

Across the UK, CLTs have come together to take ownership and management of land and housing, or services such as community-energy, village shops, shared workspace or affordable retail units. However, most CLTs have so far focused primarily on creating new affordable housing for rent or as intermediary ownership, whether in partnership with a housing association or on their own, both in rural areas and in urban centres.

The original purpose of CLTs was to separate the value of land from the value of buildings on it, so that the gains from any public or private investment, as well as planning gain and land appreciation can be preserved for long term community benefit. However property ownership laws in the UK have no separation between land and the buildings on it, therefore how the seperation is enacted in practice varies across the different CLT models.

History

While CLTs trace their roots to the Chartist movement in 19th-century Britain, their significant growth in the UK has largely occurred since 2008. As of 2023, this expansion has resulted in the creation of over 350 CLTs, delivering 1,711 new affordable homes, with an additional 5,414 in development. CLTs have garnered strong support at the government level, where they are recognised as an effective and valuable means to increase affordable housing and empower local communities.

Welsh context:

Wales has lagged behind England and Scotland in the development of CLTs and there have been far fewer successful projects brought forward, compared to England and Scotland. However there is steady and growing support for CLH and CLTs specifically from Welsh Government and there are a number of groups bringing forward proposals.

So the race is on to bring forward the first successful project and be the first successful CLT in Wales!

Legal criteria:

A CLT is not a particular legal structure; the CLT status (like charitable status) acts as a wrapper which attaches to organisations provided they meet the necessary tests as outlined below.

CLTs are defined in law in England, and although they have yet to be so in Wales, most CLTs in Wales choose to align with this definition, as it is likely to be replicated in any Welsh legal definition in the future.

There are two tests which a CLT must pass to be regarded as such (set out in Section 79 of the Housing and Regeneration Act 2008):

1. The purpose test

The CLT must be set up expressly for the purpose of furthering the social, economic or environmental interests of a geographically specific local community by acquiring and managing land and assets in order to:

- Provide a benefit to the local community, and
- Ensure that the assets are not sold or developed except in a manner which the CLT's members think benefits the local community.

2. The control test

The CLT must be set up under arrangements which are expressly designed to ensure that:

- Any profits are used to benefit the local community (but not through the payment directly to the CLT's members)

- Individuals who live or work in the specified area have the opportunity to become members of the trust, and
- The members of the trust control it.

More info:

For more information, Wrigleys have produced this legal guide to CLT.
https://www.wrigleys.co.uk/news/community-led-housing/back-to-basics-in-community-led-housing-what-is-a-community-land-trust/

Advantages of Community Land Trusts

- It hands the power of creating and managing assets to the local community, allowing them to directly benefit from those assets, rather than having the value extracted by an external developer.
- Allows housing and other services to better reflect the specific needs, wants and values of a local community.
- CLTs can help build support for much needed affordable housing within a local community, limiting opposition to housing development, which can often be controversial.
- CLT groups can often access sites or land which would not otherwise be available, or at a lower price, due to their local contacts and support.
- The fact that CLTs are managed by a board made up of local people, can give reassurance to councils and government that the affordability of housing will be protected into the future. This is particularly important where groups are seeking to access grant funding, asset transfers of land or planning permissions for local-needs affordable housing.
- By forming a CLT you will become part of an incredibly passionate and supportive network of people and CLT groups who are often willing to give advice and support throughout the process.

Challenges for Community Land Trusts

- CLTs must by definition serve a specific geographical community. Membership must be open to people from that area, so the model is less suitable for groups formed by individuals from different areas (although the model could be adapted).
- CLTs require a huge amount of work from highly committed volunteers over a period of several years to get a project over the line, which isn't always possible in every community.

Examples

- Bristol CLT Fishponds Road
- Eastington CLT, Gloucestershire
- Broadhemptston CLT, Devon
- RUSS CLT, London

Housing Co-operatives

Possible legal structures

- Co-operative Society (previously Industrial and Provident Societies) – the most common route.
- Community Benefit Society.
- Company Limited by Guarantee (with the co-operative principles set out in its articles of association).

Context:

Across the UK there are 685 housing co-operatives, with membership totalling close to 70,000.

Housing co-operatives are groups of people who collectively own/rent and manage their accommodation – from shared houses, to blocks of flats, to entire housing estates. Collectively they take responsibility for arranging repairs, making decisions about rent and who joins/leaves the co-operative. There are many different forms of co-operative housing – that could apply to all forms of housing tenure (home ownership, shared ownership or rented housing, either at market or affordable rent). However, in all forms of co-operative housing:

- There is a democratic community membership of a housing organisation where all members have an equal nominal share (usually £1) giving them the right to vote on matters affecting the co-operative, and
- The co-operative housing organisation has control over the homes in some way – and in some cases – collectively owns and manage them.
- No member individually owns or makes profit at the expense of another. All members are expected to

take an active role in providing and managing the accommodation and the level of rent the tenants pay reflects the cost of managing the housing, with profits being used to further the aims of the co-operative.

The co-operative movement's values are deep-rooted. They are: self-help, self-responsibility, democracy, equality, equity and solidarity. When these values are related to housing it means:

- Residents are in control.
- Residents self-manage the homes in a democratic way.
- Residents have security.
- Residents pay fairer costs.

Types of housing co-operatives

Ownership Housing Co-operatives

Housing is owned, managed and controlled democratically by their members and tenants, and usually all adult tenants are members of the co-operative. An ownership housing co-operative will purchase a site or property in its name, manage rental incomes from members and overall finances, and take responsibility for the maintenance of the property. This can either be larger dwellings with multiple residents and shared facilities, or individual houses or flats.

Ownership co-operatives have successfully used public and private funding, mortgages and loan stock to enable them to bring forward successful schemes. Ownership housing co-operatives are usually quite small, but they offer the greatest amount of member control.

Benefits:

- The Co-operative has maximum control over their home(s), and can make decisions on how to manage them.
- Members decide what rent they pay, based on mortgage, running costs and surplus, so rents are much less influenced by the fluctuating housing market.
- The Co-operative is secure into the future, and unless the organisation goes bust or members wind it up, it can effectively continue and grow indefinitely.

Challenges:

- Purchasing a site or buildings can be a big commitment and take quite a lot of time and work.
- Without a larger partner organisation it can be more difficult to access initial funding, especially for larger schemes requiring public grants.
- All the work must be done by members, and can be a significant burden on members, especially in the early days.

Examples:

- Golem Housing Co-operative, Swansea – Single properties with multiple occupants
- Tir Cyffredin Housing Co-operative, Machynlleth - Single properties with multiple occupants
- Sanford Housing Co-operative, London
- Heartwood Community, Carmarthenshire
- Glyn Abbey, Carmarthenshire
- Bunker Housing Co-operative, Brighton – A housing co-operative building and managing housing on local authority 'undesirable' infill sites.
- Rosehill Housing Association Ltd, Scotland – A large fully mutual ownership housing co-operative, with over 1000 members

↑ **Bunker Housing Co-operative, Brighton.**

Leasehold Housing Co-operatives

A housing co-operative is where a co-operative has bought a leasehold interest in a property, which is essentially a long rental agreement and the freehold of the property is still owned by a private landlord or another partner organisation such as a housing association, community land trust or existing co-operative. The co-operative is responsible for the management of the property, within the terms of the lease agreement, and often rents out smaller units (dwellings or rooms) to members.

The terms of the lease would require the housing co-operative to meet the partner organisations, legal and regulatory responsibilities; for example who is eligible for a home or the level of rents payable. The co-operative could choose to purchase services from the partner organisation such as management or maintenance, but could also use external organisations, or even take on the work amongst the membership. The lease could be recurring and it may even be possible for the co-operative to build its skills and financial record so that it could eventually purchase the freehold of the property.

Benefits:

- If partnering with a larger professional organisation, they can take on a some of the administrative work involved.
- Larger organisations can more easily access finance for the initial purchase or building of housing, whether through loan finance or grants from government (social housing grant – Wales)
- The co-operative has the authority to issue tenancies directly and set rent levels based on the leasehold costs, providing greater control than a Tenant Management Organisation (TMO), which is explained in detail below.

Challenges:

- Members have less control in how the housing is managed than if the co-operative owns the freehold and may have to make compromises to align with the needs of a partner organisation.
- Rents may rise if the landlord increases the leasehold value i.e. increases the rent
- When the lease ends the freeholder could choose not to renew the lease, meaning the co-operative would need find an alternative property which may be difficult, making the co-operative more vulnerable. Although some leases can be very long e.g. 100+ years.

Examples:

- Home Farm Village Co-operative, Cardiff
- Redditch Co-operative Homes, Worcestershire

Quick definitions:

Tenant Management Organisation – A TMO is an organisation set up by tenants and/or leaseholders to manage their estate or block of flats. A TMO can be formed by a group of tenants to take on responsibility for managing the homes they live in, from organising the repairs and allocations to ensuring grounds maintenance is undertaken.

Tenant Management Co-operatives (TMC)

Legal model:

- Co-operative Society.
- Limited Company (Ltd).

A Tenant Management Co-operative (TMC) is a form of Tenant Management Organisation (TMO) and takes responsibility for some of the management of a building or homes through a management agreement with the partner organisation which owns the homes, usually the local authority or a housing association. Like a leasehold co-operative, the TMC does not own the buildings, but differs in that rents are paid to the landlord rather than the co-operative. The local authority or housing association provides the TMC with funds through a management allowance, which would usually have been used to pay for services either from within the authority/association or bought in from external companies.

Estate Management Boards (EMB) – TMCs are one of two forms of TMO, the other being an EMB, the main difference being that in TMCs only residents can become voting members, whereas with EMBs, the local authority or housing association can nominate representatives who have voting rights

Tenant Management Organisations (TMOs) which have been engaged before houses are built, have in some instances had opportunities to feed into the design of new build schemes, for example placement of footpaths or house layouts. TMOs have even gone on to develop housing in partnership with a housing association (Bushbury Hill Estate Management Board).

Training and skill building is required from members wanting to take an active part in the TMO, which requires a time investment, but can help build self-resilience of the co-operative and individual members.

There is some further information on TMCs here: https://housingcare.org/downloads/kbase/2064.pdf

Some of the functions a TMC can take on include:

- Day-to-day repairs and maintenance of the property.
- Selection of new tenants for the co-op, and administration of transfers (although usually Allocations Policy is written by the local authority or housing association).
- Improving safety and security on the buildings or site.
- Major building improvements.
- Control of the housing budget.
- Rent collection.
- Negotiating tenancy agreements.

Some TMCs opt to take on just a few of the above functions and some opt to take on all of them.

Welsh Context:

The Right to Manage legislation, which introduced the concept of TMOs in England in 1994 does not currently exist in Wales, and therefore landlords whether private, local authority or housing association, are under no obligation to hand over management to a TMO group of residents. This does not mean that this arrangement couldn't be entered into voluntarily by a supportive landlord wanting to increase residents' engagement in the management of properties, which offers many benefits to both residents and landlords.

Benefits:

- By working together, members meet their neighbours, organise social events and build up the local community. There may also be less friction between tenants.
- Decisions are made by and for the tenants rather than by the landlord.
- Better repair and maintenance services, and often at a lower cost – tenants set the standards.

Challenges:

- Like leasehold co-operatives, decisions must be made within the legal and regulatory responsibilities of the landlord, and to a certain extent the landlord's own priorities.
- A TMO is a partnership between landlord and tenant and to be successful it needs to have support and buy in from the landlord.
- TMOs can require more work and organisation for residents than a conventional rental property.

Examples:

- Bushbury Hill Estate Management Board, Wolverhampton
- Old Oak Housing Co-operative, Carmarthen

Other forms of housing co-operative

Short-life Housing Co-operatives

A short-life housing co-operative manages property that has been borrowed from the owner to provide short-term accommodation for groups of people. Property owners, such as local authorities or private registered providers of social housing often allow property to be used on a short-life basis when they are unable to repair it, or cannot develop the area at that time due to financial constraints. Usually the owner grants a group of people, sometimes called a Short-Life User Group (SLUG), a licence to occupy a property for a specific period of time, usually between one and five years.

The owner is guaranteed vacant possession at the end of the agreed time. Although there is a great deal of variety, most short-life housing is in a poor state of repair. There is no specific legal regime for short-life housing co-operatives, which are subject to the normal rules relating to other fully mutual co-operatives.

Example:

- Phoenix Housing Co-operative, London

Student Housing Co-operatives

Student housing co-operatives are set up and run by students to provide housing for students who often operate in a market where they are exploited by landlords with high rents and low-quality housing. This usually takes the form of the co-operative leasing or purchasing whole properties and then managing tenancies for multiple occupants, on a short-term tenancy for the duration of a student's studies. Membership is therefore temporary and changing regularly, although the co-operative as an organisation remains constant.

Examples:

- Birmingham Student Housing Co-operative
- Sheffield Student Housing Co-operative

Co-operatives with Homeownership

There has been a recent growth in the development of co-operative housing schemes that combine community approaches with individual home ownership (not to be confused with ownership co-operatives, where all members own the property equally) – enabling individuals to have a financial stake in their home whilst providing some of the benefits that come from living in a community. A challenge of traditional co-operative housing is that members cannot build equity in their home, and if they have to leave, they are not able to take any equity away with them to find alternative accommodation. These newer variations of the co-operative housing model aim to find a solution to this issue.

Shared Ownership Co-operatives

Legal models:

- Co-operative Society
- Limited Company (Ltd)

A shared ownership co-operative works by applying the TMO model to a shared ownership scheme. It functions like other shared ownership schemes, whereby individual members purchase a percentage of their home (between 15-80%) from a housing association, partner organisation or CLT, and pay a reduced rent on the percentage they don't own.

Additionally to this the co-operative formed of the shared owners, is given control of aspects of the management of dwellings and shared spaces, in an identical way to TMOs as mentioned above. This model could apply to mixed tenure schemes, where there are rental and shared ownership properties, with membership of the co-operative and responsibilities for management of the properties and wider shared spaces being controlled collectively by resident members.

The freeholder could still impose restrictions on the resale of homes through the lease agreements with individuals and the management agreement with the co-operative. For example, they may require that incoming residents demonstrate housing need, already reside in a specific area, or limit the percentage share an individual can own (typically 80% for affordable shared ownership homes) to ensure long-term housing affordability.

Example:

- Loftus Village Association, Newport

More info:

For more information on all the co-operative models of CLH, see this great guide from the Confederation of Co-operative Housing.
www.cch.coop/wp-content/uploads/2017/02/New-Co-operative-and-Community-led-Homes-2017.pdf

Mutual Home Ownership Society (MHOS)

Legal model:

- Co-operative Society

MHOSs aim to strike a compromise between the security of individual ownership, and the permanent affordability and collective control of a co-operative, pioneered by the group LILAC in Leeds.

Instead of individuals owning their own homes, all the properties within a development are owned by a co-operative society. Residents pay a monthly charge to the co-operative society, in return for which they build up equity in the co-operative society. This gives residents a financial stake in the value of the housing assets owned by the co-op, so when a resident leaves, they can take this equity pot with them by selling their home to a new resident or back to the co-operative.

Most MHOS schemes have opted to link monthly payments to local wages rather than market values. For example, resident members contribute 35% of their monthly income, which covers their share of mortgage payments, maintenance, running costs, and ground rent. This approach allows for cross-subsidisation, making it possible for individuals on modest incomes to become members and access affordable housing. If your wages are high, then you pay off your equity share more quickly, and once it has been paid off, you pay a basic maintenance fee (e.g. 10%)

The mortgage for the properties is taken out by the co-operative society, meaning borrowing costs are lower than for individuals and the scheme is open to those who may not be able to secure an individual mortgage, contingent on whether they can afford the monthly payments.

Most MHOS schemes have had to set a minimum household income, to ensure the viability of the scheme, so individuals must earn above a certain amount to become members, and although this is usually comparatively low, it rules out those who do not get paid a wage.

Benefits:

- Brings the bottom rung of the property ladder back within reach of households on modest incomes in areas where they are priced out of the housing market.
- Allows members to build equity which they can use to purchase another house if they need to move away..
- Keeps housing permanently affordable for most people.

Challenges:

- Due to rules around state benefits restricting use of benefits for paying mortgages, MHOS can currently not accept unwaged members, for example long term carers or those relying on disability allowance.

Examples:

- LILAC, Leeds
- YorSpace, York

Self-help Housing

Legal models:

- Co-operative Society
- Charitable Trust
- Limited Company (Ltd)

Self-help organisations provide secure good quality housing by refurbishing existing properties, which are often derelict or in a poor state of repair. It is called self-help housing because organisations often provide opportunities to get involved ‘hands-on’ in the refurbishment process, and many residents volunteer to help others after they are housed.

Self-help housing combines the twin goals of regenerating neighbourhoods and meeting local housing need. There has been a larger growth of self-help housing in the post-industrial towns and cities in the north of England than in other parts of the country as there are many empty buildings, but there are opportunities anywhere there are empty housing or even suitable commercial buildings.

Housing is usually aimed at those who are unable to access market rental housing, by charging low rents, not asking for deposits, rent in advance or non-returnable fees. Tenancies are usually secure and aim to provide stability in the community, rather than maximize profits.

Organisations have also provided other services for local communities, such as shops, shared workspaces, affordable business spaces and even a crèche. Some organisations also provide formal vocational training and apprenticeships, for example construction or painting and decorating, as a way to build skills in the local community and cross subsidise renovation work.

Benefits:

- Provides both secure, high quality and affordable housing, and regenerates neighbourhoods.
- Promotes skills and training for future employment
- Brings together and empowers members of a community.
- Refurbishing a property is often cheaper than building one, so it can be easier to raise the required funds.

Challenges:

- Relies on there being an abundance of empty or low-cost buildings to renovate, which may be more difficult in high-price areas e.g. London.
- Some derelict housing may be empty for a reason e.g. not suitable due to size.

Examples:

- Canopy, Leeds
- Giroscope, Hull

Cohousing

Legal model:

- Co-operative Society
- Community Benefit Society
- Limited Company (Ltd)

Cohousing is an approach to creating mutually supportive neighbourhoods or communities and aims to strike a balance between the privacy of an individual dwelling and communal living. Rather than a specific organisational model, cohousing is an ethos which is used to intentionally design and manage a collection of homes around values of connectivity, mutual support and often living in an environmentally conscious way.

The cohousing movement began in Denmark in the 1960s, and is growing in popularity around the globe as people search for alternatives to the siloed individualistic lives that contemporary housing is often designed around. There are 19+ cohousing communities in the UK, with more than 60 in development and the number is steadily growing.

Characteristics of cohousing neighbourhoods often include:

- Residents or households have their own independent dwelling with sleeping, cooking and washing facilities.
- Neighbourhoods have some shared facilities and spaces, for example laundry, a common house with shared kitchen and dining area, communal gardens and food growing space and shared workspace.
- Residents design, plan and make decisions about how the community and shared spaces are managed, often by consensus decision making (**see Decision making tools**).
- Developments are designed, often architecturally, to encourage sociability, by keeping main spaces car-free, keeping fences and boundaries low and laying out the site to encourage casual social interactions.
- Houses are often closer together and have smaller private gardens to make space for larger shared outdoor spaces

Communities tend to range from 5-40 homes, and contain family houses, shared houses and flats. Although many cohousing communities have been newly built, more groups are choosing to retrofit existing buildings.

Benefits:

- Sharing facilities and resources such as a common house and garden leads to a strong connection between residents, and can combat loneliness, especially in older age.
- Shared facilities mean individual houses can be smaller, and they can be cheaper and more sustainable to run.
- Residents have control over how their living environment is designed and managed.
- Satisfaction in housing is generally high in cohousing communities and housing is often highly sought after.
- Cohousing houses often outperform conventional developer led housing, in terms of energy performance and quality.

Challenges:

- It can take a lot of work to get projects off the ground
- Finding a site large enough with realistic potential for gaining planning permission for a cohousing community can require some creative thinking and compromises
- It can be difficult to borrow money commercially for building common facilities especially a common house.

Examples:

- Cannock Mill Cohousing, Colchester
- Marmalade Lane, Cambridge
- LILAC, Leeds
- Lancaster Cohousing, Lancaster
- Springhill Cohousing, Stroud

6. Legal model – incorporation

Every community-led housing organisation will eventually need to be incorporated as a legal entity. Once incorporated, the people within the organisation are legally separated from the legal entity and are protected from liability if the organisation goes bankrupt, unless they act illegally. The legal entity is a legal personality, in that it can enter into contracts, rent property, take legal action and be sued.

Which entity you choose will be influenced by where your organisation hopes to end up, and how you aim to get there. There is some overlap between what is possible for each entity, and some things which are specific only to one.

The common legal entities for CLH are:

- Limited Company
- Co-operative Society
- Community Benefit Society
- Charitable Incorporated Organisation

↑ **Marmalade Lane, Cambridge**

Limited Company

Organisational models – Community Land Trusts, Co-operatives, Cohousing

Governing documents – Articles of association

Roles – Members (Limited by guarantee), Shareholders (Limited by shares), and Directors.

There are three main types of limited company which CLH groups choose:

Company Limited by Guarantee - The most common and simplest form of limited company used by CLH groups. Companies limited by guarantee have no shareholders and are owned by members who technically have liability for the companies' debts up to a set amount. This is typically set at £1, which protects individuals within the organisation from having to pay more than £1 if the business gets into financial trouble. As there are no shareholders, the individual members cannot sell their 'share' or stake in the company. Most companies limited by guarantee are non-profit companies.

Company Limited by Shares - A company limited by shares has shareholders, who can profit from the company, but also have liability for the company up to the value of their shares. The company is technically owned by its shareholders, who can sell their stake in the company for a profit. Outside of non-profit companies, this is the most common form of company. Although rare, a CLH group could choose to incorporate as a company limited by shares, if they planned on raising money through selling shares.

Community Interest Companies - CICs are a form of company that are specifically designed for companies benefiting the community and have certain restrictions and responsibilities to ensure this happens. CICs can be either limited by shares or by guarantee (although most commonly by guarantee). If a CIC has shares, there are limits to the amount of profit which can be shared to shareholders.

The two main features are:

- '*An asset lock*' – meaning assets and finances cannot be transferred to individuals other than to another 'asset locked' organisation. This is to make sure individual members do not financially profit from the organisation.
- *A Community Interest Statement and Report* – when forming the CIC, you must submit a statement to the CIC Regulator highlighting the community orientated nature of the company. Each year a report must be submitted describing the company's activities in that period.

Co-operative Society

Organisational models – Co-operatives, MHOS

Governing documents – Rules

Roles – Members and Directors.

Co-operative societies are owned and controlled by their members for the benefit of the members, with each member having one vote. Depending on the rules of the organisation, the members can all be directors, or they can vote to elect a board of directors to act on their behalf. Confusingly co-operatives do not have to be incorporated as a co-operative society to be a co-operative, they can be a company with the co-operative principles written in their articles. However, many choose to become a co-operative society, as these principles are implicit in the legal entity. Community Land Trusts cannot be co-operative societies, as CLTs must be for the benefit of the wider community, with co-ops only needing to benefit its own members.

Community Benefit Society

Organisational models – Community Land Trusts

Objects (documents) – Rules

Roles – Members and Directors.

A community benefit society is similar to a co-operative, but instead of serving its members only, it must serve the wider community as well. Members join by buying at least one share in the society and must be open to anyone in the defined community the society is set up to serve. All shareholders are entitled to one vote, regardless of how many shares they own. The price of a share is set when registering and can be set at a nominal £1. Being a community benefit society allows the organisation to raise money through community shares, which is a great way to raise finance. This is not an option for companies limited by guarantee or co-operatives. Community benefit societies must have an asset lock, which co-operatives do not.

Before 2014 co-operative and community benefit societies were registered as industrial and provident societies, before being split out into the two separate forms, so you may see some older co-operatives still registered under that legal form.

Charitable Incorporated Organisation (CIO)

CIOs are an incorporated form of charity, rather than a company. Introduced in 2012, CIOs were designed to simplify the process of registering as a charity. Whereas previously charities wanting to incorporate would need to register as a company limited by guarantee with Companies House, and separately with the Charity Commission, CIOs register only with the Charity Commission, and are regulated under charity law. CIOs need to have a constitution like any incorporated organisation, and also abide by the responsibilities and restrictions of being a charity.

7. Legal add-ons

Charitable status

Charitable status is not a legal entity but a set of legal criteria which an incorporated organisation must meet and can be applied to most of the legal forms mentioned above. Becoming a charity is effectively irreversible, i.e. it is very hard to cease to be a charity once you have become one. The benefits can be:

- Charities are exempt from tax, which can represent a significant financial saving.
- Additionally there are also some sources of funding which are only available to charities.
- The added scrutiny put on charities, can increase public support and reassure the public about the aims of the organisation.

To be a charity an organisation must firstly have exclusively charitable purposes, and secondly exist for the public benefit. How this relates to CLH is discussed below.

Charitable purposes – Not all forms of housing delivery are classed as charitable, there must be a purpose beyond the provision of housing, for example relief of poverty, care for the elderly or disabled. Providing social rented housing to those in housing need, would certainly meet this criteria, but market value housing at the other end of the spectrum would not.

Exist for the public benefit – An organisation must benefit the wider community and not just members, therefore most resident owned CLH groups such as housing co-operatives or cohousing groups would not qualify. CLTs, being community owned, would usually qualify, and a small number have chosen to do so (Calder Valley for example).

For more information, this detailed document produced by Brighton & Hove CLT and Wrigley's solicitors is useful

https://bhclt.org.uk/wp-content/uploads/2018/08/Guide-to-Legal-Structures-2017.pdf

Registered Provider Status

Some CLH groups, predominantly CLTs, choose to become a registered provider (England) or registered social landlord (Wales). Again this isn't a legal entity, but involves an existing organisation registering with, and reporting to, the Regulator for Social Housing in England or Welsh Ministers in Wales. This is to ensure that housing provided by an organisation meets certain standards in terms of the quality of the housing, and how the finances are managed, to make sure public funds are used responsibly and efficiently.

Benefits:

Only registered providers (RP) and registered social landlords (RSL) can access grant funding through the Affordable Homes Programme in England, or the Social Housing Grant in Wales, which are by far the biggest grant funds available for affordable housing, and are utilized by housing associations or other providers building or creating affordable housing.

Other benefits include it being easier to secure mortgages for shared ownership housing, and an increased level of trust from the public, local authorities and funders, because of the additional scrutiny involved in being a RP/RSL.

The process:

The process for becoming an RP/RSL takes time and involves continued reporting, but because of the benefits, several CLTs have chosen to take on the challenge, and are now delivering housing themselves with grant funding from Homes England.

As of 2024, the Welsh government has indicated its lack of support for CLH organisations becoming RSLs. This limitation requires CLH groups to either partner with an existing RSL or seek funding from alternative sources, often through various Welsh government grant programs. For more information about partnership options for CLH groups with existing RPs and RSLs, see the **chapter 5 Tenure Model**.

8. Governance

Organisational governance encompasses the ongoing mechanisms by which a company, charity, co-operative society or community benefit society is directed and controlled, including defining:

- The aims and vision of the organisation.
- The roles within the organisation– who does what within the organisation.
- How your organisation makes decisions.
- The organisation's policies and procedures (see policies below).

Good governance aims to balance the interests of various stakeholders, ensure accountability, and promote the organisation's long-term sustainability. Community-led housing groups vary in terms of how they organize, what scale they operate at and what their aims are, which will influence their governance.

The vision and mission of the organisation

This will be decided by the group and will be formalised in the objects of the organisation, e.g. governing documents registered with Companies House. It is usually quite broad and relates to the overall long term aims of the organisation.

The roles within the organisation

There are official roles within an organisation, which have legal responsibility for making decisions, and there are informal roles which will be specific to your organisation. The official roles you need to fill, will differ depending on the legal entity you have chosen.

Official roles

Limited company – A limited company must have a board of directors. These are elected by either the members (company limited by guarantee) or the shareholders (company limited by shares). Companies must have at least one director although usually they have between 3-12. These directors should be registered with Companies House, and their names available publicly, although it is worth bearing in mind, that even if they are not registered with Companies House, but are acting as directors, they bear the same responsibility as registered directors.

Charities – Charities have a board of trustees regardless of their legal form, which operates similarly to a board of directors. Charities usually need at least three unconnected trustees; a chair, a secretary and a treasurer, who are legally responsible for the organisation. Depending on the objects of the charity, the trustees are appointed by the members or the other trustees.

Co-operatives – Co-ops can use two systems:

1. All members of the co-operative must become directors and technically sit on the board.
2. Members vote to elect directors at annual general meetings and can vote to remove or replace them at any point in between.

Conflicts of interest:

When standing for the board, and at each board meeting, board members should make it known if they have a potential personal or family interest in any proposed business to be discussed at the board meeting. It may still be appropriate to participate in a discussion on a topic where there is a conflict of interest.

9. How your organisation makes decisions

How you make decisions is just as important as who is involved in those decisions.

Democratic decision making

This is where each member has one vote, and decisions are made based on the opinion of the majority. This can be at a board level where the board make decisions, and members only choose which board members to elect, or with decisions being made directly by all members or shareholders of the organisation. There can be a threshold which must be reached before a motion is passed, for example 70% of members need to agree.

Consensus decision making

This is where everyone must consent to a decision for it to be passed. It aims to find a compromise which works for everybody and is often used in smaller co-operatives.

Sociocracy

This is a decision-making tool building on consensus decision making, where smaller working groups are responsible for certain areas of work, and are able to make decisions within this. Each smaller group reports back to a central steering group. There is a lot of information on sociocracy available through Sociocracy For All.

10. Policies

Policies are the documents which outline the organisation's position and practices on a wide range of issues. They set expectations for those within the organisation about a shared set of standards for how people will act. There are some policies which all organisations should have regardless of the area they operate in and some which will be specific to a CLH organisation, and your group specifically.

Policies common across all organisations:

- **Code of governance** – This outlines how the organisation makes decisions and who is responsible.
- **Conflicts of interest policy** – Stating what happens if a director or trustee has a conflict of interest and how that's recorded and mitigated.
- **Membership policy** – What is expected of members, how they can join and how they can be removed if necessary.
- **Diversity, equality and inclusion policy** - Setting out how you will ensure equal treatment of your board, members, residents, staff and community members, and how your work will bring about a more equal and cohesive society.
- **Data protection** – Outlining people's data is protected and used appropriately with their permission.
- **Safeguarding policy** – How you ensure children and vulnerable people are protected, as well as outlining the safeguarding procedure of the organisation and who is the appointed safeguarding officer.

Community-led housing specific policies:

- **Allocations policy** – How homes are allocated to residents (more detail in chapter 5 Tenure Model).
- **Affordability policy** – Defining affordability and ensure homes are affordable indefinitely.
- **Procurement policy** – How to procure materials and services, i.e. the mechanism for choosing fairly between suppliers. Additionally how you might prioritise suppliers with certain credentials, such as being local or more environmentally conscious.
- **Reserves policies** – Outlines how the organisation generates and handles reserves, i.e. surplus finances held back to keep the company afloat in hard times, pay wages or cover redundancy in the event of bankruptcy.
- **Exit strategy** – States what happens to the organisation's assets including housing and land, in the event of bankruptcy or financial difficulty.

11. Bank Account

You will need a bank account to 'draw down' (be paid) grant money, and to pay for day-to-day expenses. It's advisable to minimise the use of personal accounts. Therefore, it's important to establish a dedicated account as soon as possible.

You need to be incorporated to open a bank account, and how you are incorporated will affect which account is available. Many business accounts have fees, especially if there is not a lot of money moving through them, so it is important to find a bank account which doesn't charge fees, such as an account for charities or a treasurers account.

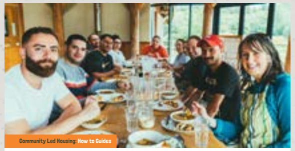
It is good practice to ensure that at least two unrelated board members are required to sign off on any expenditure. You can set up your online banking and cheque book in this way.

Appoint one of your board members as Treasurer and ensure they keep track of income and expenditure. In the early stages, this needn't be more sophisticated than a log in a spreadsheet. In time you will need to develop a proper budget and be able to work as a board with your accountants to have and understand reports like a balance sheet and a profit and loss statement.

Community Led Housing:

How to Guides


Introduction


1. Organisation


2. Site


3. Funding


4. Business Plan


5. Tenure Model


6. Planning Permission and Building Control


7. Self-build


8. Design


9. Procurement Routes


10. Construction

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CRONFA GYMUNEDOL COMMUNITY FUND
Down to Earth