

# European Community Land Trust Network

Title: Stewardship barriers to growth + opportunities

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## **Stewardship barriers to scaling the Community Land Trust**

### **Section 1: Overview**

Stewardship is at the heart of the Community Land Trust (CLT) model. By this we mean CLTs acting as custodians or guardians, taking an active role to preserve land and housing so that it remains affordable and well-maintained over the long-term. For CLTs, the 'C', for community, is at the heart of the model and good stewardship also means building the capacity of residents to ensure that they too are stewards of their homes and neighbourhoods. However, this approach is only sustainable if the residents are equipped to lead these processes and there is funding guaranteed. In this paper we discuss:

1. CLTs approach to stewardship
2. The challenges CLTs face in undertaking stewardship
3. The opportunities for the European CLT network in tackling these challenges.

### **Scope and caveats**

This paper considers long-term stewardship challenges and the role of the European CLT network in resolving them. The scope of the paper is focused on CLT stewardship in the phase after residents move into their homes. The considerations in this paper are specific to the stewardship of multi-home CLT sites, as opposed to single units. Some of these issues will differ depending on whether the CLT model is rental or ownership.

### **Community Land Trusts approach to stewardship**

For Community Land Trusts (CLTs), confronting the housing crisis means not only building homes, but also ensuring its residents are involved in how homes are built and managed. For some agencies charged with administering affordable housing their stewardship is limited to monitoring and enforcing legal requirements. Such legal requirements include rules on: eligibility, occupancy and use, financing and refinancing, maintenance and capital improvements. However, for CLTs this watchdog function is not enough.

As well as ensuring the long-term affordability of homes, after residents move into their homes CLTs continue their stewardship role by supporting residents to:

- Take ownership of their governance structures within residencies
- Sustain and finance good quality and well maintained homes.
- Avoid mortgage defaults or accrual of rental arrears.

Management issues arise in all communal living arrangements, but because of CLTs approach to stewardship they are often easier to resolve when part of a CLT. Early involvement from residents in the development process means that relationships have often already been formed and residents are familiar with collective processes, with expectations for ownership of processes set. This can create a strong foundation for positive relations and easier resolution of issues. Examples of how CLT can support residents to maximise the benefits of communal living can be found in **Section 2**.

### **Stewardship challenges**

Undertaking an active stewardship approach requires significant capacity and operational funding for the CLT. There are also decisions for the CLT to make about their role in resolving the challenges, striking the balance between support and paternalism. **Section 3** looks in detail at the options for CLT involvement when resolving the following challenges:

1. Deciding the right governance structure within the residencies
2. Deciding on the right service provider / managing agent
3. Financing ongoing maintenance costs
4. Managing mortgage defaults and rent arrears

### **3. Opportunities for the European Community Land Trust network**

There are a number of opportunities for the European Community Land Trust network to support CLTs in meeting their stewardship responsibilities. These include:

- Opportunities for knowledge exchange on stewardship issues and how different CLTs have approached them
- Systematised training for CLTs on stewardship topics such as managing lease breaches and working with housing managers.
- Shared resource bank for CLTs to share with residents including: maintenance charts; draft tender documents for employing housing managers; and advice documents on what to consider when looking to employ an external service provider or housing manager.
- Sharing of insights and stories from residents across different countries about what they found difficult and what they learnt.
- Creating a non-profit management agent which shares the values of the CLT and its residents.

## **Section 2: How Community Land Trusts foster the benefits of communal living - examples from CLTs**

### **Example 1: Lewisham, London CLT:**

#### **Image: tile picking workshop, Lewisham**

Prospective residents at Lewisham have many opportunities to meet in the months leading up to move in. The first of these was at a tile-picking workshop (see photo) where those allocated could select a few kitchen options, there were also some introductory exercises to hear from everyone and get people talking.



Following this event there was a London CLT wide event where steering groups and residents from different London CLT projects came together, visited each other's sites and shared experiences. For new residents at Lewisham this was a chance to feel part of the broader movement.

### **Example 2: Arc-en-Ciel, Community Land Trust Brussels**

#### **Image: Bike workshop at Arc-en-Ciel**

This bike workshop is part of CLTB's Mobility project. CLTB helps coordinate the project "Roue Libre" that gather diverse CLTB members - residents, volunteers and people waiting to buy a CLTB house - around one common need or passion : cycling.



It was developed in response to interviews undertaken in a Citizen Development Action Research project with CLTB.

The first step is to learn to ride a bike (many participants - mainly women - didn't learn when they were young or are afraid to ride in the city) and the second step is ensuring people feel comfortable cycling as a form of leisure and transport.

CLTB also organises guided cycle tours and works with 3 other organizations in Brussels (Cyclo, ProVélo and Les ateliers de la Rue Voot), who leases bikes to CLTB members for free for 12 months and organizes bike workshop to learn how to maintain it. After this, residents can buy the bikes for 25 euros.

### **Section 3: Challenges CLT face when considering their role as stewards**

This section looks in detail at the options for CLT involvement when resolving the following challenges:

#### **→ Deciding the right governance structure within residencies**

There are a number of issues and shared responsibilities that arise when residents live communally. These issues are not specific to CLTs and include those listed below. In order to manage these issues, a governance structure needs to be set up within the residencies. This structure should take decisions on how to manage these issues, communicate amongst residents and decide how to finance the costs of maintenance.

- Cohesion amongst residents – human relations, such as neighbourly disputes and cultural clashes. These can be exacerbated in multi-tenure sites, for example where social housing is mixed with home ownership.
- Cleaning of the building
- Maintenance of the building
- Use and maintenance of communal space (inside and outside)
- Waste management
- Energy provision

#### **Role of the CLT**

The type and purpose of governance structure can differ between CLTs and two case studies are provided in this paper:

**Case study 1:** Resident Management Company, St Clements (CLT London)

**Case study 2:** Assemblée Habitantes, Calico (CLT Brussels)

CLTs need to consider their role within the governance structure. CLTs are not resourced to be housing managers. Further, as fostering a democratic culture is ingrained in the fabric of the organisation, CLTs also want to avoid paternalism. There are a range of options for CLT involvement including the following. These may well not be mutually exclusive and will depend on the legal structure/ legal obligations:

- **Limited involvement:** Once residents move in, CLT exits except for resale of properties and ongoing responsibilities as leaseholder.
- **Initial training and capacity building:** to support the establishment of governance structures over a fixed term post occupancy (e.g. St Clements case study). Training

can also go beyond set-up of governance committees, for example to include non-violent communication which has proved valuable in both Brussels and London.

- **CLT sets up management structure but involvement reduces over time:** e.g. in Calico case study.
- **CLT chairs management structure:** this is avoided for reasons set out above, related to paternalism.
- **CLT keeps stake in condominium structure as co-owner:** for example in relation to parking spaces. Means CLT retains involvement and attends site assemblies.
- **CLT oversees managing agent/management structure**

In reality, members of the CLT network suggest there is a handover period. As long as a CLT has an interest in a site, for example through its role as leaseholder, it is hard for the CLT to extricate itself completely, but their involvement will likely reduce over time. In Brussels, CLTB is formally involved for two years after residents move in. In London, the focus is preparing the autonomy of the group after move-in. In the longer-term, CLT can remove their involvement in day-to-day activities entirely but CLT employees could sit on the board of the management committees to maintain a level of support and vice versa.

### → Deciding on the right service provider / managing agent

Distinct from the site's governance structure is the decision over appointing service providers/ a housing manager who maintains the building and ensures its ongoing functioning. Residents have a choice between managing the building themselves, employing a managing agent or directly employing service providers. On the one hand, employing a resident creates job opportunities and might be well suited to a small building. On the other hand, there should be caution in employing residents as it can create tensions; neighbourly issues can become employment issues. For larger sites, it may also be too complex for a resident to manage individually.

Employing a managing agent should be the least time consuming option for residents as they can delegate day-to-day management to the agent. They might choose to have a quarterly or bi-annual meeting with the agents outside of an AGM, or arrange for more regular communication. There may be issues if a managing agent is hired that does not operate with integrity and the Resident Management Company may need to carefully consider their service level agreement/memorandum of understanding with the appointed managing agents to mitigate this.

## **Role and opportunity for CLT**

The CLT can **provide advice** on factors to consider when employing an external organisation as a service provider or housing manager. Advice can include:

- How do they communicate and engage with residents;
- How do they capture resident concerns and what do they do with feedback;
- Annual assessment of performance indicators from residents or agents;
- Have a good service level agreement, including timescales for responses; and
- Monitoring based on service standards/performance indicators and benchmarks.

CLTs can also play a role by **sharing draft tender** documents and **recommending approved providers**. In Brussels in particular, there is a lack of suitable housing managers (syndic de copropriétés) for CLT residencies. There is an opportunity to **create a non-profit management agent (syndic de copropriété)** which shares the values of the CLT and its residents.

### **→Financing maintenance costs**

The repair costs fall on those bearing the legal responsibility for the fabric of the building. Therefore it is important to be clear who has the legal responsibility and ensure that this party has sufficient income from which to fund both small routine repairs and more costly periodic renewals and replacements in the longer term.

Calder Valley CLT, which only rents out homes, charges both rents and a service charge (where appropriate) to its tenants from which all running repairs are financed. It also sets aside an additional amount from this income every year in a 'sinking fund'. This sum is set at a level that will accumulate over time and be adequate to pay for any more expensive work when it is required.

CLTs who remain the freehold owners of leasehold properties will need to make similar provision compatible with terms of the leases they have issued and ensure they have a service charge income adequate to meet their long term obligations.

Some CLTs face resistance from residents who do not want to pay into such a sinking fund. There is therefore a decision for the CLT about whether to make it compulsory and reflected in the lease/tenancy agreement.

A further reflection is to consider ongoing maintenance costs in the upfront design of the building, for example using durable materials and keeping designs simple.

### **Case study 1: Resident Management Company, St Clements (CLT London)**

A RMC is a company which manages a residential site through a board of resident directors and the employment of a managing agent who deals with the day-to-day running of site maintenance and administration.

At St Clements, the developers created the RMC and appointed interim directors from their staff during construction. Embedded in the founding documents of the RMC is the mechanism by which handover of power to residents will occur, through an annual general meeting (AGM) which takes place after the developer has sold the last property on the site. The current managing agent then invites all leaseholders to attend the AGM, where new resident directors will be appointed to replace the developer.

As membership of the RMC was written into the leases there had been some expectation that the developer might at the very least inform residents of the RMC and their future role in it. However, it became apparent that the developers could not be relied upon to ensure residents were informed and equipped to understand even their basic duties as members of the RMC. London CLT, therefore, sought additional funding to fill some of this vacuum and was successful in obtaining funding via participation in the SHICC ([Sustainable Housing for Inclusive and Cohesive Cities](#)), ERDF funded project.

Two consultants were brought in to work with London CLT staff and residents at St Clements. With their help, a resident steering group and working groups on topics such as communication, finance and site handover were set up to oversee the process. Communication channels were established and adapted from the previous residents' association network. A series of regular training sessions were held which developed the management skills of residents and helped them feel more confident in the run-up to handover. Residents were involved in developing an initial vision of the company and a business plan, as well as in making changes to the founding documents. Several informal events and workshops were also organised including a workshop on nonviolent communication skills and a panel event with speakers from other tenant and resident management organisations. These latter two in particular helped shift residents' perspectives on both what resident management could look like and a perceived divide between running an efficient business and quality community engagement.

Unfortunately, the set-up remains unfulfilled at St Clements as London CLT's funding ran out before the developer withdrew. Full power over site management issues cannot be transferred to those that live there until the developers leave and transfer the freehold and assets.



**Case study 2: Assemblée Habitantes, Calico (CLT Brussels)**

In Brussels, the Calico project has an 'Assemblée Habitant' that meets monthly. It has a number of 'working groups' shown below. CLTB's project manager for the Calico site is involved for two years after construction was completed and residents moved in. She was involved in setting up the Assemblée, but her involvement will decrease during the two years. In Brussels, there are legal obligations which mean the residents must employ a "syndic de copropriété" (a housing manager).



→ **Managing mortgage defaults / rent arrears**

Mortgage defaults has not been a significant issue for CLTs in Europe to date. Looking to the US, Thaden, 2011<sup>1</sup> found that mortgage delinquency and foreclosure rates among the owner-occupants of resale-restricted houses and condominiums in community land trusts (CLTs) across the United States were lower than the delinquency and foreclosure among the owner occupants of conventional market-rate housing reported by the Mortgage Bankers Association's National Delinquency Survey (MBA).

<sup>1</sup> Thaden (2011). Research available here: [https://www.lincolnst.edu/sites/default/files/pubfiles/1936\\_1257\\_thaden\\_final.pdf](https://www.lincolnst.edu/sites/default/files/pubfiles/1936_1257_thaden_final.pdf)

While the affordability offered by the CLT model to low-to-moderate income households who enter home ownership helps to explain the low rates of delinquency and foreclosure in CLTs, the research found that the stewardship activities and policies of CLTs also contribute to these superior outcomes. Many CLTs oversee loan acquisition, educate and support their homeowners during both the pre-purchase and post-purchase periods, interact and intervene with mortgage lenders, and intervene with homeowners at risk of foreclosure.

For CLTB, a specific part of the contract stipulates the procedure for dealing with mortgage defaults. For example, Fonds du Logement will inform CLTB after two months of non-payment so that CLTB can send a warning.

Calder Valley CLT follows a similar process for rent arrears. There is a specific arrears policy which includes legal enforcement where needed. Compliance is monitored by the Registrar of Social Housing. However, going beyond a simple monitoring function, at the point of allocation the CLT has a thorough discussion with tenants on how they will pay their rent, supporting them to reach out to social services to get support. This system is put in place to avoid eviction.

***More information on barriers and opportunities in relation to mortgages can be found in the finance barriers paper.***