

Community-Led Housing: A Glossary of Legal Terms

This glossary is intended to help those new to the community-led housing sector understand some of the terminology which crops up from time to time. In some cases, the definitions may be open to interpretation so we have given a commonly used explanation of the term – but it may not be the only one.

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| Affordable housing | Housing that is available to rent or buy below market value. It includes social rented, affordable rented and intermediate housing (all of which are defined below). |
| Affordable rent | Housing where the rents are no more than 80% of the level of rent on the open market. |
| Co-housing | Co-housing communities are intentional communities created and run by their residents. Each household has a self-contained, private home but residents come together to manage their community and share activities. |
| Community benefit society | A form of democratic, not-for-profit organisation that carries on its business for the benefit of the community. A CBS is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. |
| Community housing | Housing which is intended to meet the needs of a particular group of people who share a common interest or locality. |
| Community-led housing | Housing which is shaped and controlled by a group that represents the people living in that housing, and/or living in the wider locality. |
| Community infrastructure levy ("CIL") | A levy on developments that contributes towards the services which must be provided by the local authority as a result. An alternative to a Section 106 Agreement (defined below). |
| Community land trust ("CLT") | A non-profit organisation owned and controlled by a community which holds land on trust for the benefit of that community in perpetuity. The CLT might own housing, workspaces or other facilities, and the intention is that they will remain affordable in the long term. |

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| Company limited by guarantee ("CLG") | A form of company typically used for grant-funded, not-for-profit and charitable enterprises. The guarantee is a promise by the members to pay a sum (usually no more than £10) if the company is wound up. |
| Conditional contract | A binding agreement for the sale of land subject to the satisfactory resolution of a particular issue, such as obtaining planning permission, by a certain date. |
| Co-operative society | A form of democratic, not-for-profit organisation that carries on its business for the benefit of its members. A co-op is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. |
| Custom-build housing | Housing that is built by individuals or groups for their own use. |
| Development agreement | An agreement between a landowner and a developer concerning the development of the land. |
| Homes and Communities Agency | The government agency that funds affordable housing and regulates social housing providers. |
| Housing association | <p>A not-for-profit organisation which aims to provide affordable housing to those in need.</p> <p>Many housing associations are 'registered providers of social housing', registered with and regulated by the Homes and Communities Agency under the Housing and Regeneration Act 2008.</p> |
| Housing co-operative | A co-operative society which owns and controls housing for its members. |
| Intermediate housing | Homes for sale and rent where the rent costs are more than social rent, but the rent or sale price is less than full market value. It includes shared ownership properties. |
| Local housing allowance | Housing benefit for individuals who rent their property from a private landlord (rather than from a council or housing association). |

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| Local plan | A series of documents produced by a local planning authority which outline a framework for the future development of the area. A local plan guides decisions on individual developments. |
| Low cost home ownership ("LCHO") | Schemes which assist people to purchase a home when they might otherwise be unable to afford it, by allowing them to buy part of their home and pay rent on the other part. See also 'shared ownership' below. |
| Mutual home ownership | A form of home ownership in which the occupier of a home owns shares in a society, rather than owning an interest in the property itself. |
| Neighbourhood plan | A document produced by the local planning authority which deals with the development and use of land in line with the needs identified in the local plan. The local community has input on the location of new houses, shops and offices. |
| Option agreements | <p>Agreements relating to the sale or purchase of land.</p> <p>"Put option" – an agreement which gives the proposed seller the option (but not the obligation) during a specified period to sell land to the proposed purchaser at a specified price.</p> <p>"Call option" – an agreement which gives the proposed buyer the option (but not the obligation) during a specified period to buy land from the proposed seller at a specified price.</p> |
| Rural exception sites | Sites made available for the development of affordable housing in rural areas where normal planning policy would not otherwise allow it. |
| Section 104 agreement | An agreement entered into between a regional water and sewerage company and a developer concerning the adoption of sewers on a development site. |
| Section 106 agreement | An agreement connected with some planning permissions. Such agreements commonly oblige the developer to pay money to the local authority and/or provide affordable housing (defined above) and/or provide public open spaces. See also 'community infrastructure levy' above. |

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| Section 278 agreement | An agreement entered into between Highways England or a local highways authority and a developer concerning the alteration or improvement of highways. These commonly oblige a developer to pay money to Highways England or the relevant local authority. |
| Section 38 agreement | Another type of agreement entered into between Highways England or a local highways authority and a developer concerning the adoption of highways. It normally involves the payment of money to Highways England or the relevant local authority. |
| Seed funding | A reference to the preliminary funding needed to start a community-led housing project, or indeed any other enterprise. |
| Self-help housing | Housing which is renovated or brought back into use by a community. |
| Shared ownership | A scheme which allows the occupier of a property to buy a certain share of it (between 25%-75%). The occupier then continues to pay rent on the share they do not own, and may have a mortgage on the share they do own. Over time, they may be able to buy additional 'equity' in their property, until in some cases they own 100% of it. |
| Social rent | A level of rent set by housing associations and councils using a particular formula, taking into account property size and value, and local income levels. This means that different landlords in an area charge similar rents for similar homes. |
| Stamp duty land tax ("SDLT") | <p>A tax payable on any property purchased in England and Wales over a certain price. Rates change annually and HMRC's website should be checked. Rates vary according to the value/type of property and the identity/other land holdings of the purchaser.</p> <p>Higher rates (3% above standard) will be charged on the purchase of residential properties from April 2016, where the buyer already owns one or more properties.</p> |

Starter homes

A proposed government scheme under which housing will be made available to first-time buyers aged under 40 at a discount of at least 20% on the market price. Starter homes will be built on previously under-used commercial or industrial land, or on sites that are not currently assigned for housing development.

Contact Details

Wrigleys Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

cohousing@wrigleys.co.uk

t: 0113 244 6100

Please note: The information in this glossary is necessarily of a general nature. Specific advice should be sought for specific situations. If you have any queries or need any legal advice please feel free to contact Wrigleys Solicitors LLP.