

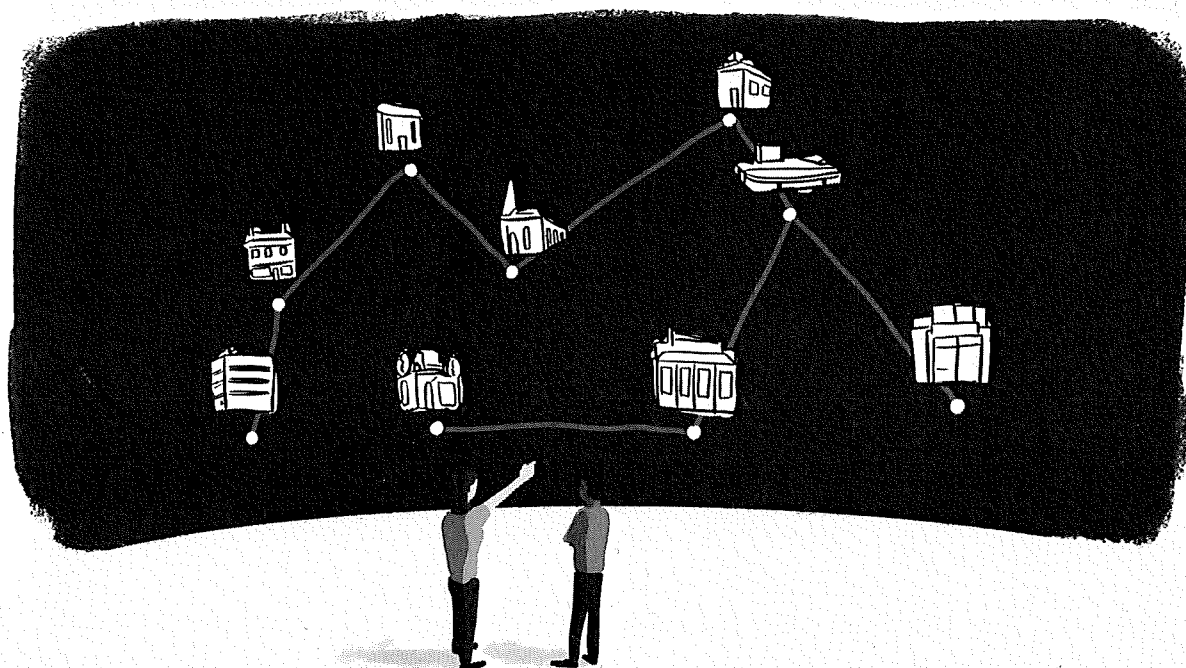
Jargon Buster: Property and Community Assets

Jan 11

If you're trying to rent or buy a building to bring your amazing community-focused idea to life, you'll face a number of challenges along the journey. We share our top tips in our recent article on [how to secure a building](#).

One of these tips is to equip yourself with knowledge about the workings of the property system, because knowledge is power. That includes knowledge of specialist terminology or jargon. It's much easier to make progress if you're speaking the same language as the people who own the buildings, who manage funding pots and who work in your local authority.

Browse our list of definitions below. We'll update this page regularly in response to your suggestions and as new acronyms and activities emerge.



Illustrations by [Visual Thinkery](#)

Legal and Ownership Structures Definitions

- **Asset of Community Value (ACV):** A property of importance to a local community, which is listed by the local council. Listing as an ACV gives the community the right

returned to the community.

- **Community Interest Company (CIC):** A type of company introduced in the UK for social enterprises that want to use their profits and assets for the public good.
- **Community Land Trust (CLT):** A non-profit, community-based organisation that exists to develop housing, workspaces, and other assets that meet the needs of the community. CLTs ensure these assets remain affordable and benefit the community for generations.
- **Compulsory Purchase Order (CPO):** A legal function in the UK and Ireland that gives local planning authorities the power to purchase land or property that the owner is unwilling to sell.
- **Covenants:** Legal obligations or restrictions written into the deed of a property. It's crucial to understand these before purchasing or leasing property for community use.
 - **Restrictive Covenant:** A provision in a deed limiting what the owner can do with the property. This might include restrictions on development, changes of use, or alterations.
- **Leasehold and Freehold:** Two primary forms of property ownership. Freehold means owning the property and land outright, while leasehold means you have the right to occupy the property for a set term.
- **Option Agreement:** An agreement between a landowner and a leaseholder or potential purchaser of their property, giving the purchaser the option to buy the property at a future date.
- **Pre-emption Rights:** Rights that give existing shareholders or tenants the first opportunity to buy an asset before the owner sells it to an external third party.

Financial Terms and Funding Definitions

- **Business Rates:** The tax that businesses pay on the properties they occupy. Some community and charitable organisations may be eligible for mandatory and/or discretionary relief.
- **Capital Gains Tax (CGT):** A tax on the profit when you sell an asset that has increased in value. It's the gain you make that's taxed, not the amount of money you receive.
- **Community Infrastructure Levy (CIL):** A charge that local authorities can set on new developments to fund infrastructure that supports community and local needs in their area.
- **Community Ownership Fund:** A UK government initiative providing funding to help communities take ownership of assets and amenities. Eligible groups can bid for match funding.
- **Community Shares:** A way for people to invest in community projects. Investors buy shares and become part-owners of the project, sometimes (but not always) receiving a return on their investment.

instead of cash. This can include volunteer time, donated goods or services, or free use of space.

- **Peppercorn Rent:** A nominal fee in a rental agreement (for instance, an asset owner could offer rent as low as £1, in recognition of the social value the occupier will create).
- **Rateable Value:** The estimated annual rental value of a property at a specified date, set by the Valuation Office Agency. Used to calculate business rates and other taxes.

Planning and Development Definitions

- **Building Survey:** A detailed inspection of a property's condition. It identifies any major repairs or alterations needed and is often undertaken before purchasing a property.
- **Change of Use:** A term used in planning permission when a building or land changes its use (e.g., from commercial to residential). A formal application is usually required for such a change.
- **Feasibility Study:** An assessment of the practicality and potential success of a proposed project. Often required by funders – and good practice – to ensure the viability of community-managed buildings.
- **Full Repairing and Insuring Lease (FRI):** A type of lease which puts all responsibility for repairs and insurance of the property onto the tenant. Common in commercial leases.
- **Planning Permission:** The consent required from the local council to build new properties, or extend or change the use of existing buildings. Essential for community projects that need to adapt or develop properties.
- **Rent Review:** A regular assessment (often every 3 to 5 years) of commercial rents to adjust them to the current market level. Important for tenants and landlords to understand potential changes in lease costs.
- **Section 106 Agreements:** Legal agreements between local authorities and developers to mitigate the impact of new homes on the community, often including contributions to community assets.
- **Viability Assessment:** An appraisal to determine whether a property development can be undertaken profitably, considering costs, value, and risk.

Community and Social Value Definitions

- **Community Engagement Strategy:** A plan outlining how a project will communicate with and involve the community. This is crucial for ensuring local support and input.
- **Community Right to Bid:** Part of the Localism Act, this gives community groups the right to bid and time to raise funds to purchase community assets listed as ACVs.

in purchasing property or participating in a project. Often the first step in a bidding or negotiation process.

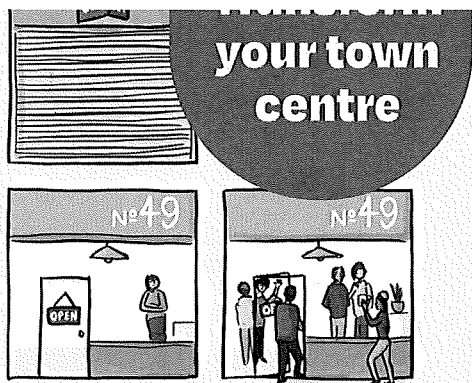
- **Heads of Terms (HoT):** A document outlining the main terms of a deal or property agreement before the final contract is drafted. It sets out the key aspects of the agreement between the parties.
- **Localism Act 2011:** Legislation aimed at devolving power from government to communities, local authorities, and individuals. It introduced the concept of the ACV and the Community Right to Bid.
- **Social Enterprise:** An organisation that applies commercial strategies to maximize improvements in financial, social, and environmental well-being. Many community projects adopt this model for sustainability.
- **Social Value Act 2012:** This Act requires people who commission public services to think about how they can also secure wider social, economic, and environmental benefits.
- **Social Value Lease:** Also referred to as a social impact agreement, a social value lease is a lease or license to occupy a building that ascribes monetary value to social value outcomes. Check out our template Heads of Terms for a social value lease as part of our recommendation for a new, mutually-beneficial way of working between asset owners and occupiers.
- **Socially-trading Organisation (STO):** A term coined by Kindred referring to businesses that aim for social good while engaging in commercial activities. STOs vary in form, including community businesses, cooperatives, social enterprises, and other local ventures committed to social objectives through their operations and ethos.
- **Stakeholder Engagement:** The process of involving all individuals, groups, and organisations that may be affected by or have an influence on a project.

UK Government's glossary of terms (Community Ownership Fund)

The UK government's Community Ownership Fund Prospectus contains its own glossary of terms, which explains how 'Assets of Community Value' function differently across the UK's different regions, and defines additional terms such as:

- **Working capital:** "Operational finance needed to cover the costs during the early stages of trading, as the business model becomes established, and activities develop."
- **Business model:** "Model which the organisation uses to generate income or value from its activities. This might include selling goods and services, delivery contracts or rental income."
- **Pre-feasibility:** "Project which is yet to undertake detailed feasibility work [...] and the support that may be required to help test initial ideas and develop options for a business plan."

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