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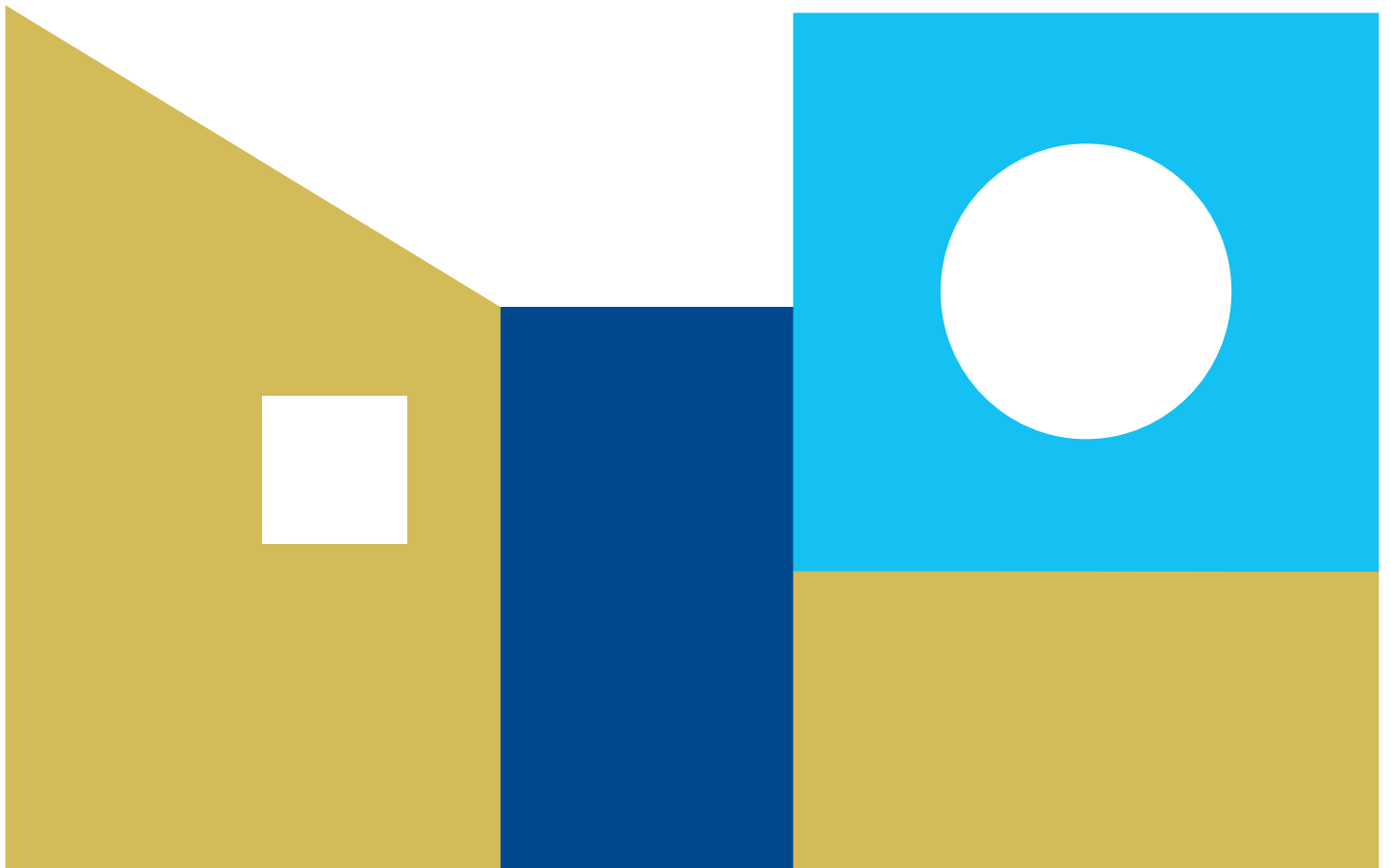
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CCH Case Study: Yorspace CLT | Researcher: Nic Bliss | Date: July 2020

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# Yorspace CLT

## Mutual home ownership in a high value area





## At a glance

- **Yorspace is a Community Land Trust (CLT) seeking to provide permanently affordable housing in York – a city with severe affordable housing shortages**
- **Yorspace is currently establishing Lowfield Green Mutual Home Ownership Society (MHOS) as a fully mutual housing co-op**
- **Yorspace will be the freehold owner of the land for Lowfield Green's homes, provided through City of York Council as part of a wider development being carried out by the Council**
- **Yorspace will lease the scheme to Lowfield Green who will take out a loan from Ecology Building Society to develop the site; individuals will have short term occupancy leases to live in their homes for which they will have to pay at least 10% equity up front**
- **The £2.7m full costs of developing the scheme were intended to be through a £1.6m loan; £260k (or potentially more) of member deposits; a successful community share offer of £422k; a subsidy from Yorspace of £695k; and Community Housing Fund grant funding of £855k. Yorspace is considering options regarding grant funding now that the Community Housing Fund is not available**
- **Lowfield Green is using a flexible design and build contract to enable development**
- **Yorspace members are progressing to considering future development options in York city centre**



## Photos





## Overview

**In 2014, a group of York residents were exploring the potential to establish a co-operative cohousing scheme in York – an area of high land value and housing costs. On the back of a well-supported community campaign to highlight the lack of affordability in York, they initially approached City of York Council regarding a city centre redundant care home, but a big developer offered more money than could be afforded by the fledgling Yorspace.**

The Council offered the group an alternative site at Lowfield Green – part of a site of a former school – the rest of which the Council is developing into supported housing for elderly people, council housing, market sale homes and six self-build plots. The Council's employment of a community self-build officer through the Community Housing Fund helped to facilitate meetings between the group and the Council.

Yorspace is establishing Lowfield Green Mutual Home Ownership Society to develop the site – a separate entity to whom the scheme will be leased from the Yorspace Community Land Trust (which has a broad membership open to all – currently with 400 members).

Yorspace chose this approach because the freehold owning Yorspace will ensure that it is never possible for the homes to be bought and sold on the open market. The traditional shared ownership model was likewise rejected to prevent enfranchisement. Instead the Mutual Home Ownership route was chosen so that residents could own and earn equity in the society and take it with them if they left. Yorspace also did not want to go down the Registered Provider low income rental route because they did not want to take on the requirements of being a Registered Provider.

Yorspace aims to ensure that the scheme is affordable to all – seeking to ensure costs that are 80% of market for all residents. The first Mutual Home Ownership Society - Lilac, and what was

envisaged in the original MHOS model, has occupancy costs for residents/members that are based on income levels. At Lowfield Green, occupancy costs are based on property size.

Whilst Yorspace will own the land the scheme is built on, Lowfield Green Mutual Home Ownership Society will pay for the building costs and raise development finance. The reason for this is to take advantage of the fully mutual housing co-op exemption from Corporation Tax, which, if payable, would make the scheme unviable.

The scheme is projected to cost £2.7m which is intended to be covered by £260k member deposits (currently a minimum of 10% of equity is required from residents which might need to be increased dependent on build costs); a community share offer of £422k; a £1.6m loan from Ecology Building Society; a subsidy from Yorspace of £695k; and Community Housing Fund grant funding of £855k. The final amount may or may not be available given the current termination of Community Housing Fund.

The scheme is made up of 19 homes and a common house. The homes are one and two-bed flats and three and four-bed houses. Most are now allocated apart from some of the larger homes.

City of York Council currently has Liberal Democrat minority control with the support of four Green councillors. A local Green Councillor supports Yorspace, particularly in relation to its

proposals for affordability, meeting local housing needs and sustainability. This, alongside community campaigns that have highlighted the need for affordability in the city, has meant that Yorspace has gradually built a positive relationship with the Council. Sustainability is being met by employing one planet living principles including locally sourced bio-based materials alongside various low carbon features and renewable energy. The LEP has agreed to subsidise uplift of material costs used if they can be sourced in Yorkshire.

Planning permission was granted in 2018, but there have been delays due to access routes to the site not having been built. Pre lockdown it had been intended to start on site in June 2020, but delays may enable the scheme to resolve the issue of lack of a Community Housing Fund. A non-conventional design and build contract has been agreed with a local contractor – non-conventional in that the builder was involved at an early stage to enable Yorspace to investigate materials costs. Yorspace is currently also employing the consultant team: architect, quantity surveyor, structural engineer etc, but their employment will transfer to the MHOS.



1. [Yorspace / Origem Creatif](#)
2. [Yorspace / Movisuals](#)



## Quotes

“Mutual home ownership is a mechanism for keeping the properties out of the open market in perpetuity. It allows residents to own something, to accrue equity in the society and they can take that with them when they leave. They have some of the benefits of traditional home ownership with the advantage of the houses being outside the market so they can never be bought cheaply and sold off later for a massive profit. You protect the co-op from the market and protect the community into the future. The work we put in now will always be there for future residents.”

“One of the stresses of these kinds of schemes is that people need some certainty around the numbers – how much it is going to cost them, but it’s really hard to give certainty because it’s really hard to predict how much buildings will cost. We are moving towards having those costs but it’s dependent on the choices residents make about materials that are used. Some people like to be involved, but some find the uncertainty quite difficult. Because of that we have had some turnover already”.

“Speaking to people during the share issue, people cited access to affordable housing – York is very expensive – and people were keen to support environmentally sustainable housing. I am not sure if the community aspect was important to investors although some liked the idea that it was community led and generated, but this was more important to the residents. Even if they come in looking for an affordable house, what makes them stay is the community”.

“We started out not really understanding how to work with the Council. We didn’t understand the roles of elected politicians and employees. At early meetings we were told that we had no credibility. But we were persistent. We created a community dialogue about how York was so unaffordable and no one was really doing anything about it. That brought us to the attention of ward councillors who brought it to the attention of the executive committee who then had to engage.”

“It is a challenge to directly employ the professional team. If we did not have people with professional skills on our board, it would have been impossible.”

### Susannah Bird

Founding Member, Yorspace



## Learning points

- **The original mutual home ownership society model envisaged a freehold owning community entity committed to community ownership that leases to the MHOS in order to fully guarantee community ownership in perpetuity.**
- **Establishing a mutual home ownership society as a fully mutual housing co-op provides exemption from Corporation Tax on non-investment income. Registered Provider fully mutual housing co-ops are also exempt from Right to Buy.**
- **There is a need for those developing community led housing schemes to consider how to fund schemes without the Community Housing Fund. Future grant funding options may become available, but these cannot be guaranteed.**
- **Because development costs are likely to fluctuate from original budgets, a challenge regarding developing community led housing schemes that require personal equity investment by future residents is them having clarity on how much personal equity investment will be needed. There is a need for ongoing extensive dialogue with future residents about choices relating to scheme and material costs.**
- **Community campaigns may be a way of local people attracting local authority interest in affordable housing. However, there is a need for those developing community led housing schemes to understand how the local authority works in order to be able to engage with them on developing schemes.**
- **Directly employing professional delivery teams – the quantity surveyor, structural engineers, architects, builders – is challenging without people with professional skills in the governance of them.**

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