

Layered Legal Model

- A layered legal model is a good way of protecting the housing model from financialisation thus, maintaining affordability.
- Currently, the housing market is dominated by transactions made via free hold - you buy the land and house within it, then are able to sell at a higher market rate the next time. This is a vicious cycle which has led & perpetuated financialisation (the notion of expecting more tomorrow than what you bought them for today).
- By contrast, Homefolk seeks to utilise public commons & paved areas, whereby the homes would be protected from increasing to the average wage level of that area -
- A layered legal model for housing ownership is premised on the existence of different entities/layers of ownership within a housing arrangement. This enables differing levels of ownership and control for each part.
- This allows for an innovative, intersectional response to the crises which Homefolk seeks to address.
- There are numerous benefits:-

1. Long Term Affordability

- Helping to prevent financialisation/increased housing price in the long term - if the land is owned by an entity, whereas the housing itself is owned by the individuals, this can keep land and house prices from increasing over time.
- This also diminishes the potential for market forces to drive up costs - separating land from housing ownership means you can separate speculative real estate practices from the housing market.
- Separating the ownership also protects the housing from being sold to the highest bidder.
- By dividing ownership between different aspects, the associated risk is accordingly distributives - can reduce individual financial exposure, making it easier for the individuals to own their own homes.

2. Community Control/Autonomy and Empowerment

- Democratic governance - this is especially the case for housing cooperatives as the individuals directly participate in its governance (direct ties with the community, responsive management etc).

3. Promoting Sustainability

- CLT's focus on long-term community benefits for example - ensures land is used sustainably e.g., allotments - not focused on profiteering in the short term.

- Enhanced autonomy of coops and flexibility of CIC's allows for both social and environmental goals to be included.

4. Benefits to Health

- Tackle isolation/division - promote equality/cohesion opposed to exacerbating inequality - promotes a sense of community e.g., individuals coming together in a coop to govern - cultivating relations of trust and support.
- Protecting vulnerable groups.
- Community preservation - can foster and allow communities to grow opposed to being driven by market forces. Celebrates the fact that communities are not homogenous - not all economic growth is positive.
- Adapting to local/community needs - bigger is not always better.

The 'Sandwich' Approach

- Raquel (former UN special rapporteur on the housing crisis (written textbooks on ownership for housing) noted the potential of a layered legal approach, whereby there are multiple kinds of ownership/processes for different parts of the homes - this

makes a complicated 'sandwich' which is extremely hard to break down for the purpose of financialising.

- I.e., whilst you could undo the asset lock of one through a legal process, it would be harder and far more costly to do so for the others.

1. Community Land Trust (CLT)

- Can be used to own everything from the land to the buildings, to the way people live in said buildings.
- Land would be bought for a 'peppercorn' (nominal/small) amount, for example, £1. Therein, the land would be given for such token amount for a certain amount of time - the individuals would then pay a 'peppercorn' rent. Thus, a peppercorn rent enables the fulfillment of legal obligations without imposing financial burdens on the individuals.

2. Coop

- Allows for full or partial ownership - former (owning land/building & its management), whereas partial (the individuals would not own the land, meaning there would be a base rent, however do own the building & manage such in a cooperative way, or only cooperative management) -

- *Homefolk - seeks to have partial coop (peppercorn rent for the land, but own 1/8 (or whatever it may be) of the buildings, & would cooperatively manage the activities within such).*
- Can also have freehold ownership (individual owns square piece of the land).

3. Community Interest Company (CIC)

- This allows for the ownership of certain things for example, some communal buildings/allotment planters, however, most significantly, allows for particular clauses to be built in which prevent the resale of those amenities at a higher price.
- Thus, the main purpose of the CIC would be the use of an asset lock.
- In terms of what this would look like in practice - transfer of ownership can be protected from financialisation in an abundance of ways:-
 - Firstly, the land ownership falls within a CLT, thus protecting this aspect from financialisation.
 - Secondly, in relation to the buildings, this would depend on the route that Homefolk takes -

The Two Pathways - Individual or Institutional?

- Indeed, as per the above, the land is **negligible** - the money is essentially to **build the homes, cite them (connect them to the mains) & carry out greening works.**
- Who provides such money depends on what financing model we take - legal team to establish two vague models for financing -

1. Institutional Financing

- An institution/body would agree to pay to build the village, which would therein lead to a social renting situation (e.g., a University or Council).

2. Individual Financing

- Individuals would take out a mortgage to pay for their portion (& individually sell their portion when they leave).
- Even if following the institutional pathway, it would be harder to turn the homes into Right to Buy council homes (which would not guarantee maintaining affordability).
- The individual pathway would create greater independence & autonomy, however the institutional route may need to be used for the pilot as it is less risky (wouldn't want to put risk on the individuals).
- The protection from financialisation would look like so -

Institutional Route

- The individual would let their landlord know that they would be leaving and would therein, cease to pay their social rent. At this stage, the Coop would deduce a process to find a new individual whom they want to live with.

Individual Route

- The partial Coop would cover the management of the buildings, how the individuals live in them, as well as contributing maintenance costs. The asset lock would protect the following: the individuals ownership percentage of the building, the land, and certain community amenities (for example, gardening stuff).
- What this means is that the individuals can own 99% of all the buildings between them, and when an individual seeks to leave, the clause within the CIC document would enable the initiation of the exit process. At this stage, members of the CIC would specify their notice period. However, in terms of the money that the leaving individual has paid in, this would be considered as equity which they can get back from the new individual (either as a lump sum or through repayments).
 - Note: equity is the amount of money that the owner of an asset (in this case, the individual = the owner of their share of the building & land), would be paid after selling (or in this case, would be paid **back** once leaving) after any debts associated with such are paid off.
 - In a Tiny home community promoting affordability, however, it would be anticipated that there would exist no or minimal associated debts to be paid off.

Therefore...

- The **land** would be owned by the **CLT** (and the individuals would pay the peppercorn rent of such with their money), the **building ownership** would fall within the **CIC**, with an asset lock in order to ensure protection from financialisation, and the **management of the homes** via a **partial coop**.
- Need to consider how the CIC would work - allowing the individuals to own a share of the buildings - even 1% would be enough of a lock to prevent private speculation.
- A layered legal model would thereby, provide enhanced protection from financialisation, opposed to necessarily, additional community benefits.

Demographics

- Prudent to concretise the demographic from a funding perspective.
- As per the AoA on Companies House, Homefolk have defined such as **people currently renting, who do not want to anymore** -

(1) **Wider society** benefits from a new model for genuinely affordable housing of between £35,000-£50,000 per home (September 2022 estimate).
 (2) **Resident communities** benefit from our model through reduced housing costs. Emphasis on benefit to young people, a.k.a. 'Generation Rent' is important during the early stages of introducing our model. (Generation Rent is a term to describe those young adults (18-40) who have been priced out of the housing market – unable to buy and having to pay a high percentage of income on rent). Generation Rent face intersecting challenges concerning physical & mental health & the climate crisis. *Where:* our social enterprise has ambition to operate nationally but are starting by delivering a pilot proof of concept site in East London (ideally borough(s) of Hackney, Newham or Tower Hamlets). Beyond this context, our model can and will greatly benefit many other groups beyond East London's Generation Rent: from older people seeking community to single working professionals seeking eco-alternatives to conventional housing.
 (3) **Local communities** surrounding our new tinyhouse villages will benefit from public amenities designed into our model.

- 5 boroughs Hackney, Tower Hamlets (however, Jamie thinks for political reasons, this may not work), Walton Forest, Islington, Newham - but open if we get good connection.

Funding

- Currently less than 1.5k in the bank.
- 'Gimme Gimme Gimme' document on the Drive speaks about funding & its state in the UK, which will help when designing bespoke applications.
- It is integral to know everything that Homefolk has done in order to evidence points in funding applications e.g., supporting lots of students in careers, testimonials etc (can find timeline on Website, recent publications, Mark Hawfield presentation (ask Jamie & Amy for this)).

Contacts

- Lilac - access to their documents via Google Drive including ownership, calculating complicated formula to ensure resales are only sold within the average age index.
- Queen Mary Uni - Dr Elsa Nottingham - specialises in geographies of ownership
- Looking to collaborate with similar organisation - Roofst coop have agreed to partner with Homefolk in a partial coop deal to run the community - look at their model/document for insight.

- Contact Piri, Cashver and Alfie - discuss with them re. demographics and locations we could possibly do.
- Barking & Dagnum - good project for innovative housing models - follow up with Adam for contact (send a message & he will give you the number).
- Sam Brown (Architect in Sheffield) wants to submit funding application - Adam encouraging to offer our time & ability to assist in writing applications (this is a 20k application that he can't write on his own) - may be better than applying to random groups.
- Can also reach out to the Uni to see who deals with funding.
- Look out for the Lotto & Esme Fairbairn Foundation.