





Mutual Home Ownership

by Hannah Watson Illustration by Adam Rich

There is a real and growing housing crisis in the UK: the current system isn't delivering what communities need.

A small proportion of people on very low income qualify for social housing, and at the other end of the spectrum, those with high incomes can afford to buy a house. The gap in the middle is extensive, and widening. Meanwhile, the private rental market is prohibitively expensive, under-regulated, and unstable for many tenants. Can't rent, can't buy. This is the 'affordability gap'. The market and state aren't stepping up with equitable solutions to deal with this intermediate housing deficit.

Enter the Mutual Home Ownership Society (MHOS). An MHOS combines the benefits of a Community Land Trust (CLT) - which holds land in perpetuity - and housing co-operatives - which give democratic control to the residents.

Instead of owning an individual property, residents collectively own the co-operative, earning equity shares through their affordable monthly payments. They sell their equity shares if they move on. This model is common across the rest of Europe and the US, and the UK is ready to catch up.

LILAC (Low Impact Living Affordable Community) was the first MHOS in the UK, opening its doors to tenants in 2013. They are a co-housing community of 20 eco-build households in West Leeds, and residents pay no more than 35% of net income a month. Tenancies are long-term and secure, and can be flexible in response to changes in income. To avoid speculation, equity is linked to national earnings and not the housing market.

YorSpace is a CLT created to acquire land and lead the strategic development of community-led housing across York. The CLT will lease land to multiple MHOS schemes that will deliver low-cost, environmentally sustainable, co-operative housing. The first will be Lowfield Green Housing Co-operative, which has planning permission on a site purchased from the city council. As a CLT, Yorspace was able to raise £420,000 in community shares to finance the freehold purchase of land and early stage development works. This significantly reduced the amount that the first MHOS needs to raise through resident deposits and borrowing, making it even more affordable.

Hannah Watson is a member of Stir to Action and has been collaborating with Wessex Community Assets on community-led housing in Somerset and Dorset.

