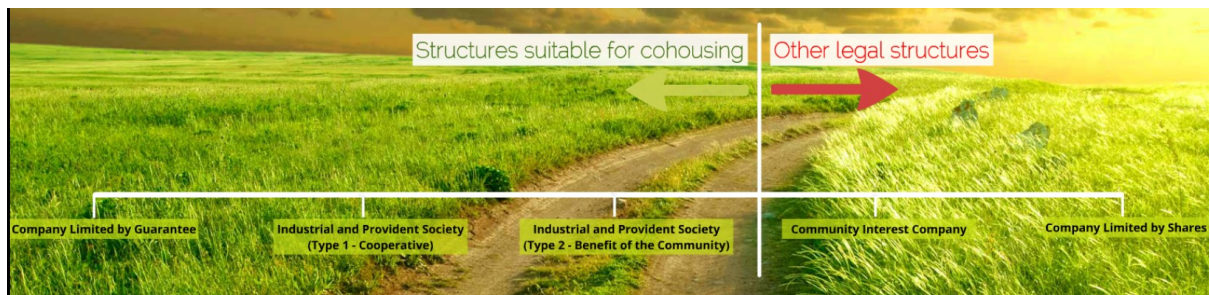


# Cohousing – Summary of Legal Structures Transcript

## Introduction

This presentation gives a brief introduction of the legal structures that are typically considered for cohousing communities.

Although a cohousing community is not defined by its legal structure, the structure should be suited to reflect the specific needs and aims of the group.



## Company Limited by Guarantee

CLG is the most common form of management company for cohousing.

For example: Lancaster Cohousing ([www.lancastercohousing.org.uk](http://www.lancastercohousing.org.uk))

Main Uses: cohousing group management company or Housing Association.

+ Main Advantage: CLGs are widely used for social enterprise due to ease and familiarity. This familiarity extends to funders/lenders who are likely to approve of the use of a CLG.

- Main disadvantage: no share capital so the CLG cannot raise equity, Only debt (eg a mortgage or loan)

## Industrial and Provident Society (Type 1 - Cooperative)

For example: Cornerstone Housing Limited ([www.cornerstonehousing.net](http://www.cornerstonehousing.net))

There 2 types of IPS: 'Cooperative' (for the benefit of its members) and 'BenCom' (for the benefit of the community)

Main use of Cooperative type: Housing cooperative model

+ Main advantages:

- fewer administrative and statutory requirements than a CLG.
- a model that allows a means to raise substantial capital from investors (e.g. by issuing shares).

- Main disadvantage: IPSs suffer from a lack of awareness amongst advisers, lenders & funders.

### Industrial and Provident Society (Type 2 - Benefit of the Community)

For example: Canon Frome Court ([www.canonfromecourt.org.uk](http://www.canonfromecourt.org.uk))

There 2 types of IPS: 'Cooperative' (for the benefit of its members) and 'BenCom' (for the benefit of the community).

Main uses of BenCom type: Housing Association model, Community Land Trust, community shops/pubs.

The BenCom type of IPS must operate for the benefit of persons OTHER THAN its members.

+ Main advantages:

- Possible to have charitable status.
- Fewer administrative and statutory requirements than a CLG, plus a model that allows a means to raise substantial capital from investors (e.g. by issuing shares).

- Main disadvantages:

- BenCom IPSs suitable for larger cohousing communities mainly - for example a large group that has smaller subsidiary associations.
- IPSs suffer from a lack of awareness amongst advisers, lenders & funders.

### Community Interest Company ('CIC')

There 2 types of CIC: 'Limited by Guarantee' and 'Limited by Shares'

Main use: Social enterprise - NOT housing

+ Main advantage: a relatively new structure (2005) designed specifically for social enterprise.

- Main disadvantage: CICs have objects for the benefit of a community rather than its members, so not usually suitable for cohousing.

### Company Limited by Shares

Company Limited by Shares

Main use: Private enterprise (commonly referred to as 'a limited company')

- Main disadvantage: CLSs are typically for private investors and so are not usually suitable for cohousing.

### Contact Details

Please contact Elizabeth Wilson or Malcolm Lynch for a complimentary copy of our Guide to Legal Structures and a free consultation on the legal aspects of your project.

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