

Co-Living at AET

August 2018

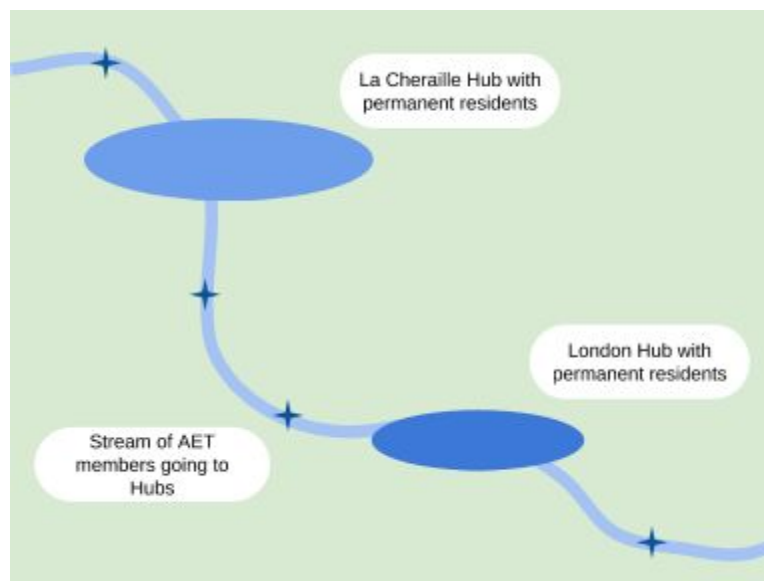


Summary

Co-living is a means of living AET's values and vision and a material example of this vision. Co-living is a path to strengthening our community and transforming ourselves and our society through the fostering of a shared culture. It helps us maintain and live our values and transmit them in our daily life. It is a way to demonstrate that a different path is possible.

We propose to develop co-living at AET using three complementary models:

- **Co-governance** – for permanent communities at locations where AET is living alongside and as part of an existing community in an existing space (e.g. at La Cheraillie.)
- **Co-ownership and Co-op** – for permanent communities where AET is the primary creator and developer of the space
- **Residency** – where community members (and others) stay in spaces on a temporary basis (e.g. 2 day to 1 year)



The “Lakes and Stream”: Permanent Hubs (“Lakes”) are connected, expanded, and enriched by Residency “Streams”

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What is our interest in co-living?

Co-living is part of AET's mission because it is a vessel and reification of our big vision. Co-living is a path to strengthening our community and synergistic in transforming the self and our society through the fostering of a shared culture. It also helps us maintain and live our values and transmit them in our daily life. It is a way to demonstrate that an different path is possible.

We believe that co-living is essential for sustaining our community both philosophically and materially. Living / working with people with whom we share vision, values and mission nourishes our humanity and stimulates our creativity. Connection to the meaning of life and to other human beings is a deep good. Although there are challenges in co-living with others, we believe that it is also how we develop the most as human beings as it will often require us to overcome our ego and fears. Our vision of co-living will also involve profound commitment to something bigger than ourselves and fostering courage, love, trust and vulnerability as part of this commitment.

Finally, co-living allows for economies of scale. As a co-living community, we can create shared spaces that breathe beauty and wellness, and create a lifestyle that otherwise would often be unaffordable. When you perceive the individual as part of the community and the community as part of the individual you see the human condition.

What is the current state of affairs?

At present, there are 4-6 members of AET who are committed to long term coliving as well as a much broader set of people interested on shorter term basis. 3 members of the community are already living more permanently in the London Hub (owned by Rufus and Catalina and leased to Art Earth Tech ltd) and 3 members of the community are

already living more permanently in La Cheraille (owned by the Godefroy and rented directly to community members on a case by case basis).

However, we had not agreed on the specific arrangements that the actual people involved would prefer, so we can't communicate opportunities to other potential community members and we can't co-live in a stable way that could grow.

What have we done to address this situation?

We have worked on three different co-living models and as well as the immediate next steps so that we can have certainty and clarity to establish a growing coliving community within A/E/T. The three models are:

1. The co-governance model (in La Cheraille)
2. The co-ownership model (in tbd)
3. The timeshare model (in London Hub).

The motivation behind the co-ownership and co-governance model is to provide a more permanent sense of home, security and agency to residents, owners and investors so that the AET community can flourish both philosophically and materially.

The motivation behind the timeshare model is to allow community members to travel, to have access to urban and rural nodes, and stay in places that are not their permanent address while feeling a sense of home.

To use the metaphor of a river and the pond, we want a pond to allow for stability and growth but we also want a river passing through the pond so that the community does not become insular, can be revitalised, and energised.

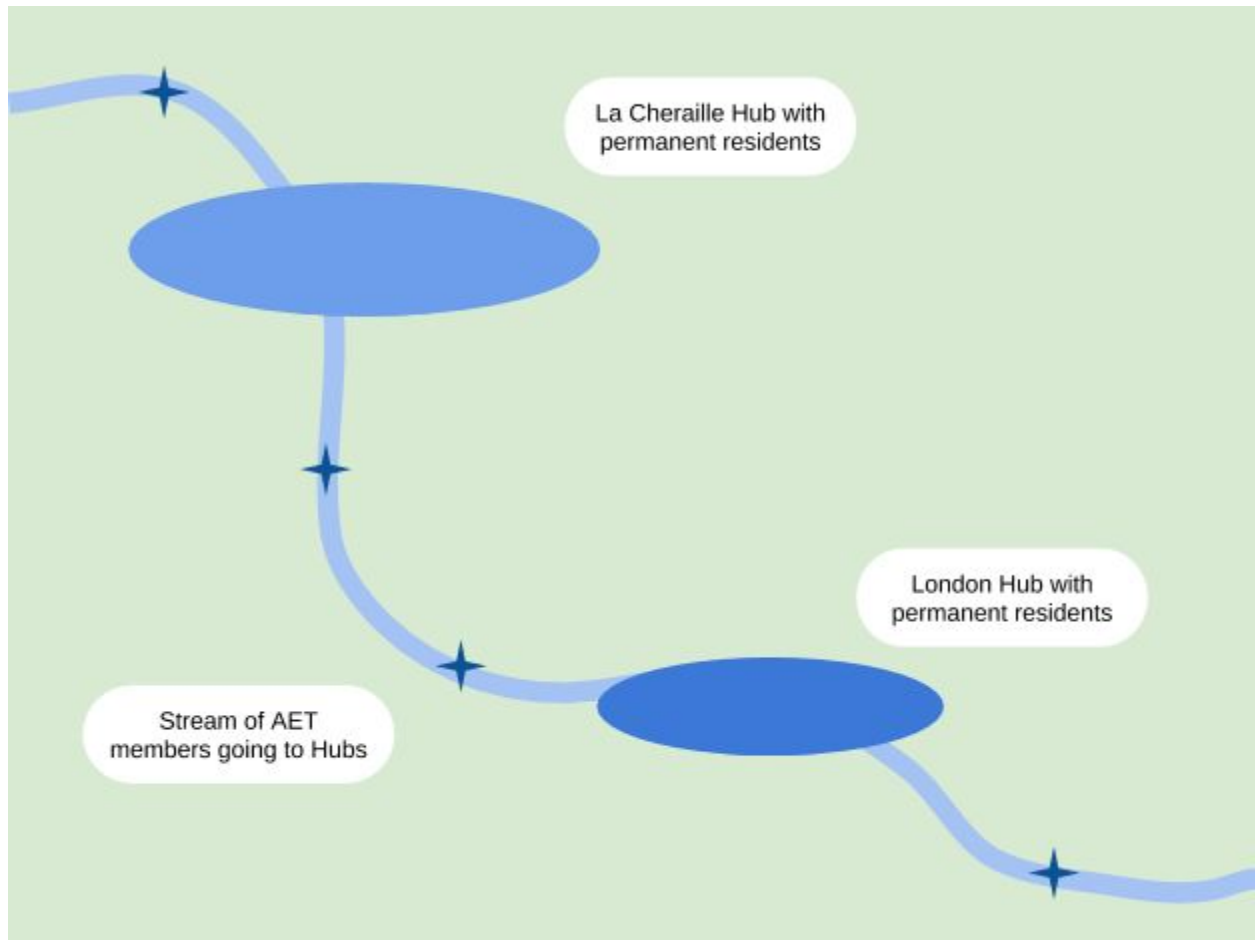


Fig 1: Communities as Lakes and Streams

The Co-governance model in La Cheraillie

The Co-governance model in La Cheraillie is a way for the AET community to have security and agency in the hamlet they are already investing their time and emotion emotionally while creating synergies between La Cheraillie and AET, so that the spaces

are co-optimised by both the long-time inhabitants of La Cheraille and AET community members and all lifestyles are nourished by a deep collaboration between the all parties.

At present, there are 3 identified founding members/couples interested in living more permanently in La Cheraille. The plan is to reach a capacity of at least 6 units in La Cheraille with security of tenure and where the members are co-resident for a minimum of 2 months of the year all together at the same time and 4 months in La Cheraille overall (it is likely most live full time). The proposition of AET to La Cheraille is as follows.

AET would request that:

- AET members who live permanently will like to have a tenancy agreement between AET and La Cheraille over the spaces AET uses. Over these spaces, AET and its members will decide over the who uses it and how, subject to consultation and veto by the Godefroy family.
- AET members who live permanently in La Cheraille are consulted first when the Godefroy are making decisions or investments involving:
 - A new resident coming to live in La Cheraille
 - A new space available in La Cheraille
 - A plan to renovate an existing space(*eg: how to design the rooms for the new wedding room so it can also be used by AET during the low season and so that the rooms can be potentially repurposed in the long term for other use of the community*).
- AET Ltd would also like the ability to rent spaces that are not used/not yet renovated and to be able to invest in these spaces, meaning that there would be a preferential/ deducted rent over a defined period of time. Of course, the

Godefroy will have a say and veto over how the space is designed and done and what type of activity will take place. (*eg: AET invest 48.000 euros in creating a co-working space in the barn, instead of paying a rent of 800 euros a month, AET pays 400 euros a month over 10 years.*)

In exchange, AET will commit to deep collaboration with the Godefroy and with the La Cheraille community. This means that:

- AET member residents will learn and contribute to maintaining the shared gardens which are a center of La Cheraille culture (*eg: plant trees, 1h a week minimum where the permanent resident garden collectively with Christophe*)
- AET members and residents will contribute to cleaning of the shared spaces it uses (co-working spaces in the Ferme Auberge for example)
- AET members and residents will bring life and activities to la Cheraille (*eg: gathering, school, corporate retreats and others...*)
- AET will create a regular monthly meeting with la Cheraille to discuss mutual interests and concerns.

Next steps for La Cheraille

At the current moment (1 September 2018) AET has discussed with Christophe the possibility of:

- Having a tenancy agreement between La Cheraille and AET for the spaces it would use more permanently.
- Having more regular communication about the future residents of La Cheraille and the decision making process in the development and the renovation of the space
- Having regular conversation about AET's needs.
- That the Godefroy family will be always consulted and has a veto right if AET where to do some renovation work or bring new residents.

AET & Co-ownership + Co-ops

The AET Co-ownership + Co-ops model is specifically designed to address the desire:

- For members of AET to live in a community with social and economic security – for example, through a combination of security of tenure, pre-determined rents, economic ownership stake etc.
- To attract investments to create and develop these spaces

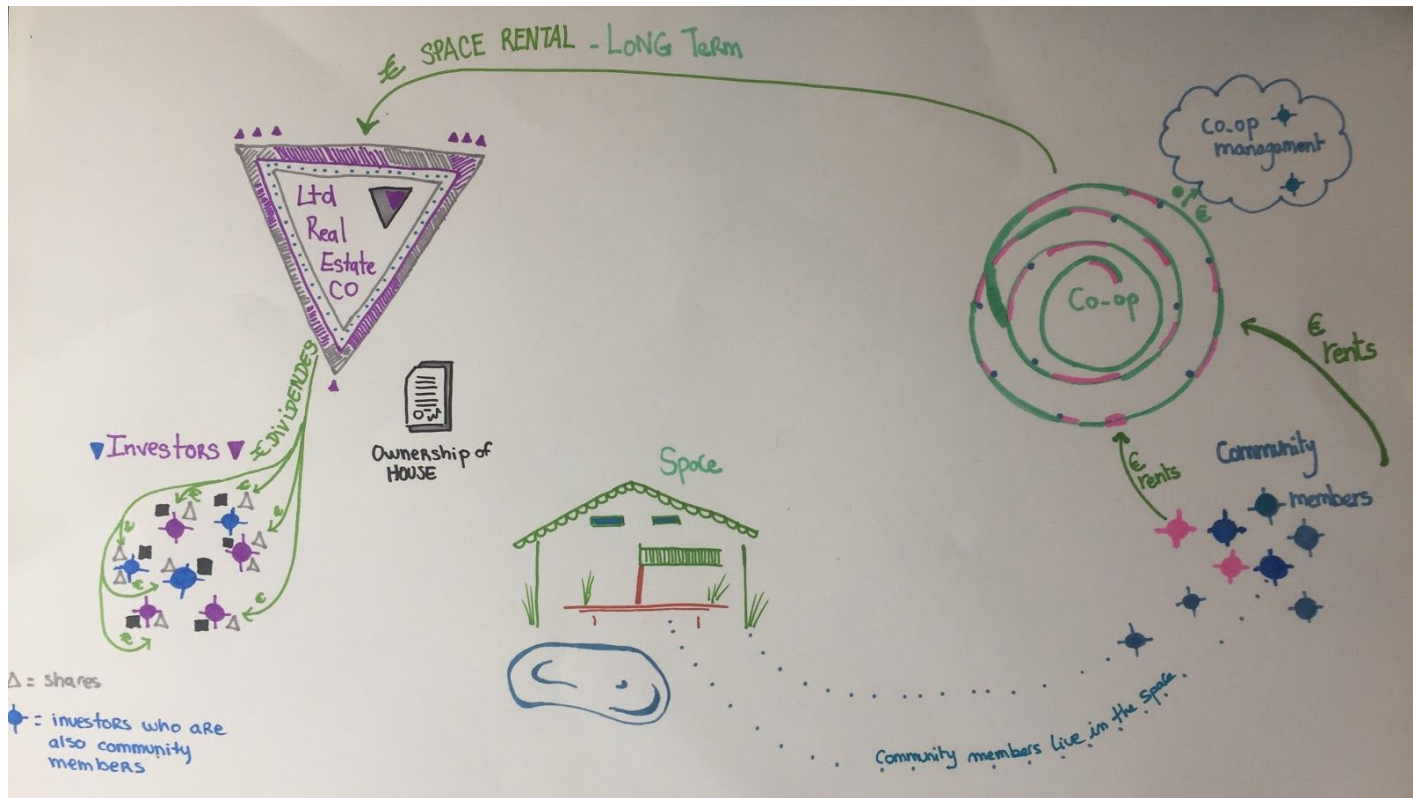


Fig 2: Co-ownership + Co-op model

Below is a fuller description of a co-living & investment model. Some key features (with intentions these related to in brackets):

1. There is a separation between the owners of capital and the residential community members. Owners of capital organize through an "Ltd" and residents through "Co-op"¹
2. The Ltd will legally own the space and the residential community will have long-term certainty of tenure via long-term leases. [I.1, I.2]
3. Residents can purchase shares in the Ltd if they wish. [I.1]
4. Shareholders in the Ltd may buy and sell shares at approx market prices. [I.2]

¹ We are flexible on these legal forms, e.g. residents need not necessarily though a Co-op.

5. In overall value terms (not just money), rent should track market rents. In other words, less than market rates in dollar terms can be sustained through time invested in the community. [I.1.a]

These features support the overall intentions (expanded from above):

1. To live in community with social and economic security
 - a. But without this leading to stagnation and dependence and unnecessary loss of flexibility². We want to provide safety and security for the residents but for security to not be the main reason people join or remain in the community. We want “people to be free but not comfortable” (maximizing comfort can lead to stagnation)
 - i. => Select carefully those who join the community
 - b. The community acting through a cooperative entity, retains the autonomy to decide who joins, leaves, how rent is allocated, how the community is managed etc. (=> select carefully on joining)
 - c. Community members may acquire equity in the property over time and/or have security of rental including rental insurance (basically, the equivalent economic security you get from owning somewhere)
2. To raise capital
 - a. The Real Estate Ltd is an attractive financial investment so it can get loans and generate capital.
 - b. AET can scale and create amazing spaces that are attractive to existing and new members
 - c. The residents of the Co-op can gain a large satisfactory space to live in a community which would otherwise be capital / loan heavy for them to generate

² A pitfall of traditional housing Co-ops is that over time a) the community ages b) it becomes dominated by those who stay put c) it becomes dominated by people sticking around for low rent. This is because the benefit is lost if members move out (in the proposed model it is possible to sell your economic interest in the property)

Structure

The Real Estate Ltd

Below is a description of the responsibility and rights of the Real Estate Ltd:

- Investors will own shares in Real Estate Ltd
- Real Estate Ltd will own the title to the space and buildings.
- Real Estate Ltd will provide a long term lease to the Co-ops which are renewable (*eg: 20-100 years*)
- Real Estate Ltd would receive rent from the property.
- If an investor from Real Estate Ltd want to sell their interest they can do so. Residents of the the Co-Op have first refusal, other investors from the Real Estate Ltd have second refusal, and lastly he/she can then sell outside.
- Real Estate Ltd is responsible for major repairs of the building.
- Investors are required to sell up to 6% every 4 years at market rate to residents of the Co-op only (but never compelled to sell at a loss, market rent is defined by the rate of the area over the past 3 years to avoid speculative behavior)
- The price of the rent to the Co-op is to be reviewed and adjusted every 6 years according to market rate index (*E.g., if you started at 5% below market rate then you continue with 5%, or at the value of the building [sic].*)
- If Co-op did not pay debts or rent then investment body can terminate the lease after 6 months (to be discuss).

The Co-op

Below is a description of the responsibility and rights of the Co-op:

- The Co-op has a long terms tenancy (Eg: 20-100 years) with the Real Estate Ltd.
- The Co-op is responsible for paying bills and for the daily maintenance of the property.

- The Co-op is free to choose its residents without consulting the Real Estate Ltd.
- The Co-op is responsible for managing the residents.
- The Co-op is governed and managed by the residents.
- The Co-op will pay a deposit of 6 months equivalent of rent to the Real Estate Ltd (this can be accumulated over a period of several years)

The Residents

Below is a description of the responsibility and rights of residents:

- The resident need to go through a trial period of 1+ year before being able to apply to the long term tenancy with the Co-ops. (This period may not be of fixed term but is up to the Co-Op members cf Plum Village acceptance)
- The resident will pay a deposit when joining the Co-ops
- The residents will pay the rent every month + 5% (which will act as a insurance in case they have a period of time unable to pay their rent to the Co-Op)
- If the resident fall short after X months, the Co-ops can terminate the tenure with the resident and ask them to leave.
- The residents have the opportunity every 4 years to buy shares of the space from the Real Estate Ltd at market rate.

Next steps for Co-ownership:

This is a long term plan, we would take the time to find more people who would like to join the AET co-living community and then find a place to do a first pilot of Co-ownership + Co-ops.

- Create MVP and look for properties in the UK, France or elsewhere
 - 1 hour from a capital by train or car
 - 1h30- 45min from a local airport
- Create budget and know who has capital to deploy and how much

- Have a list of AET people and friends who would be interested and ready to take action within a year (as renters or investors)

Residency model

The Residency model is a complementary “stream” to the “lake” of the permanent co-living approaches above. It has two specific purpose:

1. It enables community members to stay in other places that are not their permanent residence while feeling a sense of home, and, in particular that the Community has access to both rural and urban spaces (urban environments to access work, ideas and culture, rural nodes for more permanent establishment, reflection, etc).
2. It provides a “stream” that enriches the permanent co-living communities, create an exchange between the different spaces and any one of them from becoming too insular.

The timeshare model should be:

- Simple to manage for the host communities and AET central
- Cover its costs which is: base cost (as if it was rented permanently) + 30% for management etc.
- Harmonious with community already there

Management and structure

Each space can designate a subpart of its space for use under the timeshare approach.

Each space maintains a book sheeting and a contact point for booking.

Costing

Base rent = annual rent of that space if rented normally at ~ market rates

Add 30% = additional overhead and management cost

Per night rate is calculated for different lengths of stays roughly based on linear interpolation between occupancy rates (60% for 2+ nights, to 90% for 3 months)³

	London Hub	La Cheraillie
Full time	£10725 (£29)	£6750 (£18)
3 months	£2938 (£33)	£1849 (£21)
1 month	£1102 (£37)	£693 (£23)
2 weeks	£588 (£42)	£370 (£26)
2 nights+	£98 (£49)	£62 (£31)
AirBnB (1 night)	£59 (£59)	£37 (£37)

[Calculation spreadsheet](#)

Harmonious and manageable

For London

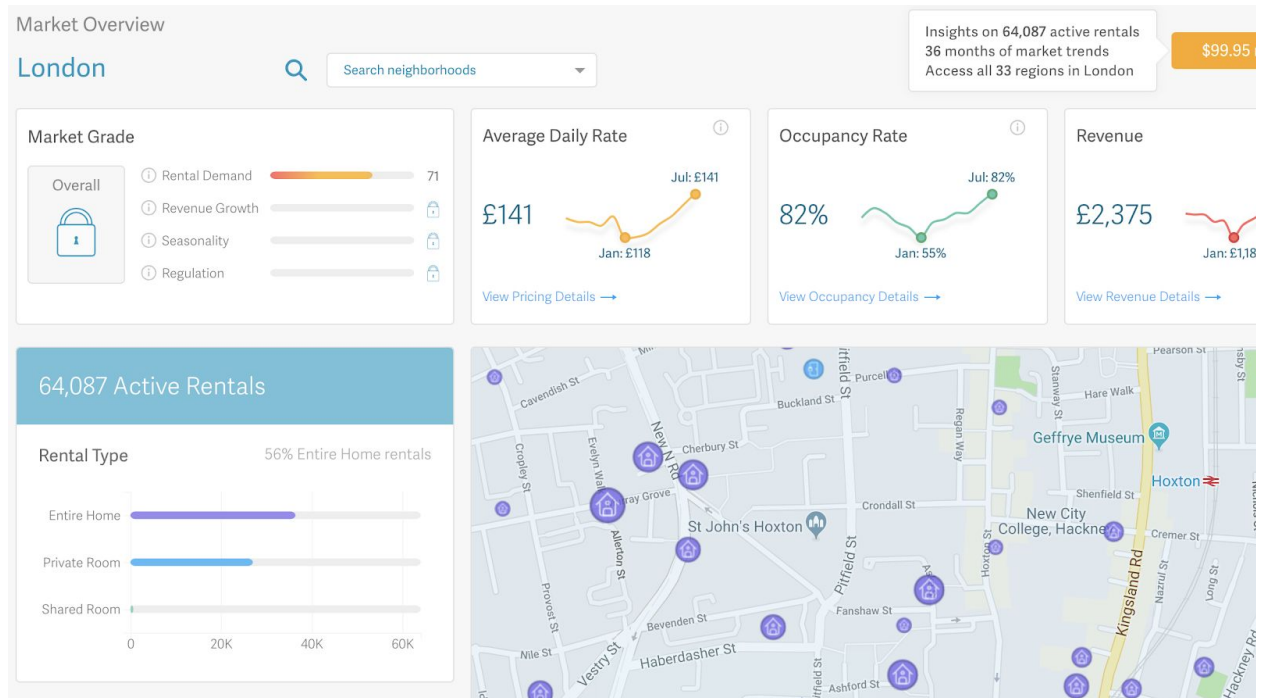
- Minimum stay (if one-off) of 2 weeks
- Minimum subscription of 7 nights

For La Cheraillie

- Ditto

³ See appendix for AirDNA example of London which suggest AirBnB occupancy of around 80%. But we are not a platform like them so lower occupancy plus we want people to stay for multiple nights. Note we may make exception for AirBnB books as a revenue generation mechanism.

Appendix: Research on AirBnB prices in London



Looking around we estimate for our area the average price for a private room is around £50-75 per night.

Next steps

- A timeshare model will be developed for the ferme auberge apartments at la Cheraille.
- Questions to answer:
 - Who gets to set the overall rules? Ans: the community running the hub.
 - How to manage overbooking? Have some kind of overflow e.g. couch at London Hub

- How to deal with booking / allocation? Trial a spreadsheet and see how it goes.

Appendix: Community space property features

Relevant for both La Cheraille and the Co-ownership model

Item	Starter-kit	MVP	Longer-term
Communal Kitchen		✓	✓
Communal Dining		✓	✓
Co-working, conference room, phone booth		✓	✓
School (nursery, kindergarten, primary school)			✓
Meditation/yoga space			✓
Vegetable garden	✓	✓	✓
Flower garden	✓	✓	✓
1 Bedroom apartment some with kitchenette	3	3	3
2 Bedroom apart some with kitchenette	3	3	8
3 Bedrooms some with kitchenette			2
Dorm room		1	1
Internet	✓	Fibre	Fibre
Manual workshop			✓

Swimming pool			✓
Hot tub			✓
Sauna			✓
Car park			✓

Appendix: FAQs of Co-ownership + Co-ops model

- Who “legally” owns the space?
There is a LTD company that owns the space legally.
- How does space rental get (re)set?
Through an **initial agreement between a cooperative entity and the Ltd. Company, reviewed every X years, and set with *some* relation to average rents.**
- What options are there for coop members to get long-term economic security and certainty? **They can buy partial ownership in economic sense by buying shares in the LTD. We can also provide a kind of “rent insurance” [3 items: security of tenure; long-term certainty on rent level (rent control); ability to pass this to kids; transferable rents]**
- Can community members transfer their membership (and rental agreement) to children (or others)? **Yes to their children but not to others [and even for children subject to children agreement with community guidelines and subject to veto by community, if veto children will receive a form of compensation that will not jeopardize the future of the community.]**

- How do community members have a sense of “home” and a sense of security and freedom? **Community members have security within coop (after a certain period) and coop has long-term security of tenure (coop can't be can kicked out of the space). Rent control exists qv.**
- How do investors get their money out / sell shares? **Price capped of average market rate for the area over the last 3-5 years. 1st offer to community members; 2nd to other shareholders; 3rd to anyone.**
- Can the LTD sell the space? **Only if the Community members agree OR the Community members (Coop) is in default for more than X time (2y)**
- What happens if some community members stop paying rent? **Those people leave the coop [also require deposit] unless other community members cover their rent [via Coop]. The Coop can set a rental insurance for its members in addition to rent.**
- What happens if the Coop fails to pay rent? **Coop can be mandated to leave property if:**
 - **More than 60% of rent is overdue by 5 months**
 - **More than 75% of rent is overdue by 1 year**
 - **More than 90% of rent is overdue by 2 years**
- Who pays for utilities and day to day upkeep? **The Coop (i.e. community members)**
- Who can decide about changes in the space e.g. painting the walls? **Community decides.**
- Who pays for major repairs? **The LTD (by default) but may be similar to major capital improvements at some point.**
- Who pays and decides on major capital improvements (e.g. a swimming pool) or new buildings? **The community can decide [by consensus] but investment happens through the LTD and the LTD shareholders have a veto with majority of shareholders [default is that it is ok] (?)**

- Do we have to have a coop? **No, esp if small number of residents, then could have a direct relationship with LTD.**
- Can community members also be shareholders in the LTD? **Yes, absolutely. But shareholding does not confer any special status.**

Appendix: SCQH

SCQH

Situation: There are a core of people committed to coliving within AET and a much broader set of people interested & supportive; there are major reasons that coliving is synergistic and supportive of AET's vision and mission; there is rapidly growing interest in coliving in broader society.

Complication: We aren't coliving in a stable way that could grow [it is very ad-hoc] and this instability uses up energy, creates anxiety, limits our wellness (and deep friendships) and limits our ability to pursue the big vision, and we don't have certainty and security of a space and structure which makes it difficult to commit to colive, to put down roots, to invest energy in a place and in the big vision [people spend a lot of time sorting out basics of living]

Question: What is the ownership model, gating and governance process, location criteria, contribution expectations and immediate next steps so that we can have certainty and clarity to establish a coliving community with at least 3 identified founding members/couples and capacity of at least 6-10 units with security of tenure and where the members are co-resident for at least X time (tbd) and spend at least Y% time there (tbd)?

Question: What ownership model, what gating and governance process, what location criteria, what contribution expectations [what is base culture (values, practices) and connection with the bigger AET vision] and what are the immediate next steps so that we can have certainty and clarity to establish a coliving community with capacity of at least 6-10 units with security of tenure and where the members are co-resident for at least X time (tbd) and spend at least Y% time there (tbd)?

Issue Tree

https://coggle.it/diagram/W4PCA-GhIkjCf_Tx/t/coliving-what-is-the-ownership-at-least-y-time-there-tbd



Appendix: SCQH Background

What we don't have now

We don't have a big enough property where the AET nucleus can start putting down roots. There are no details of the specific arrangement that the actual people involved would prefer, so we can't communicate opportunities to other potential community members or owners/investors of spaces.

As a result, we aren't co-living in a stable way that could grow. The London Hub is too small to expand and even though there is space for growth at La Cheraille, Art Earth Tech does not have the sort of formal/legal long-term agreements or understandings here that would allow community members long-term security. The current situation limits our ability to grow our co-living community and for our community to feel a sense of home.

What have we done to address this situation?

We have worked on an ownership model, gating and governance process, location criteria, contribution expectations and immediate next steps so that we can have certainty and clarity to establish a coliving community with at least 3 identified founding members/couples and capacity of at least 6-10 units with security of tenure and where the members are co-resident for at least 2 months of the year all together and 4 months in the location overall (at least for now) time (tbd.)

La Cheraille co-governance model - French version

Introduction

Le modèle de co-gouvernance à La Cheraille est un moyen pour la communauté AET d'obtenir de la sécurité et de l'autonomie dans le hameau où ils investissent déjà leur temps et leur émotion. Le but est également de créer des synergies entre La Cheraille et AET pouvant profiter aux deux partis.

Actuellement, 3 membres fondateurs / couples identifiables sont intéressés à vivre de manière plus permanente à La Cheraille. Nous avons le souhait d'atteindre une capacité d'au moins 6 unités à La Cheraille avec sécurité d'occupation, et où les membres cohabitent au moins 2 mois par an, et sont au moins 4 mois au total à La Cheraille (il est probable que la plupart vivent à plein temps).

La proposition de AET à La Cheraille est la suivante. AET demanderait que:

- Les membres de AET qui vivent en permanence à la Cheraille demandent de recevoir un contrat de location entre AET et La Cheraille pour les espaces qu'ils utilisent. Dans ces espaces, AET et ses membres décideront de l'utilisation des lieux, sous réserve d'un droit de veto par la famille Godefroy.
- Les membres de AET qui vivent en permanence à La Cheraille sont consultés en premier lorsque les Godefroy prennent des décisions ou investissements concernant:
 - Un nouveau résident venant vivre à La Cheraille
 - Un nouvel espace disponible à La Cheraille

- S'il y a un plan de rénovation d'un espace, AET peut être consulté pour tenter de voir si l'espace peut également être rénové pour les besoins de AET (par exemple: comment concevoir les salles de mariage afin qu'elle puisse également être utilisée en basse saison par AET).
- AET Ltd souhaite avoir la possibilité de louer des espaces qui ne sont pas utilisés ou pas encore rénovés et de pouvoir investir dans ces espaces, ce qui signifie qu'il y aurait un loyer préférentiel / déduit sur une période de temps définie. Bien entendu, les Godefroy auront un droit de veto sur la rénovation de l'espace et sur le type d'activité qui se déroulera. (ex: AET investit 48 000 euros dans la création d'un espace de co-working dans la grange, au lieu de payer un loyer de 800 euros par mois, AET paie 400 euros par mois sur 10 ans.)

En échange, AET s'engagera à collaborer avec les Godefroy et la communauté de La Cheraille. Cela signifie que:

- Les membres adhérents de l'AET apprendront et contribueront à entretenir les jardins partagés qui sont un bien public La Cheraille (ex: planter des arbres, 1h minimum par semaine pour jardiner avec Christophe)
- Les membres et résidents de AET contribueront au nettoyage des espaces partagés qu'il utilisent (espaces de co-working dans la Ferme Auberge par exemple)
- Les membres de AET et les résidents apporteront vie et activités à la Cheraille (ex: rassemblement, école, retraites d'entreprise et autres...)
- AET organisera une réunion mensuelle régulière avec la Cheraille pour discuter des intérêts et des préoccupations mutuels.

Prochaines étapes pour La Cheraille

A l'heure actuelle (1er septembre 2018), AET a discuté avec Christophe de la possibilité de:

- Avoir un contrat de location entre La Cheraille et AET pour les espaces qu'il utiliserait de manière plus permanente.
- Communiquer plus régulièrement sur les futurs résidents de La Cheraille et sur le processus de décision dans le développement et la rénovation de l'espace
- Avoir des conversations régulières sur les besoins d'AET.
- Que la famille Godefroy soit toujours consultée et dispose d'un droit de veto si AET peut faire des travaux de rénovation ou amener de nouveaux résidents.