

# Interreg



EUROPEAN UNION

## North-West Europe

### SHICC

European Regional Development Fund

## CASE STUDY: CLT BRUSSELS



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### 1 – Introduction & context

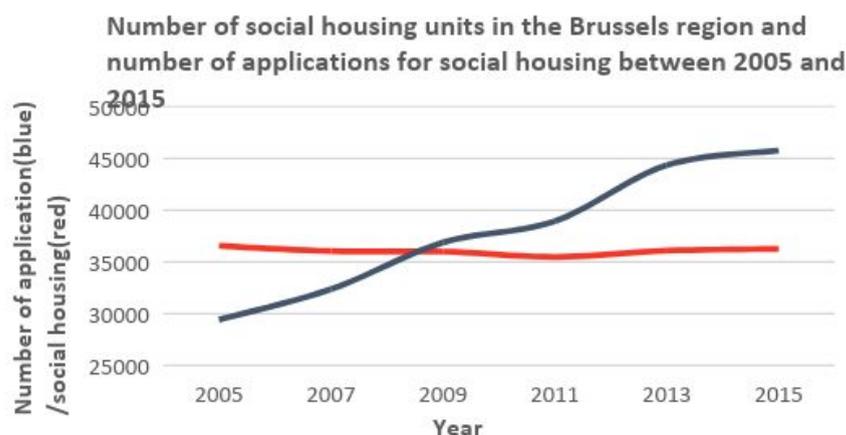
#### Key information:

- Name: Community Land Trust Brussels
- Location: Brussels
- Geographic area served: Brussels Capital Region.
- Establishment: 2012
- Projects: 1 inhabited project (9 units), 3 projects in construction (32, 7, and 4 units), 5 projects planned (22, 18, 15, 13 and 9 units). In total, these projects amount to 129 housing units.
- Members: 600 in total, including, 400 (candidate) owners, 170 supporting members, and 30 non-profits.
- Workforce: 7.5 FTE.
- Yearly budget: € 500'000 operational budget, € 5'000'000 investment budget (including € 2'000'000 subsidies).

#### Description of the housing market in Brussels:

While Belgium is known as a country of property owners 61% of households in the Brussels-Capital Region are tenants, compared to 29% and 34% respectively in Flanders and Wallonia.

Out of the 61%, only 14% live in social housing. Social housing thus barely represents 7.3% of the total housing stock in 2016. However, demand for social housing has been increasing in recent years. Today, around 48,000 households have applied for social housing.



Source: Société du Logement de la Région de Bruxelles-Capitale - 2015

In the private rental market, the median inflation-adjusted rent increased from € 543 to €660 between 2004 and 2016, this is an increase of 22% over 12 years. The poorest households are the most affected by this rise. "In 2005, the majority of tenants (54%) pay between 41% and 65% (for the poorest) of their total household income for their rent, while the commonly-accepted limit should be no more than a third of their incomes." (Bernard, 2008). This increase also applies to property prices. According to the 2017 Social Barometer, the median sale price of apartments increased by 34% in the Brussels Region between 2006 and 2016. It has therefore become difficult to become a homeowner in Brussels.



Source: Baromètre des loyers 2017

### Type of CLT: Urban CLT

Land purchased by the CLTB are often located in areas that are not yet subject to speculation. Some land is located in former industrial areas and can be polluted, which makes financial management of the project more complicated as depollution costs are borne by CLTB. These plots are often located in a dense and old urban fabric and are bought through urban regeneration schemes. CLTB thus acquires land at below market rate and develops it.

### Legal and political background:

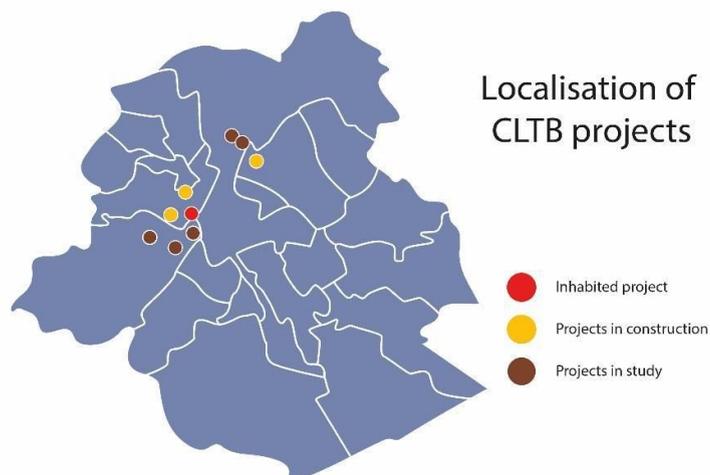
The Brussels-Capital Region has been in existence since 1989 and is one of the three regions forming Belgium, together with Flanders and Wallonia. As a federal state, political competences at the regional level are important. Each region has its own areas of exclusive competence and many competences in economic and urban development (urban planning, urban renewal, land use policy). The current government of the Brussels-Capital Region is a coalition of centre-left and centre-right parties led by the Socialist Party.

One of the essential features of the political organisation of Brussels is the important role played by the non-profit sector when looking for solutions to social problems. In light of the lack of social housing in the Region, their priority has been to support low-income households in their search for decent housing.

### History:

- **2003: Collective Savings Groups.** They gather poorer families around an original collective savings scheme that allows them to afford the upfront payment required to buy property.
- **2005: The “L’Espoir” Project.** 14 low-income families that had gathered in a Collective Savings Group put together a project to develop the first low-carbon social housing building in Brussels. Five years later, they become owners
- **2008-9: Discovery of CLT Model and Travel to Burlington.** A group of Brussels activists finds out about the CLT model during a conference in Lyon and heads to the Champlain Housing Trust in Burlington to study American CLTs.
- **2010: CLTB Platform and Feasibility Study.** 15 Brussels-based associations sign a charter to create a CLT in Brussels. The Brussels regional government launches a feasibility study to evaluate the transferability of the model.
- **2012: Creation of Community Land Trust Brussels.** After its recognition by the Brussels regional government, the CLTB non-profit association and foundation are established on 20 December 2012.
- **2013: Legal Recognition and First Two Projects.** CLT is sanctioned as a social housing acquisition mechanism in the Brussels Housing Code. The first two pilot projects “Arc-en-Ciel” and “Le Nid” are granted subsidies.
- **2014: The Habitat Alliance.** The Habitat Alliance launched by the Brussels regional government grants CLTB € 2 million per year to develop 30 housing units.
- **2015: First CLT in Continental Europe.** The 9 families of the “L’Ecluse” project move into their new homes in September 2015.

## 2 – Assets





**“L’écluse”: first CLT project in mainland Europe**

Located in the municipality of Molenbeek, this building of nine homes developed by the Housing Fund of the Brussels-Capital Region is the first inhabited CLT in continental Europe. Built as part of an urban regeneration programme, this building is built according to low-carbon standards that are now in force across the Brussels Capital Region.

The building is four floors high. The architecture contrasts with neighbouring buildings, which are usually made of bricks. Located on the edge of the Brussels Canal, this development is set in one of the most popular areas of the city. The unemployment rate is 35% in 2012 (compared to a regional average of 22.7%). The population density is 15’120 inhabitants / sq. km (7’320 inhabitants / sq. km for the entire region), which makes it a dense and popular neighbourhood in this area of the first belt of Brussels called the "poor crescent".

**Communal spaces**

CLTB strives to include non-housing spaces in its projects. For example, the "Arc-en-ciel" project will include a communal garden and an antenna of the "Vie Féminine" association, which fights for women rights in Brussels. In the case of “Le Nid”, another project in construction, there will be a common laundry room for inhabitants, a space for a local non-profit, and a garden shared with the neighbourhood.



*The space for a local non-profit, and part of the garden in the “Le Nid” project*

### 3 – Legal & financial framework

CLTB consists of a Public Purpose Foundation (FUP in French) who owns the land, and a Non-Profit Association (ASBL in French), which develops the projects. The land remains in the FUP ownership while housing units are owned by individuals who commit to living there (or occupying the premises in the case of non-profits, social economy firms etc). CLTB will never sell the land (unless in exceptional cases) enabling CLTB to forever serve local need and manage the homes/assets for the common good.

Land use is legally sanctioned through the use of a 50-year surface deed given by CLTB to the owner of the property. This deed includes a number of clauses that reflect CLTB's principles and provides for a monthly payment of € 10 per month by the owners.

Another legal mechanism ensures this deed is perpetuated: the inclusion of a novation clause. Every time there is a transaction (sale or inheritance) or at the end of the 50-year period, a new deed is issued for another 50 years. This ensures it will never end.

CLTB currently relies on subsidies that allow it to both buy land and to support households with the lowest incomes become property owners. These subsidies amount to a maximum of € 765/ built sq. m. They allow CLTB to make homes 25% to 50% cheaper than market price.

Candidate-owners are free to contract mortgages with any financial institution. However, CLTB closely works with the Housing Fund of the Brussels-Capital Region, which provides non-toxic mortgages at favourable rates (between 1.5% and 3%). Monthly repayments are usually capped to 30% of household incomes at the time the mortgage is contracted.

### 4 – Affordability mechanism

#### Type of targeted population

CLTB's objective is to help the most deprived find a decent home. The community-building aspect is put forward as a means to emancipate deprived populations. The target population of CLTB is residents of the neighbourhoods where the projects are located, i.e. Molenbeek, Anderlecht and other areas of the "poor crescent". Therefore, the goal is to provide opportunities for local residents to remain within their neighbourhoods with better-condition housing, rather than bringing in better-off populations. CLTB has thus chosen to target households that struggle the most to find decent accommodation in the private market.

#### Allocation criteria

CLTB homes are attributed in the chronological order of registration as candidate-owner. House prices are then determined based on the incomes of candidate owners. These incomes are divided into four categories, from A to D. These categories are based on those

that determine access to social housing in the Brussels-Capital Region, with A being the most eligible to social housing and D being the minimum subsistence income. As an example, for a person living alone, the maximum income for access to social housing is € 22'560 per year. It is € 25'060 for a household with one income, and € 28'650 for a household with at least two incomes. These amounts are increased by € 2,150 for each dependent person/child. By way of comparison, the average household income in the Brussels-Capital Region in 2015 is € 28'350 per year. In Anderlecht and Molenbeek, the figures are respectively € 22,800 and € 22,000.

### Resale mechanism

The CLTB formula is the same as that of the Champlain Housing Trust. The household recovers the amount it has invested for the purchase of the home, plus a 25% share of the increase in value since its acquisition. The articles of association of CLTB stipulate that "the formula must allow the seller to receive an amount based on the value that he has invested in the property as well as a share of any value increase. The formula is meant to allow households to sell their homes on terms that might allow them to acquire property in the private market." Out of the 75% that remain within the community, 6% are allocated to CLTB to cover its operational costs. The rest is deducted from the sale price for the next household, thus allowing it to access property at a lower cost. The formula therefore limits property prices to keep them affordable for other low-income families without the need for an additional subsidy.

## 5 – Governance

CLTB has based its governance on the "classic", namely tripartite shared democratic governance. The two legal entities, the FUP in charge of acquiring the land, and the ASBL in charge of daily operations, are governed by a Board of Trustees (CA in French). Within the two CAs, the distribution of power is equally made between current and future inhabitants, the public authorities (in this case representatives of the Government of the Brussels-Capital Region), and civil society. For example, the FUP has on its Board two inhabitants from the "L'Ecluse" project and a candidate owner, three representatives of the regional government, and two civil society representatives. Each member has one vote and can decide on the budget, strategy, and other important decisions. Any decision to acquire new land, start a new housing development, or raise funds is discussed and voted within the CA. The aim is to be as transparent as possible towards the three categories of actors involved: inhabitants, public authorities, and other stakeholders.

The CA of the ASBL elects its President and suggests CA members for the FUP. The current President comes from the civil society. CLTB workers are invited to CA meetings and can present proposals that were previously discussed with the entire team. All in all, CLTB workers make proposals and the CA discusses and adopts them.

## How can we put the “C” into CLTB?

There are two types of “community” in CLTB. The first type is the community in the broader sense, including current and future inhabitants, supporters, partner associations, and CLTB workers. This community gets together each year during the Annual General Meeting of CLTB, which is a time for taking stock and celebrating achievements and is concluded by a social event that allows community members to interact.

Through participatory actions, CLTB seeks to create new forms of solidarity between members of its community. On the one hand, it seeks to reinforce connections between members. Each training, meeting, event, is thought of as an opportunity to build relationships between participants and to create a movement that goes beyond the narrow framework of condominiums. On the other hand, it seeks to support the power of action of its members based on their skills and aspirations in spheres that go beyond housing, using this as a means to construct collective power. This is the case for instance in an action research project called “Citizendev”, which builds upon the Asset-Based Community Development method. Overseen by sociologists, the project aims at favouring mutual help and solidarity within the CLTB community. The approach is as follows: activities such as sport, cooking workshops, and more are organised by and for members, based on individual interviews identifying the skills and aspirations of each of them.



The second form of community found in the CLTB is called "project groups". It gathers households that will be part of the same development. It refers to households grouped together in the same housing operation. CLTB’s approach is to get them to meet each other as early as possible in the process so that they can get to know each other before becoming neighbours, to involve them in the housing project, and to support them in their path towards homeownership through trainings and workshops. The aim also is to open them up to their future neighbourhood. As an example, the "Arc-en-ciel" project group organises

every month the "Bazaar Festival", a flea market coupled with food stalls and music. The idea is to gather families around an activity that allows them to get involved with and integrate into their future neighbourhood.