



The Battle of Cable Street
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COMMUNITY LAND TRUSTS FINANCE

Understanding the diversity of models in Europe

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PRESENTATION

COMMUNITY LAND TRUSTS AS A RESPONSE TO THE HOUSING AFFORDABILITY CRISIS IN NORTH-WEST EUROPE

Since the years 2000 one can observe a **continuous deterioration of housing prices in Europe**, especially in dense urban centers where housing prices have increased by 30 to 50% over the past decade (Housing Europe 2017). As a result, **housing becomes less and less accessible for would-be buyers, especially lowest income households**. However **alternative initiatives exist** to reverse perverted effects of the current urban housing development logic. **Community Land Trusts (CLTs), as participatory and anti-speculative models, are one of them.**

Coming from the United States¹, and despite national specificities², CLTs can be defined broadly as **non-profits, locally based, organizations, developing and managing genuinely affordable homes and urban facilities in perpetuity**. Practically, CLTs withdraw, and permanently retain land from speculative markets, thereby controlling real estate prices and preserving affordability over time for the benefit of local residents. They notably contribute to the creation of cohesive neighborhoods through perpetual affordability and extensive community and resident involvement (National CLT Network UK, 2018).

The **Sustainable Housing for Inclusive and Cohesive Cities (SHICC)**, a three-year European Program (Sept.2017-Sept.2020) funded by Interreg NWE is born out of this will to address the growing housing affordability crisis in urban areas of the **North West region of Europe (NWE)** by supporting the establishment of successful Community Land Trusts (CLTs). The program is running through the collaboration of **Lille Municipality (France), The National CLT Network (UK), FMDV (France), and London, Brussels and Ghent Community Land Trusts**. The SHICC program has been built around three major work streams:

- The recognition over time of the CLT model legitimacy through the structuring of a European CLT Network;
- **The implementation of a favorable financial and legislative environment for CLT establishment and expansion;**
- The empowerment of existing and nascent CLTs, scaling up their activities.

The *Fonds Mondial pour le Développement des Villes* (FMDV), through the implementation of the Financial Model Work Package (FMWP), is notably contributing to pursuing the second work stream.

A **preliminary mapping work** has allowed FMDV to **reference existing and potential funding sources for CLTs** across five countries or regions³. It referenced between 50 and 200 sources of financing per country or region analysed. The final deliverable of this work consists of an **[extensive excel database](#)** and a **[document of synthesis](#)**.

Building on this work – through a literature review and interviews – the present case studies activity covers **six organizations in the North West European Region** (Belgium, France, and United Kingdom) in order to give a sense of the existing variety of implementation both at the regional and national scales.

The present Report is available in **[French](#)** and **English**.

¹ Developed since the years 1960's-1970's in the framework of the Civil Rights movement regarding access to agricultural lands.

² Depending on national policy contexts CLTs are either defined as local bottom-up institutions (e.g. in the UK or the US), or more as a an instrument driven by institutional actors with public representativity in order to implement housing policies (e.g.in France).

³ Belgium (Brussels Capital Region and Flanders), France, United Kingdom and Europe.

OBJECTIVES

The specific goals pursued for this research are:

- **In depth understanding of CLTs' financial schemes** in several NWE countries in order to showcase the diversity of models and strategies implemented;
- Corroborate and complete the analysis of **Existing funding sources, gaps and barriers** – undertaken under the “Mapping” deliverable;
- **Identify inspiring financial instruments** and overall business models that have proven to be efficient (in the light of the coming social impact tool framework) ;
- **Establish a learning-by-example resource** showing how CLTs are financed and how to adapt existing tools and schemes to differentiated needs;

METHODOLOGY

CASE STUDY SELECTION

Further selection criteria have been identified for the case studies in consultation with the partners of the SHICC project in order to target relevant organizations, notably:

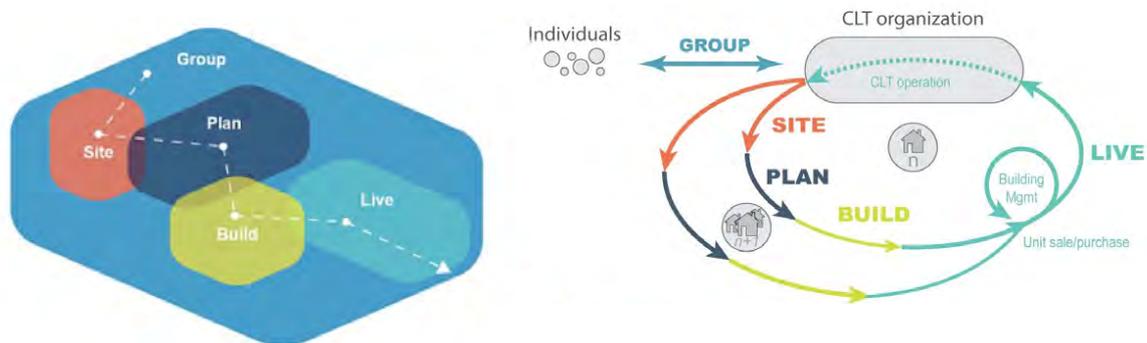
- **Housing market pressure:** The CLT or OFS (Organisme de Foncier Solidaire) must be implemented in a dense urban environment within an area experiencing housing pressure and/or lack of affordable housing;
- **Maturity:** The CLT under study must be already established and being at a quite advanced stage of housing delivery;
- **Vision:** Some chosen cases must present a combination of housing and mixed space-use programs (community centers, commercial spaces, etc.);
- **Diversity:** The six chosen cases must present a diversity of models and use a diversity of financing sources (State driven, Municipal funding, self building, etc.).

Resulting from a consultation with the SHICC partners the chosen case studies are the following:

CLT/OFS Name	Specificity	Operation studied
1/ BELGIUM: CLT Brussels	Low income population target, inscribed within Regional housing policies	Sample project (13 units)
2/ BELGIUM: CLT Ghent	Develops commercial spaces, funds energy-efficient infrastructures, implemented a rehabilitation program	Meulestede (34 units)
3/ FRANCE: <i>OFS de la Métropole de Lille</i>	Municipally driven organization fostering the implementation of local housing policies	Rue Renan (17 units)
4/ FRANCE: <i>Coopérative Foncière Francilienne (Parisian Area)</i>	Organization driven by cooperative affordable housing developers, gives a perspective on participatory housing	Kremlin-Bicêtre (13 units)
5/ UK: Bristol CLT	Long lasting and multi-site CLT, changed business model over time	Shaldon (25 units)
6/ UK: London CLT	Multi-site CLT, site acquisition mechanisms, generation of revenues	Brasted Close (11 units)

CASE STUDIES STRUCTURING

Following the methodology adopted throughout the previous mapping exercise (FMDV, 2018, p. 8) the structure of the case study report has been designed around the **five Stages of Community Led Housing**. They include: GROUP-SITE-PLAN-BUILD-LIVE⁴ (Power to Change, 2016). These stages enable to target related needs to be financed.



*Fig. 1 The five stages of Community Led-Housing development
(Sources: Power to Change, 2016 - on the left, FMDV, 2019 - on the right).*

Firstly, an analysis of the **financial environment** will present the overall legislative and financial context. It will broadly detail the state of housing in the city of reference, give the legal and political background and detail the CLT governance⁵.

The CLT **financial model analysis** will provide a deeper understanding of the needs, actors, instruments used and barriers encountered phase by phase. In order to provide a comprehensive overview of their financial schemes, the overall objective is to explicit the difference between (1) the CLTs needs as non-profit **organizations** and (2) the needs for the **projects** they implement. This chapter contains:

- **The CLT genesis and the creation of the project group:** the goal will be to present what the financial and technical needs have been that allowed CLTs to emerge, as well as to understand how each sub “project group” formed and trained.
- **Project development process:** providing details on the general principles of housing development within a CLT; it will zoom on the financial operation of specific projects.
- **CLT Operation:** this section will help us to understand how units are purchased and resold, how the buildings are managed and how the organization operates in between project delivery.

⁴ **Group:** It relates to the functions enabling to initiate and operate a Community-Led Housing (CLH) organization./ **Site:** This is all the functions that relate to finding and acquiring a site for development, or a building for redevelopment./ **Plan:** This is all the functions leading to obtaining a planning consent for development and entering into a contract./ **Build:** This relates to all the functions involved in the building process./ **Live:** These functions relate to the occupation of the homes once built.

⁵ For more detail on this section you can also read related material such as *General Case Studies* produced by the National CLT Network, within the SHICC project. [Available on the SHICC website.](#)

CLT BRUSSELS (CLTB)

STATE OF AFFORDABLE HOUSING IN THE BRUSSELS CAPITAL REGION

The Brussels Capital Region (BCR) experiences a **lack of social housing**. It represented only 7.3% of the total stock in 2016. In parallel, **the waiting list for social housing keeps rising** (29% increase between 2012 and 2018), reaching 48,000 persons in 2018 (*Société du Logement de la Région Bruxelloise, 2018*). This lack of supply is coupled with a severe **housing affordability crisis**. Between 2004 and 2016, the median rent increased by about 22%, when the housing price increased by 34% over the same period (Social Barometer, 2017). In this context, even though housing ownership concerns 35% of the population, the **existing schemes do no longer cover the lowest income households** (CLTB, Lille, 2018).

LEGAL AND POLITICAL BACKGROUND

Brussels Capital Region (BCR) has been created in 1989 and is one of the three regions of the Belgium federal state, along with Flanders and Wallonia. As of 2018, it is governed by a centre-left/centre-right coalition. In this **decentralized political organization**, the provision of **affordable housing falls within the direct competence of the Region**. This conjecture and the **existence of a unique political-associative environment** enabled the emergence of CLTB. The Region has indeed significantly contributed to the organization's support and development since 2012⁶.

CLTB LEGAL STRUCTURE AND GOVERNANCE

In terms of legal structure, CLTB is composed of **two entities** with different missions. The **Public Purpose Foundation (FUP)** on one hand, is **in charge of owning and managing the land perpetually**. The Foundation is the recipient of a **€2,000,000 yearly investment subsidy** from BCR in order to acquire land and subsidise lowest-income households. In order to access this grant CLTB has to introduce a subsidy request identifying the project, including a feasibility study and a business plan. This investment component was initially granted within the framework of the 'Alliance Habitat' investment plan (2013-2017)⁷. Since the end of this plan, CLTB has been able to continue requesting yearly subsidies to develop further projects⁸.

On the other hand, a **non-profit organization (ASBL)** is **in charge of both the day-to-day management of CLTB, housing development** - including the participatory components with future residents - and of **other projects** aiming at consolidating the CLTB model. The association had a **€500,000 operational budget** in 2018, €240,000 of which as a direct grant from the Region⁹.

In terms of governance, CLTB followed the initial US-based CLT model of governance, adopting a **tripartite governance** where current and future residents, neighbours as well as public officials, are represented within the board of trustees with one third of the votes each. It thus balances every party's interests and secures affordability in the long term.

⁶ For instance, BCR financed the CLTB feasibility study in 2012, participating thus to the recognition of the CLT model and entrenching it into the Housing Code in 2013.

⁷ CLTB had a mandate to develop 30 units per year within the framework of this four-year plan that expired in 2017.

⁸ This subsidy, combined with the investment of future residents, makes up for a total of €5,000,000 investment budget for housing development per year.

⁹ The remaining 50% are coming from specific calls for projects from public authorities (e.g. Innovlris, Interreg, Municipality of Moolenbeek etc.), or charitable funding (eg. Fonds Baronne Monique van Oldeneel tot Oldenzeel, 4 Wings Foundation,...). These sources of funding are usually dedicated to specific projects (e.g. [SHICC](#), [CALICO](#), etc.).

CLT Brussels in Brief

Date of Creation	2012 (7 years)
Nature	Initiative supported by the non-profit sector
Legal Structure	Association (ASBL) combined with a Foundation (FUP)
Population Target	-Most deprived households, majority of migrants -Eligible for social housing -Maximum income ceiling (pers. alone): €22,560 per year
Membership Fees	- €10 per member per year
Resale Price	-Average price per sqm ² in the private market: €2,800 -€4,000 (Brussels City) -CLTB price per sqm ² : €1,650 on average -25-50% of the market price
Asset	- 1 realized project (9 units) - 1 donated unit - 4 projects under construction (34, 32, 7, 4 units) - 5 projects under study (22, 18, 15, 13, 9 units) - total of 164 units in development
Workforce	-7.5 FTE, 10 persons -Projection to 18 persons by mid-2019 -Mobilization of 2 other FTE via partnerships with associations -CLTB is supported by about 50 volunteers ¹⁰
Nb. of Members	CLTB has 600 members in total, including: -400 candidate owners -170 supporting members -30 non profit organizations
Resale Formula	Capture of added value -The seller: receives 25% of added value -CLTB (FUP) receives 6% added value or €3,000 -The buyer pays initial price + 31% of added value → 69% of the added value is captured
Ground Lease	-€10 month (€120/year) -50-year surface right leasehold including novation clause
2018 Budget	Operational budget: €500,000 Investment budget: €5,000,000
Sources of Funds	Mainly from Public Subsidies

¹⁰ Their involvement varies from regular tasks such as translations to occasional involvement in major events such as the Annual General Meeting (AGM). All CLTB Trustees are volunteers.

CLTB GENESIS

Upfront Financial Assistance

Initially, the CLT project was supported by **pro-bono resources** from a conglomerate of associations (Bonnevie, Periferia, Credal, Gut-T). A **feasibility study was then commissioned by the BCR** (Secretary of State for Housing) in 2012, amounting to €150,000. In line with the completion of the feasibility study, a **public call for project** was launched to implement the CLT. During the CLT start-up phase, the organization has been supported by the *Pro RenovAssistance Foundation* contributing up to €10,000 for operating costs over the first two years. The *King Baudouin Foundation* also supported the early stages of development financing (2 Full-Time-Employment - FTE).

In parallel, the associations part of the consortium **benefited from subsidized jobs** (*emplois aidés*) dedicated to innovative jobs and financed by the Region.

Technical Support

The CLTB feasibility study - leading to the conduction of a market study, identification of a population target, adoption of a legal structure, projection of a pilot operation (250 units), and the design of a business plan - was led thanks to the consortium's **internal competencies**¹¹, in partnership with the UCL Development of Planning Unit (*Université Catholique de Louvain*), and the legal expertise of Lydian Lawyers.

FORMATION OF PROJECT GROUPS

Since the emergence of the organization, CLTB is fostering the constitution of future inhabitants groups for specific housing projects (*groupe-projet*). Members of these groups are provided with **training and capacity building solutions**¹². Needs indeed emerged on two sides: firstly, on the understanding of **housing development processes**¹³ and related challenges, and, on the other hand, on training related to **access to homeownership** (saving, legal aspects, etc.).

CLTB takes over the first part through the mobilization of CLTB's project managers. Usually with an architecture background, they support the co-construction processes (composed of six architectural workshops), and ensure the project supervision.

In parallel, **several associations collaborate with CLTB** on their own resources to accompany the households towards ownership. They usually operate within the boundary of their mandate and focus on their traditional target audience¹⁴.

Further collaborations fostering capacity-building have been considered within the framework of three-year **Urban Regeneration schemes** (*Contrats de Quartier*¹⁵), which usually include community-building activities. However, as of today, this modality hasn't allowed any new partnerships to emerge due to time constraints¹⁶.

¹¹ Coordinated by the *Maison de Quartier Bonnevie* and *Periferia*.

¹² For more information refer to the document "[Table Ronde CLTB](#)" (2014), French/Dutch.

¹³ Including the public procurement process, design schemes, filling of a building permit etc.

¹⁴ E.g. *Ciré* animates workshops on co-ownership schemes and related ownership rights for a public of immigrants. *Convivence*, for its part, accompanies vulnerable households through their residential journey.

¹⁵ Their functioning will be detailed below under the 'Site' section.

¹⁶ CLTB has in some instances obtained funding to accompany projects through the Contrat de Quartier scheme while the actual sale of the land where these projects would take place was not carried out within the three years of the program. Associations were ready to collaborate but the partnership couldn't be implemented and financed under the Contrat de Quartier.

PROJECT DEVELOPMENT

Site

The most advantageous way for CLTB to acquire land is through **Urban Regeneration Schemes** called *Contrats de Quartier*. The *Contrats de Quartiers* are financed by the Region, as well as the *Politique des Grandes Villes* and *Beliris* (a semi-public organisation financing the BCR urban development). The *Contrat de Quartier* **facilitates expropriations, and enables the BCR to provide Municipalities grants** for them to sell the lands below market price (up to **¼ of their market value**) (Leroy, 2018). CLTB is then in the position to bid to acquire the discounted land. The acquisition is financed through the €2,000,000 investment subsidy described earlier which includes a **grant for site purchase amounting to €350 per sqm²**.

Plan

Pre-feasibility and other mandatory site studies are **either realized internally or commissioned by CLTB** on their operational budget. Following pre-feasibility, CLTB files a specific regional investment subsidy request conditioning project development (see above). CLTB project managers undertake the planning part as they prepare the call for tender that will designate the architect in charge. They are also drafting technical specification documents, calling on construction enterprises and ensuring co-design with the future residents in partnership with the designated architect.

Any other costs related to a project investment such as registration fees or building permit application fees are taken in charge by the FUP through its investment budget. Their costs are however marginal (about €150,000) compared to total project costs.

Build

a. Building Homes

Generally speaking, development is financed at 40% through the CLTB investment component or specific call for projects¹⁷. Other regional grants exist for specific work such as decontamination or facade rehabilitation but are not specific to CLTB and their amounts remains marginal - in the best cases, they represent 8% of the total budget of the project. **The remaining 60% of investment are financed through the households' mortgages provided via the *Fonds du Logement***¹⁸.

As CLTB is financed to a significant extent by public funds, developments have to undergo **public procurement processes** coordinated by CLTB project managers. CLTB has two models for housing development. It either develops projects on its own (self-helped promotion), or through an intermediary (*Fonds du Logement*) - or it directly buys units at completion from intermediary developers (e.g. *Fonds du Logement*) (Leroy, 2018).

The affordability of the unit is secured through two mechanisms. An **affordability grant of 415 per sqm²** on average¹⁹ and a **lower VAT tax rate**²⁰ (6%) decrease the delivery cost of the unit.

Whereas there are a number of candidate-owners on CLTB waiting list, there still exists a marginal risk that construction work could not be completed within the allocated budget. This minor operational risk is guaranteed by CLTB (FUP) up to 60% - representing the part of each household's investment.

¹⁷ E.g. CALICO

¹⁸ This mechanism will be detailed under the 'Acquisition and resale of units' section.

¹⁹ Grant calibrated to allow access to households with an average annual income of €14,360 (Source: CLTB presentation, 2018). It is part of the €2,000,000 investment subsidy from BCR.

²⁰ To be noted: this tax break is only allocated to accredited housing providers. It has been implemented for schemes where CLT acquired units from the *Fonds du Logement* or where *Fonds du Logement* is in charge of the development of the project. CLTB is not accredited as of today but is looking for venues to obtain this reduced VAT tax rate.

As of September 2019, CLTB already developed **9 units** and **a further 77 are under construction**. The CLTB is emerging as a legitimate housing developer. Its cost for public authorities is lower than traditional social housing providers (Leroy, 2018). Indeed, the Region invests 40% of the project costs into CLT homes compared to 50% for social rental housing. In addition, the Region also has to ensure the maintenance and the rehabilitation of social housing. CLTB thus have a strong potential to become a key actor of the Brussels Region housing policy.

b. Financing non-residential Components

Besides housing, CLTB also pursues the idea of developing **mixed-use urban development schemes**. Financing community spaces, associative or commercial spaces remains however a challenge.

Until now, CLTB managed to include community spaces in most of their project despite not receiving any subventions from the Housing Department. **They thus had to sell or rent those spaces at cost price** (€2,000 per sqm²); which represent little benefits for the beneficiary depending on the area. Consequently, the interested buyers have proven to be coming from the associative world or the public sector²¹. These types of actors indeed found an interest in being associated to a CLT project and didn't see drawbacks in taking part in a lengthy process (5 years on average) from the early stages.

In order to **attract less flexible actors** - such as emergent social enterprises - CLTB has been seeking the support from the Regional Economic and Employment Department. Attempts to subsidize the construction of commercial spaces have remained unfruitful as of today.

Zoom on a Typical CLTB Financial Operation

Even though this project has not been completed, the projection presented below is quite representative of CLTB *modus operandi*. It aimed at developing **13 units** for a total operation cost of about €3,000,000 euros. The average sale price was estimated at **€1,650 per sqm²**. Land costs represented **22% of the overall costs**; 10% of which being purchase costs, and 10 other % being lots decontamination and servicing.

Generally speaking, such a project would take **five years** to implement - from the planning agreement to its completion²². On average, the land purchasing act takes four months and the projects commencement about six months²³. It then requires about six months to contact an architect then a year to fill a building permit application. From there, four or five more months are necessary to contact the entrepreneurs. Then finally the construction spreads over a year and a half (Leroy, 2018).

Origin of the Land	Public
Nb. Of Units	13 units to sale
Common & Community Space	No
Total Projected Cost	€3,379,452
Land Cost	€350,000 (10%)
Projected Price per sq.m2	€1,650

²¹ E.g. The feminine association *Vie féminine*, Brussels environment public association, communal organization, etc.

²² Not including preliminary studies, which can last a few months.

²³ On which CLTB could have the most flexibility.

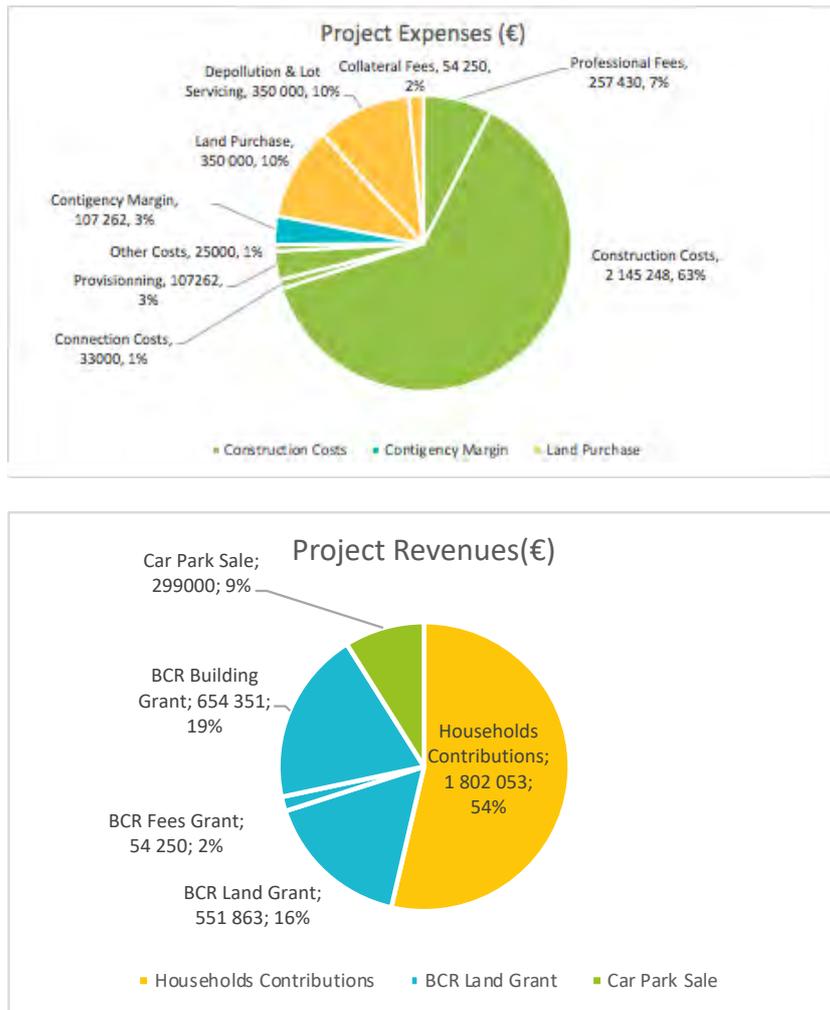


Fig.2 CLT Bruxelles Typical Financial Operation (Source: CLTB, 2018)

CLTB OPERATION

Acquisition and Resale of Units

CLTB units are allocated according to a chronological order of registration. The prices are set determined on household income (A to D, based on BCR social housing grid, see below).

Household Category		Number of bedrooms					
		0	1	2	3	4	5
A. (max. social housing)	Max	126.309€	142.348€	178.076€	223.522€	255.718€	318.366€
	Min	109.225€	124.475€	157.304€	198.237€	227.425€	284.445€
B. (above unemployt. benefit)	Max	109.225€	124.475€	157.304€	198.237€	227.425€	284.445€
	Min	92.141€	106.602€	136.531€	172.953€	199.133€	250.523€
C. (bellow unemployt. benefit)	Max	92.141€	106.602€	136.531€	172.953€	199.133€	250.523€
	Min	75.056€	88.729€	115.759€	147.669€	170.840€	216.602€
D. (min. legal income)	Max	75.056€	88.729€	115.759€	147.669€	170.840€	216.602€
	Min	57.972€	70.885€	94.987€	122.385€	142.548€	182.681€

Fig.3 Social Homeownership Income Ceilings in Brussels Capital Region (Source: CLTB, 2018)

CLTB is leaning on the *Fonds du Logement* in order to finance mortgages of future residents. This semi-public organization has a unique position as it both develops and manages affordable housing in BCR. Theoretically, mortgages could be contracted with any commercial or ethical banks but the *Fonds du Logement* offers the most beneficial options. It indeed proposes 25-years credit at about 2% interest rate²⁴ on average. The maximum monthly repayment amounts up to 30% of the household income. Prospective buyers are allowed to borrow up to €265,000 maximum. Fiscal incentives are the same as for first-time buyers in the country.

These loans are guaranteed by CLTB (FUP), which was a preliminary condition from the *Fonds du Logement* to provide the loans. Another option could have been to mortgage the CLT land, an option being rejected for ideological reasons. CLTB has put in place a number of measures to limit risks of payment suspension. Firstly, a number of trainings targeted towards current and future owners exist on how to save efficiently. For instance, CLTB, promotes a €10 monthly micro-saving initiative in partnership with Crédal.

Then, an informal agreement with *Fonds du Logement* has been developed ensuring that, in case of any repayment issue, CLTB would be given sufficient notice and time to find a solution with the concerned household.

Once a mortgage is contracted, a Ground Lease Contract is signed with CLTB for a period of 50 years (corresponding to surface rights). This contract ties the CLT and the buyer. It compels the buyer to lease the land to the CLT for €10²⁵ monthly. This contract includes a novation clause which enables the contract to be renewed every 50 years (in case of sale or inheritance²⁶).

Finally, once the unit is sold the buyer has to adhere to anti-speculation rules as defined by the resale formula²⁷. It prescribes that the seller receives 25% of the added value. CLTB (through the FUP) receives 6% of added value or €3,000 (whichever is the highest). The next buyer thus pays the initial price plus 31% of the added value. The capture of value represents 69%. The whole process is managed by CLTB (ASBL).

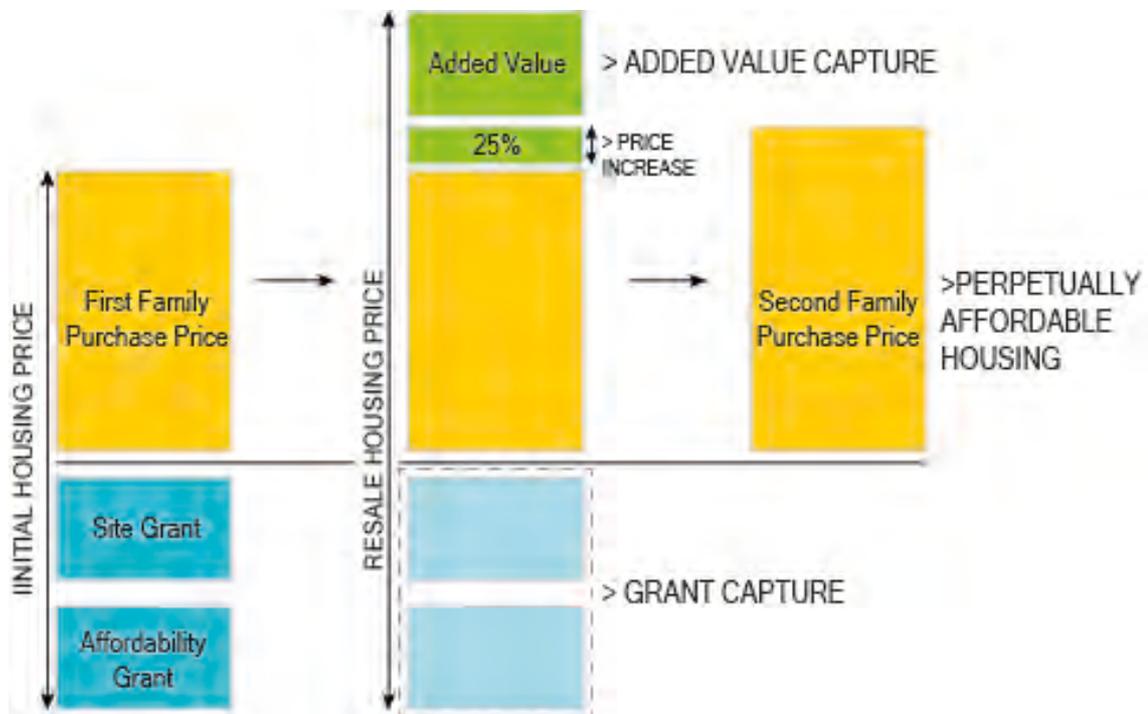


Fig.4 CLT Brussels Resale Scheme (Source: CLTB, 2018)

²⁴ Varying between 1.5 to 3%.

²⁵ Symbolic amount, representing a few cents per square meter.

²⁶ If the heir fulfils income criterias.

²⁷ Based on Champlain Housing Trust experiment.

Management of the Building

In terms of building management, projects usually operate as **traditional co-ownership** schemes. Inhabitants pay **monthly charges** depending on the unit size and building equipments. They also contribute to a **guarantee fund**. The management is done by either one of the residents or a professional property manager.

Future residents are trained on the different aspects of managing their own house, including how to live as a community.

CLTB supports groups two years after they moved in. For instance, CLTB has piloted the redaction of a charter spelling out values shared between all residents.

Operation of the Organization and Development of New Projects

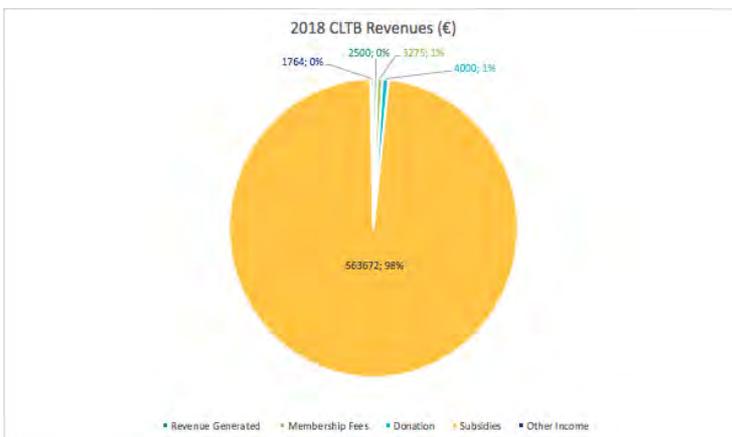
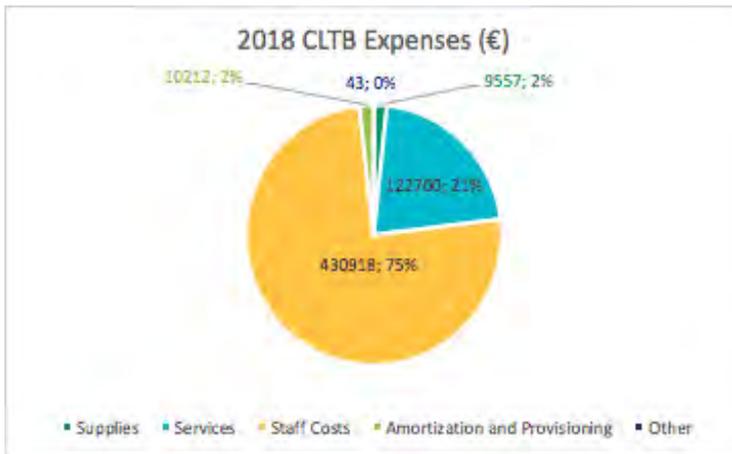


Fig.5 CLT Brussels 2018 Budget (Source: CLTB, 2018)

As mentioned in introduction, CLTB possesses an **operational budget of €500,000** and an **investment budget of €5,000,000**, on average, per year. It represents about 84% of made investment, and 16% of operating costs (CLTB, 2016.) Concerning the organization's operating costs, **staff cost** represents its **greatest spending item** (€430,918 in 2018, 75% of the operational budget). Its **main source of revenue is a mix of diverse grants** (563,672, 98%). However, CLTB aims to **expand its equity capital**. As of today its baseline capital comes from ground leases (€10 per households per months²⁸), **membership fees** (€10 per member per year, representing €3,275 in 2018), and the **mobilization of local savings and citizen finance** through crowd funding and donation campaigns (CLTB, 2016). CLTB also has the ambition of developing **solidarity-based finance** through a **land cooperative project** in partnership with Crédal.

In terms of the CLT operation, grants provided by the government are neither transferable nor postponable from one year to another. This aspect forces CLTB to be forward-looking and to **prospect continuously for new sites**, which creates a **high project turnover**. As of today, **seven operations are coexisting** at different progress stages: three are under construction, and four others will be soon. This favourable investment environment will be fostering a virtuous spiral of investment return. However a **risk envisioned by CLTB is to be unable to sustain increasing workload with present staffing**.

Indeed, CLTB has the **ambition to grow from 130 today to 1000 units produced by 2030**. Its operating budget however hasn't been reevaluated in the last five years. Even though an economy of scale exists and staff expertise is improving, **CLTB is still understaffed** (7.5 FTE,

²⁸ A number that could become significant in financing CLTB engineering in a scenario of growth (1000 units).

10 employees). Within the current financing scheme it is for CLTB easier to finance staff dedicated to project development than to back office activities. The positions being the most understaffed are indeed: **communication, administration** (currently ½ FTE mobilized) and **accounting**.

To meet its objective of growth and still carry on its activities CLTB is experimenting with **alternative ways to fund staff**, calling upon charitable foundations or implementing other alternative projects. For instance, CLTB will be recruiting five new staff by the end of 2018 including: 1 FTE for communication and fundraising (4WINGS Foundation), 1 FTE working on the development of a cooperative project (within the framework of the *Home Lab project*), 2 FTE on the *Calico project*²⁹.

CONCLUSION

We observe that CLTB barriers towards the implementation of a sustainable financial model are diverse.

Firstly, its **dependence on public financial support is both a strength and a weakness**. This support indeed underlies a **strong political will** to support a CLT on its territory but **forces CLTB to produce only residential projects** and while putting at the organization at **risks in case of political change**. This aspect could be overcome by an increased mobilization of private and citizen capital, notably through social investment, the collection of ground leases and fundraising campaigns.

In the same line, its **dependence on associated partners for the social accompanying of inhabitants** doesn't appear sustainable in the long run. If this system is presently efficient, it might be **more difficult to implement as the CLT will be scaling up**. It would require for these associations to increase their means accordingly. **There is thus a necessity to acknowledge the important added-value provided by the social accompanying of residents**. This feature needs to continue being considered as a crucial part of the projects and be financed as such.

In terms of **financing-back-office jobs**, there is a clear lack of human resources for covering activities such as accounting, legal works and communication. In the framework of traditional call for projects it **appears challenging to legitimise these administrative yet essential staff costs** to properly run programs. As of today, the existing staff covers transversally these missions but it will be more difficult to sustain such tasks as CLTB scales up.

Less prominent but still an issue to be raised, is the **difficulty for CLTB to get non-residential components financed**. As of today, it still has to get legitimized as a social homeownership³⁰ facilitator. If CLTB is intending to include a variety of projects (cooperatives, commercial spaces, Calico Project etc.) it is critical that it **overcomes the pilot phase**. The development a sustainable business model would indeed enable them to gain the Region's support and **replicate these pilots at a larger scale**.

Finally, one point of attention in developing CLTB activities would be to **develop an offer targeting a wider range of population**; notably the one above the social housing ceiling but that is still not able to access the private market such as first-time buyers, young with precarious employment contracts and the elderly.

²⁹ A mixed project financed by Interreg combining 36 housing units, a nursery and a specific entity of palliative care housing.

³⁰ This is the mandate given by the BCR.

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CLT GHENT (CLTG)

STATE OF AFFORDABLE HOUSING IN GHENT

In Ghent, Flanders, Belgium, about **50% of the population is renting its main home**, while only 12% of the total rental housing stock is affordable social housing³¹. As a result, 10,435 families are on the social housing scheme **waiting lists** (SHICC Case Study, 2019.) Within the City boundaries, 23% of the tenants spends over 30% of their income on housing. It has also been observed that 3/4 of the **tenants households don't have the capacity to buy a home**³². They are thus the population suffering the most from the **significant housing affordability crisis** in Ghent over the past decade. Indeed, between 2006 and 2016 the average purchase price for an appartement or a house increased by 58% while average rent (€500-550) increased by €100-300³³ (CLTG, 2018, November).

In that context, Flemish elected officials in charge of housing³⁴ - traditionally highly committed to private ownership - experimented various **social homeownership policies** (e.g. Social Objective Law). This latter law stated that in Municipalities such as Ghent, largest projects (above 60 units) should contain at least 10% of "**budget homes**³⁵". Despite the abrogation of this regional law the City of Ghent nonetheless tried to implement a similar mechanism at the local level providing **discount on land to developers**. However, without a legally binding agreement and a **30% rise in land prices between 2008 and 2014**, this policy has hardly proven successful (Van Mullem, 2019 January 17).

LEGAL AND POLITICAL BACKGROUND

Following a three-year process,³⁶ CLT Ghent has been officially founded in December 6th, 2013. Since then, CLT Ghent has been working on developing **two pilot projects** (in *Meulestede* and the *Dampoort Renovation project*). In that context, the organization is working in close relationship with the **Municipality of Ghent**³⁷, the **municipal developer (SoGent)**, the **Region of Flanders**³⁸, and in partnership with the **Flemish Social Housing Society (VMSW)** and the **Municipal Social Housing Society (WoninGent)**. CLT Ghent also partners with other housing associations and housing cooperatives³⁹ in Ghent in order to pressure the City Council and get access to land for innovative housing projects.

CLT GHENT LEGAL STRUCTURE AND GOVERNANCE

CLT Ghent was born out of *Samenlevingsopbouw*⁴⁰, an **umbrella organization** active in the social sector (Home, Welfare, Education, Labour, etc.). This umbrella organization has been hosting and supporting the birth and development of CLT Ghent to this day.

CLT Ghent has however the **ambition of becoming independent** as it grows. Pursuing this goal, and after having considered developing a cooperative, **CLT Ghent adopted a similar governance structure to CLT Brussels**. It is today composed of an NGO running the CLT

³¹ Compared to 7% in Brussels.

³² The minimum required income for acquisition being €47,000 €.

³³ In ancient buildings.

³⁴ Housing falls within a regional competence.

³⁵ 20% less expensive in comparison to open market prices.

³⁶ Including the drafting of a memorandum in 2010, visits to fellow CLTs experiments in Brussels, organisation of steering groups (2012), drafting of a feasibility study in 2012 (CLT Ghent blueprint), signature of a charter (2012), recognition by the Flemish Housing Council (2013), etc.

³⁷ The Municipal Council has been renewed following the November 2018 elections. The City is today governed by a coalition of Greens, Liberals and Socialists.

³⁸ Mr. Homans, Flemish Housing Minister (2014-2019).

³⁹ E.g. WoonCoop, LabLand, Pandschap etc.

⁴⁰ Literally translated "Society Building".

day-to-day operation (social guidance, community work, etc.) and a **Foundation holding and managing the land in perpetuity**.

This feature has been made possible by a change in Flemish regulation, easing fundraising opportunities through NGOs. It poses however some governance challenges as the organization has to deal with two boards (with a tripartite governance based on the “classic CLT model”) while remaining under the umbrella of *Samenlevingsopbouw*.

CLT Ghent in brief

Date of Creation	2014 (5 years)
Nature	Initiative supported by the non-profit sector
Legal Structure	Non-profit organization combined with a Public Purpose Foundation ⁴¹
Population Target	-Middle to low income households -In between social rents and social acquisition income ceiling. Respectively, max. €24,852 to €39,319 in 2018 in Flanders for a single person living in a major city (VMSV, 2019)
Membership Fees	-Board member: €10,000 -NGO membership: €30 (small) - €100 (big) -Individual membership: €10
Resale Price	-Average price per sqm2 in the private market: €2,200-€2,800 -CLT Ghent price per sqm2: €1,300 - €1,600 -About 50% of the market price
Asset	-1 project under construction (Meulestede, 34 units) -2 renovation projects (19 and 5 units) ⁴² -One community shop (under experimentation)
Workforce	2.8 FTE for 5 employees ⁴³
Nb. of Members	CLTG has 140 members in total, including: -70 candidate owner -65 supporting members -5 non-profits -12 residents (renovation program)
Resale Formula	Indexed on income: (basic purchase price + indexed additional value) + (possible private investments - depreciation) - 5000 euros indexed
Ground Lease	-50-year leasehold including novation clause -monthly payment under discussion ⁴⁴
2018 Budget	Operational budget: €175,000 (mainly for financing staff costs)
Sources of Funds	Mainly from Public Subsidies

⁴¹ Similar to the CLT Brussels structure.

⁴² The renovation program is currently being taken over by the City. The City successfully applied to EU funding and will start (in collaboration with CLT Ghent) the renovation of 100 extra homes in the next three years (Van Mullem, 2019, April).

⁴³ Most of them also working for the umbrella organization. Needs in terms of staffing have been covered with the hiring of a community worker and a financial expert (Van Mullem, 2019, April).

⁴⁴ This number depends on the status of land (leased or bought). Still under discussion, it varies from 1,3€ per square m2 or 17-29€ per household.

CLT GHENT GENESIS

Upfront Financial Assistance

To begin its operation, CLT Ghent benefited from a **variety of grants, mainly from public but also charitable bodies**. They received €87,192 over three years (2014-2016) for staffing from the Province of East Flanders and €67,386 (2013-2017) for the delivery of a Business plan⁴⁵. In addition, in order to **initiate a working capital** for the organization, the main institutions within the CLT Board (Hefboom, SoGent) - along with the participation of CLT Ghent - invested over €10,000 each. The City of Ghent invested a further €25,000 in order to close the financial gap.

Technical Support

In addition to the above upfront financial assistance CLT Ghent mobilized further technical support for establishing its business model. For instance, Frank Vandepitte - CLT Ghent Board Member - has been in charge of drafting a feasibility study in 2012 with the support of notaries Jo Debyser, Samenlevingsopbouw Gent, SIVI, Coopburo, Hefboom and KAHO. The organization received further assistance from the I Propeller Consultancy firm for their business model. Finally, the City of Ghent brought legal consultancy in the drafting of the ground lease and right of superficies contracts for a value of €30,000.

FORMATION OF PROJECT GROUPS

Several **capacity-building activities** including thematic trainings have been provided through the umbrella organization for the implementation of the first pilot project. It mobilized its **associative network** and the Ghent Affordable Housing Providers, in order to engage and support would-be residents. Practically, CLT Ghent organized **several workshops**. They covered CLT **functioning** (structure, governance), **finance** (costs related to homeownership), **community building**, **legislation** (CLT rules and contracts), **architectural guidance**, etc. These workshops represented the equivalent of **five days of preparation for the staff**.

On the issue of training, CLT Ghent experiences great difficulty in outsourcing the work as it is the only actor in Ghent presently able to provide capacity-building activities.

PROJECT DEVELOPMENT

Site

In April 2015, a **contract** was signed between **CLT Ghent and the Municipal Developer SoGent** for a **6000 sqm2 site** in the *Meulestede* neighborhood, a former harbour district. This agreement⁴⁶ included two options on the future ownership of land. CLT had the option to either **buy the plot at a third of its market value** (€350,000), or **lease it under a long-term lease for 99 years** at €1.3 per sqm2 per year (amounting to about €6,5000 a year⁴⁷).

CLT Ghent not having enough resources to acquire the land up front went for the second option (Van Mullem, 2019, January 17). Showing goodwill, the Municipality agreed on taking in charge the **land remediation** (Environmental Department, €300,000) and the **construction of a road on site** (Infrastructure Department, €300,000). In the case of Ghent, **the land does not belong (yet) to the CLTs**.

⁴⁵ Cofinanced as follows: Flemish government (€25,000), Province of East Flanders (€10,000) and Foundation of King Baudoin (€8,000).

⁴⁶ At the time, the former Deputy Mayor was also the Head of SoGent. Both entities had a political agreement. In addition, CLT Ghent had on its Board a former Head of VMSW - Flemish Social Housing Company. His law training represented significant help for the CLT throughout the process (Van Mullem, 2019, April).

⁴⁷ This cost could be covered by €17 ground leases per month per households. On a 99 years basis (considering a 2% indexation), this option would cost a total of €1,830,778 (CLT Ghent Financial Plan, 2018, p. 22).

However, through this arrangement, **CLT Ghent has been deprived from a potential source of revenue as they don't benefit from full ownership of the land**⁴⁸. This is why this agreement is today being called into question. **It indeed became CLT Ghent's priority to acquire land** in order to get a greater flexibility in future developments (Hertogen, April, 2019). To do so, several options have been under study. The ideal scenario would be to **get this land by municipal donation**, an unlikely scenario as the City of Ghent is reluctant to sell municipal land. The second option would be to solicit a **municipal indexed - but with zero-interest rate - loan over 50 years**. In that scenario, a €29 monthly ground lease could cover up land cost and reimburse the loan (amounting €592,000) (CLT Ghent Financial Plan, 2018, p. 22). The amount of the ground lease could then be reevaluated.

Plan

In terms of planning, the **Flemish Government Architects** initially undertook in 2013-2014 **the initial sketches** and layout of a **master plan**. These **architects being financed by the Flemish Government**, CLT Ghent applied for their free help (Van Mullem, 2019, April). A further **feasibility study** has then been financed through a **one-time grant**⁴⁹ provided by the City of Ghent.

The architects designing the final 34 units were paid by WoninGent (Municipal Social Housing Company). All fees (e.g. planning permission etc.) have been financed through the VMSW (Regional Social Housing Company) by **subsidised loans** (otherwise called “minus one” loans, see below).

Finally, an architect in charge of the **construction site supervision** was appointed in 2017. In the process, **the community had a consultative voice** both in giving design guidelines and in the choice of the architect.

Build

a. Building Homes

In order to fall within the social acquisition framework and benefit from related advantages, CLT Ghent has been partnering with the **Flemish Company for Social Housing (VMSW)**, as well as with the **Municipal Social Housing Company one (WoninGent)**. This Affordable Housing Developer **supervised the entire development process** (financing and construction) and **bore related risks**. It benefited from several **financial advantages** such as a **12% VAT tax on construction**, a **6% VAT on sales** (compared to 21% on the traditional housing market) and a **“minus one” construction loan** (a 4% fixed rate loan over 30 years which opens to 5% subsidies per year). CLT Ghent then planned to directly buy the units from VMSW.

The **drawback** of this mechanism lies in a **very long development period** (about 10 years from concept to delivery). The *Meulestede* project delivery for instance is planned for 2023, with no delays). It **raises some issues of credibility towards all stakeholders** (financiers, residents, civil society...). Since 2018 however private developers can benefit from the same financial instruments if they respect Social Housing requirements, an option CLT Ghent is willing to explore for future projects.

b. Financing infrastructures

In order to decrease the cost of housing and increase the quality of the building CLT Ghent has been partnering with an **energy cooperative, ResCoop**. The cooperative is involved in the design of the building and the choice of construction material in order to go beyond conventional energy efficiency norms (BEN norm, European E30norm). **ResCoop pre-finances the difference in cost between the use of regular materials and efficient ones**. The cooperative is **paid back** based on what households are **saving on energy bills** every month. Concerning the **installation of the equipments** the households have the possibility of either

⁴⁸ Thus not being able to charge ground leases to their residents.

⁴⁹ Representing about €600,000 but also covering the financing of another project (Van Mullem, 2019, April).

renting or buying them. The financial gain per month per households is still being investigated (estimated at around €150).

c. Financing non-residential Components

CLT Ghent has been leading surveys and campaigns in the neighbourhood which highlighted the lack of food supply facilities in the area. After having lost a €75,000 grant from the National Lottery due to deadline issues⁵⁰, the **Municipality of Ghent is today committed to support the development of a cooperative supermarket in a municipally owned building**. If the model succeeds within a four-year period, the City (through its Urban Renewal Program) has made the commitment to finance the construction of a commercial space to host it as part of the *Meulestede* development. The profits of this commercial activity are shared between the **three managing NGOs**.

In order to finance the long-term running of the permanent store, CLT Ghent considered undertaking a **fundraising campaign**⁵¹, the community being highly supportive of this project. **The funds raised would open the possibility to access loans from ethical bankers and funders** (e.g. Triodos, Trividend, SoCrowd, SolF, Hefboom, Oksigen).

It is furthermore important to highlight that a recent change in the Flemish legislation allows affordable housing developers to receive subsidies loans (“minus one loans”) in order to develop such kinds of facilities in mixed projects. It represents an inspiring step forward concerning the financing of community space (Van Mullem, 2018, April 5).

The choices made by CLT Ghent (mainly between the Board and the candidate-owners) have a great impact on the kind of community space, for example whether to invest in a **collective garden**. If such a decision is taken a community space would be developed and options considered that will allow to **raise revenues** (through services or extra units for rent) (Hertogen, 2019, April).

Zoom on *Meulestede* Project Financial Operation



Fig.6 The *Meulestede* Project (Source: CLT Ghent)

Located in the neighborhood of *Meulestede*, the first Flemish CLT project currently under construction is **due for delivery in 2023**. The site is located in a neighborhood with already numerous social housing units. It is part of a **city renewal operation**.

It will be composed of **34 units for sale, a community garden, community shops and several collective spaces**⁵². The building has been designed in collaboration with an ESCO construction company (Energy Service Company) to reduce the price and work towards passive standards (SHICC Case Study, 2019).

The **total operation cost amounts to about €5,000,000**. The purchase price per square meter has been estimated at

€1,450 which correspond to **50% of the average city market price**. The average unit resale price has been set at €143,675.

⁵⁰ The money would have to be spent within a two years period which hasn't been possible due to the long development process.

⁵¹ Potential partners are being examined by CLT Ghent financial expert.

⁵² To be financed through subsidies.

Date	2013-2023 (10 years)
Phase	Build
Origin of the Land	SoGen, Municipal Developer (Urban Renewal Operation)
Nb. Of Units	34 units for sale
Common & Community Space	-1,500 sqm2 community garden -Cooperative shop servicing the neighborhood -150 sqm2 collective space (kitchen, guest room, laundry facility) -Bike shed
Total Project Cost	Estimation: €4,741,210 - €5,270,073
Land Cost	€350,000 (purchase price as set in 2015)
Sale price per sq.m2	€1,450
Average sale price	€143,675

CLT GHENT OPERATION

Acquisition and Resale of Units

CLT Ghent's population target is similar to that of CLT Brussels, namely low income households. It refers to a population falling **between social homeownership and social rent income ceilings**, as set by the region of Flanders. CLT Ghent's objective is to **set the population target as wide and diverse as possible** to balance out the number of "*residents who have to appeal to an affordability allowance*" (CLT Ghent Financial Plan, 2018, p. 24). In terms of unit allocation, CLT Ghent has made the choice of assigning **35%** of the units to households **above social homeownership** ceilings and the **65%** remaining to **social rent** ceiling households. They are allocated in chronological order of registration.

Household Category	Annual Income Ceiling	
	Social Rent	Social Homeownership
Single person	24,852€	39,962€
Unaccompanied disabled person	26,934€	43,952€
In all other cases	37,276€	59,936€
Increase per additional person	2,084€	3,991€

Fig. 7 Social Rent and Social Homeownership Income Ceilings in Flanders (VMSW, 2019)

The **purchase cost** for the first-time buyer corresponds to the **total construction costs plus a 6% VAT tax** (CLT Ghent Financial Plan, 2018, p. 18). This price is then **indexed to an adjusted inflation** (Income Index) rate according to the following formula:

$$(\text{basic purchase price} + \text{indexed additional value}) + (\text{possible private investments} - \text{depreciation}) - \text{€5,000 indexed exit fee}$$

The shift operated by CLT Ghent from a market-based formula to an indexed formula enables to **decrease the risks for the buyers and ensures some returns**. The households indeed are the ones that support financial risks, under the control of the Social Housing Company (see below). CLT Ghent does not have the capacity to **guarantee** the buy-back of units in case of

market turmoil. In comparison, the *Organismes de Foncier de Solidaires* (OFSs, French equivalent to CLTs) have to guarantee the buy-back of the units.

In case of deflation, **minimum resale prices are set according to market prices**. This feature makes inhabitants more accountable concerning the **maintenance of their property as possible improvements are also taken into account**.

For every sale, an exit fee (€5,000 indexed⁵³) is charged, returning to CLT Ghent Foundation. If the added value is less than €5,000, the exit fee is adjusted downwards. In case of loss (in the unlikely event of prolonged deflation), no exit fee is charged (CLT Ghent Financial Plan, 2018, p. 18).

In order to finance **resident mortgages** CLT Ghent has mobilized **social loans** and a diversity of instruments to improve the residents' solvency (affordability allowances, Province' loans, collective saving groups etc.).

Social loans are financed by the Flemish Ministry of Housing and allocated by the Flemish Social Housing Company (WMSW), itself under the control and monitoring of the Ministry. The **terms** of these loans are usually advantageous⁵⁴ but **depend on the regional political environment** and might be subject to change after the 2019 elections. In addition, due to the nature of the **leasehold system**, CLT residents have been **needing a separate approval** to access them.

In 2018, the reference interest rate was **1.55%**⁵⁵. It varied greatly from 4.99% in 2008 to 0.75% in 2016. Its **volatility** could pose major financial issues for the chosen target group, especially if it exceeds 3%.

These loans can cover up to 100% of cost, including 6% VAT tax if the value of the housing unit in the core city doesn't exceed €233,900 (2018). The standard loan duration is **20 to 30 years maximum** with the opportunity of benefiting from reimbursement delays anywhere from 3 to 12 months. **Extra fees** have also to be taken into account such as **filing costs** (€100), **notary fees, tax and insurance fees** (5-10% of the purchase costs, up to €30,000).

Monthly payment estimations projected by CLT Ghent for such loans (€150,000 borrowed over 30 years at 2%) amount approximately to **€554 per month**. However, as estimations are set at 30 years maturity at a fixed interest rate of 2% in order to achieve affordability, residents are de facto fenced off from traditional banking financing (CLT Ghent Financial Plan, 2018, p. 25). A need thus emerges to build partnerships with ethical lenders for the top stratum of CLT Ghent's target group.

In terms of guarantees, the **Flemish government provides free insurance in case of payment suspension** due to incapacity of work. This instrument enables the government to take over the loan payment for a period of **18 months maximum** (max. 500€ per month) ("Vlaanderen", 2019). In return, the households' amortization period is extended for the duration that corresponds to the government intervention. On the other hand, **Social Housing Company is covering the risks against default** (10 years liability) (Van Mullem, April, 2019).

For the lowest income target group some **solvency mechanisms** have been envisioned. The most significant concerns the **implementation of a CLT fund** in order to contribute to purchase costs through **affordability allowances**. **These allowances or "bullet loans" would target households spending over 40% of their income on housing** (6 out of 34 households). These bullet loans could amount **up to €30,000** depending on income and draw on the experimentation undertaken through the *Dampoort* renovation project⁵⁶. **The bullet loan is to be paid back at the sale of the unit**.

⁵³ Similar to the CLT Brussels mechanism (6% of the added value or €3,000).

⁵⁴ As of April 2019, the open market presents more interesting offers.

⁵⁵ A discount can be applied to this index, depending on family income, composition and location of the housing unit (VWMS, 2019).

⁵⁶ Within this renovation program €30,000 are lent by the Social Action Center (OCMW) to ten households in order to rehabilitate their homes, creating an added value on the property. The bullet loan is to be reimbursed at the sale of the unit. This scheme will be scaled up to 100 units thanks to EU funding.

The fund would be capitalized through crowdfunding or grants from charitable funders such as the Fonds Baronne Monique van Oldeneel tot Oldenzeel.

The risk of the instrument lies in the possible depreciation of the unit and the incapacity of the households to reimburse the €30,000. In addition, relying on the increase of housing values, it could lead to the adoption of a speculative logic, in direct conflict with core CLT values. (CLT Ghent Financial Plan, 2018, p. 25).

Secondly, CLT Ghent experimented a **Collective Saving Group** in 2012. This instrument allows to pool individual savings to pre-finance down payments (10% of the mortgage) required for sale agreement⁵⁷ and thus improve households solvency.

Twelve members are currently saving money monthly on a joint account. The savings can be retrieved and used as advance on the loan, notary fees or rental guarantee. As of today, they saved up to €11,124.9⁵⁸.

On another note, CLT Ghent advanced on the issue of lifting the burden of potential extra fees - such as notary fees and taxes - as CLT households have been exempt from registration fees for new houses - under the Social Acquisition Framework.

In addition, with the idea of improving households' solvency, several other mechanism could be mobilized such as a reformed **Province loans available for renovation**, the **extension of bullet loans for relatively small amounts** (around €3,000 and €9,000) (CLT Ghent Financial Plan, 2018, p. 25). Or finally, the mobilization of an existing **fiscal incentive** could enable CLT residents to benefit from the Federal Housing Bonus, a **property tax reimbursement** in the event of mortgage contraction.

Management of the Building

In traditional joint-ownership building in Belgium, about 5% of the households' rent is saved every month for maintenance. In coherence with the CLT population target, it has been decided that **CLT residents would only save for major maintenance items** (roof, heating facilities, facade refurbishment, etc.). **Depending on the unit surface area each household will save between €23 and €34 for that purpose.** The money saved will be stored within the CLT Ghent Foundation without any option of withdrawal.

Operation of the Organization and Development of New Projects

As presented in the introduction, CLT Ghent still depends on its umbrella organization, especially in financial terms. It is thus difficult to separate financial fluxes of the two organizations. Some key figures could nonetheless inform us on the CLT operation. **Principal cost lies in staffing (2.8 FTE).** It has been estimated that **financing 1 FTE a year costs around €65,000**, all included. As of today, the **operational budget is evaluated at €175,000 per year.** **Most staff is paid through the umbrella NGO and via grants.** The mother NGO also brings **core administrative and communication support** which alleviates CLT Ghent from some of its back-office activities.

⁵⁷ In this system, each member saves a fixed amount every month (20-80€ per month) in a shared account. Group savings work like a working capital or a rolling fund that can be used by each member of the group to advance down payment. The savings can only be withdrawn when all members have bought their house. When the mortgage is acquired from the *Fonds du Logement*. *Fonds du Logement* pays back the equivalent of the downpayment to the collective saving group.

⁵⁸ Some households withdrew their savings as they left the group.

CONCLUSION

CLT Ghent has proven its capacity to access and mobilize a **wide variety of funding sources (mainly grants)**⁶⁰. For the past 5 years CLT Ghent has been mostly financed by the Flemish ministry for housing (€67,386), Province of East Flanders (€40,000, 2018-2019), Flemish Government (€35,000), KSB foundation (€100,000), Flemish Platform (€37,000), and EU Interreg funds. **Funding is secured until 2020 but as of today CLT Ghent has failed to generate structural revenue** allowing it to continue its activity beyond that period. Indeed, membership fees and donation are minimal nor does CLT Ghent own land or other assets.

It is crucial for CLT Ghent to move from an **experimental project stage** to an **active housing actor in the city** mobilising sustainable finance and generating revenue. In order to **generate cashflow** CLTG is considering **developing rental units** in partnership with other housing actors in the city (e.g.: Huuringent, Woningent maar ook Het Pandschap en Wooncoop etc.) (CLTG Financial Plan, 2018, p. 28). These units could for instance be **mobilized by the Social Action Center to house homeless people**. The issue however is to **find a balance** between the **need of generating resources** and **developing owner-occupied homes**.

One other critical issue CLT Ghent is facing is the **legitimation of the CLT model's added value in the eyes of the Municipality**. If CLT Ghent has been successful in convincing public authorities to retain their land, the next step would be to **persuade them of the benefits of community involvement in urban development**⁶¹. Municipality support of the model will be decisive, as clearly stated in CLT Ghent's financial report: "*The CLT will be subsidised or will not be*" (p. 7).

Related to this need of legitimization, it is **urgent** for the CLT - more than ten years after its creation - **to deliver a pilot project as soon as possible**. In this logic, the *Daampoort* renovation project will be delivered before 2023.

Another issue confronting CLT Ghent's sustainable development is **its reliance so far on an exceptionalist framework** (target population, access to beneficial VAT tax, social loans, etc.). This "special status" allowed the organization to start operations but didn't give it **the full advantages accredited housing providers can benefit from** (e.g. the "minus one" construction loan most importantly). Potential future claims could be to **benefit from a specific Community Land Trust status** - along with the one of Affordable Housing providers - taking into account its distinct focus (lower income bracket, capacity-building needs etc.). This recognition would **open access to federal resources and enable increased awareness about the model** at every administrative level (federal, regional, communal, municipal).

In fact, solving these issues would enable CLT Ghent to **generate revenue, acquire a site, charge ground rents, finance affordability grants, etc.**

It is also a **precondition for CLT Ghent to be independent** and become a recognized member of the sustainable urban housing development field.

⁶⁰ Between 2013 and 2015 13 request for subsidy have been filed, eight of which have been approved.

⁶¹ The design of a Social Impact Framework as part of the SHICC project could contribute to this aim. The risk would be that the land would be leased to private developers, thereby bypassing the CLT.

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LILLE METROPOLIS OFS (OFSML)

STATE OF AFFORDABLE HOUSING IN LILLE

The City of Lille - the 10th largest city in France - is also the 4th most expensive (OFSML, 2018 November). Over a 10 years period, the average rental prices increased by 70% and price per square meter multiplied by three⁶² (OFSML, 2017, p.7). In Lille, the housing market is very tight with only 5% of vacant home within the City boundaries and up to five years on the waiting list for social rental housing (ibid.). About 72% of the population is renting its main house⁶³, 24% of which is on the social housing scheme. One can observe an important discrepancy between the supply of homes provided by the private and social housing market and the demand for social and affordable housing in Lille.

LEGAL AND POLITICAL BACKGROUND

The City of Lille has been engaged for a long time in the provision of affordable housing for modest income households (either rental or for purchase) (SHICC, 2018). The Municipality is making use of a variety of instruments to foster affordable housing, either political, regulatory or financial (ibid.).

Since 2008, the City has entrenched in its Metropolitan *Programme Local de l'Habitat*⁶⁴ (PLH, 2012-2018) the goal of doubling its housing production⁶⁵ with a target of 30%⁶⁶ of social rental housing and 15% of social homeownership.

This supportive framework, coupled with an effective land strategy, has facilitated the implementation of a robust social homeownership policy⁶⁷. A policy supported since 2010 by obligations of social diversity (*Servitude de Mixité Sociale*), restrictions on unit sizes, the mapping of 26 areas dedicated to housing development and voluntarist urban renewal schemes (through beneficial taxation of a 5,5% VAT tax) (OFSML, 2017, pp. 8-9).

Despite these efforts, the volume of affordable housing built still remains insufficient. Furthermore, if the effects of such policies have been immediate, they appear to fail the test of time. Indeed, public-sector financial contributions⁶⁸ have been lost after the resale of the first units on the private market.

As a response, the *Organismes de Foncier Solidaire* (OFS) (Community Land Trusts equivalent) have been developed as a market corrective tool to support local housing policies. The model is the result of a 4-year legislative process (2014, Loi ALUR to 2018, loi ELAN) giving birth to a new ownership model, dissociating land and real estate property⁶⁹. OFSML (*Organismes de Foncier Solidaire de la Métropole Lilloise*) is the first OFS to be accredited in France (July 2017) and is now inscribed in the City of Lille's continuous engagement to provide affordable housing. The main objectives pursued are to develop

⁶² To reach between €3,086 to €3,485 per sqm2 on average in 2017, respectively in new and old constructions (OFSML, 2018 November).

⁶³ This number falls to 49% within the Metropolis (MEL) boundaries.

⁶⁴ The *Programme Local de l'Habitat (PLH)* is a strategic programming document which compiles local housing policies and objectives (Articles L. 302-1 à L. 302-4-1, CCH).

⁶⁵ 12,000 units have been produced between 2008-2014, 10,000 more are to be produced between 2014-2020.

⁶⁶ This objective exceeds the 25% quotas set at the national level (SRU law, 2000).

⁶⁷ Since 2008, 2,159 homes have been built under a rent-to-buy scheme (PSLA, Prêt Social Local-Accession). 1,100 first-time buyer families already bought their homes. Resale prices have been capped to between €2,050 and €2,400 per square meter for those units.

⁶⁸ This contribution could represent up to 50% discount on land and up to a €8,000 grant per unit from the Lille Metropolis (MEL) on social homeownership units (OFSML, 2017, p.14).

⁶⁹ It must be noted that previous experiments on the issue had been tested such as emphyteutic leases, BRILO, PASS foncier etc.

permanent affordable homes, make better use of public grants, and control land speculation over time.

OFSML LEGAL STRUCTURE AND GOVERNANCE

Similarly to CLT Ghent, OFSML has been created as a **non-profit association**, sheltered under a larger foundation, the *Fondation de Lille*⁷⁰, with the objective of becoming itself an independent foundation in the long term.

It is composed of **six members**. Its **founding members are institutions** such as: the *City of Lille*, the *Lille Metropolis*⁷¹ (MEL), the *Fondation de Lille*, the *Fédération des promoteurs immobiliers du Nord-Pas-de-Calais*⁷². In March 2018 two new organizations joined the OFS: *Union Régionale de l'Habitat* (URH) and *Action Logement*.

The objective is to **achieve a balanced governance between public bodies and private members** active in the local area. The idea is to mobilize as many actors as possible around affordable housing and increase the possibility of **attracting private investment** (Espacité, 2016).

The organization is governed via an **Executive Board** - elected for 4 years - in charge of strategic orientation, within which a Restricted Board deals with everyday management and administration. All members of the association meet once a year through an Annual General Meeting (AGM) (OFSML, 2017a, p.41)

OFSML in Brief

Date of Creation	2017 (2 years)
Nature	Municipal Initiative
Legal Structure	Non-profit organisation, to be transformed into a Foundation
Population Target	-Young families, tenants in the social rental housing market -Income ceiling based on the PSLA ⁷³ : €31,999 per year for a single person in Lille (Zone A, 2018) -54% difference between the required income to access OFS homes compared to previous social homeownership policy (PSLA) ⁷⁴ -49% difference in monthly repayment estimations compared to the private market ⁷⁵
Membership Fees	-City of Lille and Lille Metropolis (MEL): €5000 per year -Network Heads: €2500 per year -Other nonprofits: €500 per year
Resale Price	-Average resale price per sqm2 in the private market: €3,086-€3,485 and up to €5,000 in the inner city center. -OFSML price per sqm2: targeted between €1,800- €2,4000 depending on the operations ⁷⁶

⁷⁰ A sheltering foundation recognized of public-interest and benefiting from a strong territorial anchorage.

⁷¹The Lille Metropolis (MEL) has been created in 2015 and is composed on 90 Municipalities with a total population of 1,1 million inhabitants.

⁷² Regional Developers network.

⁷³ PSLA (*Prêt Social Local-Accession*), a social rent-to-buy scheme at the heart of a former social homeownership policy.

⁷⁴ The minimum required income is €2,244 per month to access OFS homes; it was €4,827 for the previous social homeownership policy (33% indebtedness estimations).

⁷⁵ For OFS homes in Lille the estimation for monthly repayment amounts to €665 per month (4 pers. 83m2), including monthly ground lease payment (Espacité, 2018).

⁷⁶ Coherent with previous social access to policies target (€2,050-€2,400).

	-54% of market price (Cerema, Espacité, 2018).
Asset	-2 projects under construction (<i>Cosmopole</i> and <i>Rue Renan pilot</i> projects, 31 units) -1 project under study (<i>Saint Sauveur</i> , 60 units) -Prospect: about 200 units in the works by 2020 and more than 400 in 2025.
Workforce	-Currently: ½ FTE -Prospective: 1,5 FTE or 2 FTE
Nb. of Members	-Public Authorities: 2 -Network Heads: 3 -Foundation: 1
Resale Formula	Indexed to the rent index (IRL, Indice de Révision des Loyers)
Ground Lease	-€1 per month per square meter - <i>BRS Opérateur</i> : duration of the construction phase - <i>BRS Utilisateur</i> : 99 years leasehold including a novation clause
2018 Budget	Operational Budget: €30,000 (estimate)
Sources of Funds	Mainly from Public Subsidies, and ground leases

OFSML GENESIS

Upfront Financial Assistance and Technical Support

The OFSML has been initially **endowed by the City of Lille and the Lille Metropolis (MEL) for €200,000** through associative budget lines (Espacité, 2018, p. 15).

The main challenge faced while starting up was for the OFSML to receive legal recognition from the Prefect of Region (a 3 months process). Producing the **accreditation document** implied to develop a business plan, draft clauses of legal status and design the ground lease conditions. It **required high technical and legal expertise** in various fields including finance and housing.

The City of Lille mainly mobilized pro-bono expertise through the mobilization of its Housing Department. Indeed, compared to grassroots CLT initiatives, the OFS members are institutions specialized in housing development and are **thus able to provide the expertise needed to go through such application processes**. The City of Lille and the Lille Metropolis did nonetheless mobilize an **external consultancy** as well as a lawyer firm (respectively Espacité and Delsol) which inputted the OFS legal structure, lease contracts and business plan.

CAPACITY BUILDING

Compared to British and Belgium CLT models, **the role of the inhabitants in the OFSML model is (still) quite limited**. As of today, they are not involved in the association's governance nor in the development process. However, the City of Lille is leading a **reflexion on intergenerational and participatory housing**⁷⁷ and is an active member of the *Réseau National des Collectivités Locales pour l'Habitat Participatif* (NT: National Network of Local Governments for Participatory Housing). **Further resident involvement could be considered** for further projects development.

Future residents are informed and advised individually through ADIL (*Agence Départementale pour l'Information sur le Logement*) (NT: **Regional Agency for Information on Housing**), a local public agency whose mission is to inform citizens on housing issues. If as of today the OFSML doesn't have a direct partnership with ADIL, the City of Lille and the Lille Metropolis have nonetheless been historical partner with the organisation through several bilateral conventions. This partnership allows them to **unlock annual funding** to support their

⁷⁷ The French equivalent to the Community Led Housing (CLH) Movement.

housing policies, notably social homeownership. Concerning OFSML specifically, **ADIL is in charge of disseminating information on the OFS model, provides specific legal counselling and supports households in the process of contracting their mortgage.** (OSMFL, 2017). In that context, it proposes, among others, **two two-hours meeting with every household engaged in the project.**

In the near future, the OFSML has the ambition of developing this assistance through the organisation of workshops detailing the functioning of a joint-ownership building and the acquirers' rights and duties. These workshops could also be a privileged opportunity for future residents to meet and build social ties.

In parallel, the **French OFS Network "Foncier Solidaire France", launched by the City of Lille in November 2018,** will contribute to the production and dissemination of knowledge, as well as to support the preliminary phases of new OFSs development.

PROJECT DEVELOPMENT

Site

The first two OFSML operations (*Cosmopole* and *Rue Renan*, respectively 15 and 17 units) have been developed on **Municipally-owned sites acquired for a symbolic euro**, in the **city-center area**. To give an order of magnitude, the average **sale prices** have been set up at **around €2,110 per square meter** for these two operations, when in related neighborhoods, newly built houses are sold at €4,500-4,700 per square meter and up to €6,800 (Cerema, 2018, p.3). This showcases the **City's political will to see the OFS succeeding**⁷⁸.

However, **within the perspective of scaling up, the organization will not be able to rely solely on public in-kind contributions.** As land represents both the principal source of expense and a major source of revenue (through ground leases), several other means of mobilizing it have thus been considered. **Accessing discounted public land** (City, Metropolis, Regional Public Land Institution) - up to 50% of its costs - **will remain a significant lever.** This device could be hybridized with **long-term borrowing facilities** in order to smooth the cost of land over time. The **French National Public Bank, the Caisse des Dépôts et Consignations (CDC),** provides for this purpose **long-terms loans**⁷⁹ (**Gaïa LT, 60-80 years**) to Local Authorities and accredited Affordable Housing Developers. This latter tool preexisted the creation of the OFS model and already enabled the financing of various property division operations (construction leases, PASS Foncier, etc.). Similarly to anterior loans granted, CDC has reaffirmed that these loans could only be used for projects in dense urban areas, targeted towards lower income households, and that they could not be financing 100% of the land acquisition. The **conditions to access these loans still remain to be further clarified** (FMDV, 2018b).

In addition to Gaïa loans, the OFS could **mobilize regulatory tools such as social mix obligations** (*Servitude de Mixité Sociale*) within the framework of mixed occupancy operations or urban renewal programs (private market, social rental, social acquisition, commercial activities, etc.) to **oblige developers to implement OFS homes.** OFSML is also **looking to mobilize donation through tax incentives,** as well as the **possibility of acquiring ancient buildings** as part of **social rental housing sales or rehabilitation operations.**

It has been estimated that the **maximum land cost OFSML could sustain ranges from €80 to €130 per square meter** (floor surface) depending on market tightness (OFSML, 2017a, p.61). It is to be underlined that potential depollution and the majority of lot servicing are usually borne by the developer or the landowner.

⁷⁸ To give an order of magnitude, average resale prices have been set up at around €2,110 per square meter for these two operations when in the related neighborhoods, newly built houses are sold at €4,500-4,700 per square meter and up to €6,800 (Cerema, 2018, p.3).

⁷⁹ 18-80 years loans indexed on the Livret A's interest rate (citizen saving account) + 60%.

The latest progress regarding access to land for OFSML is the **partnership it is currently developing with the Hauts-de-France Region** in order to get an **affordability grant**. Similarly to the Brussels Capital Region (BCR) - which is granting CLT Brussels €350 per sqm² - **the Hauts-de-France Region could be granting OFSML up to €300,000** - on a cofinancing basis - in order to reduce the initial cost of land.

Plan & Build

In the OFSML model, **the development process and its related risks are entirely taken on by a developer** - regardless of its nature, either public or private. **The developer is in charge of planning and implementing the operation**: from obtaining the building permit, to the construction phase, including the delivery and marketing of the units. **Developers use traditional development finance** such as commercial short and long-term construction loans and benefit from a reduced VAT tax (5,5%).

For the two pilot projects the development process has been based on the following steps: After the OFSML agrees with the City of Lille on the opportunity of developing a given site, **the City choses the developer**. This selection is realized through a **competitive bid** based particularly on project quality and cost.

The developer buys the whole plot from the City and sells the land intended for OFS homes back to the OFSML for a symbolic euro. At this stage, the OFSML and the developer sign a specific temporary ground lease contract (*Bail Réel Solidaire, BRS Opérateur*).

This *BRS Opérateur* obliges the developer to pay the equivalent of €1 per sqm² per month to the OFSML during the construction phase⁸⁰. This feature enables the OFSML to benefit from a revenue during the construction phase. The *BRS Opérateur* also represent a bidding contract between the two parties. It sets the developer's obligation to conduct the operation and sell the units. It also sets the program, maximum sale prices, households' income limits, implementation timetables and responsibilities of each party.

Beside construction, the developer is also in charge of **commercializing** the OFS units under a specific "sale before completion" scheme known as *VEFA (Vente en l'État de Futur Achèvement)* (Sale as is of Future Completion). The VEFA system, unique in France, **enables the developer to benefit from cashflow to undertake the construction phase**⁸¹.

The developer identifies potential buyers to whom OFSML delivers its agreement if they respect the allocation criterias (see. below); a 2-month process on average. **Households then sign a deed with the developer and a 99 long-term ground lease (BRS Utilisateur) with OFSML for about €1 per sqm² per month** (OFSML, 2018, November).

Zoom on Rue Renan Financial Operation

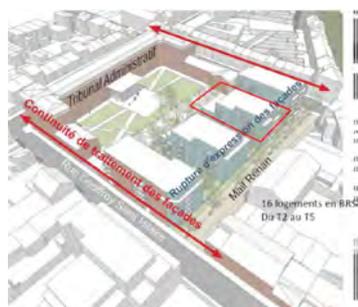


Fig. 8 The rue Renan Project
(Source: Cerema, 2018)

Rue Renan is a pilot project part of OFSML's experimental phase along with the *Cosmopole Operation*⁸². This 2 to 4 year period aims at implementing 32 OFS units in these 2 pilot projects. It will be followed by a **consolidation phase** aimed at implementing a more voluntaristic scenario. In these two **mixed occupancy operations OFS homes range from 7 to 18% of the total units**. Other programs enable to balance the financial costs of these mixed model of housing.

For instance, out of the 91 units of the *Rue Renan*, 50 % will be social housing, 20% will be sold under *BRS* and the 30% remaining will be sold on the private market. Two developers are realizing this operation jointly, *INA3F*, a Social Landlord, in charge of the rental and OFS units,

⁸⁰ This amount is marginal compared to total operation cost, thereby not affecting final price of the units.

⁸¹ Under the VEFA scheme the unit is sold before its completion. The payment is spread over time through several stages: 35% upon foundation completion, 35% when the building is weathertight, 25% upon completion of work and 5% at delivery of the units.

⁸² The *Cosmopole* project is the first OFS project to be delivered in France. It is composed on an hotel, an art gallery, the British cultural center, 210 homes, 15 of which are OFS homes. It has been implemented by the developer *Finapar*.

while *Loger Habitat* is developing the units targeted for the private market (Cerema, 2018). **To be completed by 2020**, the OFS units will be sold at **€2,110 per square meter**, not including parking spaces. Comparatively, the same units will be sold at €5,000 on the private market for the remaining operation.

Date	2016-2020 (4 years)
Phase	Build
Origin of the Land	City of Lille
Nb. of OFS Units	17 units for sale
Program	The « Renan street » construction project, 91 homes : -55 social housing -17 homes under BRS (20% of the operation) -29 homes on the open market
Total Project Cost	€2,500,000 (including 1,500m ² of living space)
Land Cost	1€ + notary fees ⁸³
Price per sq.m2	€2110

OFSML OPERATION

Acquisition and Resale of Units

The **population target** of the OFSML is made of **former social tenants with strong local anchorage**. This target seems to have been reached in the first *Cosmopole* pilot operation. Out of the 15 households, all were **first-time buyers**, half of them were **coming from the social housing market**, and ten were **already living in the city center** without the opportunity to buy on the private market (OFSML, 2018, November).

In terms of allocation criteria, **income ceilings are set at the national level**, based on previous social homeownership schemes (Prêt Social Location-Accession, PSLA). PSLA income ceiling for a single person in Lille (Zone A) amounted to **€31 999** per year in 2018. In addition to the income-ceiling criteria, OFSML pays attention to the **adequacy between household size and the unit typology as well as to the buyer's financial viability** (to contract a loan and pay monthly BRS ground rent).

Number of people intended to occupy the dwelling	Zone A (tense housing market)	Zone B and C
1	€ 31,999€	€ 24,255€
2	€ 44,797€	€ 32,344€
3	€ 51,197€	€ 37,413€
4	€ 58,237€	€ 41,257€
5 +	€ 66,429€	€ 45,490€

Fig.9 Social Homeownership Income Ceiling (Source: Coop HLM website, 2018)

⁸³ Only the volumes corresponding to OFS homes have been transferred to OFSML. The initial cost of land for the total operation has been estimated at around €2,000,000.

Final unit prices are set by the developer. They nonetheless have to be coherent with the objectives announced by the Municipality in terms of social homeownership (€1,800-€2,4000 per sq meter). These prices are integrated at the early stages of the project in the consultation period and are known by the developers.

In order to finance housing acquisition, first-time OFS buyers have benefited from loans from the *Crédit Foncier*, a bank partnering with the OFSML and historically engaged in France in the financing of social homeownership. For the *Cosmopole* operation, *Crédit Foncier* offered loans at 1,95% to 2,45% interest rates over 20-25 years. Administrative fees, indexed on the duration of the loans, amounted up to €950 (FMDV, 2018b).

These loans could be topped up with Zero Interest Loans (*Prêts à Taux Zéro*, PTZ). These are guaranteed and partly subsidized by the State to improve households' solvency. Fiscal incentives, through a 30% discount rate on property tax, is also a means the OFSML chose to implement in order to improve the credit worthiness of households.

Due to the model's innovative aspects, the main issue the *Crédit Foncier* faced was to assess the level of risks involved as to the specific BRS lease held by the borrowers.

If a resident fails to pay the ground lease, the OFSML has at its disposal several guarantees. He is first offered a sale under private and amicable arrangements. If the defaulter refuses, an auction is then organized. In such a situation, the OFSML has the obligation to buy back the unit at a price which corresponds to the initial price indexed on the rent index (*Indice de Révision des Loyers*, IRL). This amount can be increased or decreased depending on the condition of both the property and its maintenance.

This buy-back obligation induces extra charges for the OFS in the event of full ownership acquisition of an estate. For the first OFSML operations, this risk is however minimal as the demand is very high in the city center. But this question has to be further investigated in the event of OFSML developments in the city outskirts where the market is less attractive.

Finally, some OFSs in France wishing to improve the creditworthiness of their beneficiaries, have added "buffer guarantees" such as relocation of their residents into the social rental system (see. CFF case study).

In Lille, in the event of a sale, the resale formula has been set following the national regulatory framework. The value of the home is indexed on the last published rent index (*Indice de Révision des Loyers*, IRL) produced by the National Statistics Agency (INSEE) in order to secure inflation. Appreciation or depreciation of this value is estimated according to improvement made, or on the contrary, necessary rehabilitation work (SHICC, 2018).

Operation of the Organization and Development of New Projects

The OFSML has been designed as a light and adaptive instrument. In order to optimize resources it relies greatly on existing organizations and institutions, such as the *City of Lille*, the *Fondation de Lille* and other members (OFMSL, 2017, pp. 48-52) although as of today, the role distribution between OFMSL, City of Lille and Lille Metropolis in terms of management lacks clarity. One option under consideration is to keep the internal activities to the minimum (strategic orientation, development of partnerships, contractors monitoring, etc) and to outsource the remaining work (projects development, asset management, social accompanying, back-office administration) (Cerema, 2018).

The two main sources of revenue for the OFSML as of today are the BRS ground leases and membership fees. Local Authorities contribute from €1,000 to €5,000 yearly, depending on their number of residents, Network Heads pay €2,5000 and other NGOs up to €500. Membership fees in 2018 represented over 50% of the OFSML's income. That tendency should however reverse as scaling up occurs. In the long run the *BRS Utilisateur* (households ground leases) should represent the major source of income, completed by the *BRS*

Opérateur (during construction phase) and **membership fees**, to a smaller extent (OFSML, 2017, p. 66).

The OFSML is today a **low-cost structure**, facing however the challenge of keeping up with the voluntarist development scenario, which would require significant resource mobilization. As of today, the City of Lille mobilizes the equivalent of **0,5 FTE** (Full-Time Equivalent), a number which should increase to **2 FTEs** within a few years (OSFML, 2017, p. 53). These costs should yet remain marginal compared to the **challenge of refunding interests on the loans that might be taken out for land acquisition**.

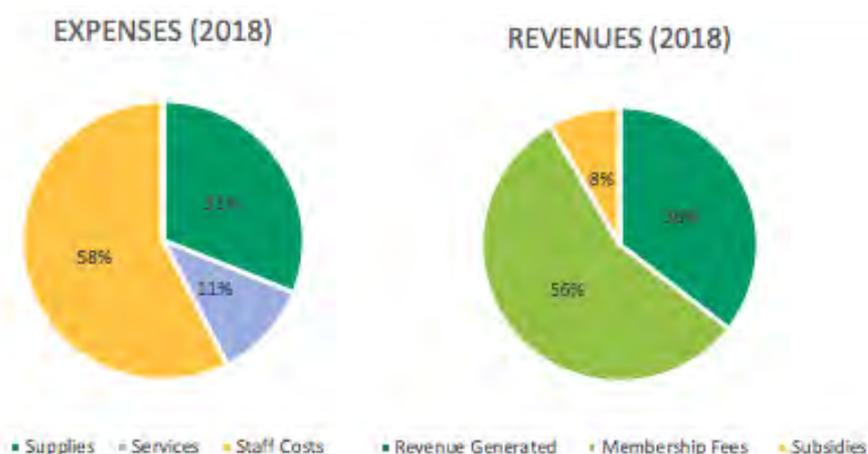


Fig. 10 2018-2019 Forecast Budget (Source: OFSML, 2018).

CONCLUSION

The **objective** of the City of Lille in the short and medium terms is to **reach 30-50% of new housing production under the OFS model**. It aims at producing **200-300 new housing units per year** to reach 1,300 units by 2025. The organization also aims at **extending its operation to the Lille Metropolis as a whole, applying the model to different urban contexts** (little dense or depreciated areas, urban renewal, etc.).

When scaling up the OFSML, some **major risks** have however to be taken into account, **both at the household level and in the organization's financial health**.

Several factors could indeed lead to an **increase in the monthly ground rent** to be paid by the residents. It could be due to an **increase in the OFS operational expenses, or variations on indexed borrowing rates**⁸⁴ that would have been taken out⁸⁵. As a result, for the OFSML, this situation could lead to an **increased unpaid ground leases**.

The OFSML also has to **anticipate the acquisition in full ownership of its estates, which implies a significant cashflow requirement**. The estimated **cost of a buy-up operation** has been estimated at **€25,000 per unit** (if sold back within 12 months). In such cases, the OFSML would have to deal with the **cost of acquisition, transfers, ground rents, taxes and insurances**. To counter this effect, potential solutions could be to better monitor and **accompany households, develop transparent communication between partners** (bank, OFS, ADIL), or **manage a waiting list of buyers**. The worst cases could require an exceptional contribution from members in order to avoid the sale back into the private market. (Cerema, Espacité, 2018).

⁸⁴ Long term land loans provided by the CDC are indexed on the Livret A+0,6pb.

⁸⁵ On that matter, Espacité (2018) has raised the issue that the use of long term Gaïa Loans facility by an OFS could lead to disguise land speculation if the price of land itself is not controlled.

The **main barriers** to the OFSML sustainable development learned through the first two pilot operations, are, on one hand, the **need for technical adaptations to a new legal context** (e.g. on VAT tax and insurance issues, etc.), and on the other hand, the **need to build further partnerships with commercial banks** to increase mortgage competitiveness (OFSML, 2018, November).

The OFSML's **medium term perspectives** are to **increase staffing, stabilize the organization's governance, increase the use of the OFS/BRS tools, and support the *Foncier Solidaire France* OFS network** in order to support the model in France.

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COOPERATIVE FONCIERE FRANCIENNE (CFF)

STATE OF AFFORDABLE HOUSING IN THE FIRST PARISIAN RING

Created in 2017 at the initiative of the Cooperative of Affordable Housing Developers (*Fédération des Coop HLM*), the *Coopérative Foncière Francilienne* (CFF) encompasses the Parisian *Île-de-France* Region. Spreading across eight County, it is the biggest *Organisme de Foncier Solidaire* (OFS) - French CLT equivalent - operating in France so far. The CFF scope however, focuses on the **First Parisian Ring**⁸⁶, representing the **Municipalities directly adjoining the City of Paris**. This area is one of the most dynamic in the country both in terms of wealth creation and demography (APUR, 2012).

The creation of this regional entity echoes the implementation of the *Grand Paris Métropolis* (2008-2016) which brings together **130 Municipalities** within its conurbation. Besides territorial reforms, **metropolitan dynamics** in which the CFF is part is also taking shape in **megaprojects**, reflecting a will to **increase Paris' competitiveness and outreach** (2024 Olympics or the *Grand Paris Express* suburban transportation project).

In terms of housing, since the late 1990s, the **concentration effects** have consequently led to increase the phenomenon of **gentrification rising real estate prices** in the First Parisian Ring sometimes **catching up with the capital city** (up to €8,000 per square meter in inner suburbs such as Kremlin-Bicêtre). In addition, despite a steady increase in terms of housing production and the **concentration of about 2/3 of the regional social housing stock** in Paris and in the First Parisian Ring⁸⁷, offers for social housing struggle to keep up with demand. In 2015 about 13% of households residing in the region were on a waiting list, representing about 630,000 families (Observatoire du Logement Social en IdF, 2015).

LEGAL AND POLITICAL BACKGROUND

In that context, the *Coop' HLM* movement⁸⁸, and its **national umbrella organization** (*Fédération des Coop' HLM*) have played a **major role fostering social homeownership in this area since 1908**. At the national level, this coalition has notably led the development of several innovative tools such as, among other, *BRILIO* and *PASS Foncier*⁸⁹. There are today about **30 Coop HLMs in the Île-de-France** Region producing **between 1,600 and 1,700 housing units per year**.

⁸⁶ The First Parisian Ring has no legislative existence by and in itself. It is composed of three Counties: *les Hauts-de-Seine (92)*, *la Seine-Saint-Denis (93)* et *le Val-de-Marne*. It hosts about 4,5 millions inhabitants (37 % of the *Île-de-France* Region).

⁸⁷ In 2015, we counted about 1.2 million social rental housing units in the Île-de-France Region, representing about 1/4 of the region's principal residences and about 1/3 of the total French social housing stock (*Observatoire du Logement Social en IdF, 2015*).

⁸⁸ Federation of Affordable Housing Developers under cooperative status.

⁸⁹ *BRILIO (Bail Réel Immobilier Relatif au Logement)* was a property lease which introduced temporary land and real estate and property decoupling in French law (Construction and Housing Code, art 254-254, 2014). The *PASS-Foncier* was a two-components instrument, firstly enabling borrowers to reimburse the cost of the home then of the land (construction lease scheme). It enabled borrowers in parallel to reimburse capital interest before reimbursing the capital itself (Grace-period loan).

However, the mission of promoting social homeownership is proving increasingly difficult in a context of rising land prices and where Local Authorities are becoming increasingly reluctant to subsidize such policies⁹⁰.

The *Fédération des Coop' HLM* has thus been particularly active in putting OFSs on the national agenda in order to bypass previous policies backlogs. As such they supported the creation of the pilot *Coopérative Foncière Francilienne* (CFF) in 2017, the first cooperative OFS in France. As of November 2018, the network counted three operational OFSs and another six were under preparation (Cérema, Espacité, 2018).

Similarly to the OFSML (*Organisme de Foncier Solidaire de la Métropole Lilloise*), their main objective is to improve the residential circuit of modest households from the social or private rental market, by promoting homeownership in dense urban zones.

CFF LEGAL STRUCTURE AND GOVERNANCE

As a multi-stakeholder OFS, the CFF has based its structure on the original cooperative model of its members. It is a Commercial Cooperative Society (SCIC in its French acronym).

Its founding members are 13 *Coop' HLMs*⁹¹, affordable housing developers (Espacité, 2018, p. 15). All together, they form one of the three decisional Committees of the organization and are predominant in the Executive Board. The two other Committees are the Local Authority one - formed of Municipalities or Public bodies interested in investing in the organization⁹²- and the Inhabitant Committee, still to be developed. There is also the possibility of further including developers and financiers (such as banks) in one of these Committees.

Under the Cooperative Principle “one person, one vote”, each of the members has a vote in the General Assembly and is thus involved in CFF’s strategic orientations.

The other main CFF bodies is its Engagement Committee, where every *Coop HLM* has to present its development projects in order to obtain their accreditation by the OFS.

CFF in Brief

Date of Creation	2017 (2 years)
Nature	Consortium of Affordable Housing Developers
Legal Structure	Cooperative (SCIC) ⁹³
Population Target	-Intermediate income households, first-time buyers, coming from the social rental housing market -Income ceiling based on the PSLA ⁹⁴ : €31,999 per year for a single person in Paris (Zone A, 2018) -2-17% difference between the required income to access OFS homes compared to previous social homeownership policy (PSLA) ⁹⁵ -10-18% difference in monthly repayment estimations compared to the private market ⁹⁶

⁹⁰ Public authorities supporting social homeownership policies - financing up to 1/3 of the unit cost - have been unable to guarantee the long-term social impacts of their investment. Indeed, they had limited tools in their hands - such as 5 to 10 years anti-speculation clauses - to prevent the unit to fall back into the private housing market after the first sale.

⁹¹ Coop Access, Coop HLM Habitat Réuni, Domaxia, Expansiel Promotion, Habitation Transports, Les Coop’HLM Développement, Notre Cottage Accession, La coopérative de la Boucle de la Seine, Les Habitations populaires, Terralia, Coopimmo, Logispostel, Gambetta île-de-France et la CAPS.

⁹² Composed of the City of: Gennevilliers, Ivry-sur-Seine, Kremlin-Bicêtre, Malakoff, Pantin, Nogent-sur-Marne, Bry-sur-Marne. And the Sectoral Agencies: SPL Fontenay-sous-Bois, EPFIF (potentially interested).

⁹³ *Société Collaborative à Intérêt Collectif*, par action simplifiée à capital variable (SAS).

⁹⁴ PSLA (Prêt Social Local-Accession), a social rent-to-buy scheme at the heart of a former social homeownership policy.

⁹⁵ The minimum required income is €3552-€4724 per month to access OFS homes (33% indebtedness estimations).

⁹⁶ Generally above €1000 per month (4 pers. 83m2), including monthly ground lease payment (Espacité, 2018).

Membership Fees	€30,000 for founding members (equity)
Resale Price	-Average resale price per sqm2 in the private market: from €4,000(Gennevilliers) to €8,000 (Kremlin-Bicêtre, Malakoff) -CFF price per sqm2 are targeted between: €3,273 (Gennevilliers) to €4,100 (Kremlin-Bicêtre, Malakoff) -Usually 15-25% of the market prices, depending on the area
Assets	-Under construction: Gennevilliers (14 units), Bagneux (38 units), Kremlin-Bicêtre (10 BRS units) -Under study: Malakoff, Ivry-Sur-Seine.
Workforce	-No direct employee - <i>Coop Immo</i> mobilizes $\frac{1}{3}$ FTE for management activities
Nb. of Members	-13 <i>Coop HLMs</i> (affordable housing developers under cooperative status) -7 Municipalities -2 sectoral agencies
Resale Formula	Indexed to the rent index (<i>Indice de Révision des Loyers</i> , IRL)
Ground Lease	-€1,78 to €3,3e per square meter, depending on the operation - <i>BRS Opérateur</i> . 2 years - <i>BRS Habitant</i> . 78 years

CFF GENESIS

Upfront Financial Assistance and Technical Support

Starting up the cooperative, **each founding member took a €30,000 equity in CFF's capital**. This mechanism enabled to **raise €390,000** in order to get started.

Founding members (Affordable Housing Developers) **mobilized their internal range of expertise in order to undertake the accreditation process**⁹⁷. They benefited in addition from the **support of their national umbrella organization** (*Fédération des Coop HLM*).

CAPACITY BUILDING

As a **pilot project** CFF has been setting a precedent by **enabling the *Fédération des Coop HLM* to gain expertise and support the creation of new cooperative OFSs**. As a result, two third of the OFSs created over the last two years in France were affiliated to **this umbrella organization which provides the necessary support to replicate and disseminate a cooperative OFS model**.

At the household level, the *Coop HLM* in charge of a specific project development has also as its **mission to advise and accompany would-be buyers**. This service is included in the ground-lease monthly payment. (Les Coop HLM, 2018.). In addition, the *Coop HLM* also usually works in **partnership with Municipalities** in order to manage demands (Les Coop' HLM, n.d.).

PROJECT GROUPS SUPPORT

Although CFF isn't strictly speaking "community led" **several of its members have already been engaged in property division operations in partnership with grassroots groups**, and thus before the creation of the French OFS model.

It is for example the case of the ***Utop project*** (Paris, 20e). In this project a group of 14 households partnered with a Social Landlord (*Habitat et Humanisme*) and *Coop Immo*

⁹⁷ In order to be recognized, French OFSs have to be accredited by a Regional Prefect.

(Cooperative Affordable Developers, a CFF founding member) in developing a mixed-use project⁹⁸. For this project, *Coop Immo* bought the site through a **60-80 years land loan** (Gaïa loan, CDC) and made it available to the group through a **60 years construction lease**⁹⁹. Households then organized themselves under a **cooperative** (Utop) bringing €2,250 equity each. This capital and advanced payment¹⁰⁰ from *Habitat and Humanisme* Social Landlord enabled *Utop* to **borrow a construction loan** at a preferential rate (PLS¹⁰¹). The group is backed by the developer and the landlord, thereby easing access to land and decreasing the cost of borrowing (and therefore of the operation).

Cooperative members will then **rent** their unit. **Their monthly payment consists of a capped rent based on their income, monthly charges, ground lease, and the participation to a solidarity fund**¹⁰².

Utop' general principles could be summarized by the following steps: the creation of the association or cooperative, a participatory process including each member of the group in the definition of living principles and design of units and common spaces. The Affordable Housing Developer conducts the operation and allocates the units to group members. Shared and common spaces are thereafter managed by the association or the cooperative.

In essence, **these principles appears compatible with the OFS model**. It could even be advisable to **further apply them at greater depth, infusing these principles in the OFS projects**. It would contribute to **strengthen the role of inhabitants in the development and management processes**.

PROJECT DEVELOPMENT

Except for a few details, **the development process of the OFS homes in France is very similar from one OFS to the other**. Indeed, when the Lille Metropolitan OFS (OFSML) commissions their homes to a developer (see. previous case study, **it is CFF members themselves (Affordable Housing Developers) that take responsibility for the development and implementation of their projects**. The developer carries out the project from its early stage until its commercialization, getting it accredited by the OFS through the Engagement Committee (see. Governance).

In terms of access to land, ***Coop HLM* developers mostly rely on public lands** - from cities or para-public organisms (*Société d'Economie Mixte*, SEM, *Établissements Publics Fonciers*, EPF etc.), **on which they can benefit from discounts**¹⁰³. They nonetheless remain keen on considering **private land opportunities**.

As an illustration, for their first three operations, **CFF acquired land at a cost ranging from €543** (Gennevillier¹⁰⁴s) to **€1,200** (Kremlin-Bicêtre) per square meter (Espacité, 2018, p. 21). In comparison, the median price for bare and potentially buildable land in the First Parisian Ring in 2017 amounted to €563 per square meter (ORF, 2019).

In order to finance land acquisition, the ***Coop HLM* make use of a 60-80 years Gaïa Loans provided by the French Public Bank *Caisse des Dépôts et des Consignations* (CDC)**¹⁰⁵. **They are guaranteed by Municipalities**. In addition, the developer brings in a contribution of **€1,000 per unit in order to decrease the cost of borrowing and to capitalise the cooperative**. These long-term loans enable to **smooth the cost of land over time**.

⁹⁸ 17 units, mutualized common spaces (music studio, common room), commercial spaces and a garden.

⁹⁹ Construction leases are a type of lease that binds the leaser to develop and maintain a building on the site for a given period. After that period (60 years in our case), the property of the land and building gets back to *Coop Immo*.

¹⁰⁰ *Habitat et Humanisme* has paid a rent in advance for 60 years right-of-use.

¹⁰¹ The *Prêt Locatif Social* (PLS) is a loan with preferential rates granted for the construction, purchase and rehabilitation of units intended to be rented as social housing.

¹⁰² €5-15 per month depending on household resources.

¹⁰³ Up to 50% for social homeownership in Zone A (Paris) (Certu, 2013).

¹⁰⁴ Floor area, pre-tax value, excluding notary fees.

¹⁰⁵ 18-80 years loans indexed on the Livret A (citizen saving account) + 60%.

In this model, the **land charge** has a - sometimes significant - **impact on the monthly ground lease amount**. The developer is bearing its cost until the project delivery (*BRS Operateur*), usually over a period of two years. The ground lease is then transferred to the buyer (*BRS Habitant*). As a consequence, **land repayment through ground lease may decrease on the overall solvency of buyers**.

As an illustration, the *BRS Operateur* amounted to between €25,000 to €76,000 for the first two operations. This amount varies strongly depending on localization and the size of the project.

On another note, as for OFSML, CFF also mobilizes a “sale before completion” scheme called *VEFA (Vente en l'État de Futur Achèvement)* in order to bridge financing between building and selling of the units while benefitting from a reduced VAT tax rate (5,5%).

Zoom on Kremlin-Bicêtre Financial Operation



Fig. 11 Kremlin-Bicêtre Project
(Source : Expansiel Promotion)

Within one year three projects have already been initiated by CFF in Gennevilliers, Bagneux, and Kremlin-Bicêtre and two more are under study in Ivry-sur-Seine and Malakoff (Espacité, 2018, p. 16).

The **13-units** project of Kremlin-Bicêtre developed by *Expansiel Promotion* - a cooperative developer member of CFF - has the specificity of being located in a city directly adjoining Paris and serviced by the metro ligne 7. **The price per square meter in the area has been estimated at €5,600** while CFF offers homes with a **27% price differential (€4,100)** - excluding the BRS ground lease. It is furthermore one of the only project studied in this report that has been developed on **private land**. **The use of debt (Gaïa Loans, 60-80 years) to finance access to land has a knock-on effect on the BRS ground lease amount**. CFF charges **€3,3 per square meter** to its households in order to recover and

smooth land cost over 60 years. In comparison, OFSML (*Organismes de Foncier Solidaire de la Métropole Lilloise*) charges a third of this amount (€1) - a montage made possible thanks to the financial effort made by the Municipality of Lille (land donation).

As a result, the first assessment of the CFF model showed that for this project the **differential in monthly payment** (including mortgages and BRS ground lease) **in the open market versus in OFS homes is only 11%** (Cerema, Espacité, 2018).

Date	2017-2019 (2 years)
Phase	Build
Origin of the Land	Private (acquired upstream by the developer)
Nb. Of Units	-13 units in total -10 OFS units and 8 parking spaces
Total Project Cost	Unknown
Land Cost	€1,200 € per floor area (SDP)
Price per sq.m2	€4,100 (€5,600 on the open market)
Average Sale Price	€184,000 (estimated on a 52sqm ² flat, parking space included)
Developer Contribution	- <i>BRS Opérateur</i> : €25,168 over the two development years -€1,000 per unit to capitalize CFF
Household Contribution	- <i>BRS Habitant</i> : €3,33 per sqm ² per month -Monthly payment: €1,289 (including BRS ground lease & mortgage repayment*) -Necessary gross monthly income: €2,224

*Calculation based on a 20% downpayment, over 25 years (2% interest rate), excluding real estate tax.

CFF OPERATION

Acquisition and Resale of Units

CFF targets lower to intermediate income households, first-time buyers, coming from the social rental housing market. In that context, it tied partnerships with social landlords in order to identify potential residents. Would-be buyers are subject to an income ceiling set at the national level. It is based on previous social-homeownership scheme levels (*Prêt Social Location-Accession*, PSLA). PSLA income ceiling for a single person in the First Parisian Ring (Zone A) amounted to €31,999 per year in 2018.

In terms of unit-price setting, prices per square meter are set project by project but are capped to €4,656 maximum. The land cost is not included in the purchase price which can represent a gain of 15 to 25% on total sale cost (Cerema, 2018).

In terms of mortgage finance, residents can benefit from both commercial and concessional loans (*Zero Interest Loans*, PTZ) as well as a 30% discount on their real estate tax depending on respective Cities policies.

Coop HLM developers usually provide a three-component guarantee scheme. In the event of a life crisis, the developer commits to rehouse the household into a social rental unit, to buy-back the unit, and to compensate the potential loss in added value. It also has a pre-emptive buy back right if noticing improper uses of the unit (Coop HLM, 2018).

As mentioned earlier, a ground lease (*BRS Habitant*) is charged per residents, for a period of 78 years maximum. It has the purpose of reimbursing the land loans and constituting a rolling-fund to invest in further projects. This ground lease amounted from €2 to €4 per sqm² for the first operations. The building is then managed as a traditional co-ownership building.

In the event of a sale, the resale formula is indexed - nationally - to the rent index (*Indice de Révision des Loyers*, IRL).

Operation of the Organization and Development of New Projects

The value of the cooperative is composed of the initial endowment of €390,000, the €1,000 developer contribution per unit built, the collection of ground leases (BRS), and incidentally, the income fees earned through the commercialization of units (Espacité, 2018, p.24).

In terms of equity take-out, Local Authorities can participate up to 50% of the CFF capital, while households could theoretically also buy cooperative shares (see. Governance section).

The main source of expense for CFF is the interest rate on land loans. It is also to be underlined that as a commercial entity the Cooperative is not exempt from taxes¹⁰⁶ (Espacité, 2018, p. 19).

CFF has no direct employee running its day-to-day operations. It relies on its members' internal skills through management agreements. This functioning enables members to share management costs and mutualize services (Espacité, 2018, p. 16). For instance, *Coop Immo* currently employs 1/3 FTE to run the organization (diffusion of the model, accounting, etc. ...), while lease and property management are taken in charge by *Gexio Cooperative*, whose business core was already to administer properties (Cerema, 2018). The volume of these missions should expand as the number of operations increases. As of today, it is difficult for CFF to assess its need of human resources. Two scenarios seem to emerge; either it will continue mobilizing staff from its membership through service delegation or hire dedicated staff.

¹⁰⁶ Including corporate tax, VAT tax and territorial economic contribution.

CONCLUSION

CFF has set as its short-term **objective the development of 80 units per year**, to reach eventually 300 housing units produced yearly (Kiraly, 2017).

The main challenge faced is how to **ensure Local Authority collaboration in order to access land and benefit from municipal guarantees on concessional land loans** (*Gaia, CDC*).

In a context of constrained budgets and land price increases, land is indeed, considered as an increasingly valuable asset and potential source of revenue for Municipalities. In this situation, **discounts and guarantees are more difficult to obtain** for CFF.

It is also important to note that due to **resource scarcity**, OFSs are evolving in a climate of relative **competition for land access** in regards to the other actors positioned on the affordable housing market (public, private etc.).

Failing to secure those partnerships would oblige CFF to **buy land at costly prices** - which would eventually have a strong **repercussion on households ground leases** and would not allow to control **speculation** (Espacité, 2018).

An analysis is thus currently being done on how to achieve an **optimal mix of debt management, public grants, developers and households contributions**, in order to **decrease the cost of the operations, limit ground lease payments and, finally, enlarge the population target** (Espacité, 2018, p. 13).

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LONDON CLT (LCLT)

STATE OF AFFORDABLE HOUSING IN LONDON

London, with more than **8 million inhabitants**, is a major international metropolis as well as **one of the most expensive cities in Europe**. In 2018, the **average rent** for a three-bedroom apartment in some prime London areas were as high as **£5,398** - almost twice than in Paris for a similar product (Christie, 2018).

The **average housing price** in the capital are today estimated at **£484,926**, revealing an **increase of 67% in a decade** (Office for National Statistics, 2018).

Prospective first-time home buyers in London in 2017 were expected to spend 13 times their annual earnings to buy a home (Office for National Statistics, 2019).

LEGAL AND POLITICAL BACKGROUND

In that context, the **2012 London Olympics** acted as a **disruptive event**, compelling citizens to organize in order so that the fallouts of this mega project can benefit Londoners. In **2004**, Citizens UK¹⁰⁷ **secured the promise of a CLT as part of the Olympic legacy**. A year later, the Greater London Authority (GLA) required the implementation of a **pilot project** proving the concept prior to the provision of land for a CLT on the Olympic site.

East London CLT had been formally created by Citizens UK in **2007**. By 2009-2010, the **St Clements Hospital site**, in the London Borough of **Tower Hamlets**, was targeted as a potential pilot. After **substantial campaigning** and negotiations, design workshops and other key events, the first 23 CLT homes have been built on the site, as part of a larger development.

Since the **2014 local elections**, East London CLT's scope expanded to **all of London**, with a first project in **Lewisham**. London CLT members are today working on **getting local officials to commit** to the creation of CLT homes in their Borough. These groups can then benefit from London CLT staff's expertise to help develop their housing projects.

LONDON CLT LEGAL STRUCTURE AND GOVERNANCE

London CLT has evolved into a **London-wide organization**¹⁰⁸ supporting local projects at the borough level in partnership with Citizens UK.

London Community Land Trust (London CLT) is today a registered **Cooperative and Community Benefit Society**, each member holding a **£1 share** in the society. This legal framework allows the society to **earn surplus to be reinvested in the community**.

Placing **citizen involvement at the heart of their organization**, London CLT bases its internal governance structure on the **classic CLT tripartite governance**¹⁰⁹, reaffirming the US model heritage (Smith, 2018).

¹⁰⁷ A National community organizing charity, partner of London CLT.

¹⁰⁸ Similar functioning to Bristol's CLT.

¹⁰⁹ The Board of a "classic" CLT is composed of three parts, each containing an equal number of seats. One third represents the interests of people who lease land from the CLT. The other third represents the interests of residents from the surrounding "community". The remaining third is made up of public officials, or public interest representatives, local funders, non-profit organisations, Social Housing Companies etc.)

London CLT in Brief

Date of Creation	2007 (12 years)
Nature	Grassroots Initiative
Legal Structure	Community Benefit Society
Population Target	-Modest to middle income households: Closing the gap between “people qualifying for council property and the people who can afford to buy their own home” (SHICC, 2018) -Equivalent to the area median income (£31,234, in 2017 in Tower Hamlets)
Membership Fees	£1 (equity share)
Home pricing *	-Average price per sqm ² in Tower Hamlets: £8,545 (ONS, 2016) -Average housing price in Tower Hamlets: £500,000 -Resale price St Clements: £130,000 (1 bedroom) -Approximately 30% of the housing market
Asset	-1 realized project (St Clements: 23 units) -1 project with planning permission (Lewisham: 11 units) -3 written agreements to include CLT homes on site (78 homes) -9 active campaigns
Workforce	- 2 FTE, 5 part-time employees (SHICC, 2018)
Nb. of Members	London CLT has 2,500 members in total, including: -130 stakeholder members -2,780 community members -40 resident members
Resale Formula	Resale prices covenants are determined based on the Area Median Income (AMI). They roughly represent a third of AMI (Smith, 2018, p. 59)
Ground Lease	-At St Clements there is a £50 p.a ground lease fee which is paid directly to the Ricardo Foundation. A monthly rent of £15 is paid in addition to cover service charges -Underlease of 250 years
Yearly Budget	Operational Budget: £190,000 (2017)–£146,000 (2018)
Sources of Funds	-Public support to access land and to start up -Capital and revenue finance from charitable funders and ethical bankers -Citizen Finance through share issuing

*Project 1 - St Clements

LONDON CLT GENESIS

Upfront Financial Assistance

For many years *London CLT* has been “incubated” by **Citizens UK**. Citizens UK employed staff that were assisting informally the creation of London CLT to help implement their objectives (Patterson, 2019). These staff were funded most notably by the *Tudor Trust* and the *Oak Foundation*. Other smaller grants were obtained, including £10,000 in 2014 from the *National CLT Network* as part of the Urban CLT Project. This money enabled them to draft a **feasibility study** and a **land agreement**, as well as **finance some initial community engagement workshops** (National CLT Network, 2018a, p. 13).

Technical Assistance

In order to get the organization underway, London CLT also **received substantial technical assistance** from a number of professionals either **on a pro-bono or voluntary basis**. The most

significant of those professionals was Stephen Hill - British CLT pioneer activist, who helped campaign for many years and deliver the St. Clements deal (Patterson, 2019).

FORMATION OF PROJECT GROUPS

London CLT was born out of the community organizing efforts of Citizens UK and continues to work in partnership with Citizens UK in order to get local communities organized. (SHICC, 2018).

London CLT currently funds Citizens UK with £50,000 per year, over 6 areas, to help provide capacity for community organizers to work with local groups, to campaign and deliver London CLT homes. This mechanism is part of ensuring London CLT retains a people-led approach (Patterson, 2019).

Traditionally, the development of a project is structured in the following stages, some of which may happen in parallel: organize people, get control over land, raise finance, develop a plan, build the project, allocate the homes, create a resident-led management strategy (SHICC, 2018).

PROJECT DEVELOPMENT

Site

To date, CLT projects in London have relied on public land being released, often at below-market values, by different government bodies, including: Transport for London¹¹⁰ (TfL), the National Health Service (NHS) and Local Councils. In order to get control of this land, local London CLT members have used two approaches so far.

One is, through well-structured campaigning and lobbying efforts, to get political officials to commit to giving the land to the CLT (e.g.: St Clements in Tower Hamlets or Brasted Close in Lewisham).

The other method is to bid on sites designated for SME housebuilders under the “Small Sites Small Builders Programme” launched in 2018 by Mayor of London Sadiq Khan. This program unlocked two sites for London CLT (Cable Street in Shadwell and Christchurch Road in Lambeth) which will provide around 75 homes in total.

Plan

In 2018 London CLT issued a Community Share Offer in order to finance some of the pre-development activities on the Lewisham site (Brasted Close, 11 units). £488,960 was raised. This ensured there was a stable cash flow while sales of St Clements homes were being processed, avoiding any delays on the Lewisham site development (London CLT, 2018b).

This fund-raising campaign has been set up in partnership with Ethex and Resonance. It targeted individuals as well as institutional investors such as Joseph Rowntree Foundation, CAF Bank, Big Issue Invest, etc. Each share was worth £1 with a minimum of £100 and a maximum of £100,000 with a potential 5% annual return on investment. Interest has been paid back for the first time in 2018.

In parallel, London CLT also managed to mobilize the surpluses generated by the sales of the 23 units at St Clements Hospital, estimated at £635,000, to help ensure a pipeline of future sites (e.g. the Transport for London sites, TfL).

¹¹⁰ Transportation company of the Greater London Authority.

Build

a. Building Homes

Similar to Bristol CLT, London CLT has experimented with different development processes. For their pilot scheme in St Clements (Tower Hamlets), the organization **partnered with a major developer** (Galliford Try, Linden Homes) and an **affordable housing developer** (Peabody).

Under this “**agency model**”, London CLT purchased the units at a **pre-agreed affordable cost** upon practical **completion**. They’ve been **financed** through residents’ **mortgages**. This transaction enabled them to **cover their costs and reinvest the surpluses**¹¹¹ in developing more affordable homes (London CLT, 2016, p. 24).

At Brasted Close (Lewisham), on the other hand, London CLT is trialing the “**direct development**” model. In this case London CLT is in charge of **mobilizing the construction finance** once the planning permission has been granted.

The options available in terms of development finance have then been to access **soft loans from ethical bankers or social lenders** such as Big Issue Invest (up to £10 million), London Housing Fund, Ecology BS, Unity Trust, Parity Trust and NationWide Foundation (FMDV, 2018).

On the same note, other existing and potentially mobilizable public financial mechanisms could include the **Innovation Fund granted by the Greater London Authority** (£3.15bn, 2016-2021) or the **Community Housing Fund** (£138m has been apportioned to London).

Phase	GROUP & LIVE	SITE & PLAN	BUILD	BUILD
Detail	Campaigning & Admin. Staff	Pre-development Finance	Construction Finance	Community Spaces Finance
St Clements	-Citizens UK -Oak Foundation -Tudor Trust -NCLTN	Developer incurred cost	Developer incurred cost	-Partner Grant TFS: £1.2 mill -Crowdfunded: £28,000
Brasted Close	-St Clements Sales (2019) -EU funding (2020)	-Community Share Issue £488,766112	Provisional agreements : -Debt: Ecology Building Society and Big Issue Invest. -Grant: Greater London Authority	
Shadwell & Christchurch Road	-St Clements Sales (2019) -EU funding (2020)	Forecast : -Community share issue -Provisional grant agreement with GLA	Forecast : -Debt: Triodos (to be tendered) -Grant:agreement with GLA	

Fig. 12 Synthesis Table of London CLT Projects Financing (Source: London CLT, 2019)

¹¹¹ Surpluses estimated at £635,000 for the sales of the 23 units.

¹¹² Including Big Issue Invest; Joseph Rowntree Foundation; CAF Bank. All invested through the community share issue.

b. Financing non-residential Components

Part of London CLT’s focus is on transforming the neighborhoods in which they work, for example through the **development of community spaces**. It has for instance been the ambition of London CLT throughout the St. Clements project to develop a “*new community heart on Mile end Road*” (Design and Access Statement, 2013).

London CLT campaigned to **secure within the planning process the permission to dedicate a section of the front building at St.Clements as a community-use space**, meaning that the space had to be used in a way that benefits the community. To do do, the space was registered as an **Asset of Community Value** enabling the sale of the property to a third party to be delayed until a community organization had been given the opportunity to purchase it. The campaign to secure the space has received considerable public support during different stages.

London CLT strengthened its proposal in partnering with Poplar HARCA (a Housing and Regeneration Community Association in East London). Together, they **designed a solid business plan** for the site based on comparable community centers in the area. (e.g. *Poplar Union* and the *View Tube*) and proposed implementing a **mixed-use space** composed of an independent **high-quality café**, **affordable workspaces** dedicated to the third sector and a **community event space** (e.g. for weddings, parties, days away, etc.)

The **total capital expenditure for purchase and refurbishment** has been estimated at about **£1,200,000** which will be covered mostly through **partner grants** and supplemented with **crowdfunding**.

The **costs of running** such as place have been estimated at **around £115,000-£120,000 per annum for the first years** which will be covered annually through **grants and rent** paid by hosted companies and the community¹¹³.

Zoom on *Brasted Close* (Lewisham) Financial Operation



Fig. 13 *Brasted Close Project* (source: London CLT, 2019)

Lewisham Council formally agreed in March 2016 to **transfer a site to London CLT in Sydenham for a nominal fee**. In parallel, London CLT has been working closely with *Lewisham Citizens* (a local Citizens UK branch) to run a flagship **community-led design process**. It resulted in local residents submitting a planning application in May 2018. The proposal includes **11 genuinely and permanently affordable homes** that will form part of an existing estate. They **expected to start on-site construction by early 2019** and have been meeting several contractors in early 2019 to look for the right partner to build the project (London CLT, 2018b).

Date	2013
Phase	Build
Origin of the Land	Lewisham Local Council
Nb. Of Units	11 units
Total Cost	£2,901,805 (provisional - final cost tbc with preferred contractor)
Land Cost	£0 (Donated by the Council)
Average Sale price	approx. £160,000 - £195,000 for a 1 bedroom unit approx. £210,000 - £250,000 for a 2 bedroom unit

¹¹³ For instance, a similar community space in the area charges £3,000 per day for a room hosting 250 persons. The one in Saint Clements would hosting 150.

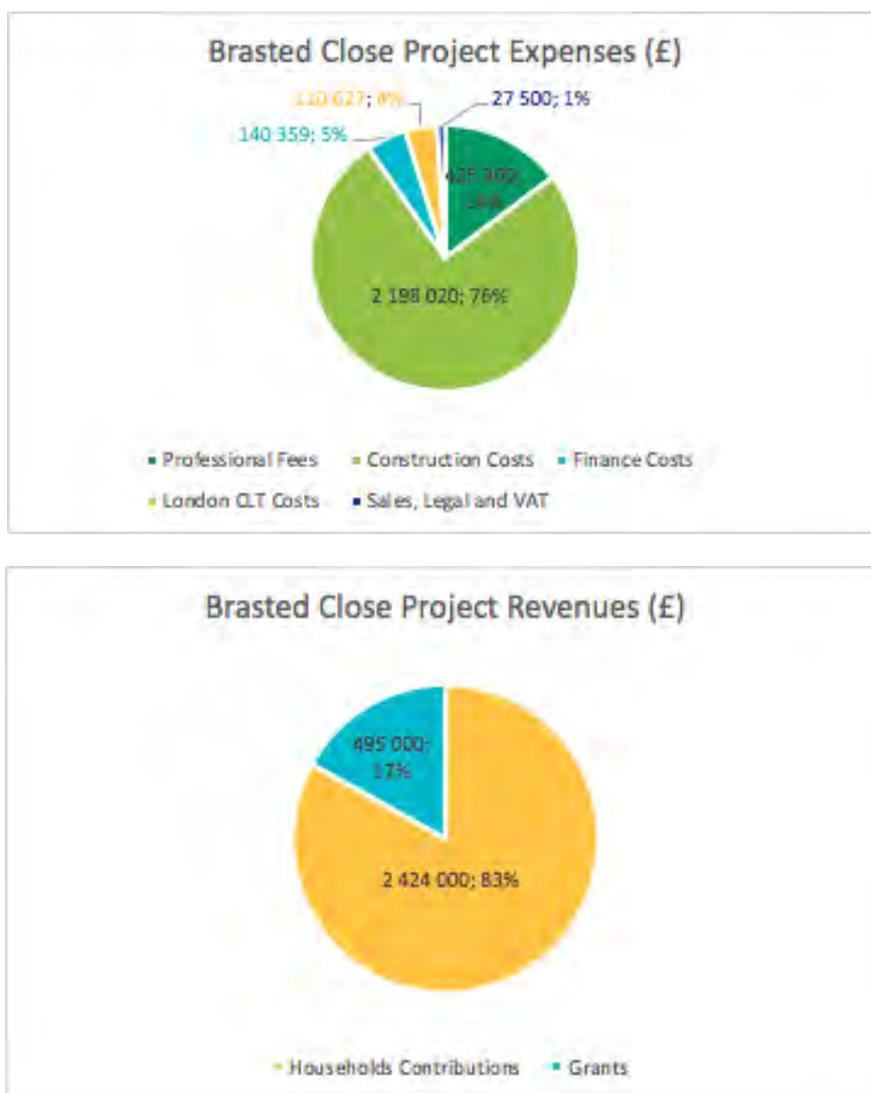


Fig. 14 Brasted Close Financial Operation (Sources: London CLT, 2019)

LONDON CLT OPERATION

Acquisition and Resale of Units

London CLT targets modest to middle-income households - usually earning between £25,000-£50,000 a year. They thus aim at closing the gap between “people qualifying for council property and the people who can afford to buy their own home” on the private market (SHICC, 2018).

The allocation process has been designed through a consultation with residents. It is based on five guiding principles (fairness, transparency, simplicity, legality and scalability). In order to be eligible, would-be buyers have to present a minimum of five years’ connection to the neighbourhood, belong to and participate in the local community, be priced out of the open housing market, be in housing need but able to contract a mortgage.

The unit price is based on the average mortgage available to households in the neighbourhood. It is thus taking into account the Area Median Income (AMI) according to the following formula, and amounts approximately to 1/3 of the AMI:

$$[(\text{AMI} \times \text{home value ratio}) / 12] / 3 - 150$$

Determine the AMI, multiply the AMI by a ratio determining the value of a home according its size, divide this number by 12 in order to establish monthly gross pay average, divide this number by three as to establish one third of this monthly gross pay. Subtract £150 per month to include estimated service charges and ground lease fees.

From this number it is then possible to estimate the average mortgage available to would-be buyers, working on the assumption of a 10% deposit, 25 years mortgage and fixed rate of 5%¹¹⁴.

For the pilot project, only **two lenders** (*Ecology Building Society*, and *Nationwide Building Society*) agreed to offer mortgages to the CLT residents.

Nationwide Foundation was willing to lend up to 95% of the value of the property with an initial 60-month **fixed rate** of 2.74% which then increased to 4.24% for the remainder of the mortgage. **Ecology** was willing to lend up to 90% and charge a **variable interest rate** of between 3.50% and 5.50%.

As London CLT is currently working on access to further mortgage options, it is also in discussions with **Parity Trust** to be a lender for future projects.

In parallel, London CLT developed, in partnership with **Nationwide**, a **standard certificate** allowing for the **recognition of the CLT properties as eligible for a regular mortgage application**. This **standard helps process more rapidly CLT residents cases** (National CLT Network, 2018b, p. 24).

As for the ground leases, Linden Homes and the **Greater London Authority** still own the site (freehold¹¹⁵) until completion of the site. The **freehold will then revert to the Ricardo Community Foundation**, a charitable organisation with representatives from the key stakeholders at St. Clements. **London CLT owns the headlease¹¹⁶** on the CLT homes. Once the unit is allocated, **London CLT signs an underlease of 250 years with the residents**.

Management of the Building

In order to maintain the building, **each household pays a £150 monthly provision to contribute to the service charges and ground lease fees**.

The ongoing **community life** is ensured via the development of a **resident-led management strategy**. For instance, at St Clements, a **residents association** has just been set up which, once *Linden homes* finalizes and leaves the site (end of 2019), will be responsible for the site management. The group comprises **6 appointed residents** (including 3 from CLT homes). Its precise activities remain to be detailed (London CLT, 2018b).

Operation of the Organization and Development of New Projects

The **operational expenditure** to run London CLT has been estimated at around **£170,000 per year**. In order to carry out its activities – coordinating campaigns, scouting sites, support development of homes – **London CLT hires 2 FTE, representing 5 part time staff**.

Core employees include two **campaigns managers**, a **finance manager**, a **communities manager**, and a **human resource & office co-ordinator**. They are assisted by external project managers as consultants. These **back-office functions are included in every project's business plan** looking to be financed, and further grants help cover the remaining staff costs.

Maintaining a balanced annual budget remains a challenge for London CLT although it benefits from a **wide range of sources of regular income** such as from the **community share issues which enabled to smooth cash flow** in between project delivery (£492,225 in 2018), **membership fees** (£1 each for 2,500 members), **ground lease fees** (£50 p.a.) at St Clements) and the sale of units (£378,060 in 2018 for St Clements)

¹¹⁴ Estimates taking into account historic lending rates.

¹¹⁵ Permanent and absolute tenure of land or property with freedom to dispose of it at will.

¹¹⁶ Ownership of a property for a fixed period of time.

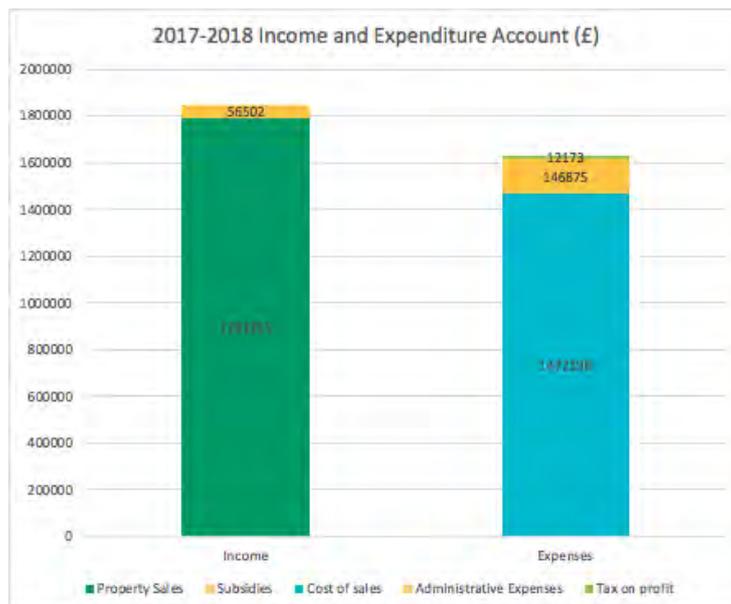


Fig. 15 2017-2018 Budget (Source: London CLT)

In parallel, London CLT also has to cover the cost of sales, taxation, payment of interest on London CLT shares (aimed to be 5% per year), repayment of withdrawn shares and administrative expenses.

As of today, London CLT is operating well. In 2018 it made £230,442¹¹⁷ profit on sales (London CLT, 2018a). Its total equity amounts up to £535,536 of which 90% as shared capital (£492,133).

CONCLUSION

London CLT is planning to develop around 110 homes across London by 2021 (London CLT, 2018b) and has committed to developing a pipeline of hundreds of homes in the medium term (London CLT, n.d.a). As of today, there are a number of **financial challenges** that London CLT faces, but the two most substantial are **raising new capital** and **keep operating within very tight project budgets**.

In order to deliver projects, **London CLT must borrow money from investors**. At a small scale (e.g. £2m), a large number of potential lenders exists offering a wide range of conditions. However, **at a larger scale (e.g. £10m+) potential investors are scarce**. These investors have **clear requirements regarding loan to value ratios**, commonly in the realm of a 60/40 split. This means that in order to **access this capital finance** London CLT would **need to consistently input 40% of the project costs** – either using sources other than debt, or identifying junior lenders in some circumstances. Part of this amount could be covered by grants or community-share issues. However, it's unlikely that grants could cover 40% of a project's costs and there is little precedent for Community Share Issues in the UK over £1m (Patterson, 2019).

London CLT has to **operate within very tight project budgets so that it can deliver 100% genuine and permanently affordable homes**. As **construction costs are very high** in London, this must be monitored and controlled as tightly as possible. The **margin for error in terms of project management is very low**. There is thus a real challenge for London CLT to **maintain the affordability** of their homes as well as its **ethos**.

Forming a clear and **robust strategy for these two risks** is vital, if London CLT is to scale up and sustainably run a community-led organization developing mixed and integrated projects. If this **growth is indeed possible**, it will then generate its **own challenges**. Namely, how to grow sustainably while ensuring that every London CLT project is community-led, while the organisation itself continues to be democratically run.

¹¹⁷ £43,403 left after having covered for the loss of previous years.

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BRISTOL CLT (BCLT)

STATE OF AFFORDABLE HOUSING IN BRISTOL

Bristol, a city of **450,000 inhabitants**, is one of the ten British “Core Cities”. Along with Brighton, Oxford and Cambridge, it runs just behind London in terms of property prices and rent increase and presents **one of the biggest gap between average income and home prices** in the country. **Average house prices are in the region of 12 to 14 times average earnings** (Bristol City Council, 2019). Concerning the rental market, **many occupants are dedicating over 50% of their disposable income on a rent each month** (BCLT, 2019).

Between 1930 and 2018 the **share of social housing decreased** from a third of the housing market to 20% whereas **buy-to-let and student housing increased** (Gilling, 2018). Today, about **15,000 people are on the waiting list** for affordable rental property. In that framework, BCLT aims to provide *“new and improved solutions to the dysfunctional housing and financialised property market”* (BCLT, 2019).

LEGAL AND POLITICAL BACKGROUND

In 2010 the Bristol City Council was running for the “**European Green Capital**”. In that context, developing **ecological and affordable building rose up in the political agenda**. With the objective of improving housing affordability, the **City Council explored the possibility of implementing a municipal CLT**. After producing knowledge on the topic, **local housing activists then organized and successfully launched in 2011 Bristol CLT (BCLT)**, a grassroots initiative supported by the Municipality.

In 2016 local elections were held which saw a Labour Party mayor elected on a manifesto of tackling the housing crisis. The new Mayor, Marvin Rees, set the target of producing **2,000 units per year, 800 of which would be affordable housing**. Since then every Council Department has suffered budget cuts except the Housing one, which benefited from major investment. **Bristol CLT became part of the new Council’s strategy for Community Led Housing (CLH)** and benefitted from active support and multisectorial partnerships.

BRISTOL CLT LEGAL STRUCTURE AND GOVERNANCE

Bristol CLT (BCLT) is a **Community Benefit Society**, a british non-profit legal framework. It operates in the specified area called the “**West of England**”, which comprises the **four local authority areas around Bristol**. **All members are shareholders of the society (£1 share)** and possess one vote in the Annual General Meeting (AGM). Based on the classic CLT model, nine members are elected to be part of the Board, respecting a **tripartite governance** of $\frac{1}{3}$ community members, $\frac{1}{3}$ residents and $\frac{1}{3}$ stakeholder members (BCLT, 2018c).

Bristol CLT is also an ‘umbrella’ support organization. Its “**Community Led Housing HUB**” service provides **fee-based technical and financial expertise and support to local groups** wishing to develop community-led housing across the region.

In terms of governance, BCLT faces two challenges, the first one being its **poor record of involving its members “in a coordinated and consistent way”** (BCLT, 2018b), the second is a **high vacancy and turnover within the Board**, which impairs the stability of the organization (BCLT, 2018a).

Bristol CLT in Brief

Date of Creation	2011 (8 years)
Nature	Grassroot Initiative
Legal Structure	Community Benefit Society (Industrial & Provident Society) Registered Provider of Affordable Housing
Population Target	From intermediate demand for affordable housing to people in greater needs (BCLT, 2016)
Membership Fees	-£1 (equity share) -Project of establishing specific membership fees for organization and businesses (£100 per year <20 staff, £500 per year for bigger organization)
Resale Price	-CLT homes are produced at about 35% of market prices -BCLT does not resell properties
Asset	-1 realized project (Fishponds, 12 unit, 2016) -1 project under construction (Shaldon, 25 units) -1 project under study (workspaces over two floors and 8 units)
Workforce	-One part-time coordinator. -Fundraising for new posts. -CLH Hub service will also be employing 2 staff members
Nb. of Members	-Community members: 50 -Resident and prospective resident members: +500 (BCLT, 2016) -Stakeholder organisation members: 2
Resale Formula	BCLT does not resell homes
Ground Lease	£200 per year
2018 Budget	Circa £60,000 (Financial year April to April)
Sources of Funds	-Local Authority support for access to land and start up -Capital and revenue finance from charitable funders and ethical bankers -Community Shares -Rental income from property owned (12 properties)

BRISTOL CLT GENESIS**Upfront Financial Assistance**

In 2011 local activists benefited from a **£1,000 grant from Bristol City Council** to explore the implementation of a grassroots Community Led Housing (CLH) organisation by holding a CLT launch event. This attracted 350 attendees and led to a **further £40,000 grant from the Council to employ a part-time worker for 18 months** and get the CLT started (implementation of a steering group, incorporation of a legal framework, etc.). It also **endowed the new CLT with a venturing fund of £300,000 to look for potential sites** for CLH residential developments. The process of **identifying and securing** the first site took **two to three years**.

Throughout this period, BCLT co-organized events with the National CLT Network for CLT colleagues from around the country and contributed to conferences and training programmes. In parallel, and as for London CLT, Bristol CLT benefited from a **£10,000 grant from the “Urban CLT” project in 2014 (NCLTN)**, which was used for **early stage development** of BCLT’s second project - capacity building, legal advice and financial modelling (Tom Chance, Personal Communication).

Technical Support

During its start up phase **Bristol CLT benefited from pro-bono technical assistance** from a variety of advisers. Many **Board Members brought invaluable skills and experience**. Notably Steve Bendle – previously involved in the Bristol CLT feasibility study on behalf of the Local Council – brought expert guidance. Additionally, some organizations such as Bristol Community Housing Foundation gave support with governance and project development (BCLT, 2018b).

After securing mainstream **Government grant** support for its first project, it emerged that this kind of **public support would be dependent on BCLT becoming a registered social housing provider**. BCLT thus undertook the process with the help of *United Communities*, a partnering Housing Association, which helped to manage the extensive compliance and due diligence requirements of this registration procedure with the government’s Homes and Communities Agency¹¹⁸ (BCLT, 2016).

FORMATION OF PROJECT GROUPS

Resulting from **BCLT’s dual structure (CLT and umbrella organization)**, **capacity-building initiatives are twofold**:

On one hand, once the land or asset is transferred into BCLT, **BCLT supports prospective residents in designing, planning and operating their own projects**. These CLT members are engaged at every stage of the development process, from scheme **conception** (design, contracting the architect, etc.) to **building** - where they will benefit from **the support of a Self-Finish Group Manager** during the final “fine-finishing” stages of the project. Prospective residents of BCLT’s current project of 50 homes, developed in partnership with *United Communities*, have been **meeting regularly for 3 years** to select representatives to work with architects and also to begin to **mobilise the actors** that will help the community to function once the development is occupied.

On the other hand, **Bristol CLT has been developing since 2016 a local advice and support service which will provide a wide range of support to local Community Led Housing (CLH) groups across the city region** (not just in the City of Bristol). It will also work with Local Authorities in **developing policies, land release policies and funding mechanisms**. The Hub idea emerged following a one-day conference on “Scaling Up Community Led Housing” after the completion of BCLT’s first pilot project on Fishponds Road in Bristol¹¹⁹.

The organization was approached to act as a **pilot project** – along with the CLH activists in the city of Leeds – for a plan **to develop a National Network of support for CLH start-up groups**. This program was led by the National CLT Network with the support of *Power to Change*, the Government and other funders. In BCLT case, *Power to Change*¹²⁰ offers approximately **£100,000 pounds** a year for the first two to three years **to design and build up the service**.

After a year of development, this pilot programme is about to launch its services and expects to benefit from the second round of the **Community Housing Fund (CHF)**¹²¹. **CHF now possesses a specific “infrastructure” component** (£2.6 million of an overall £160 million fund). Revenue grants are **used to build capacity** at both the national and local levels and to **provide technical support to community-led housing groups**. BCLT’s South West of England local hub is now able to bid for structural funding through this fund.

¹¹⁸ Home England sponsors registered Housing Association through grant programs.

¹¹⁹ “Scaling up Community Led Housing” at Bristol University.

¹²⁰ Charity in charge of redistributing funds from the National Lottery to Community projects in England.

¹²¹ CHF is a national programme aiming to support an increase in housing supply in England by increasing the number of additional homes delivered by the community-led housing sector. It makes £163 million available across England up until 2020-2021.

PROJECT DEVELOPMENT

Site

So far the two projects developed by BCLT relied on public land acquired from the City Council: Fishponds Road, on the site of a former Victorian school and Shaldon Road on former allotment land (vegetable gardens).

For the Shaldon project, the site was offered through a **tailor-made tender process**, which invited proposals for “*an exemplary sustainable custom build-market and affordable self-build housing scheme*”. A **joint bid** from BCLT and its **housing association partner** United Communities was the only bid submitted in response to the tender invitation. The two organisations began to develop a joint development proposal. Some time later, **the property was conveyed to BCLT for a symbolic £1**, in a complex transfer process. Notably, this contract contains an overage clause giving the council a right to benefit from a share of any significant development profit. In the BCLT case, this provision is unlikely to become a problem as **the value created for the social homes will only be equal to, or slightly higher than, the cost of building them.**

In the short term, **access to public land is crucial for BCLT** for two reasons. The first is the **affordability** aspect, without which BCLT wouldn't be able to access land. The second is the **opportunity to get a deferred deal allowing the CLT to carry out a range of pre-development activities related to the site before acquiring it.** This kind of arrangement wouldn't be possible on the open market without paying a significant initial charge for an extended ‘**option to purchase**’ for (say) two years. BCLT doesn't have its own capital reserves to allow it to buy land without raising an external finance package. **Acquiring land on the open market would therefore depend on finding a patient landowner** willing to wait for a minimum of a one year without offering the site to anyone else, in order to allow the CLT to obtain a planning permission and establish plans with commercial banks.

Plan

The planning phase and **pre-development work until site acquisition**, has so far been **financed through debt finance and various grants.** To this end, BCLT partnered with the **gap lender Charity Aid Foundation (CAF)** and its lender arm, *CAF Venturesome*. Although **expensive (up to 15% interest rates)**, these **loans from £20,000 to £400,000** enable a CLH group to decrease pre-development risks because **they allow for debt write-off in case of early-stage project failure.**

As mentioned earlier, **BCLT had to register formally as a provider of social housing in order to access government grant funding** to develop affordable homes. These early capital and revenue components thus enabled BCLT to develop its schemes (appointment of the architect, preliminary design, acquisition of the building permits, etc.) up to a point at which the first instalment of government grants could be reached .

For the Shaldon Road project, the first instalment represented **35% (£450,000) of the total £1,250,000 government plan.** It has been used to **pay back CAF's bridging loan and start the construction phase.**

Build

a. Building Homes

In order to deliver their first projects BCLT experimented with **various development models.** The *Fishponds project* was carried out by **BCLT taking the developer role and being wholly responsible for conducting the construction phase** (project completed in 2016).

For the *Shaldon Road project*, because of the **difficulty of raising a £4 million construction-debt finance package** (see below), BCLT has been forced (see. below) to **work with a scheme backed by the United Communities Housing Association, a social affordable housing developer.** *United Communities*, as the developer, will be funding the construction

phase and take the development risks while BCLT will subsequently be buying back finished units at completion of works.

In its third scheme, a set of offices for a Bristol refugee charity and eight residential units, **BCLT is planning to obtain initial finance through the national Community Housing Fund (£187m).**

No common financing model exists for the kinds of projects that BCLT and other CLTs aim to provide, so that each has to juggle with soft loans and special treatments (Spread I, 2016). For Fishponds Road, BCLT benefited from **government grant funding** and completed the business model with a **commercial construction loan** from *Resonance*, a specialist social-impact investment intermediary.

The general scheme is based on the principle that **monthly rents pay back the residual debt** after the completion of construction. However, **this mechanism cannot cover the entire capital development finance package (SpreadI, 2016).** It was **bridged through a short term, higher interest, construction-finance package.** This latter was repaid on completion by a **mixture of grants, purchase of equity** by some occupants and a **long-term mortgage** reimbursed from the ongoing rental income stream.

Under the **model** adopted by BCLT, **households buy between 25% and 75% of the equity and then rent the residual share they don't own (2,75% of unsold equity).** Residents thus have a financial stake in the house they can sell when leaving. This investment rises in value along with the wider property market. BCLT's initial target was to **sell 60% of the equity** for every unit, as it represented a **crucial part of the funding package.**

The governmental grant framework for supporting the development of shared ownership homes requires that although residents can only buy an initial equity stake of between 25% and 75%, they must be allowed over time to **"staircase"** - i.e. to buy further slices of equity up to complete ownership. **At full ownership, residents must then be allowed to buy the freehold interest in their property** (i.e. to buy out of the 99-year lease). For CLTs this is an **extremely unwelcomed rule** as it opens up the possibility of **lost affordability** and of **CLT investments being captured by the mainstream market.** Unfortunately **BCLT is powerless to prevent residents taking this route** and cannot impose on them to respect the amount of volunteer-based and not-for-profit investment that has been involved in the production of their home, nor ask them not to make use of the provisions.

On another note, it is interesting to raise that the **cost of the scheme has lessened through the use of "Sweat Equity" (representing from £0 up to £5,000 per unit),** which later became BCLT's trademark. In BCLT projects prospective **residents commit to undertake themselves the "fine-finishing" construction phase of their units** (painting, fixing kitchens, laying floors, tiling, completing external works), **representing approximately 12 - 16 weeks of labor at 15 hours per week for each household.**

b. Financing non-residential Components

The general BCLT **strategy is at present to establish a portfolio of housing projects.** It is also leading reflection on **using the CLT framework as a means to implement mixed urban development projects** and **hopes to diversify gradually,** as they identify potential sources of investment.

For instance, in the Shaldon project, a **community house** was originally part of the scheme but has been **removed from the initial construction phase** due to the high costs of its implementation. **The relatively small returns from affordable housing rental-income streams makes it extremely challenging to cover the cost of such a space.** The community space has therefore been taken out of the initial construction contract **and is being developed by the group of prospective residents as a second phase, standing on its own.**

For its third project, BCLT is partnering with a charity that has the ability to raise capital on its own. The charity will acquire working spaces at completion under a 100-year leasehold, for a sum which will cover development costs, including project management costs, for that proportion of the building.

Zoom on *Shaldon Road* Financial Operation



Fig. 16 Shaldon Project (Source : Bristol CLT, 2018)

Shaldon Road is an energy-efficient project with 100% affordable mixed tenure of shared ownership and affordable rent. It is composed of 50 homes, 15 of which are to be BCLT homes. The analysis of its development showcases the pitfalls CLT groups face in delivering housing. Indeed, over a 6-year process, the implementation scheme kept on evolving, in response to several legislative and financial unexpected circumstances.

The initial joint venture scheme was based on a partnership with *United Communities Housing Association* and relied heavily on the possibility of a £1,250,000 government grant (for the BCLT component). The land was made available on the basis of developing 30% affordable rental units. The initial plan was that BCLT would develop six serviced self-build plots to be sold on the open market. The surplus money raised from these would be used to cross-subsidise a scheme for 25 land-trust homes. In parallel, United Communities would build 18 mainstream affordable social housing units. This early concept couldn't be implemented however because of a wish to include a "tenure blind" scheme (i.e a project in which it would not be possible to tell externally which units were occupied by renters, versus by shared-owners or owner-occupiers).

After a five-year effort to raise the necessary finance and get Shaldon started, it appeared in November 2018 that BCLT would however not be able to complete the extensive legal work¹²² required in time¹²³ to start on-site work by the beginning of April 2019. Such a delay would have caused *United Communities* to lose its share of government finance, causing the project to collapse.

At the end of 2018, it was agreed that *United Community* should take over the construction phase of the project, and the scheme thus shifted from a model of self-help housing promotion to a "buying homes at completion" model. BCLT which owns the freehold of the site and was planning to provide construction plots for the 25 units *United Communities* homes on 125 years leases. Since the restructuring of the development process however, it has been agreed that BCLT will now lease the whole site to *United Communities* for 250 years, which will now provide a sublease back to BCLT on the plots of BCLT homes. *United Communities* will pay a ground rent of £200 p.a. to BCLT (as freeholder) for the leases of the plots for its homes.

By the time this scheme modification was agreed, an advance payment of 35% of BCLT's government grant had already been received (representing £450,000). It emerged that this amount would need to be repaid due to the extent of the changes from the original development proposal. After construction completion (2021) BCLT will need to submit another bid for the revised scheme (purchase of completed homes). This renewed subsidy will probably not be granted to BCLT until 2021, potentially leading to critical cash-flow issues for the organization¹²⁴.

As the momentum and potential sources of funding for core-costs of running the organization were about to be lost, the case of *Shaldon Road* sheds light on several issues CLTs have to face. They

¹²² Sign contract, mobilize contractors, and start on site by the end of march.

¹²³ By March 2019, end of the financial year.

¹²⁴ The issue is now close to resolution.

notably included: **bureaucratic burdens or excessively-demanding time constraints, and the extensive efforts required from small developer organisations who have no assets nor experience to satisfy the risk management requirement of large financial institutions.** It nonetheless also **underlines the flexibility and adaptability of CLTs when confronted to critical situations and the necessary commitment from public authorities to support such schemes geared towards providing homes for lower-income families.**

Date	2013-2019 (6 years)
Phase	Build
Origin of the Land	Local Council
Nb. Of Units	-50 houses -15 CLT homes (40 residents), mix of affordable rents and shared ownership
Common & Community Space	One community space planned
Total Cost	£9,000,000
Land Cost	-Negative initial value -Acquired for £1
Open Market Value/Full Value*	£175,000 (per unit)
Affordable Rent*	-Sweat equity: £5,000 (amortized over 5 years) -Annual rent: £12,028.72 (sweat equity adjusted) -Annual service charges: £744 -Annual ground lease: £200
Shared Ownership*	-Equity sold: 65% (£113,750) -Sweat equity: £5,000 -Annual rent: £1,540 (sweat equity adjusted, 2,75% of unsold equity) -Annual service charges: £520 -Annual ground lease: £200

*Estimated for a one bedroom unit of 50sqm²

BRISTOL CLT OPERATION

Acquisition and Resale of Units

Bristol CLT covers **two kinds of housing need streams**. It targets the **intermediate demand for affordable housing through a shared-equity offer** while also aiming to address the demand from **households in greater needs through an offer of rented properties**. Residents of rented homes need to *“have an established working or living connection with Bristol”* (BCLT, 2016).

For rental units, beneficiaries are households with a high priority on the City Council housing-need register. In parallel, **BCLT has developed a local letting plan**, in partnership with the Council, in order to ensure that future renters have a connection to the neighborhood as well as a willingness to be engaged members of the CLT and to undertake the fine-finishing stage of their units. They are also subject to a five-year minimum lease.

For shared-equity homes, eligibility is derived from nationally set requirements, which set top and bottom income levels. On one hand, **household income should be sufficient to get a mortgage** on the equity share and **to pay the rent on the remaining** (2,5% of unsold equity), **along with service charges** (£500-£700 per year). On the other hand, would-be buyers have to show that their income and assets are not sufficient to allow them to house themselves through the open market. The majority of UK citizens fill these quite broad criteria. In practice, actual buyers have been households on the **prospective resident groups list**, yet without the

guarantee of getting a unit in the first place. Units have then been attributed on a *“first come, first served”* basis.

Resident mortgages on the 60% of the equity have been financed through commercial loans from sympathetic banks or building societies, and the “Help to Buy: ISA” scheme from Homes England¹²⁵ which tops-up household’s personal savings with £3,000.

The value of homes will be assessed professionally on completion and incoming shared-ownership residents will buy an equity stake of around 65% of this amount. By that montage, BCLT hopes to produce homes that are **35% less expensive than market homes** and of significantly higher quality and sustainability (BCLT, 2016).

Operation of the Organization and Development of New Projects

BCLT carries daily activities of **developing a land portfolio, managing assets, recycling revenues back into community work, and supporting new groups**. In the long run, it is aiming *“to develop a supply of development sites and make it available for groups on long leases”* (BCLT, 2018b).

This work is presently undertaken by Board members and two development officers for a total budget of £60, 000 per year (with the objective of increasing it to £100,000 in the coming years). Further needs are emerging over time in respect to **financial and project management, community engagement, business planning, self-building and event management** (BCLT, 2016).

Sources of expense for Bristol CLT throughout the 2018-2019 financial year resulted from **project development costs** (notably pre-development work on the Shaldon project), **core fees** - including staff costs (£52,583 in total) -, **management and maintenance of completed projects cost** (£9,671 for Fishponds), as well as from **loan repayment costs** (£22,487, Resonance Long term loan).

On the other hand, its major **sources of income** came from **grants** received either from the **public authorities** - as a registered housing provider -, from **charitable funders** (about 20%), **development fees** (50%) or from **rental income** on the Fishponds project (about 30%).

BCLT is currently undergoing a **transitional phase**. It **survived its start-up status through its pilot projects** but **hasn’t managed yet to develop a substantial portfolio of income-generating projects**. Because of the impact of the Shaldon project on BCLT’s financial stability, it is now crucial for BCLT to **find new intermediate sources of finance to secure the organization’s functioning** in the short and medium term¹²⁶.

Launching a share offer is one of the options being developed by BCLT in order to raise **£600,000** of equity by the summer 2019. The cash-flow crisis has highlighted the need for BCLT to **find some new forms of value** other than government grants and land from local authorities. **The share offer will give the organisation some operational stability, and act as a lever to build a venture fund and allow it to acquire new sites.**

In a shorter term (2019-2022) BCLT will focus on the following activities. In terms of finance, BCLT aims at **restructuring a 25-year long-term mortgage** for the Fishponds properties (currently 3 years remaining out of a 7-years short-term loan). It is also looking into several opportunities of **generating revenues**, for example: through the implementation of a **community-share offer** in order to purchase 15 of the Shaldon units, (objective of £650,000 raised by the summer 2019), the **development of monthly membership fees**, and the

¹²⁵ Government-backed mechanism boosting first time buyers investment by 25%.

¹²⁶ Some options considered could be: to call upon the National CLT Network for support, merge Hub activities to the CLT’s etc.

establishment of a grid-fee system for the community-led development support program (local CLH Hub) (BCLT, 2018b).

BCLT will also **pursue the development of new sites**. After completion of the Shaldon project it will aim at purchasing the “Tenants Hall’ site in Barton Hill from Bristol City Council.

In terms of capacity-building BCLT will **set up a community-housing “campus”** that will provide membership advice and services to Community-Led Housing groups in the West of England Region. It will also **build partnerships with local authorities and other asset owners** in order to facilitate access to land. And finally it will establish a flow of appropriate financial advice and development capital to the Sector, in partnership with Bristol & Bath Regional Capital and other funders (BCLT, 2019).

CONCLUSION

BCLT pursues the **objective of contributing to the development of 200 CLT homes**, as well as of supporting other Community Led organizations to complete a further 300 homes at the City level by 2022 (Wainwright, 2017).

The main **barriers** identified by BCLT in terms of sustainable development lies first in the **bureaucratic processes** involved in becoming a recipient of government money and in the **related obligations of registered providers**.

BCLT faced furthermore the **immense difficulty of raising a large amount of debt finance on the basis of having no assets and little experience**. The Shaldon project has highlighted the problems of **banks’ lack of familiarity with the CLT model** and the impracticalities generated by those **limited development lead-times** imposed due to government funding rules. Raising a £4 million debt-finance package eventually led to inordinate amounts of work on due-diligence processes.

Moving on from here, BCLT’s **priority is to develop a substantial portfolio** and to reach a **similar position to housing associations**, in which it would be able to **negotiate a more standard form of lending packages with their financial partners**, without having to undergo such onerous fulfilment-processes of due diligence requirements.

Getting through the current critical intermediary phase would however also require greater public support in order to reach a threshold of **50 CLT built units**, so that banks would be more open to different levels of compliance in their lending operations. Pursuing this goal, BCLT is exploring the possibility of having their **construction loans guaranteed by the Council**.

Finally, BCLT is positioning itself as a strong **umbrella organization providing a wide range of services (financial advices and partnership agreements)** to Community-Led Housing groups in the West of England Region.

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CONCLUSION

Three significant major and shared issues¹²⁷ seem to emerge from this report that obstruct greater CLT/OFS development across North-Western Europe.

To start, **access to land** is of crucial concern. The cost of land on the open market is making this resource inaccessible to CLTs and OFSs, land provision requiring beforehand **high political support from public authorities**. This assistance can be materialized through the implementation of **affordability mechanisms** by local authorities such as donations, discounts or bridge-grants. This provision can also be included in **specific local urban development policies** such as in the *Contrat de Quartier* in Brussels Capital Regions (BCR) or in **specific calls for projects** (GLA “Small Sites and Small Builders” Program or at the initiative of Bristol City Council).

On the other hand, CLTs, OFSs and other Community-Led initiatives can also access land control through the **mobilization of capital finance**. On that subject, we noted the development of long-term loans guaranteed by Municipalities in France (Gaïa, 60-80 years), the implementation of the capital component of the Community Housing Fund at the UK national level or the mobilization of citizens finance through crowdfunding/crowdlending or capital opening (Community Share issues).

Secondly, **expanding the offer of lenders’ mortgage for residents** rises as a focal point. **The lender market is still immature** as we noted a general lack of awareness and understanding of the CLT or OFS model at the national levels of the countries covered in this Report. **No standardised product nor procedure has been developed which could ensure a fluid processing of resident demands for mortgages**. For some households who have difficulties in providing the initial down payment, this situation leads to high interest rates and significant extra administrative fees, resulting in reducing even further their solvency. The challenge lies today in **increasing lender awareness**¹²⁸ and providing them the **guarantee** that CLT/OFS residents have a similar profile to that of “traditional” borrowers. In addition, in countries (Belgium and France for example) that make affordable or social loans available (1-3%, 20-25 years) further efforts should be made on expanding their offer and availability.

It is also of primary importance to continue and deepen investigation in the opportunities to increase the solvency of **lower-income households** (as through collective saving-groups, micro-saving and affordability grants (as in Belgium for instance). Just as essential is **securing the long-term accompanying of those residents** in the process of becoming homeowners.

Last but not least, a major axis of development for CLT research on sustainable finance should be to focus on **revenue generation to allow CLT and OFS organizations to run sustainably**. It would indeed be a decisive factor in financing back-office activities, in decreasing risks and thus cost of borrowing (notably for pre-development works) and in supporting the involvement of residents in the organization.

On that matter, several solutions could be tested such as the development of partnerships and/or outsourcing of side activities to decrease CLT running costs. In that line, the **development of commercial spaces** appears to be a viable option. It not only enables revenue collection but also the development of mixed-use and integrated projects responding to the needs of the residents.

Finally, financial innovations and schemes developed in the **Social and Solidarity Economy and Finance** (SSEF) sector could be further mobilized, rooted in the notion of General interest or Common Good.

Overcoming these obstacles would enable CLTs and OFSs to stop working within an the **“exceptionalist” framework** they often evolve in - and to allow them to become mainstream.

¹²⁷ Some other barriers could also be raised such as: securing upfront grants to start up, de-risking pre-development phases and access to low-cost and adapted construction finance.

¹²⁸ National CLT Network undertook this process by releasing a study on [“Community Led Housing and Retail Mortgage Lending”](#), 2018. A similar trend is observed in France with the *Foncier Solidaire France* network activities on the matter.

Pursuing this goal, the steps forward will be the development of a **social impact measurement framework** legitimizing social investment in the CLT / OFS, the **capitalization and dissemination of knowledge on the inspiring and replicable financial instruments** for the affordable and participatory housing sectors in Europe, and filling existing institutional gaps.

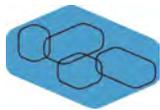
In addition, local and national networks (National CLT network, Réseau Foncier Solidaire France) and the SHICC partners still have a lot to do in order to **develop and support further capacity building tools for CLT groups** on one hand, and **ensure long-term political and financial support to CLTs** (from citizens, public and ethical banks, institutional investors, European funds, etc.) through the implementation of **awareness-raising campaigns** following the European political agenda.

	BELGIUM		FRANCE
	CLT Brussels	CLT Ghent	OFSML
Specificity	Low income population target, inscribed within Regional housing policies	Develops commercial spaces, finances energy-efficient infrastructures, implemented a rehabilitation program	Municipally driven organization fostering the implementation of local housing policies
Population target	-Maximum income ceiling: €22,560 per year (pers. alone) -Migrant population	Income ceiling (pers. alone): between social rents (€24,852) and social homeownership (€39,319)	-PSLA income ceiling €31,999 (pers. alone) -Coming from social rental housing
Market prices	€2,800 - €4,000 per sqm ²	€2,200-€2,800 per sqm ²	€3,086-€3,485 per sqm ²
CLT/OFS prices	€1,650 on average (25-50% of the market price)	€1,300 - €1,600 (50% of the market price)	€1,800 - €2,400 (54% of the market price)
Ground lease	€10 per month per household	Under discussion: between €1,3€ per sqm ² and 17-29€ per household per month	€1 per sqm ² per month
Resale formula	Redistribution of the added value	Indexed on the wage index (inflation adjusted)	Indexed on the rent index (IRL)
Mortgage offer	-Social loans, financed by regional government, allocated by Fonds du Logement -25 year's credit at about 2% interest rate, varying between 1.5 and 3%. -Guaranteed by CLTB (FUP)	-Social loans financed by the Flemish Ministry of Housing, allocated by the Flemish Social Housing Company (WMSW) -Reference interest rate 2018: 1.55% (variation: 0.75-4.99%) -Covers 100% of the cost, including 6% VAT tax (€233,900 max.) -Standard duration: 20 to 30 years	-Zero interest loans (PTZ), 5,5% VAT tax -Loans from Crédit Foncier (1,95% to 2,45% interest rate over 20-25 years) -Administrative fees : indexed on the duration of the loans (up to €950) -Buy-back guarantee from OFSML
Financial barriers faced or anticipated	-Dependency on public authorities' financial support -Sustainably financing of the social accompanying of inhabitants -Financing back-office jobs while scaling-up -Financing non-housing projects	-Generating capital finance -Legitimation of the CLT model added value -Exceptionalist legal framework	-Unpaid ground lease -Buying back of units -Technical adaptations to a new legal context -Development of a lenders offer in terms of mortgages
Innovative instrument mobilized	-Partnership with non-profits in order to develop capacity building - <i>Contrat de Quartier</i> mechanism to access land -Social loans to finance household's mortgages -Collective Saving Groups	-"Minus 1" development loans -Partnership with Rescoop (energy cooperative) -Affordability grants to improve household's solvency -Social loans to finance household's mortgages -Collective Saving Groups	-Long term land loans (Gaïa, 60-80 years) -Municipal guarantee on loans -Zero interest loans to finance household's mortgages -Ground lease charged on the developer during the building phase (<i>BRS Opérateur</i>)
Perspectives of evolution	-Developing a cooperative model to finance land acquisition -increasing staff -Diversify projects (eg. Calico) -Move to pluri-annual budget -Develop use of citizen finance -Work with donors and foundations	-Taking ownership of their project site in order to be able to charge ground rents -Financing affordability grants -Financing the cooperative store	-Increasing staffing, -Stabilizing the organization's governance, -Standardizing and disseminating the OFS/BRS device -Supporting the Foncier Solidaire France OFS Network at the national level - Developing OFS in depreciated areas

	FRANCE	UNITED KINGDOM	
	CFF	Bristol CLT	London CLT
Specificity	Organization driven by cooperative affordable housing developers, gives a perspective on participatory housing	Long lasting and multi-site CLT, changed business model over time	Multi-site CLT, site acquisition mechanisms, generation of revenues
Population target	-PSLA income ceiling €31,999 (pers. alone)	From intermediate demand for affordable housing to people in greater needs	-Equivalent to the area's median income. Usually earning between £25,000 and £50,000 yearly
Market prices	€4,000-€8,000 per sqm ²	Average housing price in Bristol: £316,117 (2019)	Average housing price in Tower Hamlets: £500,000
CLT/OFS prices	-Falls within €3,273 and €4,100 depending on the operation -15-25% of market prices	-35% of market prices	-sale price St Clements: £130,000 (1 bedroom unit) - Approx. 30% of market prices
Ground lease	Between €1.78 and €3.3 per sqm ² per month	£200 per year	-£50 per year + Monthly rent of £15
Resale formula	Indexed on the rent index (IRL)	not yet defined	Based on the Area Median Income
Mortgage offer	See OFSML	Resident mortgages on 60% of the equity have been financed through commercial loans from sympathetic banks and building societies, the 'Help to Buy' ISA scheme from Homes England, and through resident savings.	Loans From Ethical Bankers -Nationwide: lends up to 95% of the value of the property with an initial 60 month fixed rate of 2.74% which then increased to 4.24% for the remainder of the mortgage. -Ecology: lends on up to 90% and charges a variable interest rate of between 3.50%-5.50%. -ISA scheme (State-backed savings)
Financial barriers faced or anticipated	-Ensuring Local Authorities collaboration in order to access land -Benefiting from municipal guarantees on concessional land loans -Developing long lasting partnerships with other housing actors	-Bureaucratic process of becoming recipient of Government money and registered providers' related obligations -Difficulty of raising large amount of money on the basis of having no assets and little experience -Unfamiliarity of lenders	-Acquiring low-cost construction finance -Maintaining affordability -Maintaining ethos -Smoothing cashflow -Financing community spaces -Need to expand portfolio of lenders for mortgage finance
Innovative instrument mobilized	-Similar to the OFSML and; -Use of a cooperative legal structure -€1,000 contribution per built unit by the developer in order to increase the OFS capital -Participatory housing montage and inclusion of the residents in the development process	-CAF predevelopment loans -Use of "sweat equity" in order to decrease the cost of the unit	-Greater London Authority Small Site Program -Community Share Offer
Perspectives of evolution	Achieving an optimal mix of debt management, public grants developers and households contributions in order to: -Decrease the cost of the operations, -Limit the ground lease payment -Enlarge their population target	-Finding revenues to allow the organization to operate in the short term -Developing a consistent housing portfolio (>50 homes) -Restructure long term loans and generate revenues -Get legitimized as a viable housing provider -Develop capacity building and partnerships	- Access low risk finance, with a good loan to value ratio, from large investors for development, -Foster direct development within tight budget constraints, -Enlarge funding sources for pre-development phase, -Develop sustainable finance to train citizens at the local level, -Scale up while maintaining their community-led ethos.

APPENDICES

STAGES OF COLLABORATIVE HOUSING DEVELOPMENT



GROUP

- define purpose & common values
- accountability/membership
- legal constitution options & setting up
- democratic/consensus decision-making
- clarity of roles and responsibilities
- development training: costs, risk, tenure options; partnership options; local plan policies/political context; community led plans/community engagement
- outline business plan & budget
- negotiating terms of finance
- negotiating partnership terms; ongoing support to groups



SITE

- site finding based on group's criteria
- evaluation
- negotiating an interest in land/property
- development appraisal of site/building
- pre-planning advice
- site investigations
- sketch scheme layout
- financial feasibility/viability
- risk evaluation
- competitive bidding/procurement
- acquisition options
- due diligence
- sourcing finance for site purchase/option/lease



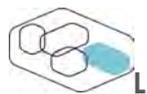
PLAN

- scheme design
- working up planning application
- financial feasibility/viability update
- build options including custom build
- specification/Employers Requirements
- contract options
- negotiating & securing development finance
- value engineering
- agreements with Local Authority
- budgetary control
- contract agreement



BUILD

- building homes and site infrastructure
- services provision
- cost control - quantity surveyor
- quality control - clerk of works
- contract management
- budgetary control



LIVE

- occupation - rent, own
- on going management
- ongoing budgets - service charges; sinking fund
- ongoing membership - sales & relets
- democratic/consensus decision making

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- Debrantd Jean-Baptiste, Head of the Housing Department, City of Lille, (2019, January 11)
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City of Lille is the lead Partner of the project, it supports the project management and coordinates the partnership agreement. As lead partner, City of Lille is involved in all Work Packages (WPs) in order to ensure their proper coordination and advancement.

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CLT Brussels



CLTB leads the general coordination of the project, along with the City of Lille. Through the project, CLTB develops new financial models and new strategies for enhancing community involvement. As a pilot CLT, CLTB will inspire other initiatives in the region. Through its involvement in capacity building, long-term effects and communication Work Packages, CLTB contributes to the spreading of the CLT model within the North West European (NWE) region and helps emerging CLTs to overcome the first barriers.

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Supporting Community Land Trusts, CLT Ghent is leading the 4 CLT Pilot Work Package and contributes to other aspects of the program.

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London CLT



London CLT brings practitioner expertise as a CLT in the very expensive housing market of London. It has particular experience in engaging with communities and the state, based on a community organising approach. It is making the change from a grant-funded not-for-profit organization with a campaigning emphasis to a sustainable social enterprise, actively exploring a diverse range of social finance options. LCLT is keen to develop new ways to create sustainable funding.

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UK National CLT Network



Leads the Communications Work Package (WP); Leads the Start-up Fund WP, building on its existing grant Program that provides small grants for nascent or new CLTs to buy in technical support and reach key milestones; Leads the Long-term Effects WP, specifically delivering the advocacy campaign work and social impact measurement work; Supports the delivery of other aspects of the program.

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