The Battle of Cable Street
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COMMUNITY LAND TRUST FINANCING

Understanding the diversity of models in Europe

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TABLE OF CONTENTS

PRESENTATION

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

Since the 2000s, **continuous deterioration of housing prices in Europe** can be observed, especially in dense urban centres, where housing prices have increased by 30 to 50% over the past decade (Housing Europe 2017). As a result, **housing is becoming less and less accessible for would-be buyers, especially lowest-income households**. However, **alternative initiatives exist** to reverse the harmful effects of current urban housing development policies. **Community Land Trusts (CLT), with their participatory and anti-speculative models, are one of these alternatives**.

CLT originated in the United States[1]. Despite specific characteristics that differ according to country[2], they can be broadly defined as **locally based non-profit organisations which develop and manage genuinely affordable homes and urban facilities in perpetuity**. In practical terms, CLT withdraw and permanently retain land from speculative markets, thereby controlling real estate prices and preserving affordability over time for the benefit of local residents. Among other things, they help create cohesive neighbourhoods through perpetual affordability and extensive community and resident involvement (National CLT Network UK, 2018).

To address the growing housing affordability crisis in urban areas of the **North-West Europe (NWE) region**, the **Sustainable Housing for Inclusive and Cohesive Cities** (SHICC) programme was created. Funded by Interreg NWE, it is a European programme lasting three years (Sept. 2017 - Sept. 2020) with the goal of supporting the establishment of successful CLT. It is being run as a collaborative programme by the **City of Lille (France), National CLT Network (UK),** ***Fonds Mondial pour le Développement des Villes*** **- FMDV (France), and the London, Brussels and Ghent Community Land Trusts.** The SHICC programme has been built around three major work streams:
- the recognition, over time, of the legitimacy of the CLT model, through the structuring of a European CLT Network;
- the **implementation of a favourable financial and legislative environment for CLT establishment and expansion**;
- the empowerment of existing and nascent CLT, by scaling up their activities.

FMDV is contributing to the second work stream via implementation of the Financial Model Work Package (FMWP). **Preliminary mapping work** has enabled FMDV to r**eference existing and potential funding sources for CLT** across five countries and regions[3]. It has 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 synthesis document.

Building on this work – through a literature review and interviews – the present case-study report activity covers **six organisations in the North-West Europe 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 in the 1960s -1970s within the context of the Civil Rights movement, regarding access to agricultural land.
[2] Depending on national policy contexts, CLT are defined either as local bottom-up institutions (e.g. in the UK or the US), or more as 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 in this research are to:

- **acquire in-depth understanding of CLT financial schemes** in several NWE countries, in order to showcase the diversity of models and strategies implemented;
- corroborate and round out the analysis undertaken on existing funding sources, gaps and barriers, as part of the 'Mapping' deliverable;
- **identify inspiring financial instruments** and overall business models that have proven to be efficient (in the light of the future social-impact tool);
- **establish a learning-by-example resource** showing how CLT are financed and how to adapt existing tools and schemes to different needs.

METHODOLOGY

CASE STUDY SELECTION

Further selection criteria were identified for the case studies in consultation with the partners of the SHICC project, in order to target relevant organisations. These include:

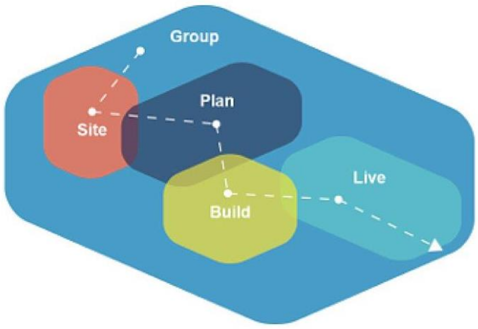
- **Housing market pressure**: the CLT or OFS (*Organisme de Foncier Solidaire*) must be implemented in a dense urban environment within an area experiencing housing pressure and/or lack of affordable housing.
- **Maturity**: the CLT under study must be already established and be at a quite advanced stage of housing delivery.
- **Vision**: some chosen cases must present a combination of housing and mixed space-use programmes (community centres, commercial spaces, etc.).
- **Diversity**: the six cases chosen 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 following case studies were chosen:

CLT/OFS name	Specificity	Operation studied
1. BELGIUM: CLT Brussels	Low-income target population, inscribed within Regional housing policies	Sample project (13 units)
2. BELGIUM: CLT Ghent	Develops commercial spaces, funds energy-efficient infrastructure, implements a refurbishment programme	Meulestede (34 units)
3. FRANCE: *OFS de la Métropole de Lille*	Municipally-driven organisation fostering the implementation of local housing policies	Rue Renan (17 units)
4. FRANCE: *Coopérative Foncière Francilienne* (Paris Area)	Organisation driven by cooperative affordable housing developers, giving a perspective on participatory housing	Kremlin-Bicêtre (13 units)
5. UK: Bristol CLT	Long-lasting and multi-site CLT which has 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 STUDY 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**. These are GROUP-SITE-PLAN-BUILD-LIVE[4] (Power to Change, 2016). These stages make it possible to target the related needs to be financed.



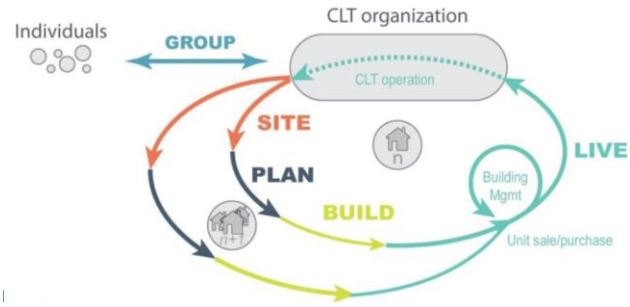


Fig. 1 The five stages of Community-Led Housing development
Sources: Power to Change, 2016 (left); FMDV, 2019 (right).

In the first part of this report, an analysis of the **financial environment** will present the overall legislative and financial context. It will provide an overall background of the state of housing in the cities under question, give the legal and political background, and present the CLT governance[5].

Next, the CLT **financial model analysis** will provide a more in-depth understanding of the needs, players, instruments used and barriers encountered phase by phase. In order to provide a comprehensive overview of their financial schemes, this section will seek to explain the difference between (1) the needs of CLT as non-profit **organisations** and (2) the needs of the **projects** they implement. This will cover the following:

- **Creation of the CLT and of their project group**: presentation of the financial and technical needs that gave rise to the CLT and an explanation of how each sub-'project group' was formed and trained.
- **Project development process**: details on the general principles of housing development within a CLT, focusing on the financial operations 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 organisation operates in between project delivery.

[4] **Group**: relates to the functions making it possible to initiate and operate a Community-Led Housing (CLH) organisation. **Site**: all the functions that relate to finding and acquiring a site for development, or a building for redevelopment. **Plan**: all the functions leading to obtaining planning consent for development and entering into a contract. **Build**: relates to all the functions involved in the building process. **Live**: functions relating to the occupation of the homes once built.
[5] For more detail on this section, cf. 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) is suffering a **lack of social housing**, which 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%, whereas housing prices increased by 34% over the same period (Social Barometer, 2017). Against this backdrop, even though housing ownership concerns 35% of the population, the **existing schemes no longer cover the lowest-income households** (CLTB, Lille, 2018).

LEGAL AND POLITICAL BACKGROUND

The BCR was created in 1989. It 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 **decentralised political arrangement**, the provision of **affordable housing is a direct responsibility of the BCR**. This situation and the **existence of a unique political-associative environment** enabled the creation of CLTB. The BCR has significantly contributed to the organisation's support and development since 2012[6].

CLTB LEGAL STATUS AND GOVERNANCE

In terms of legal status, CLTB is composed of **two entities** with different missions. One is the **Public Purpose Foundation** (FUP), **in charge of owning and managing the land perpetually**. The foundation receives a **€2,000,000 yearly investment grant** from BCR in order to acquire land and subsidise lowest-income households. In order to access this grant, CLTB must present a grant 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 grants to develop further projects[8].
The other entity is a **non-profit organisation** (ASBL) **in charge of the day-to-day management of CLTB, housing development** (including the participatory components with future residents) and **other projects** aiming at consolidating the CLTB model. The association had a **€500,000 operational budget** in 2018, €240,000 of which was a direct grant from the BCR[9].
In terms of governance, CLTB followed the initial US-based CLT model of governance, adopting **tripartite governance** in which current and future residents, neighbours as well as public officials are represented within the board of trustees with one-third of the votes each. This model thus balances each party's interests and secures affordability in the long term.

[6] For instance, BCR financed the CLTB feasibility study in 2012, therby contributing to the CLT model becoming recognised and integrated 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 for a total of €5,000,000 investment budget for housing development per year.
[9] The remaining 50% comes from specific calls for projects from public authorities (e.g. InnovIris, Interreg, Municipality of Moolenbeek etc.), or charitable funding (e.g. Fonds Baronne Monique van Oldeneel tot Oldenzeel, 4 Wings Foundation, etc.). Theses 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)
Target population	-Most deprived households, majority of migrants -Eligible for social housing -Maximum income ceiling (per individual): €22,560 per year
Membership fees	- €10 per member per year
Resale price	-Average price per m^2 on the private market: €2,800 - €4,000 (Brussels City) -CLTB price per m^2: €1,650 on average -25-50% of the market price
Projects	- 1 project completed (9 units) - 1 unit donated - 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 (full-time equivalents), 10 persons -An estimated 18 persons by mid-2019 -Mobilisation of 2 other FTE via partnerships with associations -CLTB is supported by about 50 volunteers[10]
Number of members	CLTB has a total of 600 members, including: -400 homeowner candidates -170 supporting members -30 non-profit organisations
Resale formula	Capture of added value -The seller: receives 25% of added value -CLTB (FUP) receives 6% of 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 grants

[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.

HOW CLTB WAS CREATED

Upfront financial assistance

Initially, the CLT project was supported by **pro-bono resources** from a group of associations (Bonnevie, Periferia, Crédal, 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 projects** was launched to implement the CLT. During the CLT start-up phase, the organisation was supported by the Pro RénovAssistance Foundation, which contributed up to €10,000 to operating costs over the first two years. The King Baudouin Foundation also supported the early stages of development financing (2 FTE).
At the same time, the associations part of the consortium **benefited from subsidised jobs** (*emplois aidés*) dedicated to innovative jobs and financed by the BCR.

Technical support

The CLTB feasibility study was carried out using 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. It led to the carrying out of a market study, identification of a target population, adoption of a legal status, forecasts for a pilot operation (250 units), and the design of a business plan.

CREATION OF PROJECT GROUPS

CLTB has, since its creation, been fostering the creation of future inhabitants groups for specific housing projects *(groupes-projet).* Members of these groups are provided with **training and capacity-building solutions**[12]. Two types of needs emerged: firstly, on understanding **housing development processes**[13] and their related challenges, and, secondly, on training related to **access to homeownership** (savings, legal aspects, etc.).

CLTB meets this first need thanks to mobilisation of its project managers, who generally have a background in architecture. They support the co-construction processes (composed of six architectural workshops) and ensure project supervision.
In parallel, **several associations collaborate with CLTB** using their own resources to help guide households towards ownership. They usually operate within the boundaries of their mission and focus on their traditional target audience[14].

Further collaborative actions to foster 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 scheme hasn't led to the creation of any new partnerships, due to time constraints[16].

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[11] Coordinated by the *Maison de Quartier Bonnevie* and *Periferia*.
[12] For more information refer to the document 'Table Ronde CLTB' (2014), in French/Dutch.
[13] Including the public procurement process, design schemes, obtaining a building permit etc.
[14] E.g. *Ciré* leads workshops on co-ownership schemes and related ownership rights, targeting immigrants. *Convivence*, for its part, helps guide vulnerable households through their home-purchase journey.
[15] The way they operate will be detailed below under the 'Site' section.
[16] CLTB has in some instances obtained funding to support 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 programme. 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*. These are financed by the BCR, as well as by the *Politique des Grandes Villes* (urban policy) and Beliris (a semi-public organisation financing BCR urban development). The *Contrat de Quartier* **facilitates expropriations**, and it **enables the BCR to provide cities and towns grants** for them to sell land below market price (up to **¼ of their market value**) (Leroy, 2018). CLTB is then in a position to bid to acquire the land at a reduced price. The acquisition is financed through the €2,000,000 investment grant described earlier, which includes a **grant for site purchase amounting to €350 per m²**.

Plan

Pre-feasibility and other mandatory site studies are **either carried out internally or commissioned by CLTB** using its operational budget. Following pre-feasibility, CLTB files a specific regional investment grant request which has project development as a condition (see above). CLTB project managers undertake the planning aspect as they prepare the call for tender that will designate the architect in charge. They also draft 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 covered by the FUP through its investment budget. However, these costs are marginal (about €150,000) compared to total project costs.

Build

a. Building homes

Generally speaking, 40% of development is financed through the CLTB investment component or specific calls for projects[17]. Other regional grants exist for specific work such as decontamination or facade renovation; however, these are not specific to CLTB, and their amounts remains marginal - at most they represent 8% of the total budget of the project. **The remaining 60% of investment is financed through the households' mortgages** provided via the *Fonds du Logement*[18].

As CLTB is financed significantly 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-development), 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 m²** on average[19] and a **lower VAT rate**[20] (6%) lower the delivery cost of the unit.
Even though there are a certain number of homeowner candidates on the CLTB waiting list, there is still a marginal risk that construction work cannot not be completed within the allocated budget. CLTB (FUP) guarantees up to 60% (representing the share of each household's investment) of this minor operational risk .

As of September 2019, CLTB has already developed **9 units** and a **further 77 are under construction**. CLTB is emerging as a legitimate housing developer. Its cost for public

[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 grant from BCR.
[20] NB: this tax break is allocated only to accredited housing providers. It has been implemented for schemes in which CLT acquired units from the *Fonds du Logement* or in which *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 VATrate.

authorities is lower than traditional social housing providers (Leroy, 2018). Indeed, the BCR invests 40% of the project costs into CLT homes compared to 50% for social rental housing. In addition, the BCR also has to ensure the maintenance and the rehabilitation of social housing. CLTB thus has a strong potential to become a key player 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 has managed to include community spaces in most of its projects despite not receiving any grants from the Housing Department. **It thus had to sell or rent those spaces at cost price** (€2,000 per m²); depending on the area, this represents few advantages for the beneficiary. Consequently, the interested buyers have come from the not-for-profit world or the public sector[21]. These types of stakeholders have indeed found an interest in being part of a CLT project and didn't see drawbacks in taking part in a lengthy process (five years on average) from the early stages.

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

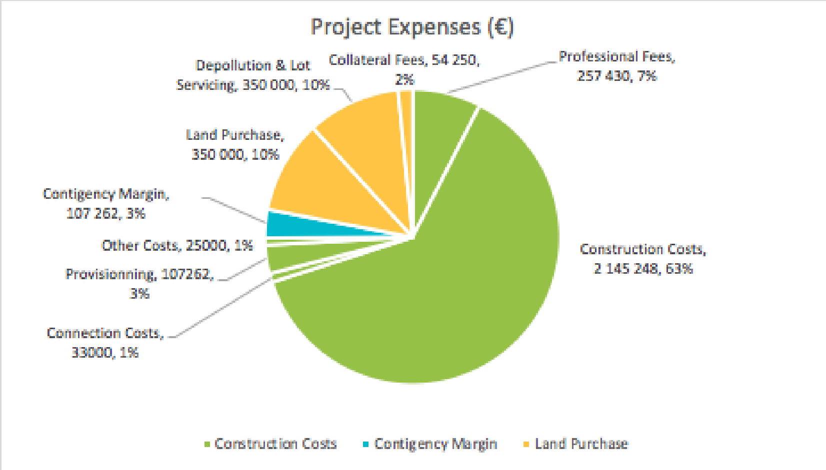
Focus: a typical CLTB financial operation

Even though this project has not been completed, the forecasts presented below are quite representative of how CLTB works. CLTB aimed at developing **13 units** for a total operational cost of about €3,000,000 euros. The average sale price was estimated at **€1,650 per m²**. Land costs represented **22% of the overall costs**, 10% of which were purchase costs and 10% for lot decontamination and servicing.

Generally speaking, such a project would take **five years** to implement, from the planning agreement to its completion[22]. On average, the land purchasing process takes four months and the project start about six months[23]. Then, about six months are required for contacting an architect then one year to file a building permit application. From there, four or five more months are necessary for contacting building entrepreneurs. Finally, the construction is spread out over a year and a half (Leroy, 2018).

Origin of the land	**Public**
Number of units	13 units to sell
Common & community space	No
Total estimated cost	€3,379,452
Land cost	€350,000 (10%)
Estimated price per m²	€1,650

[21] E.g. The womens association *Vie féminine,* the Brussels public environmental association, municipal organisations, etc.
[22] Not including preliminary studies, which can last several months.
[23] A timing for which CLTB could have the most flexibility.



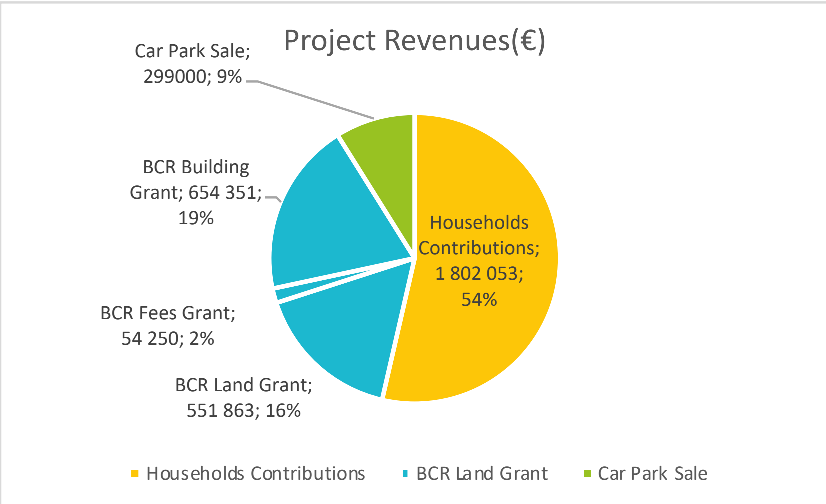


Fig.2 CLT Brussels typical financial operation (Source: CLTB, 2018)

CLTB OPERATION

Purchase and resale of units

CLTB units are allocated according to a chronological order of registration. The prices depend on household income (A to D, based on the 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 unemployment 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. *(below unemployment 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 the Brussels Capital Region (Source: CLTB, 2018)

CLTB relies on the *Fonds du Logement* ('housing fund') in order to finance the mortgages of future residents. This **semi-public organisation** has a unique position, as it **both develops and manages affordable housing in the BCR**. Theoretically, mortgages could be contracted with any commercial or ethical bank, but the *Fonds du Logement* offers the most advantageous options. Indeed, it proposes **25-year credit at an interest rate of about 2%** on average[24]. The **maximum monthly repayment amounts to up to 30% of household income**. Prospective buyers are allowed to borrow **€265,000 maximum**. Fiscal incentives are the same as for first-time buyers in the country.

These loans are guaranteed by CLTB (FUP), a preliminary condition from the *Fonds du Logement* to provide the loans. Another option could have been to mortgage the CLT land, but this option was rejected for ideological reasons.

CLTB has established a number of measures to **limit risks of suspension of payment**. Firstly, a number of training sessions targeting current and future owners exist on how to save efficiently. For instance, CLTB, promotes a **€10 monthly micro-savings** initiative in partnership with Crédal.

Further, an informal agreement with *Fonds du Logement* has been developed ensuring that, in the event 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 binds the CLT and the buyer. It obliges the buyer to **lease** the land to the CLT for **€10**[25] **monthly**. This contract includes a novation clause which enables the contract to be renewed every 50 years (in the event of sale or inheritance[26]).

Finally, once the unit is sold, the buyer has to adhere to **anti-speculation rules** as defined by the **resale formula**[27]. It stipulates 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).

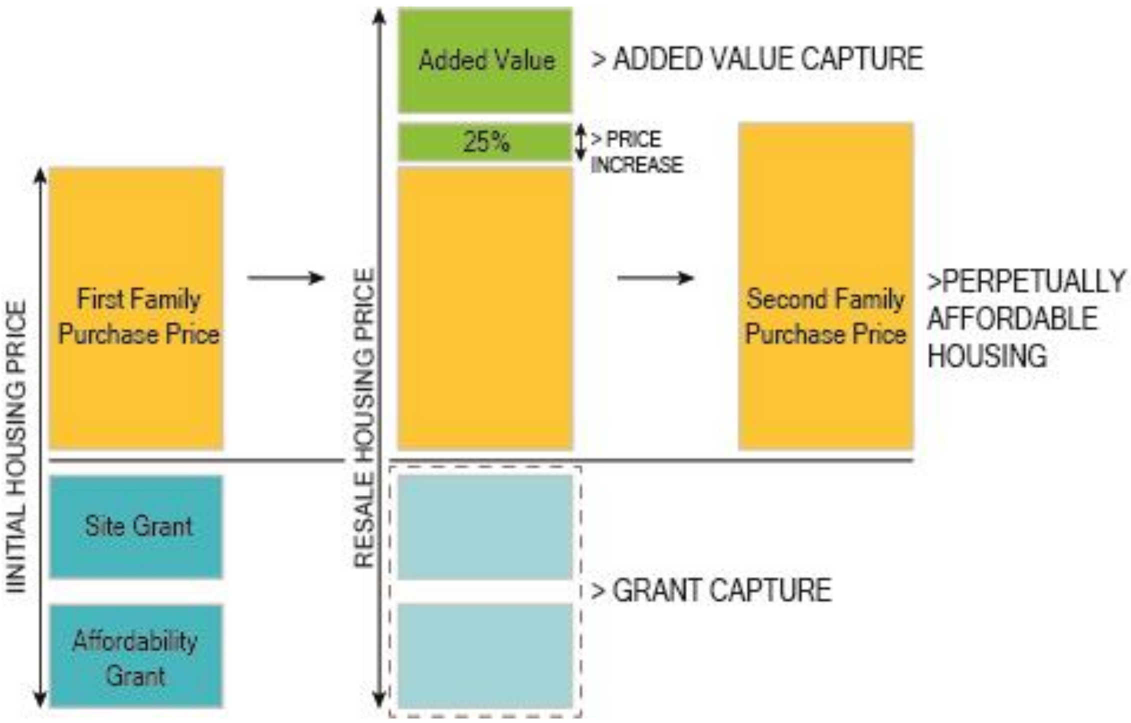


Fig.4 CLT Brussels resale scheme (Source: CLTB, 2018)

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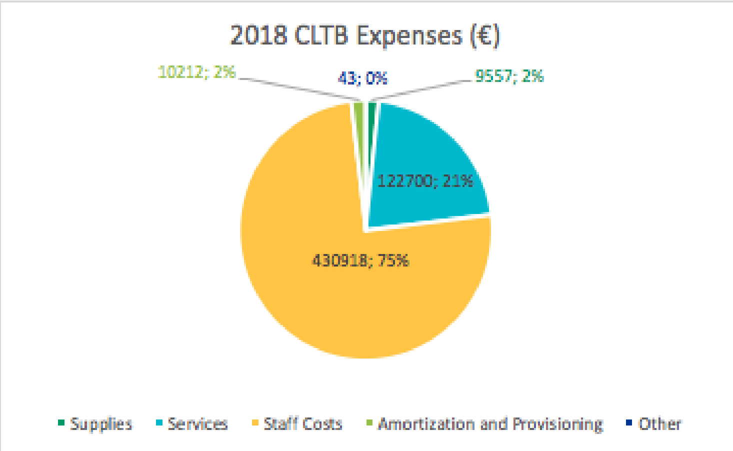
24 Varies between 1.5 and 3%.
25 Symbolic amount, representing a few cents per square meter.
26 If the heir fulfils income criteria.
27 Based on the Champlain Housing Trust experiment.

Building management

In terms of building management, projects usually operate as **traditional co-ownership** schemes. Inhabitants pay **monthly charges** depending on the unit size and building facilities. 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 in the different aspects of managing their own house, including how to live as a community.
CLTB supports groups for two years after they move in. For instance, CLTB has piloted the drafting of a charter spelling out values shared among all residents.

CLTB operations and development of new projects



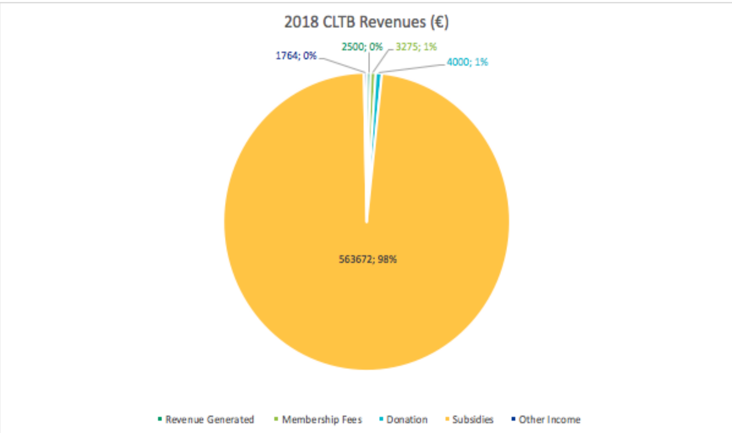


Fig.5 CLT Brussels 2018 budget (Source: CLTB, 2018)

As mentioned in the introduction, CLTB has an **operational budget of €500,000** and an **investment budget of €5,000,000** on average per year. It represents about 84% of investment made and 16% of operating costs (CLTB, 2016).
Concerning the organisation's operating costs, **staff costs** represent 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 month[28]), **membership fees** (€10 per member per year, representing €3,275 in 2018), and the **mobilisation of local savings and citizen finance** through crowd funding and donation campaigns (CLTB, 2016). CLTB also has the goal 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 **look continuously for new sites**, thereby leading to **high project turnover**. As of today, **seven operations are coexisting** at different progress stages: three are under construction, and four others will be so soon. This favourable investment environment will foster 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 **aims to grow from 130 units today to 1,000 units produced by 2030**. However, its operating budget hasn't been revaluated in the past five years. Even though an economy of scale exists and staff expertise is improving, **CLTB is still understaffed** (7.5 FTE, 10

[28] A number that could become significant in financing CLTB engineering in a scenario of growth (1,000 units).

employees). Within the current financing scheme, it is easier for CLTB to finance staff dedicated to project development than to back-office activities. In fact, the most understaffed positions are: **communication, administration** (currently ½ FTE mobilised) 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 recruit 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*), and 2 FTE on the *Calico project*[29].

CONCLUSION

CLTB faces various barriers towards the implementation of a sustainable financial model.

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

Similarly, its **dependence on its partners for the social support of households** doesn't appear sustainable in the long run. While this system is currently efficient, it might be **more difficult to implement when the CLT scales up**. These associations would need to increase their resources accordingly. **It is thus essential to acknowledge the important added value provided by the social support for the 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 work and communication. In the framework of traditional calls for projects, one challenge is to **justify these staff costs that are administrative in nature and yet essential** to properly run the programmes. Currently, the existing staff cover these missions in a cross-cutting way, but it will be more difficult to sustain such tasks as CTLB scales up.

Less prominent but still an issue to be raised is the **difficulty for CLTB to get non-residential components financed**. At the present point in time, it must still obtain acknowledgement as a social-homeownership facilitator[30]. If CLTB wants to include a variety of projects (cooperatives, commercial spaces, Calico Project etc.), it is critical for it **move beyond the pilot phase**. The development of a sustainable business model would indeed enable it to gain the BCR's support and **replicate these pilot projects on a larger scale**.

Finally, one point of attention in developing CLTB activities would be to **develop an offer targeting a wider range of the population**, in particular people above the social housing ceiling but who are still not able to access the private market. These include first-time buyers, young people with unstable employment contracts and the elderly.

[29] A mixed project financed by Interreg combining 36 housing units, a nursery and a specific entity for 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, in the Flanders Region of Belgium, about **50% of the population rents their main home**, while only 12% of the total rental housing stock is affordable social housing[31]. As a result, 10,435 families are on the social housing scheme **waiting lists** (SHICC Case Study, 2019.) Within the City of Ghent, 23% of the tenants spend over 30% of their income on housing. It has also been observed that 3/4 of the **tenant households lack 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 apartment or a house increased by 58% while average rent (€500 – €550) increased by €100 – €300[33] (CLTG, November 2018).

It's against this backdrop that Flemish elected officials in charge of housing[34] – traditionally highly committed to private ownership – experimented various **social-homeownership policies**. The Social Objective Law, for example, stated that in municipalities such as Ghent at least 10% of the largest projects (above 60 units) should be '**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, in which **developers were offered reductions in land prices**. However, without a legally binding agreement and a **30% rise in land prices between 2008 and 2014**, this policy has had hardly any success (Van Mullem, 17/01/2019).

LEGAL AND POLITICAL BACKGROUND

Following a three-year process,[36] CLTG was officially founded on 6 December, 2013. Since then, CLTG has been working on developing **two pilot projects** (in Meulestede and the Dampoort renovation project). For these, CLTG is working in close connection with the **City of Ghent**[37], the **local developer (SoGent)**, the **Region of Flanders**[38], and in partnership with the **Flemish Social Housing Society (VMSW)** and the **Municipal Social Housing Society (WoninGent)**. CLTG also partners with other housing associations and housing cooperatives[39] in Ghent in order to put pressure on the City Council and obtain access to land for innovative housing projects.

CLT GHENT LEGAL STATUS AND GOVERNANCE

CLTG has its origin in *Samenlevingsopbouw*[40], an **umbrella organisation** active in the social sector (housing, welfare, education, labour, etc.). This umbrella organisation supported the creation of CLTG and has been hosting and supporting its development to this day.
One of the goals of CLTG is to **become independent** as it grows. In pursuit of this goal, and after having considered developing a cooperative, **CLTG adopted a governance structure similar to that of CLT Brussels**. It is today composed of an **NGO that runs the CLT's day-to-**

[31] Compared to 7% in Brussels.
[32] The minimum required income for acquisition being €47,000.
[33] In old buildings.
[34] Housing comes under the authority of the Region.
[35] 20% less expensive in comparison to open market prices.
[36] Including the drafting of a memorandum in 2010, visits to fellow CLT experiments in Brussels, organisation of steering groups (2012), drafting of a feasibility study in 2012 (CLT Ghent blueprint), signing of a charter (2012), recognition by the Flemish Housing Council (2013), etc.
[37] The City Council was 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 'Building society'.

day operations (social guidance, community work, etc.) and a **foundation that holds and manages the land in perpetuity.**
This feature has been made possible by a change in Flemish regulation, which facilitates fundraising opportunities through NGOs. However, this poses some governance challenges, as the organisation has to deal with two boards (with tripartite governance based on the 'traditional 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 organisation combined with a Public Purpose Foundation[41]
Target population	-Middle- to low-income households -In between social rent and social acquisition income ceilings, which were a max. €24,852 to €39,319 respectively 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 m^2 in the private market: €2,200 – €2,800 -CLTG price per m^2: €1,300 - €1,600 -About 50% of the market price
Projects	-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]
Number of members	CLTG has a total of 140 members, including: -70 homeowner candidates -65 supporting members -5 non-profits -12 residents (renovation programme)
Resale formula	Indexed on income: (basic purchase price + indexed additional value) + (possible private investments - depreciation) – €5,000 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 grants

[41] Similar to the CLT Brussels structure.
[42] The renovation programme is currently being taken over by the City. The City successfully applied for EU funding and will start (in collaboration with CLT Ghent) the renovation of 100 extra homes in the next three years (Van Mullem, April 2019).
[43] Most of them also work for the umbrella organisation. Staffing needs have been covered by the hiring of a community worker and a financial expert (Van Mullem, April 2019).
[44] This number depends on the status of land (leased or bought). Still under discussion, it varies from €1.30 per m^2 or €17-€29 per household.

HOW CLT GHENT WAS CREATED

Upfront financial assistance

To begin its operation, CLTG benefited from a **variety of grants, mainly public, but also grants from charitable bodies**. It 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 plan[45].
In addition, in order to **generate working capital** for the organisation, the main institutions within the CLT Board (Hefboom, SoGent) - along with the participation of CLTG - 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, CLTG mobilised further technical support for establishing its business model. For instance, Frank Vandepitte, a CLTG Board Member, was in charge of drafting a feasibility study in 2012 with the support of the notary Jo Debyser, Samenlevingsopbouw Gent, SIVI, Coopburo, Hefboom and KAHO. The organisation received further assistance from the I Propeller Consultancy firm for their business model. Finally, the City of Ghent called on a legal consultancy for the drafting of the ground lease and property ownership contracts, costing €30,000.

CREATION OF PROJECT GROUPS

Several **capacity-building activities**, including theme-based training, were provided through the umbrella organisation for the implementation of the first pilot project. It mobilised its **associative network** and the Ghent Affordable Housing Providers, in order to identify and support would-be residents. In practical terms, CLTG organised **several workshops**. They covered CLT **operations** (structure, governance), **financing** (costs related to homeownership), **community building, legislation** (CLT rules and contracts), and **architectural guidance**, etc. These workshops represented the equivalent of **five days of preparation for the staff**.
On the issue of training, CLTG experiences great difficulty in outsourcing this task, as it is the only organisation in Ghent presently able to provide capacity-building activities.

PROJECT DEVELOPMENT

Site

In April 2015, a **contract** was signed between **CLTG and the municipal developer SoGent** for a **6,000-m² site** in the Meulestede neighbourhood, a former harbour district. This agreement[46] 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 m² per year (amounting to about €6,5000 a year[47]).
As CLTG didn't have enough resources to acquire the land up front, it went for the second option (Van Mullem, 17/01/2019). As a sign of goodwill, the City agreed to cover the cost of **lot servicing** (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 CLT.**

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[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's Board included a former Head of VMSW - Flemish Social Housing Company. His law training was of significant help for the CLT throughout the process (Van Mullem, April 2019).
[47]This cost could be covered by a ground lease of €17 per month per household. On a 99-year basis (considering a 2% indexation), this option would cost a total of €1,830,778 (CLT Ghent Financial Plan, 2018, p. 22).

However, this arrangement **deprives CLTG from a potential source of revenue because it is not a freeholder with full ownership of the land**[48]. This is why this agreement is today being called into question. **It indeed became CLTG's priority to acquire land** so as to have greater flexibility for future developments (Hertogen, April 2019). To do so, several options have been under study. The ideal scenario would be to **acquire 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 loan - but with zero-interest rate - over 50 years**. In that scenario, a €29 monthly ground lease could cover land cost and reimburse the loan (amounting to €592,000) (CLT Ghent Financial Plan, 2018, p. 22). The amount of the ground lease could then be re-evaluated.

Plan

In terms of planning, in 2013-2014 the **Flemish Government Architects** undertook **the initial sketches** and layout of a **master plan**. As these **architects are financed by the Flemish Government**, CLTG applied for their free-of-charge help (Van Mullem, April 2019). A further **feasibility study** was 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.) were financed through the VMSW (Regional Social Housing Company) by **subsidised loans** (also called "Minus One" loans – see below).
Finally, an architect in charge of the **construction site supervision** was appointed in 2017.
In this process, **the community had a consultative role** 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 its related advantages, CLTG has been partnering with the **Flemish Company for Social Housing (VMSW)**, as well as with the **Municipal Social Housing Company (WoninGent)**. This affordable housing developer **supervised the entire development process** (financing and construction) and **bore the related risks**. It benefited from several **financial advantages** such as a **12% VAT rate on construction, a 6% VAT rate on sales** (compared to 21% on the traditional housing market) and **a 'Minus One' construction loan** (a 4% fixed-rate loan over 30 years, of which 5% is subsidised per year). CLTG then planned to buy the units directly from VMSW.
The **drawback** of this mechanism lies in the **very long development period** (about 10 years from concept to delivery). The Meulestede project delivery, for instance, is planned for 2023, if there are no delays). It **raises some issues of credibility vis-a-vis all the stakeholders** (financiers, residents, civil society, etc.). Since 2018, however, private developers can benefit from the same financial instruments if they respect social housing requirements, an option CLTG is willing to explore for future projects.

b. Financing infrastructures

In order to decrease the cost of housing while increasing building quality, CLTG 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 appliances**, the households have the possibility of either **renting or buying them**. The financial gain per month per households is still being investigated (estimated at around €150).

[48] They thus cannot charge ground leases to their residents.
[49] Representing about €600,000 but also covering the financing of another project (Van Mullem, April 2019).

c. Financing non-residential components

The surveys and campaigns conducted by CLTG in the neighbourhood highlighted the lack of food stores in the area. After having lost a €75,000 grant from the National Lottery due to deadline issues[50], CLTG obtained a **commitment by the City of Ghent to support the development of a cooperative supermarket in a city-owned building**. If the model succeeds within a four-year period, the City (through its Urban Renewal Programme) is committed to financing the construction of a commercial space to host the supermarket 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, CLTG considered undertaking a **fundraising campaign**[51], as the community is highly supportive of this project. **The funds raised would open the possibility of accessing 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 Flemish legislation allows affordable housing developers to receive subsidised loans ('Minus One' loans) in order to develop such types of facilities in mixed projects. This represents an inspiring step forward concerning the financing of community spaces (Van Mullem, 05/04/2018).

The choices made by CLTG (mainly between the Board and the homeowner candidates) have a great impact on the kind of community space developed, e.g. the choice of investing in a **collective garden**. If such a decision is taken, a community space would be developed and options considered that will make it possible to **increase revenues** (through services or extra units for rent) (Hertogen, April 2019).

Focus: Meulestede Project financial operation

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

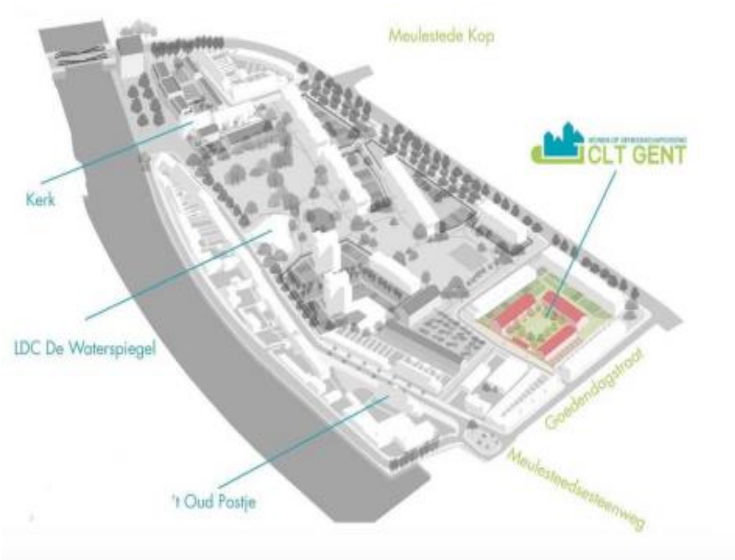

Fig.6 The Meulestede Project (Source: CLT Ghent)

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 (Energy Service Company) construction 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 metre has been estimated at **€1,450**, which corresponds to **50% of the average city market price**. The average unit resale price has been set at €143,675.

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[50] The money would have had to be spent within a two-year period, which was not possible due to the long development process.

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

[52] To be financed through grants.

Date	2013-2023 (10 years)
Phase	Build
Origin of the land	SoGen, municipal developer (urban renewal operation)
Number of units	34 units for sale
Common & community space	-1,500-m² community garden -Cooperative shop servicing the neighbourhood -150-m² 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 m²	€1,450
Average sale price	€143,675

CLT GHENT OPERATION

Purchase and resale of units

CLTG's target population is similar to that of CLT Brussels, namely low-income households. This is a population falling **between social homeownership and social rent income ceilings**, as set by the region of Flanders. CLTG's objective is to **set the target population as broad and diverse as possible** to balance out the number of *'residents who have to apply for an affordability allowance'* (CLT Ghent Financial Plan, 2018, p. 24). In terms of unit allocation, CLTG 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** (CLT Ghent Financial Plan, 2018, p. 18). This price is then **indexed to an adjusted inflation** (Income Index) rate according to the following formula:

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

The **shift operated by CLTG from a market-based formula to an indexed formula** enables a **decrease in the risks for the buyers and ensures some returns**. It is indeed the **households that support financial risks**, under the control of the Social Housing Company (see below).

CLTG does not have the capacity to **guarantee** the buy-back of units in case of market turmoil. In comparison, the *Organismes de Foncier Solidaire* (OFS, the French equivalent to CLT) 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 indexed[53]) is charged, which returns to CLTG 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**, CLTG has mobilised **social loans** and a diversity of instruments to improve the residents' solvency (affordability allowances, loans issued by the Province, collective savings 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 advantageous[54] 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 **needed separate approval** to access them.
In 2018, the reference interest rate was **1.55%**[55]. It has 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 the 6% VAT if the value of the housing unit (in the city centre) doesn't exceed €233,900 (2018). The standard loan duration is **20 to 30 years maximum**, with the opportunity of benefiting from reimbursement delays of 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 estimated by CLTG for such loans (€150,000 borrowed over 30 years at 2%) amount to approximately **€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 in reality cut off from traditional bank financing (CLT Ghent Financial Plan, 2018, p. 25). This raises the need to build partnerships with ethical lenders for the top stratum of CLTG's target group.

In terms of guarantees, the **Flemish Government provides free insurance in case of suspension of payment** due to incapacity to 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' amortisation 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-year 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

[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).

experimentation undertaken through the Dampoort renovation project[56]. **The bullet loan is to be paid back at the sale of the unit**.
The fund would be capitalised 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** could lead to the adoption of a **speculative approach**, in direct conflict with core CLT values. (CLT Ghent Financial Plan, 2018, p. 25).

Secondly, CLTG experimented a **Collective Savings Group** in 2012. This instrument makes it possible to **pool individual savings to pre-finance down payments** (10% of the mortgage) required for sale agreements[57] and thus improve household 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. To date, **they have saved up to €11,124.90**[58].

CLTG was able to negotiate on the issue of lifting the burden of potential extra fees such as notary fees and taxes. For example, 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 mechanisms could be mobilised, such as a reformed **Province loan 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). Finally, the mobilisation of an existing **fiscal incentive** could enable CLT residents to benefit from the Federal Housing Bonus, a **property tax reimbursement** in the event that a **mortgage is taken out.**

Building management

In traditional joint-ownership buildings in Belgium, about 5% of the households' rent is saved every month for maintenance. In line with the nature of the CLT target population, it has been decided that **CLT residents would save only 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.

CLTG operations and development of new projects

As stated in the introduction, CLTG still depends on its umbrella organisation, especially in financial terms. It is thus difficult to separate the financial flows of the two organisations. Some key figures can nonetheless inform us about the CLT operations. **The main cost is staffing** (2.8 FTE). It has been estimated that **financing 1 FTE a year costs around €65,000**, everything included. As of today, the **operational budget is evaluated at €175,000 per year**. **Most staff are paid through the umbrella NGO and via grants**. The umbrella NGO also supplies **core administrative and communication support,** which alleviates CLTG from some of its back-office activities.

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[56] Within this renovation programme, €30,000 is lent by the Social Action Centre (OCMW) to ten households in order to refurbish their homes, creating 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.
[57] In this system, each member saves a fixed amount every month (€20 – €80 per month) in a shared account. Group savings act as working capital that can be used by each member of the group to advance down payment. The savings can be withdrawn only when all members have bought their house. When the mortgage is acquired from the *Fonds du Logement,* this latter pays back the equivalent of the down payment to the collective savings group.
[58] Some households withdrew their savings as they left the group.

CONCLUSION

CLTG has proven its capacity to access and mobilise a **wide variety of funding sources (mainly grants)**[59]. For the past five years CLTG has been financed mostly by the Flemish Ministry for Housing (€67,386), the Province of East Flanders (€40,000, 2018-2019), the Flemish Government (€35,000), KSB Foundation (€100,000), Flemish Platform (€37,000), and EU Interreg funds. **Funding is secured until 2020, but to date CLTG has failed to generate structural revenue** allowing it to continue its activity beyond that period. Indeed, membership fees and donations are minimal, and CLTG owns no land or other assets.

It is crucial for CLTG to move from an **experimental project stage** to being an **active housing player in the city**, mobilising sustainable financing and generating revenue. In order to **generate cash flow**, 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 **mobilised by the Social Action Centre to house homeless people**. The issue, however, is to **find a balance** between the **need to generate resources** and **developing owner-occupied homes**.

One other critical issue CLTG is facing is **justifying the CLT model's added value in the eyes of the City**. While CLTG 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**[60]. City support to the model will be decisive, as clearly stated in CLTG's financial report: *'The CLT will be subsidised or it will not be.'* (p. 7).

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

Another issue confronting CLTG's sustainable development is **its reliance so far on an exceptional framework** (target population, access to beneficial VAT rate, social loans, etc.). This 'special status' allowed the organisation 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 one of the 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 CLTG to **generate revenue, acquire a site, charge ground rents, finance affordability grants**, etc.
It is also a **precondition for CLTG to be independent** and become a recognised member of the sustainable urban housing development field.

[59] Between 2013 and 2015, 13 grant requests were filed, 8 of which were approved.
[60] 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-year period, average **rental prices increased by 70%** and **price per square metre multiplied threefold**[61] (OFSML, 2017, p.7). In Lille, the housing market is very tight, with **only 5% of vacant housing units** within the City limits and up to **five years on the waiting list for social rental housing** (ibid.). About 72% of the population is renting its main house[62], 24% of which benefit from the social housing scheme. In Lille, there is a big **gap between the supply of housing units provided by the private and social housing market and the demand for social and affordable housing**.

LEGAL AND POLITICAL BACKGROUND

The City of Lille has long been committed to providing affordable housing to modest-income households, either rental or for purchase (SHICC, 2018). The City **makes use of a variety of instruments – either political, regulatory or financial - to foster affordable housing** (ibid.).
Since 2008, it has made the goal of doubling its housing production part of its metropolitan *Programme Local de l'Habitat* [63] (PLH, 2012-2018)[64] with a **target of 30%**[65] **social rental** housing and **15% social homeownership**.
This support framework, coupled with an **effective land strategy**, has facilitated the implementation of a robust social-homeownership policy[66]. This policy has been 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 proactive **urban renewal schemes** (through a favourable VAT rate of 5.5%) (OFSML, 2017, pp. 8-9).

Despite these efforts, the **volume of affordable housing built still remains insufficient**. Furthermore, while such policies did have immediate effects, these appear to fail the test of time. Indeed, **public-sector financial contributions**[67] **were lost after the resale** of the first units on the private market.
As a response, the ***Organismes de Foncier Solidaire*** (OFS, the equivalent of the Community Land Trusts) **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) that led to a **new ownership model,** which dissociated land and property[68]. **OFSML (*Organisme de Foncier Solidaire de la Métropole Lilloise*) is the first OFS to be accredited in France (July 2017)** and is now officially part of the City of Lille's ongoing commitment to provide affordable housing. **The main objectives pursued are to develop permanently affordable homes, make better use of public grants, and control land speculation over time**.

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[61] To reach between €3,086 and €3,485 per m^2 on average in 2017, in new and old buildings respectively (OFSML, 2018 November).
[62] This figure falls to 49% within the Lille European Metropolis (MEL) limits.
[63] The *Programme Local de l'Habitat* (Local housing Programme – PLH) is a strategic programming document which compiles local housing policies and objectives (Articles L. 302-1 to L. 302-4-1, CCH).
[64] 12,000 units were produced between 2008 and 2014; 10,000 more are to be produced between 2014-2020.
[65] This objective exceeds the 25% quotas set at the national level (SRU law, 2000).
[66] 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 have already bought their homes. Resale prices have been capped to between €2,050 and €2,400 per square meter for those units.
[67] This contribution could represent up to a 50% reduction on land and up to a €8,000 grant per unit from the MEL on social homeownership units (OFMSL, 2017, p.14).
[68] It should be noted that previous experiments on the issue had been tested, e.g. emphyteutic leases, BRILO, 'PASS foncier', etc.

OFSML LEGAL STATUS AND GOVERNANCE

Similarly to CLT Ghent, OFSML was created as a **non-profit association**, hosted by a larger foundation, *Fondation de Lille*[69], with the objective of becoming an independent foundation in the long term.

It is composed of **six members**. Its **founding members are institutions** such as: the City of Lille, Lille European Metropolis (MEL)[70], *Fondation de Lille,* and *Fédération des promoteurs immobiliers du Nord-Pas-de-Calais*[71]. In March 2018 two new organisations joined the OFS: *Union Régionale de l'Habitat* (URH) and *Action Logement*.

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

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

OFSML in brief

Date of creation	**2017 (2 years)**
Nature	Municipal initiative
Legal status	Non-profit organisation, to be transformed into a foundation
Target population	-Young families, tenants in the social rental housing market -Income ceiling based on the PSLA[72]: €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)[73] -49% difference in monthly repayment estimations compared to the private market[74]
Membership fees	-City of Lille and Lille European Metropolis (MEL): €5,000 per year -Network Heads: €2,500 per year -Other non-profit organisations: €500 per year
Resale price	-Average resale price per m^2 in the private market: €3,086 – €3,485 and up to €5,000 in the inner city centre. -OFSML price per m^2: targeted between €1,800 – €2,4000 depending on the operations[75] -54% of market price (Cerema, Espacité, 2018)
Projects	-2 projects under construction (*Cosmopole* and *Rue Renan* pilot projects, 31 units) -1 project under study (*Saint Sauveur*, 60 units) -Future prospects: about 200 units underway by 2020 and more than 400 in 2025.

[69] An umbrella foundation, recognised of public-interest and benefiting from strong local rooting.
[70] The Lille European Metropolis (MEL) was created in 2015. It is made up of 90 municipalities and has a total population of 1.1 million people.
[71] A regional developers network.
[72] PSLA (*Prêt Social Local-Accession*), a social rent-to-buy scheme at the heart of a former social homeownership policy.
[73] The minimum required income is €2,244 per month to access OFS homes; it was €4,827 for the previous social homeownership policy (with an estimated 33% indebtedness).
[74] For OFS homes in Lille, the estimation for monthly repayment amounts to €665 per month (4 pers. 83 m^2), including monthly ground lease payment (Espacité, 2018).
[75] Consistent with target of previous social access policies (€2,050 – €2,400).

Workforce	-Currently: ½ FTE -Future prospect: 1.5 FTE or 2 FTE
Number 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 metre -*BRS Opérateur* – duration of the construction phase -*BRS Utilisateur* – 99 years leasehold including a novation clause
2018 budget	Operational budget: €30,000 (estimate)
Sources of funds	Mainly from public grants, and ground leases

HOW OFSML WAS CREATED

Upfront financial assistance and technical support

OFSML was initially **endowed by the City of Lille and MEL for €200,000** through associative budget lines (Espacité, 2018, p. 15).
The main challenge faced while starting up was for OFSML to receive legal recognition from the Prefect of the Region (a 3-month process). Producing the **accreditation document** involved developing a business plan, drafting legal statutes and designing the ground-lease conditions (*Bail Réel Solidaire* – BRS[76]). It **required high-level technical and legal expertise** in various fields including finance and housing.
The City of Lille mainly used pro-bono expertise by mobilising its Housing Department. Indeed, compared to grassroot CLT initiatives, the OFS members are institutions specialised in housing development and are **thus able to provide the expertise needed to go through such application processes.** The City of Lille and MEL nonetheless did call on an **external consultancy** as well as a law firm (Espacité and Delsol respectively) which helped develop the OFS legal status, lease contracts and business plan.

CAPACITY BUILDING

Compared to British and Belgian CLT models, **the role of the inhabitants in OFSML model is (still) quite limited**. To date, they are not involved in the association's governance or in its development process. However, the City of Lille is leading **reflection on intergenerational and participatory housing**[77] and is an active member of the *Réseau National des Collectivités Locales pour l'Habitat Participatif* (National Network of Local Governments for Participatory Housing). **More significant resident involvement could be considered** for further project development.

Future residents are informed and advised individually through ADIL (*Agence Départementale pour l'Information sur le Logement* , the Regional Agency for Information on Housing), a local public agency whose mission is to inform citizens on housing issues. While OFSML doesn't currently have a direct partnership with ADIL, the City of Lille and MEL have nonetheless been historical partners with the organisation via several bilateral agreements. This partnership allows them to **release annual funding** to support their housing policies, in particular on social homeownership. Concerning OFSML specifically, **ADIL is in charge of disseminating information on the OFS model, providing specific legal counselling and supporting households in the process of taking out their mortgage**. (OSMFL, 2017). In that context, it proposes, among other things, **two two-hour meetings with every household involved in the project.**

[76] The *Bail Réel Solidaire* (BRS) is a lease contract signed between an OFS and buyer/tenant.
[77] The French equivalent of the Community Led Housing (CLH) Movement.

In the near future, OFSML has the goal of developing this assistance by organising workshops on the functioning of a joint-ownership building and the purchasers' 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 supporting the preliminary phases of new OFS development.

PROJECT DEVELOPMENT

Site

The first two OFSML operations (*Cosmopole* and *Rue Renan*, 15 and 17 units respectively) have been developed on **city-owned** sites **purchased for a symbolic 1 euro**, in the **city-centre area**. To give an idea of scale, the average **sale prices** have been set at **around €2,110 per square metre** for these two operations, whereas in nearby neighbourhoods newly built houses are sold at €4,500 – 4,700 per square metre and up to €6,800 (Cerema, 2018, p.3). This showcases the **City's political determination to see the OFS succeed locally.**

However, **within the perspective of scaling up, the organisation will not be able to rely solely on public in-kind contributions**. As **land represents both the principal expenditure and a major source of revenue** (through ground leases), several other means of raising funds have thus been considered. **Accessing public land at a reduced price** (from the city, MEL, Region or public land agencies) – at up to 50% of its cost – **will remain a significant lever**. This device could be hybridised with **long-term borrowing facilities** in order to smooth out the cost of land over time. The *Caisse des Dépôts et Consignations* - CDC (a French public-sector financial institution), provides **long-terms loans**[78] **(Gaïa LT, 60-80 years)** for this purpose to local authorities and accredited affordable housing developers. This tool existed prior to the creation of the OFS model and has already enabled the financing of various property division operations (construction leases, 'PASS Foncier', etc.). Similarly to previous loans granted, the CDC has reaffirmed that these loans can be used only for projects in dense urban areas, targeting lower-income households, and can not finance 100% of the land purchase. The **conditions to access these loans remain to be further clarified** (FMDV, 2018b).

In addition to Gaïa loans, the OFS could make use of **regulatory tools such as social mix obligations** (*Servitude de Mixité Sociale*) within the framework of mixed occupancy operations or urban renewal programmes (private market, social rental, social acquisition, commercial activities, etc.) to **oblige developers to make OFS homes available**. OFSML is also **looking to obtain donations** via **tax incentives**, as well as the **possibility of acquiring old buildings** as part of **social rental housing sales** or **refurbishment operations**.

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

The most recent headway made in OFSML's access to land is the **partnership it is currently developing with the Hauts-de-France Region** in order to obtain an **affordability grant**. Similarly to the BCR – which is granting CLT Brussels €350 per m² – **the Hauts-de-France Region could grant OFSML up to €300,000**, on a cofinancing basis, in order to reduce the initial cost of land.

[78] 18- to 80-year loans indexed on the interest rate of the *Livret A* (citizen saving account) + 60%.

Plan & Build

In the OFSML model, **the development process and its related risks are taken on entirely by a developer,** regardless of whether it is public or private. The **developer is in charge of planning and implementing the operation**: from obtaining the building permit to the construction phase, and including delivery and the marketing of the units. **Developers use traditional development finance** such as commercial short- and long-term construction loans and benefit from a reduced VAT rate (5.5%).

For the two pilot projects, the development process has been based on the following steps: After OFSML agrees with the City of Lille on the timeliness of developing a given site, **the City choses the developer**. This selection is carried out 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 OFSML** for a **symbolic 1 euro**. At this stage, OFSML and the developer sign a specific temporary ground-lease contract (*BRS Opérateur*).
The ***BRS Opérateur*** **obliges the developer to pay the equivalent of €1 per m² per month to OFSML during the construction phase**[79]. This feature **enables OFSML to benefit from revenue during the construction phase**. The *BRS Opérateur* also represent a **binding contract** between the two parties. It sets the developer's **obligation to conduct the operation and sell the units**. It also sets the **programme, maximum sale prices, households' income limits, implementation timetables and responsibilities** of each party.

Beside construction, the developer is also in charge of **marketing** the OFS units under a specific scheme known as **VEFA** *(Vente en l'État de Futur Achèvement* , or '**sale as is, prior to completion**'). The VEFA system, unique in France, **enables the developer to benefit from cash flow to undertake the construction phase**[80].
The developer identifies potential buyers, to whom **OFSML gives its agreement** if they respect the allocation criteria (see below). This process takes 2 months 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 m² per month** (OFSML, November 2018).

Focus: *Rue Renan* financial operation

Rue Renan is a pilot project, part of **OFSML's experimental phase** along with the *Cosmopole* operation[81]. During this **2- to 4-year project period, 32 OFS units** will be produced as part of these two pilot projects.
It will be followed by a **consolidation phase** aimed at implementing a more proactive scenario. In these two **mixed occupancy** operations, **OFS homes range from 7 to 18% of the total units**. **Other programmes make it possible to balance the financial costs** of these mixed models of housing.
For instance, out of the **91 units** of the *Rue Renan* project*,* **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 conducting this operation jointly**, INA3F, a social landlord in charge of the rental and OFS units, and Loger Habitat, which is developing the units targeted for the private market (Cerema, 2018). The OFS units **are to be completed by 2020** and will be sold at **€2,110 per square metre**, not including parking spaces. Comparatively, the same units will be sold at €5,000 on the private market for the remaining operation.

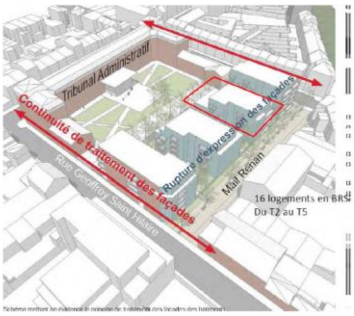

Fig.8 The Rue Renan project (Source: Cerema, 2018)

[79] This amount is marginal compared to total operation cost, thereby not affecting the final price of the units.
[80] 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.
[81] The Cosmopole project is the first OFS project to be delivered in France. It is composed of a hotel; an art gallery; the British Cultural Centre; and 210 homes, 15 of which are OFS homes. It has been implemented by the developer Finapar.

Date	2016-2020 (4 years)
Phase	Build
Origin of the land	City of Lille
Number of OFS units	17 units for sale
Programme	The *Rue Renan* construction project, 91 homes: -55 social housing units -17 homes under BRS (20% of the operation) -29 homes on the open market
Total project cost	€2,500,000 (including 1,500 m² of living space)
Land cost	1€ + notary fees[82]
Price per m²	€2,110

OFSML OPERATION

Purchase and resale of units

The **target population** of OFSML is made up of **former social tenants with strong local roots**. 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 **from the social housing market**, and ten **already living in the city centre** without the opportunity to buy on the private market (OFSML, November 2018).

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 **match 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 intending to occupy the unit	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)

Final unit prices are set by the developer. They nonetheless have to be **coherent with the objectives announced by the City** in terms of social homeownership **(€1,800 - €2,400 per square metre).** Theses **prices are integrated at the early stages of the project** in the consultation period and are known by the developers.

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

In order to finance housing purchase, **first-time OFS buyers have benefited from loans from Crédit Foncier,** a bank partnering with OFSML and **historically engaged in France in financing 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 to 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 subsided by the State** to improve households' solvency. **Fiscal incentives**, via a **30% discount rate on property tax**, is also a tool OFSML chose to implement in order to improve the creditworthiness 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, OFSML has several guarantees at its disposal. The resident is **first offered a sale by private and amicable agreement**. If the defaulter refuses, an **auction** is then organised. In such a situation, **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 obligation induces extra charges for the OFS in the event of buy-back of a property held in full ownership of land and buildings. For the first OFSML operations, **this risk is nevertheless minimal, as the demand is very high in the city centre.** 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 OFS 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 the 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 refurbishment work (SHICC, 2018).

OFSML operations and development of new projects

OFSML has been designed as a light and adaptive instrument. In order to optimise resources **it relies greatly on existing organisations and institutions**, such as the City of Lille, *Fondation de Lille* and other members (OFMSL, 2017, pp. 48-52), although to date the role distribution between OFMSL, City of Lille and MEL in terms of management lacks clarity. **One option under consideration is to keep the internal activities at a 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 OFSML currently 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 €2,500 and other NGOs up to €500. **Membership fees** in 2018 represented over **50% of OFSML's income**. However, this tendency should reverse as scaling up occurs. In the long run the *BRS Utilisateur* **(household ground leases) should represent the major source of income**, rounded out by the ***BRS Opérateur*** (during construction phase) and **membership fees** to a smaller extent (OFSML, 2017, p. 66).

Today, OFSML is **a low-cost structure**, but it faces the challenge of keeping up with a proactive development scenario requiring significant resource mobilisation. Currently, the City of Lille mobilises the equivalent of **0.5 FTE**, a figure which should increase to **2 FTE** within a few years (OSFML, 2017, p. 53). These costs should nonetheless remain marginal compared to the **challenge of refunding interests on the loans that might be taken out for land acquisition.**

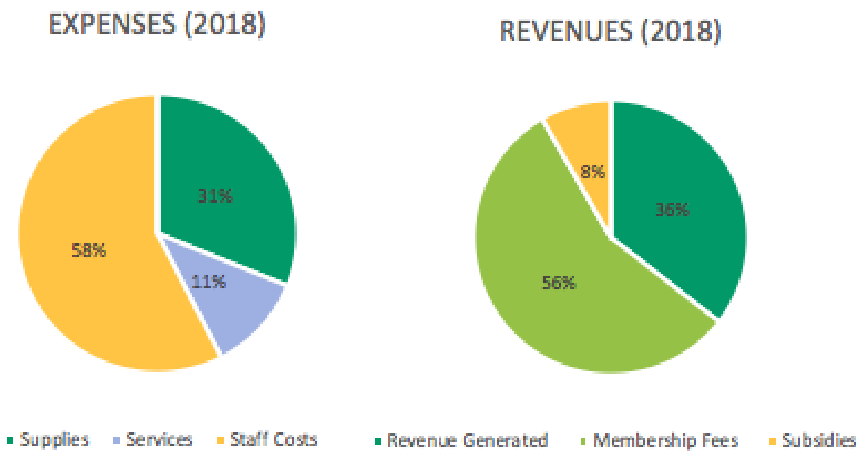

Fig. 10: 2018-2019 estimated budget (Source: OFSML, 2018).

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 organisation also aims at **extending its operation to the Lille European Metropolis (MEL)** as a whole, **applying the model to different urban contexts** (hardly dense or depreciated areas, urban renewal, etc.).

When scaling up OFSML, some **major risks** must nonetheless to be taken into account, **both at the household level and in terms of the organisation'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 in indexed borrowing rates**[83] that would have been taken out[84]. As a result, for OFSML, this situation could lead to an **increase in unpaid ground leases**.

OFSML also has to **anticipate purchase of its estates with full ownership (of land and buildings), which implies a significant cash-flow 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, 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).

The **main barriers** to OFSML sustainable development as learned through the first two pilot operations are 1) the **need for technical adaptations to a new legal context** (e.g. on VAT rates and insurance issues, etc.) and 2) the **need to build further partnerships with commercial banks** to increase mortgage competitiveness (OFSML, November 2018).

[83] Long-term land loans provided by the CDC are indexed on the *Livret A* +60 percentage points.
[84] On that matter, Espacité (2018) has raised the issue that the use of the long-term Gaïa Loans facility by an OFS could lead to disguised land speculation if the price of land itself is not controlled.

OFSML's **medium-term perspectives** are to **increase staffing, stabilise its 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 FRANCILIENNE (CFF)

STATE OF AFFORDABLE HOUSING IN THE PARIS INNER SUBURBS

The *Coopérative Foncière Francilienne* (CFF) was created in **2017**, at the initiative of the Federation of Affordable Housing Developers (*Fédération des Coop HLM*), Its activities are **spread across eight *départements*** in the Île-de-France Region around Paris, making it the **biggest *Organisme de Foncier Solidaire*** (OFS – the French equivalent of a CLT) operating in France to date. The CFF scope however, focuses on the inner suburbs of Paris, i.e. the **first ring of municipalities directly adjoining the City of Paris**[85]**.** 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 mirrors the implementation of the ***Greater Paris Metropolis*** (2008-2016), which brings together **130 municipalities** within its conurbation. Besides territorial reforms, **metropolitan dynamics** in which the CFF is involved are also taking shape in the form of **megaprojects**, reflecting the determination to **increase Paris' competitiveness and outreach** (2024 Olympics or the *Greater Paris Express* suburban transportation project).

In terms of housing, since the late 1990s, **concentration effects** have led to an increase in the phenomenon of **gentrification,** which has **increased real estate prices** in the Paris inner suburbs, sometimes **catching up with those the capital** (up to €8,000 per square metre in inner suburbs such as Kremlin-Bicêtre). In addition, despite a steady increase in housing production and the **concentration of about ⅔ of the regional social housing stock** in Paris and in its inner suburbs[86], the social housing offer struggles 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

Against this backdrop, the ***Coop' HLM* movement**, and its **national umbrella organisation** (*Fédération des Coop' HLM*[87]*)* have played a **major role in fostering social homeownership in this area since 1908**. At the national level, this coalition has among other projects managed the development of several innovative tools, such as *BRILO* and *PASS Foncier*[88]. There are currently about **30 *Coop HLM* in the Île-de-France** Region, producing **between 1,600 and 1,700 housing units per year.**

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[85] This inner suburban area or 'première couronne' surrounding Paris has no legislative existence in and of itself. It is composed of three *départements*: Hauts-de-Seine (92), Seine-Saint-Denis (93) and Val-de-Marne. It is home to about 4.5 million people (37% of the Ile-de-France Region).

[86] 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*).

[87] Federation of Affordable Housing Developers under cooperative status.

[88] BRLIO (*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). *PASS-Foncier* was a two-component instrument, firstly enabling borrowers to reimburse the cost of their home then that of the land (construction lease scheme). At the same time, it enabled borrowers to reimburse the 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 in which local authorities are becoming increasingly reluctant to subsidise such policies**[89].
***Fédération des Coop' HLM* has thus been particularly active in putting OFS on the national agenda** in order to bypass previous policy backlogs. For example, 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 included three OFS that were operational and another six under preparation (Cerema, Espacité, 2018).
Similarly to OFSML *(Organisme de Foncier Solidaire de la Métropole Lilloise)*, their main **objective** is to **improve the residential trajectory of modest households** from the social or private rental market, by promoting homeownership in dense urban zones.

CFF LEGAL STATUS AND GOVERNANCE

As a **multi-stakeholder OFS**, CFF has based its structure on the **unique cooperative model of its members**. It is a commercial cooperative company (*Société Coopérative Commerciale* – SCIC).

Its **founding members are 13 affordable housing developers, called *Coop' HLM*** [90] (Espacité, 2018, p. 15). All together, they form one of the **three decision-making committees** of the organisation and are predominant on the Executive Board. The **two other committees** are the **Local Authority Committee** (formed of municipalities or public bodies interested in investing in the organisation[91]) and the **Residents 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 voting rights at the General Assembly and is thus involved in CFF's strategic orientations.

The other main CFF body is its **Engagement Committee**, in which **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)[92]
Target population	-Intermediate income households, first-time buyers, coming from the social rental housing market -Income ceiling based on the PSLA[93]: €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)[94] -10% –18% difference in monthly repayment estimations compared to the private

[89] 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 available – such as 5- to 10-year anti-speculation clauses – to prevent the unit from falling back into the private housing market after the first sale.
[90] 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 and CAPS.
[91] Made up of the following cities: Gennevilliers, Ivry-sur-Seine, Kremlin-Bicêtre, Malakoff, Pantin, Nogent-sur-Marne, Bry-sur-Marne. And the sectoral agencies SPL Fontenay-sous-Bois and EPFIF (potentially interested).
[92] *Société Collaborative à Intêret Collectif*, with joint-stock company (SAS) status.
[93] PSLA (Prêt Social Local-Accession), a social rent-to-buy scheme at the heart of a former social homeownership policy.
[94] The minimum required income is €3,552 – €4,724 per month to access OFS homes (33% indebtedness estimations).

	market[95]
Membership fees	€30,000 for founding members (equity)
Resale price	-Average resale price per m² on the private market: from €4,000 (Gennevilliers) to €8,000 (Kremlin-Bicêtre, Malakoff) -CFF prices per m² are targeted between €3,273 (Gennevilliers) and €4,100 (Kremlin-Bicêtre, Malakoff) -Usually 15-25% of the market prices, depending on the area
Projects	-Under construction: Gennevilliers (14 units), Bagneux (38 units), Kremlin-Bicêtre (10 BRS units) -Under study: Malakoff, Ivry-Sur-Seine
Workforce	-No direct employees -*Coop Immo* mobilises ⅓ FTE for management activities
Number of members	-13 *Coop HLM* (affordable housing developers under cooperative status) -7 municipalities -2 sectoral agencies
Resale formula	Indexed to the rent index (*Indice de Révision des Loyers*, IRL)
Ground Lease	-€1.78 to €3.30 per square metre, depending on the operation -*BRS Opérateur*: 2 years -*BRS Habitant*: 78 years

HOW CFF WAS CREATED

Upfront financial assistance and technical support

When the cooperative was founded, **each founding member took a €30,000 equity in CFF's capital**. This mechanism made it possible to **raise €390,000** in order to get started.
The founding members (affordable housing developers) **mobilised their internal range of expertise in order to undertake the accreditation process**[96]. They additionally benefited from the **support of their national umbrella organisation** (*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 OFS.** As a result, two-thirds of the OFS created over the last two years in France have been affiliated to **this umbrella organisation 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 also has **the 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.).

CREATION OF PROJECT GROUPS

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

[95] Generally above €1,000 per month (4 pers. 83 m²), including monthly ground lease payment (Espacité, 2018).
[96] In order to be recognised, French OFS have to be accredited by a Regional Prefect.

This 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* (Cooperative Affordable Developers, a CFF founding member) in developing a mixed-use project[97]. For this project, *Coop Immo* bought the site through a **60- to 80-year land loan** (Gaïa loan, CDC) and made it available to the group through a **60-year construction lease**[98]. Households then organised themselves into a **cooperative** (Utop) bringing €2,250 equity each. This capital and advance payment[99] from the *Habitat et Humanisme* social landlord enabled *Utop* to **borrow a construction loan** at a preferential rate (PLS[100]). 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 contribution to a solidarity fund**[101].

Utop's general principles can be summarised by the following steps: 1) creation of the association or cooperative, a participatory process including each member of the group in determining the living principles and design of units and common spaces; 2) the affordable housing developer conducts the operation and allocates the units to group members; 3) shared and common spaces are thereafter managed by the association or the cooperative.

In essence, **these principles appear compatible with the OFS model**. It could even be advisable to **apply them more in-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 marketing, 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 land** – from cities or para-public bodies (*Société d'Economie Mixte*, SEM, *Établissements Publics Fonciers*, EPF etc.), **from which they can benefit from discounts**[102]. 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** (Gennevilliers[103]) to **€1,200** (Kremlin-Bicêtre) per square metre (Espacité, 2018, p. 21). In comparison, the median price for empty and potentially buildable land in the Paris inner suburbs in 2017 amounted to €563 per square metre (ORF, 2019).

In order to finance land acquisition, the ***Coop HLM*** **makes use of a 60- to 80-year Gaïa Loan provided by the French public bank** *Caisse des Dépôts et des Consignations* (CDC)[104]. **They are guaranteed by municipalities**. In addition, the **developer brings provides a contribution of**

[97] 17 units, pooled common spaces (music studio, common room), commercial spaces and a garden.
[98] Construction leases are a type of lease that obliges the leaser to develop and maintain a building on the site for a given period. After that period (60 years in this case), the property of the land and building returns to *Coop Immo*.
[99] *Habitat et Humanisme* has paid rent in advance for 60 years right-of-use.
[100] The *Prêt Locatif Social* (PLS) is a loan with preferential rates granted for the construction, purchase and refurbishiment of units intended to be rented as social housing.
[101] €5 –€15 per month depending on household resources.
[102] Up to 50% for social homeownership in Zone A (Paris) (Certu, 2013).
[103] Floor area, pre-tax value, excluding notary fees.
[104] 18- to 80-year loans indexed on the *Livret A* (citizen saving account) + 60%.

€1,000 per unit in order to decrease the cost of borrowing and to capitalise the cooperative. These long-term loans make it possible to **smooth the cost of land over time**.
In this model, the **land charge** has a sometimes significant **impact on the monthly ground lease amount**. The developer bears its cost until project delivery (*BRS Opérateur*), usually over a period of two years. The ground lease is then transferred to the buyer (*BRS Habitant*). Consequently, **land repayment through ground lease may decrease the overall solvency of buyers.**
As an illustration, the *BRS Opérateur* ranged from €25,000 to €76,000 for the first two operations. The amount varies strongly depending on the location and the size of the project.

On another level, as in the case of OFSML, CFF also mobilises a 'sale before completion' scheme called *VEFA (Vente en l'État de Futur Achèvement)* in order to bridge financing between the building and selling of the units; it benefits from a reduced VAT rate (5.5%).

Focus: *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-unit** Kremlin-Bicêtre project developed by *Expansiel Promotion* – a cooperative developer member of CFF – has the particular feature of being located in a city directly adjoining Paris and serviced by Paris Metro Line 7. **The price per square metre in the area has been estimated at €5,600**, but CFF offers homes with a **27%** price differential **(€4,100)** – excluding the BRS ground lease. It is furthermore one of the only projects 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 **€3.30 per square metre** to its households in order to recover and spread land cost over 60 years. In comparison, OFSML charges a third of this amount (€1) – an arrangement made possible thanks to the financial contribution by the City 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)
Number 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 m²	€4,100 (€5,600 on the open market)
Average sale price	€184,000 (estimated on a 52-m² flat, parking space included)
Developer contribution	-*BRS Opérateur*: €25,168 over the two development years -€1,000 per unit to capitalise CFF
Household contribution	-*BRS Habitant:* €3.33 per m² per month -Monthly payment: €1,289 (including BRS ground lease & mortgage repayment*) -Necessary gross monthly income: €2,224

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

CFF OPERATION

Purchase and resale of units

CFF targets first-time-buyer lower- to intermediate-income households coming from the social rental housing market. For this reason, it formed **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). The PSLA income ceiling for a single person in the Paris inner suburbs (Zone A) amounted to **€31,999** per year in 2018.

In terms of unit-price setting, **prices per square metre** are set project by project but are **capped at €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 the policies of respective cities.

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 it observes improper uses of the unit (Coop HLM, 2018).

As mentioned earlier, a **ground lease** (*BRS Habitant*) is charged per resident, for a period of **78 years** maximum. It has the purpose of **reimbursing the land loans** and **constituting working capital** to invest in further projects. This ground lease amounted to **€2 to €4 per m^2** 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).

CFF operations 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, secondarily, the **income fees** earned through the selling of units (Espacité, 2018, p.24).
In terms of equity take-out, **local authorities** can participate in **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 should also be emphasised that, as a commercial entity, the cooperative is **not exempt from taxes**[105] (Espacité, 2018, p. 19).

CFF has **no direct employees** running its day-to-day operations. It **relies on its members' in-house skills** through **management agreements**. This way of operating enables members to **share management costs and pool services** (Espacité, 2018, p. 16). For instance, *Coop Immo* currently has a ⅓ FTE to run the organisation (diffusion of the model, accounting, etc.), while lease and property management are taken care of by *Gexio Cooperative*, whose core business 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 human resources needs.** Two scenarios seem to emerge: either it will continue mobilising staff from its membership through service delegation, or hire dedicated staff.

[105] Including corporate tax, VAT and territorial economic contributions.

CONCLUSION

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

The main challenge faced is how to **ensure collaboration with local authorities in order to access land and benefit from municipal guarantees on concessional land loans** (*Gaïa, CDC*). In a context of tight 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,** OFS 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 high prices** - which would eventually have strong **repercussions on household ground leases** and would not make it possible to control **speculation** (Espacité, 2018).

Analysis is thus currently being carried out on how to achieve an **optimal mix of debt management, public grants, and developer and household contributions,** in order to **decrease the cost of the operations, limit ground-lease payments and, finally, enlarge the target population** (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 was as high as **£5,398** - almost twice than in Paris for a similar product (Christie, 2018).
The average housing price in the capital is today estimated at **£484,926**, representing 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

Against this backdrop, the **2012 London Olympics** was a **disruptive event** which forced citizens to band together so that the fallout of this mega-project could benefit Londoners. In **2004**, Citizens UK[106] **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 viability of the concept prior to providing 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 were built on the site, as part of a larger development.

Since the **2014 local elections, East London CLT's scope has expanded to all of London**, with an initial 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 expertise to help develop their housing projects.

LONDON CLT LEGAL STATUS AND GOVERNANCE

London CLT has evolved into a London-wide organisation[107] 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 organisation to **earn surplus revenue to be reinvested in the community.**

Placing **citizen involvement at the heart of their organisation**, London CLT bases its internal governance structure on **traditional CLT tripartite governance**[108], reaffirming the heritage of the US model (Smith, 2018).

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[106] A national community organising charity, partner of London CLT.
[107] Similar to Bristol CLT.
[108] The Board of a 'traditional' CLT is composed of three parts, each containing an equal number of seats. One-third represent the interests of people who lease land from the CLT. Another other third represent the interests of residents from the surrounding 'community'. The remaining third are made up of 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
Target population	-Modest to middle-income households: Closing the gap between 'people qualifying for council property and people who can afford to buy their own home' (SHICC, 2018) -Equivalent to the area's median income (£31,234, in 2017 in Tower Hamlets)
Membership fees	£1 (equity share)
Home pricing *	-Average price per m^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
Projects	-1 project achieved (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)
Number of members	London CLT has 2,500 members in total, including: -130 stakeholder members -2,780 community members -40 resident members
Resale formula	Resale price commitments 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 additionally paid 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 for start-up -Capital and revenue financing from charitable funders and ethical bankers -Citizen financing through share issuing

**Project 1 - St Clements*

HOW LONDON CLT WAS CREATED

Upfront financial assistance

For many years London CLT has been "incubated" by Citizens UK. Citizens UK employed staff that informally assisted in 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 organisation up and running, 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, a British CLT pioneer activist, who helped campaign for many years and deliver the St Clements deal (Patterson, 2019).

CREATION OF PROJECT GROUPS

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

London CLT currently funds Citizens UK with £50,000 per year, over six areas, **to help provide capacity for community organisers** to work with local groups, to campaign and to 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 occur in parallel: organising people, acquiring control over land, raising funds, developing a plan, building the project, allocating the homes, creating 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 London[109] (TfL), the National Health Service (NHS) and Local Councils. In order to **acquire control of this land**, local London CLT members have used **two approaches** so far.

One is to use 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 programme unblocked **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 **a stable cash flow** while sales of St Clements homes were being processed, thereby avoiding any delays on the Lewisham site development (London CLT, 2018b).

This fundraising campaign was set up in partnership with Ethex and Resonance. It targeted individuals as well as institutional investors such as the 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 was paid back for the first time in 2018.

In parallel, London CLT also managed to **mobilise 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).

[109] Transportation company of the Greater London Authority.

Build

a. Building Homes

Like Bristol CLT, London CLT has experimented with different development processes. For their pilot scheme in St Clements (Tower Hamlets), the organisation **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 have been **financed** through residents' **mortgages**. This transaction enabled them to **cover their costs and reinvest the surpluses**[110] in developing more affordable homes (London CLT, 2016, p. 24).

At Brasted Close (Lewisham), on the other hand, London CLT is testing the '**direct development**' model. In this case, London CLT is in charge of **mobilising the construction financing** once the planning permission has been granted.
The options available in terms of development financing 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).

Other existing and potentially mobilisable 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 allocated 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: £1.2m -Crowdfunded: £28,000
Brasted Close	-St Clements sales (2019) -EU funding (2020)	-Community-share issue £488,766111	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 project financing (Source: London CLT, 2019)

[110] Surpluses estimated at £635,000 for the sales of the 23 units.
[111] 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 neighbourhoods 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, 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 so, 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 organisation had been given the opportunity to purchase it. The campaign to secure the space 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 centres in the area. (e.g. Poplar Union and the View Tube) and proposed implementing a **mixed-use space** composed of an independent **upscale 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 by **crowdfunding**.
The **costs of running** such a space have been estimated at **around £115,000-£120,000 per annum for the initial years**; they will be covered annually through **grants and rent** paid by hosted companies and the community[112].

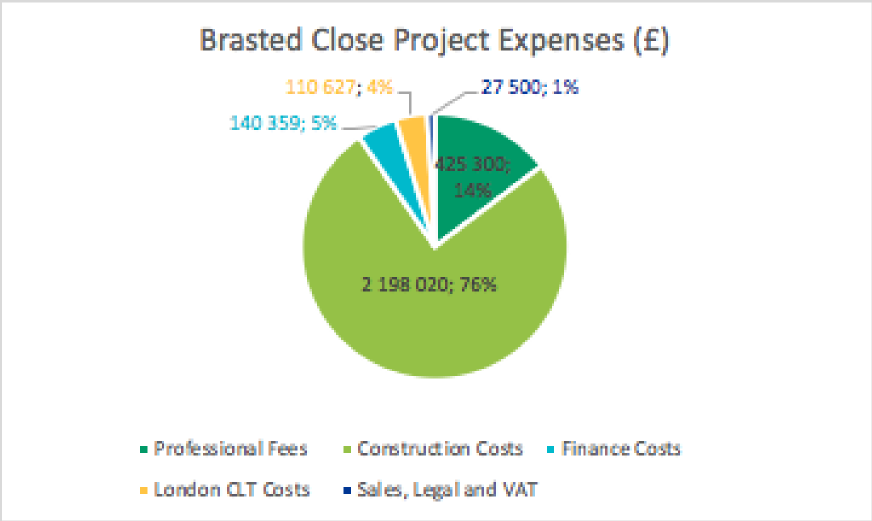
Focus: Brasted Close (Lewisham) financial operation

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 met with 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
Number of units	11 units
Total cost	£2,901,805 (provisional - final cost to be confirmed 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

[112] For instance, a similar community space in the area charges £3,000 per day for a room hosting 250 persons. The one in St Clements would host 150.



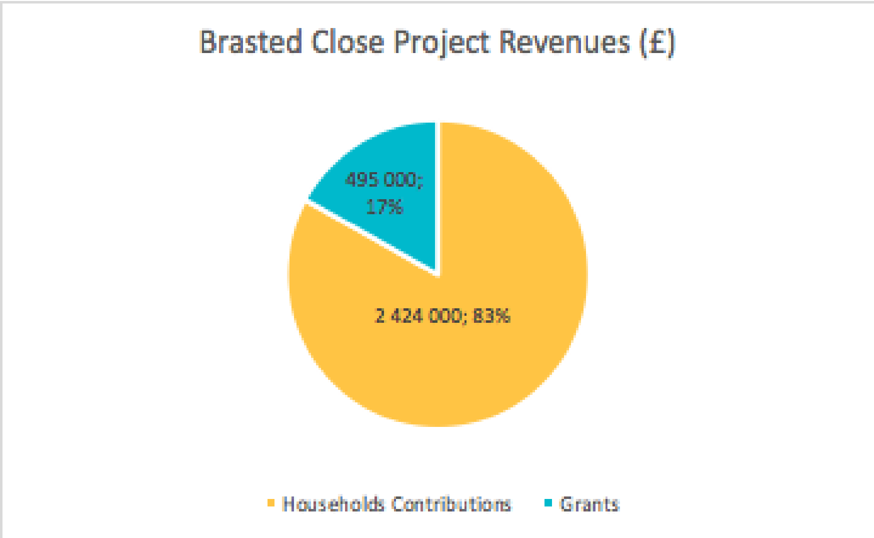


Fig. 14 Brasted Close financial operation (Sources: London CLT, 2019)

LONDON CLT OPERATION

Purchase and resale of units

London CLT targets modest to middle-income households usually earning **£25,000 - £50,000** a year. They thus aim at closing the gap between 'people qualifying for council property and people who can afford to buy their own home' on the private market (SHICC, 2018).
The allocation process has been designed through 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, and 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 thus takes into account the **Area Median Income** (AMI) according to the following formula, and amounts to approximately to **⅓ of the AMI**:

[([AMI x 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 *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-year mortgage and fixed rate of 5%[113].

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 increases to 4.24% for the remainder of the mortgage. **Ecology Building Society 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 CLT residents' cases more rapidly** (National CLT Network, 2018b, p. 24).

As for the ground leases, Linden Homes and the **Greater London Authority still own the site** (in freehold[114]) 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 headlease**[115] on the CLT homes. Once the unit is allocated, **London CLT signs an underlease of 250 years with the residents**.

Building management

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 finalises and leaves the site (end of 2019), will be responsible for the site management. The group comprises **six appointed residents** (including three from CLT homes). Its specific activities have yet to be detailed (London CLT, 2018b).

London CLT operations 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, supporting development of homes – **London CLT has two FTE, representing five part-time staff**.

Core employees include two **campaign managers**, a **finance manager**, a **communities manager**, and a **human resource & office coordinator**. 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 made it possible 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)

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[113] Estimates taking into account historic lending rates.

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

[115] Ownership of a property for a fixed period of time.

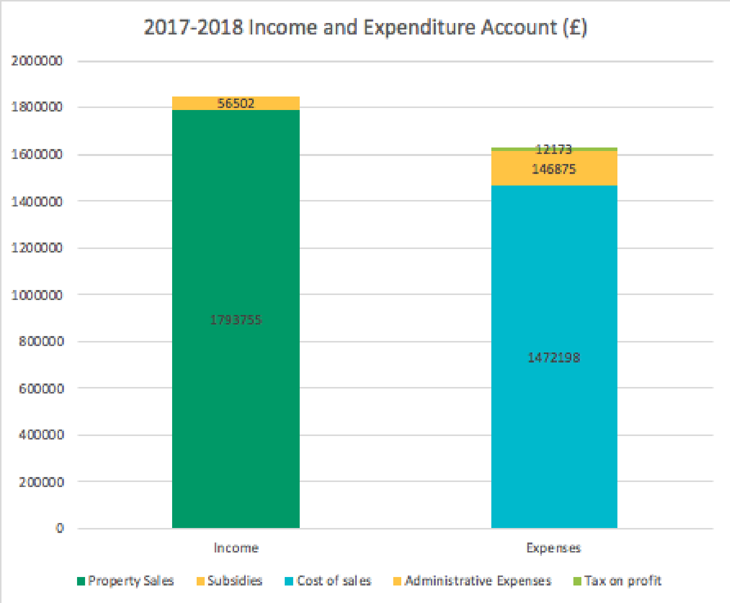

Fig. 15 2017-2018 Budget (Source: London CLT)

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

As of today, London CLT is operating well. In 2018 it made £230,442[116] in profit on sales (London CLT, 2018a). Its total equity amounts up to £535,536 of which 90% is 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 **maintaining operations 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 exist, 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 by 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% genuinely 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 its homes as well as its **ethos.**

Forming a clear and **solid strategy for these two risks** is vital if London CLT is to scale up and sustainably run a community-led organisation 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 and that the organisation itself continues to be democratically run.

[116] £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 is just behind London in terms of property prices and rent increases and suffers **one of the biggest gaps 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 to 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. Against this backdrop, 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 a candidate for the '**European Green Capital**'. With this in the background, developing **ecological and affordable buildings became more of a priority in the political agenda**. With the objective of improving housing affordability, the **City Council explored the possibility of implementing a municipal CLT. In 2011, after producing knowledge on the topic, local housing activists organised and successfully launched Bristol CLT (BCLT), a grassroots initiative supported by the City**.
The 2016 local elections saw a Labour Party mayor elected on a platform 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 Department, which has benefited from major investment. **Bristol CLT became part of the new Council's strategy for Community-Led Housing** (CLH) and benefited from active support and multisectoral partnerships.

BRISTOL CLT LEGAL STATUS 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 ⅓ community members, ⅓ residents and ⅓ stakeholder members (BCLT, 2018c).

Bristol CLT is also an 'umbrella' support organisation. 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), and the second **high levels of vacancy and turnover within the Board**, which impairs the stability of the organisation (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
Target population	From intermediate demand for affordable housing to people in greater need (BCLT, 2016)
Membership fees	-£1 (equity share) -Project of establishing specific membership fees for organisations and businesses (£100 per year <20 staff, £500 per year for bigger organisations)
Resale price	-CLT homes are produced at about 35% of market prices -BCLT does not resell properties
Projects	-1 project achieved (Fishponds, 12 units, 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
Number 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	Approx. £60,000 (Financial year April to April)
Sources of funds	-Local authority support for access to land and start-up -Capital and revenue financing from charitable funders and ethical bankers -Community shares -Rental income from property owned (12 properties)

HOW BRISTOL CLT STARTED

Upfront financial assistance

In 2011 local activists **benefited from a £1,000 grant from Bristol City Council** to explore the implementation of a grassroot 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 venture 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-organised events with the National CLT Network for CLT colleagues from around the country and contributed to conferences and training programmes. In parallel, like 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 - provided expert guidance. Additionally, some organisations such as Bristol Community Housing Foundation gave support to governance and project development (BCLT, 2018b).

After securing a 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 its partner, the housing association **United Communities**, which helped to manage the extensive compliance and due-diligence requirements of this registration procedure with the government's Homes and Communities Agency[117] (BCLT, 2016).

CREATION OF PROJECT GROUPS

Resulting from **BCLT's dual status (CLT and umbrella organisation)**, **capacity-building initiatives are twofold**:

On the one hand, once the land or asset is transferred to 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 **support from 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, since 2016 **Bristol CLT has been developing 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 Bristol[118].

The organisation 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 programme was led by the National CLT Network with the support of Power to Change[119], the Government and other funders. In BCLT's case, Power to Change 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)[120]. **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.

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[117] Home England sponsors registered Housing Associations through grant programmes.
[118] 'Scaling up Community Led Housing' at Bristol University.
[119] Charity in charge of redistributing funds from the National Lottery to Community projects in England.
[120] 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 have 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 (for example) two years. BCLT doesn't have its own capital reserves to allow it to buy land without raising an external financing package. **Acquiring land on the open market would therefore depend on finding a patient landowner** willing to wait for a minimum of **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** have so far been **financed through debt financing 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 the event 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 financing 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 construction.
In its third scheme, a set of offices for a Bristol refugee charity and eight residential units, **BCLT is planning to obtain initial financing through the national Community Housing Fund** (£187m).

No common financing model exists for the kinds of projects that BCLT and other CLT 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 completion of construction. However, **this mechanism cannot cover the entire capital development financing package** (SpreadI, 2016). It was **bridged through a short-term, higher-interest, construction-financing package**. This latter was repaid upon 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 buy an initial equity stake of only 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 CLT this is an **extremely unwelcome 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 force them to respect the amount of volunteer-based and not-for-profit investment that has been involved in the production of their home, nor can it ask them not to make use of the provisions.

Another point of interest is that the **cost of the scheme has decreased 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 undertaking the 'fine-finishing' construction phase of their units by themselves** (painting, kitchen repair, laying floors, tiling, completing external work). This phase **represents approximately 12 – 16 weeks of labour 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**. BLCT **hopes to diversify gradually**, as it identifies 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 stand-alone phase coming at a later period.**

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 **an amount which will cover development costs**, including project management costs, for that proportion of the building.

Focus: 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 unexpected legislative and financial 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 was to be used to **cross-subsidise** a scheme for **25 land-trust homes**. In parallel, United Communities was to build 18 mainstream affordable social housing units. However, this early concept couldn't be implemented 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, as opposed to by shared-owners or owner-occupiers).

After a **five-year effort to raise the necessary financing** and get Shaldon started, it appeared in November 2018 that **BCLT would not be able to complete the extensive legal work**[121] **required in time**[122] **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 financing**, causing the project to collapse.

At the end of 2018, it was agreed that United Communities should take over the construction phase of the project. 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-unit** United Communities homes on **125-year 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**, thereby providing 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 organisation[123].

The **Shaldon Road** case, with its loss of momentum and of potential sources of funding for the core costs of running the organisation, **sheds light on several issues CLT have to face**. These notably include: **bureaucratic red tape and excessive time constraints, and the extensive efforts required**

[121] To sign contract, mobilise contractors, and start on site by the end of March.
[122] By March 2019, end of the financial year.
[123] The issue is now close to resolution.

from small developer organisations that lack the assets and experience to satisfy the risk management requirement of large financial institutions. The case nonetheless also **underlines the flexibility and adaptability of CLT** when confronted with critical situations **and the commitment needed 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
Number 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 (amortised 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 50 m²

BRISTOL CLT OPERATION

Purchase 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 neighbourhood 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 the one hand, **household income should be sufficient to obtain 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 England[124] which **tops-up the 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. Through this arrangement, BCLT hopes to produce homes that **are 35% less expensive than on-the-market homes** and of significantly higher quality and sustainability (BCLT, 2016).

BCLT operations and development of new projects

BCLT's everyday activities include **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 them available for groups on long-term 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 expenses 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 totalling £52,583), **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; **charitable funders** (about 20%); **development fees** (50%); or **rental income** on the Fishponds project (about 30%).

BCLT is currently undergoing a **transitional phase**. It **survived its start-up status thanks to its pilot projects** but **hasn't yet managed 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 organisation's operating costs** in the short and medium terms[125].

Launching a share offer is one of the options being developed by BCLT in order to raise **£600,000** of equity by 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.**

Over the shorter term (2019-2022), BCLT will focus on the following activities. In terms of financing, BCLT aims at **restructuring a 25-year long-term mortgage** for the Fishponds properties (currently 3 years remaining out of a 7-year short-term loan). It is also looking into several opportunities for **generating revenue**, 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

[124] Government-backed mechanism boosting investment by first time buyers by 25%.
[125] Some options considered could be: to call upon the National CLT Network for support, merge Hub activities to the CLT etc.

establishment of a grid-fee system for the community-led development support programme (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 property 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 organisations to complete a further 300 homes at the City level by 2022 (Wainwright, 2017).
The foremost **barriers** identified by BCLT in terms of sustainable development were the **bureaucratic processes** involved in becoming a recipient of government funding and in the **related obligations of registered providers.**
BCLT also faced the **immense difficulty of raising a large amount of debt financing 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 the **limited development lead-times** imposed by government funding rules. Raising a £4-million debt-financing 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 its financial partners**, without having to undergo such costly 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 organisation providing a wide range of services (financial advice and partnership agreements) to Community-Led Housing groups in the West of England Region.

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CONCLUSION

These case studies seem to indicate three significant main and shared issues[126] that obstruct greater CLT/OFS development across North-West Europe.

To start, **access to land** is of crucial concern. The cost of land on the open market is making this resource inaccessible to CLT and OFS, as acquiring land requires **considerable prior political support from public authorities.** This assistance can take the form of implementation by local authorities of **affordability mechanisms**, such as donations, discounts or bridge-grants. This acquiring of land can also be included in **specific local urban development policies** such as in the *Contrat de Quartier* in the BCR or in **specific calls for projects** (GLA "Small Sites and Small Builders" programme or at the initiative of Bristol City Council).

On the other hand, CLT, OFS and other community-led initiatives can also come into control of land through the **mobilisation of capital funding**. Regarding this topic, we have 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 and the mobilisation of citizen financing through crowdfunding/crowdlending or capital opening (Community-Share issues).

Secondly, **expanding the offer of lenders' mortgage for residents** also emerges as a focal point. **The lender market is still immature**; indeed, we have observed a general lack of awareness and understanding of the CLT/OFS model at the national levels of the countries covered in this report. **No standardised product or procedure has been developed which can ensure the smooth processing of residents' demands for mortgages**. For some households with difficulties in providing the initial down payment, this situation leads to high interest rates and significant extra administrative fees, resulting in reducing their solvency even further. The challenge lies today in **increasing lender awareness**[127] and providing them the **guarantee** that CLT/OFS residents have a similar profile to that of 'traditional' borrowers. In addition, in countries such as Belgium and France 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 into the opportunities to increase the solvency of **lower-income households** (via collective-saving groups; micro-saving; and affordability grants, as is done in Belgium for instance). Just as essential is **securing long-term guidance for those residents** in the process of becoming homeowners.

Last but not least, a major focus of development for CLT research on sustainable financing should be **revenue generation to allow CLT and OFS organisations to run sustainably.** This would indeed be a decisive factor in financing back-office activities, in decreasing risks and thus the cost of borrowing (especially for pre-development works) and in supporting the involvement of residents in the organisation.
On that issue, several solutions could be tested, such as the development of partnerships and/or outsourcing of side activities to decrease CLT running costs. In that connection, the **development of commercial spaces** appears to be a viable option. This enables both revenue generation and the development of mixed-use and integrated projects that respond 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 mobilised, as they are rooted in the notion of general interest or common good.

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[126] Some other barriers could also be eliminated, by securing upfront grants to start up, de-risking pre-development phases and promoting access to low-cost and adapted construction finance.
[127] 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 issue.

Overcoming these obstacles would enable CLT and OFS to stop working within the **'exceptionalist' framework** they often evolve in – and to allow them to become mainstream.

Pursuing this goal, the steps forward will be the development of a **social-impact measurement framework** legitimising social investment in the CLT/OFS, the **capitalisation 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 much do in order to **develop and support further capacity-building tools for CLT groups** on one hand, and to **ensure long-term political and financial support to CLT** (from citizens, public and ethical banks, institutional investors, European funds, etc.) through the implementation of **awareness-raising campaigns** matched to follow the European political agenda.

	BELGIUM		FRANCE
	CLT Brussels	**CLT Ghent**	**OFSML**
Specificity	Low income target population, set within Regional housing policies	Develops commercial spaces, finances energy-efficient infrastructure, implemented a refurbishment programme	Municipally driven organisation fostering the implementation of local housing policies
Target population	-Maximum income ceiling: €22,560 per year (per individual) -Migrant population	Income ceiling (per individual): between social renting (€24,852) and social homeownership (€39,319)	-PSLA income ceiling €31,999 (per individual) -Coming from social rental housing
Market prices	€2,800 - €4,000 per m²	€2,200 - €2,800 per m²	€3,086 - €3,485 per m²
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 €1.30 per m² and 17 - 29€ per household per month	€1 per m² 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 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 (€233,900 max.) -Standard duration: 20 to 30 years	-Zero-interest loans (PTZ), 5.5% VAT -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 -Sustainable financing for social support for inhabitants -Financing back-office jobs while scaling up -Financing non-housing projects	-Generating capital finance -Justifying the CLT model's 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 mobilised	-Partnership with non-profits in order to develop capacity building -*Contrat de Quartier* mechanism to access land -Social loans to finance households' mortgages -Collective-saving groups	-'Minus One' development loans -Partnership with Rescoop (energy cooperative) -Affordability grants to improve households' solvency -Social loans to finance households' mortgages -Collective-saving groups	-Long-term land loans (Gaïa, 60-80 years) -Municipal guarantee on loans -Zero-interest loans to finance households' mortgages -Ground lease charged on the developer during the building phase (*BRS Opérateur*)
Perspectives of evolution	-Developing a cooperative model to finance land purchase -Increasing staff -Diversifying projects (e.g. Calico) -Move to multi-annual budget -Developing use of citizen finance -Working 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, -Stabilising the organisation's governance, -Standardising and disseminating the OFS/BRS mechanism -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	Organisation 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
Target population	-PSLA income ceiling €31,999 (per individual)	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 m²	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 at St Clements: £130,000 (1-bedroom unit) - Approx. 30% of market prices
Ground lease	Between €1.78 and €3.30 per m² per month	£200 per year	-£50 per year + Monthly rent of £15
Resale formula	Indexed on the rent index (IRL)	Not yet determined	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 collaboration from local authorities 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 financing -Maintaining affordability -Maintaining ethos -Smoothing cash flow -Financing community spaces -Need to expand portfolio of lenders for mortgage financing
Innovative instrument mobilised	-Similar to OFSML and: -Use of a cooperative legal status -€1,000 contribution per built unit by the developer in order to increase the OFS capital -Participatory housing arrangement and inclusion of the residents in the development process	-CAF pre-development loans -Use of 'sweat equity' in order to decrease the cost of the unit	-Greater London Authority Small Site Programme -Community-Share Offer
Perspectives of evolution	Achieving an optimal mix of debt management, public grants, developer and household contributions in order to: -decrease the cost of the operation. -limit the ground-lease payment -enlarge their target population	-Finding revenue enabling the organisation to operate in the short term -Developing a consistent housing portfolio (>50 homes) -Restructuring long-term loans and generating revenues -Becoming acknowledged a viable housing provider -Developing capacity building and partnerships	- Accessing low-risk financing, with a good loan-to-value ratio, from large investors for development -Fostering direct development within tight budget constraints -Enlarging funding sources for pre-development phase -Developing sustainable financing to train citizens at the local level -Scaling up while maintaining its 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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The City of Lille

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CLT Brussels

CLTB leads the general coordination of the project, along with the City of Lille. As part of this 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 Europe (NWE) region and helps emerging CLT to overcome their initial barriers.

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To support Community Land Trusts, CLT Ghent is leading the four CLT Pilot Work Packages and contributes to other aspects of the programme.

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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 organisation 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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Leads the Communications Work Package (WP); leads the Start-up Fund WP, building on its existing grant programme that provides small grants for nascent or new CLT 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; and supports the delivery of other aspects of the programme.

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