ACTION PLAN
Developing a financing strategy for CLT & Collaborative Housing in Europe
September 2020
BACKGROUND | What has been done (‘Financial Models’ Work Package)

DIAGNOSTIC PHASE

- **MAPPING**
  - Survey of available financial sources

- **CASE STUDIES**
  - In-depth analysis of financial models

- **FINANCIAL GUIDE**
  - Toolkit presenting financial instruments to be replicated

DECISION MAKING PROCESS

- **PRE-FEASIBILITY STUDY**
  - Investment needs assessment of pilot org.

- **Case studies of relevant instruments**

- **Action Plan Proposal**

OPERATIONAL PHASE

- **ACTION PLAN**
  - Validation of Action Plan - for a financing strategy

- **FEASIBILITY STUDY**
  - In-depth analysis of implementation details

**WE ARE HERE**

- **Sept 2017**
- **Oct 2018**
- **Sept 2019**
- **March 2020**
- **July 2020**
- **Sept 2021**
- **Post SHICC**

**SHICC 1.0**

**SHICC 2.0**

**Nov 2019: Working Group on Collaborative Housing Finance**
KEY FACTS | CLT and Collaborative Housing in Europe

- As of November 2019, there were **170 CLT** established or under creation in cities across Europe
- Population target: **low- and middle-income households** with, sometimes, a focus on **specific publics** (elderly, mental health issue, migrants)
- Capacity to develop **deliver very affordable homes**: Between 20 to 50% of the free market on average (depending on the model adopted and local context)
- **Diversity of tenure developed**: rental, affordable ownership, shared ownership
- They develop bespoke **small and middle size projects** focusing on qualitative approach: **average projects size 10-20 units**
- It is a **niche but growing market**: 76% of the organisations surveyed have projects in the pipelines over the next 5 years (43%: 10-50 units, 29% >50 units)
- **Short term estimates** (<5 years): 1,300-1,500 units in the pipelines of surveyed organisations, representing an estimated potential market of **300 M €**
- **Long-term estimates** (5-10 years): 7000 units representing a potential market of **1,4 Bn€**

(Source: Pre-feasibility Study, SHICC, 2020)
FINANCING STRATEGY | The two pillars

European CLT Network (Institutional)
- Advocacy
- Exchange
- Technical Assistance

Project Preparation
- Project Aggregator

Financing Strategy (Financial)
- Pipeline
- Finance
- Financing Facility
**European CLT Network**

**Institutional Structuring**
- **Pursuing European advocacy**
  - Gain recognition of the CLT model as a complementary solution to other affordable housing in the face of the housing crisis

- **Supporting exchange of practices**
  - Support national networks:
    - Act as umbrella org. to showcase the movement
    - Represent a ‘seal of excellence’

- **Bringing Technical Assistance**
  - Perpetuate a network of technical expertise:
    - i.e. Start-Up Fund
    - Technical Hub

**Financial Structuring**
- **Setting up a Project Aggregator**
  - Build a pipeline of projects selected according to specific SRI criteria and in dialogue with CLT practitioners

- **Connecting projects to a dedicated Financing Facility**
  - Develop a long term instrument to finance CLT projects:
    - Mobilise fin. partners to invest in CLT
    - Develop a ‘one stop shop’ to finance CLT projects

**STRATEGIC FOCUS**
- STRATEGIC FOCUS
  - STRATEGIC FOCUS

**DEVELOPMENT AREAS**
- DEVELOPMENT AREAS
  - DEVELOPMENT AREAS

**OBJECTIVES**
- OBJECTIVES
  - OBJECTIVES

**TIMEFRAME**
- Short: ongoing
- Short: ongoing
- Short: ongoing
- Medium: 2020-2021 and beyond
- Long: Post 2021
A threefold content:
- Component 1 (binding): Refine the demand and the scale of financing needs;
- Component 2 (binding): Link the supply and demand through the structuring of a project pipeline;
- Component 3 (conditional): Clarify the appropriate legal structure and operational setup.

Methodology:
FMDV to lead the study, assisted by an external consultant who will provide technical support to the team, and in collaboration with SHICC partners.

Budget: 40,000€ - 60,000€
(50% of which will be delegated to external expertise covered by SHICC)

Provisional calendar:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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</thead>
<tbody>
<tr>
<td>Mid-October</td>
<td>Draft ToR submitted to partners</td>
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<tr>
<td>November 2</td>
<td>Invitation to Tender</td>
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<tr>
<td>November 20</td>
<td>Submission deadline</td>
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<tr>
<td>November 23-27</td>
<td>Selection process (interviews)</td>
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<td>November 30-3</td>
<td>Contracting process</td>
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<tr>
<td>December 4</td>
<td>Project Inception (kick-off meeting in parallel of the SHICC conference)</td>
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<td>March 2021</td>
<td>SHICC SC: presentation Component 1</td>
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<tr>
<td>June 2021</td>
<td>SHICC SC: presentation Component 2</td>
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<tr>
<td>September 2021</td>
<td>SHICC SC: presentation Component 3</td>
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External Expert (Technical Assistance)  FMDV (Lead/Coordinate)  Small Committee of Partners (Input/Follow up)
EARLY STAGE DEVELOPMENT

- Implementation details
- Feasibility Study (what, how to?)

LATE STAGE DEVELOPMENT

- Setting up a Project Aggregator
- Creating a Pipeline of projects
- Connecting projects to a dedicated Financing Facility

FINANCING

- Format to define: SPV, credit line, contract-based co-financing or risk-sharing arrangements …

IMPLEMENTATION

- Projects being financed

2020

N+1

N+2

Search for additional funding is required: application to a new cooperation project (e.g. Horizon Europe: January 2021), and/or grants and technical expertise from project preparation facilities (e.g. EIBAH).