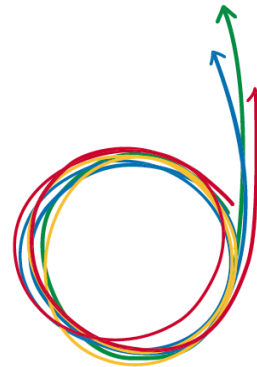


# Mapping Funding and Finance for CLTs in NWE

*Lille Kick\_Off Conference  
SHICC project  
May 22nd, 2018*

**Interreg**   
EUROPEAN UNION  
**North-West Europe**  
**SHICC**  
European Regional Development Fund



**FMDV**

Supporting local authorities  
to access funding

# Mapping Methodology

## 1) What is it?

→ Database referencing existing and potential financial instruments and sources of funding in the fields of : housing, community led housing, SSE (SMEs and Cooperatives), climate finance.

## 1) What main issue does it aim to tackle?

→ Lack of information on the available funding sources (public and private) to mobilise at different level

→Lack of diversified and articulated funding sources (actors and innovative instruments) to establish a solid financial framework

## 1) What are the objectives of this mapping?

→ 1/ Policy framework : Analyse existing financial models and fluxes and raise awareness on the gaps along the financial chain

→ 2/ Capacity building and knowledge sharing : Disseminate tools; capacity building component for CLT establishment

## 1) How is it structured?

→ The analysis is led at the national or local scale (UK, France, Brussels Capital Region so far- to come: Flanders...) and organized through 5 phases (Group/Site/Plan/Build/Live)

→ For every reference, informations can be found about: the organization issuing the funds, its typology, the nature of the instrument or the program, the targeted beneficiaries etc. further element of analysis on the instrument (compatibility etc.), and some practical informations (contacts, email, application process etc.)

# Financial environment

## United Kingdom

### → **Legislative recognition (2008)**

**(England only):** through the Housing and Regeneration Act

→ **CLT national definition:** non-profit corporate body furthering the social, economic and environmental interests for the benefits the local community.

### → **Recent evolutions:**

- Adoption of the five-year £300 Million Community Housing Fund in 2017;
- Public support at the National Level thanks to long lasting NCLTN advocacy campaign
- Rapprochement of CLTs to the Housing Coop movement to create a united Community Led Housing Movement in the UK

## France

### → **Legislative recognition (2014-2017):**

Legislative process creating the OFS(land trust) and BRS (long term lease).

→ **OFS definition:** The combinaison of the OFS and the BRS is considered as a technical tool to enforce housing policies and promote affordable housing ownership

### → **Recent evolutions:**

- creation of a handful of OFS within a year (2017-2018) led by Municipalities or affordable housing developers
- 2018: loi ELAN, impacting social housing eco-system

## Brussels Capital Region

### → **Legislative recognition (2013):** Legal

Formalization : CLTs inscribed the Housing code

-2014-2017 : Launching projects

→ **CLT national definition:** close to the UK one.

### → **Recent evolutions:**

- 2018: Renewed support of Brussels Capital

# Preliminary Findings –England and Wales- (1/2)

	GROUP	SITE	PLAN	BUILD	LIVE
<b>Actors at Stake</b>	<ul style="list-style-type: none"> <li>-Charitable foundations and <b>Local governments</b></li> <li>-Sub-regional Hubs for technical assistance (to come)</li> </ul>	<ul style="list-style-type: none"> <li>-<b>Social investors and lenders</b> and <b>Charitable foundation</b> for the riskiest phases</li> <li>-<b>Local governments (Council)</b></li> </ul>		<ul style="list-style-type: none"> <li>-<b>Commercial and ethical banks</b></li> <li>-Development of a <b>Social lenders</b> environment (Loans up to 2.1M£)</li> </ul>	<ul style="list-style-type: none"> <li>-<b>Social lenders</b></li> <li>-<b>Commercial and ethical banks</b></li> </ul>
<b>Instrument Used</b>	<ul style="list-style-type: none"> <li>-START: Relies on <b>grants</b> (up to 4 000£ from start-up fund/ 10 000£ from Big lottery award)</li> <li>- <b>Crowdfunding</b></li> </ul>	<ul style="list-style-type: none"> <li>- <b>Loans</b> (up to 60 000£ from Social lenders –repayable only if planning successful)</li> <li>- Revenue Grant/ loan (from CHF through Council)</li> <li>- <b>Crowdfunding &amp; Community share issues</b> (up to 500 000£)</li> <li>- <b>Donation, discounts</b></li> </ul>		<ul style="list-style-type: none"> <li>-Short and Long term <b>loans</b></li> <li>-Capital Grant/ loan (from CHF through Council)</li> </ul>	<ul style="list-style-type: none"> <li>-<b>Individual Mortgages</b></li> <li>-<b>Concessional loans</b></li> <li>-RUN: <b>Own resources</b>, long term lease fees, selling of units</li> </ul>

# Preliminary Findings

## England and Wales- (2/2)



### → Main Strengths of the UK scheme

- Quite mature financial and legal environment
- Well organized and decentralized financial network: NCLTN, regional network, and Sub-regional Hubs supported at national and local scale
- The **GROUP** phase is one of the UK model Strengths: The combination of the Start-up Fund, diversified financial instruments like Crowdfunding as well as the establishment of supportive Sub-regional Hubs make this strategic stage sustainable

### → Main Weaknesses of the UK Scheme

- Lack of access of groups to finance at the riskiest phases (**SITE/PLAN**), relating to a lack of guarantee (grants/ loans)
- Lack of finance to **run the groups (LIVE)** –operating costs, staff costs)
- Lack of bridging finance at the **BUILD** phase making the realization of the project difficult when CLTs are in charge

### → Actors to be further mobilized

- Regional/Municipal Funds (for the riskiest phases: **Group, Site, Plan**).
- **All phases:** Commercial entity/retail finance

### → Take away: exemplary financial Instruments to be disseminated

- **All phases:** Community Housing Funds (supporting group with capital and revenue funding for pre and devevelopment).
- **SITE/PLAN/LIVE:** Community Share Offers, smoothing cashflow
- **GROUP:** Sub-regional Hubs, providing technical assistance and linking with professional assistance at the local scale

# Preliminary Findings - France (1/2)

	<b>GROUP</b>	<b>SITE</b>	<b>PLAN</b>	<b>BUILD</b>	<b>LIVE</b>
<b>Actors at Stake</b>	No direct funder	<ul style="list-style-type: none"> <li>-Caisse des Dépôts (CDC)</li> <li>-Municipalities</li> <li>-Institutional Landowners (EPF)</li> </ul>	idem	<ul style="list-style-type: none"> <li>-CDC and other local public banks</li> <li>-Commercial Banks</li> </ul>	-Commercial Banks
<b>Instrument Used</b>	-Own resources (pro-bono)	<ul style="list-style-type: none"> <li>-Long term loan from the CDC</li> <li>-Municipal guarantees</li> <li>-Own lands (for municip)</li> <li>-Donation</li> <li>-Discount on lands</li> <li>-Tax incentives</li> </ul>	<ul style="list-style-type: none"> <li>-Traditional pre-development finance</li> <li>-CDC loans (accredited Housing providers)</li> </ul>	<ul style="list-style-type: none"> <li>-CDC loans</li> <li>-Tax relief</li> <li>-Traditional construction loans (long and short term)</li> </ul>	<ul style="list-style-type: none"> <li>-Concessional loans</li> <li>-Private Savings</li> <li>-Tax incentives</li> <li>-Long term lease fees</li> <li>-Selling of units</li> </ul>

# Preliminary Findings - France (2/2)



## → Main strength of the French scheme

- BUILD: is the main strength of the French system, for affordable housing providers and municipalities all the housing financing scheme is secured.

## → Main weakness of the French scheme

- The CLT/OFS scheme is closed to groups
- Not diversified: centered on housing provision

## → Actors to be further mobilized:

- Participative housing associations
- Social/Circular economy actors
- Ethical bankers and social lenders: it is an immature sector

## → Take away: exemplary financial Instruments to be disseminated

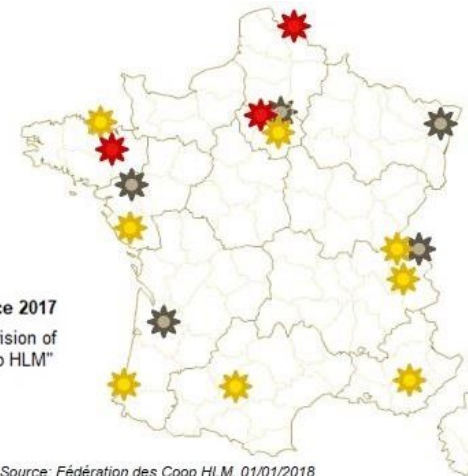
- CDC: loans and guarantees (for site, plan and build- Livret A mobilizing private savings)
- Concessional loans guaranteed by the State
- Real estate crowdfunding / crowdlending
- Guarantees for the non-profit organisations

## → A long way to go, plenty of opportunities

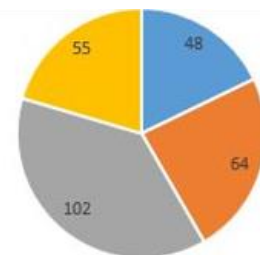
- Compatible programs: targeted for accredited housing providers or private developers.
- The possible mobilization of many programs remains to be clarified (23%)
- 37% of programs not available (yet)

### OFS creation in France since 2017

- Created under the supervision of the "Fédération des Coop HLM"
- Municipal Initiative
- Under study



Source: Fédération des Coop HLM, 01/01/2018



■ Available ■ To be clarified ■ Not available ■ Irrelevant

### Availability Analysis

(Source: FMDV, 269 programs analysed)

# Preliminary Findings - Brussels Capital (1/2)

	<b>GROUP</b>	<b>SITE</b>	<b>PLAN</b>	<b>BUILD</b>	<b>LIVE</b>
<b>Actors at Stake</b>	<ul style="list-style-type: none"> <li>-Philanthropic actors</li> <li>-Social Lenders</li> <li>-Region</li> </ul>	<ul style="list-style-type: none"> <li>-Region</li> <li>-Municipality</li> </ul>	<ul style="list-style-type: none"> <li>-Region</li> </ul>	<ul style="list-style-type: none"> <li>-Region</li> <li>-Parapublic entities</li> </ul>	<ul style="list-style-type: none"> <li>-Region</li> <li>-Housing Fund (Fonds du logement)</li> <li>-Collective saving groups</li> </ul>
<b>Instrument Used</b>	<ul style="list-style-type: none"> <li>-Subsidies</li> <li>-Low interest loans</li> </ul>	<ul style="list-style-type: none"> <li>-Subsidies (Contrats de Quartier)</li> <li>-Regional Guarantee</li> </ul>	<ul style="list-style-type: none"> <li>-Subsidies (Contrat de Quartier)</li> <li>-Regional Guarantee</li> </ul>	<ul style="list-style-type: none"> <li>-Traditional development finance.</li> <li>-Tax incentives</li> <li>-NB: existing finance for rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>-Social Mortgage Credit</li> <li>-Private and collective savings</li> <li>-Guarantees               <ul style="list-style-type: none"> <li>- Resale formula (provides revenue for operating the CLTs)</li> <li>- Long term lease fees</li> </ul> </li> </ul>



# Preliminary Findings - Brussels Capital (2/2)

## → Main strength of the Brussel Capital scheme

- Regional government is very well organized and supportive
- CLTs are considered as a tool of urban revitalization/development
- LIVE: is the main strength of the Brussels scheme.

## → Main weakness of the Brussel Capital scheme

- Too depending on the Region's funds
- Too depending on Grants (not sustainable)

## → Actors to be further mobilized

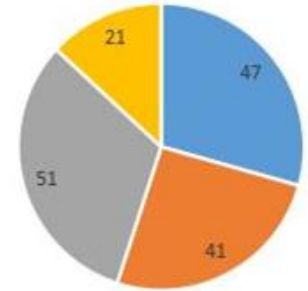
- Private Foundations and social lenders
- Traditional economy actors: impact investors and social lenders Crowdfunding and crowdlending options to be explored within the framework of capital opening.

## → Exemplary financial Instruments to be developed

- Collective savings: Groupes d'Épargne Collective et Solidaire (Collective Saving Groups), Communautés auto-financées (CAF)
- Contrats de Quartier/Contrat de rénovation urbaine
- Crédit Hypothécaire Social (Social Mortgage Credit)

## → A long way to go, plenty of opportunities

- Similar typology to France with lots of programs to be clarified, which are not available as such or irrelevant
- Available programs represent mainly inputs from the Regional level



■ Available ■ To be clarified ■ Not available ■ Irrelevant

### Availability Analysis

(Source: FMDV, 160 programs analysed)

# General Conclusions

## Barriers to CLT/OFS development

### General

- Need for long term and affordable finance - Need to structure the sector, (thus adapt the language of funders to the Group/Site/Plan/Build/Live)
- As of now, funding availability orients the projects types, not necessarily fitting residents needs.
- Issue of availability vs. accessibility

### Group

- Need for grants programs for start-ups groups
- Need for capital funding for running of the CLTs

### Site /Plan

- Lack of knowledge on pre-development opportunities
- Need for more derisking options to lower the cost of interests

### Build

- Need to encourage commercial lenders in supporting the Build phases of CLT groups.
- Lacks of guarantees for the predev-dev phases

### Live

- Loan to value issues / issue of bankability

## Opportunities to explore

### Instruments to dig into

- Crowdfunding/Crowdlending
- Social impact bonds
- Revolving Loans
- Participatory Budget
- Equity through Share issuing
- Collective saving groups

### Fields to further explore

- Social and Circular Economy
- Climate (réhabilitation/energy efficiency) finance
- Rental housing functioning
- EU Urban Agenda, EU funds for the post-2020 financial framework, Housing Partnership

### Actors to further mobilize

- Philanthropy and foundations
- Council of Europe Development Bank
- Social Lenders and Ethical banks
- Commercial Banks (affordable loans for plan and site)
- Impact investors (through social and responsible bonds)
- Municipalities (through municipal funds)



# Guiding questions

- 1/ What are the main barriers faced to access and mobilize CLT/OFS finance ?
- 2/ How to best articulate public and private/ citizen finance to ensure there is no gap along the financial chain?
- 3/ Which models/ tools/ approaches are likely to be replicated elsewhere?
- 4/ Is the mortgage market developed enough to respond to the CLT residents' needs?