



FMDV
Supporting local authorities
to access funding

Interreg 
North-West Europe
SHICC
European Regional Development Fund

Terms of References (ToR)

Feasibility Study

For
Consultancy services for

The implementation of an investment facility for Community Land Trusts
(CLT) in Europe

December 2020

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1. Background presentation

1.1. Overview of the CLT model

Community Land Trusts (CLTs) are non-profit organisations that acquire and use land, develop and manage affordable housing, and develop other assets, for low- and middle-income households. They act as long-term stewards of these assets, ensuring they remain permanently affordable, throughout rentals or resales.

This is achieved through mechanisms - such as the dissociation between the land and the building ownership - that ensure that any additional value generated is retained within the CLT (refer to section 3.2 for more details).

Currently, CLTs are known as one of the best models to tackle land speculation, provide affordable housing and enable tenure security in cities across Europe. They can ensure that public subsidy, as well as private and citizen's investments, are preserved permanently to meet local needs.

Over time, a variety of types of this model have been established in Europe, using different governance or business models. Today, what brings European CLTs together are the mechanisms they put in place (refer to appendix 12.2.) as well as their shared values (see adjacent diagram).



1.2. About the SHICC Project

The Sustainable Housing for Inclusive and Cohesive Cities (SHICC) programme is a four-year European project (September 2017 – September 2021) funded by Interreg NWE (EUR 3.8m in total). It was created out of determination to address the growing housing affordability crisis in urban areas of the North-West region of Europe¹ (NWE) by supporting the establishment of successful CLTs.

¹ The North Western Region includes notably the following countries: the United Kingdom, Ireland, Belgium, France, Luxembourg, the Netherlands and Switzerland.

The programme operates through a collaborative effort by the City of Lille and its OFS² (OFSML, France), the National CLT Network (England and Wales), the Global Fund for Cities Development (FMDV, France), and the London, Brussels and Ghent pilot Community Land Trusts³.

The SHICC programme has been built around three objectives: (1) Demonstrate the legitimacy of the model as a mainstream option for housing supply and urban renewal; (2) Promote a financial and regulatory environment conducive to the establishment and expansion of CLTs; and 3) Develop a structured CLT movement in Europe through capacity building for existing and emerging initiatives.

1.3. FMDV presentation and involvement

[FMDV](#) (standing for 'Global Fund for Cities Development') is a global network of cities dedicated to promote and develop solutions to invest in and finance sustainable urban development, in a just transition. It has been involved for several years in promoting sustainable affordable housing models. Notably, FMDV advocacy campaign has made possible to include CLT principles in the recommendations of the New Urban Agenda of Habitat III (United Nations 2016) as inspiring models for citizens and local authorities to deal with urban issues.

As part of SHICC, FMDV is more specifically in charge of coordinating the Financial Models Work Package (FMWP) with the aim of supporting better financial environments for CLT.

Over the past two years FMDV conducted an exploratory phase which developed a better understanding of CLT financial environments. Now FMDV is entering into an operational phase.

The latter started with the coordination of a Pre-feasibility Study, which led to the definition of an Action Plan for a shared financing strategy and the commissioning of the present work (see. appendix 12.1. for more details on the work carried out by FMDV as part of SHICC).

2. Purpose and objectives of the Feasibility Study

The aim of this consultancy mission is to provide FMDV with external support and expertise for carrying out the Feasibility Study detailed below (see section 5 for more info).

² Organisme de Foncier Solidaire (OFS): French adaptation of the CLT model.

³ Recently, new partners have joined the project in order to maximise its impacts throughout the final year of implementation (2020-2021): And the People (Netherlands), Self-Organised Architecture (SOA, Ireland), the Institute for Creative Sustainability (id22, Germany) and the Dumfries and Galloway Small Communities Housing Trust (DGSCHT, UK).

Final end of the Feasibility Study will be to provide necessary elements to the SHICC partners in order to aggregate and finance their Community Land Trust projects at a transnational level throughout an 'Investment Platform'⁴ type of investment facility.

For that purpose, the objectives of this mission can be described as two-fold:

- **(1)** assess the European CLT market potential in the short, medium and long term, on both the demand and supply side;
- **(2)** assess the most optimal solution to aggregate viable CLT projects in a pipeline, at regional, national and EU level so that the demand in affordable social housing finance meet supply.

This 'Investment Platform' will act as an investment facility at the European level, attracting and combining funding, possibly for both direct investment in projects development and intermediate finance in existing regional and national funds (refer to section 4. for more details).

If, as expected, the rationale to develop a CLT 'Investment Platform' is confirmed by this Feasibility Study, this mission will be followed by further work aiming to clarify the operational structure of the 'Investment Platform'. The continuation of this work will be financed by a separate budget.

3. Operating principles of CLT

3.1. Key Facts about the CLT market in Europe

Previous work undertaken in the framework of the SHICC has made it possible to outline the trends of an emerging CLT market at the European level. As of November 2019, there were more than 170 urban CLTs (established or under creation) across Europe⁵.

Research showed that CLT is a niche but growing market, made up of newly created organisations (2005-2015), which have developed a few pilot projects (on average less than 100 units each). However, when interviewed, 76% of them have projects in the pipelines for the coming five years. 43% of them plan on developing 10-50 units, 29% more than 50 units⁶.

⁴ According to the [European Commission](#) investment platforms is a generic term defining "investment facilities which pool smaller and/or higher-risk projects by geographic location or sector. This helps to better share risk, make it easier to attract private investors and eventually unlock financing for individual projects. A platform can combine EU funds, national support and financing from private investors. The platform itself can then provide loans and/or equity financing to the underlying projects, depending on their specific needs". Its legal and operational structure may be diverse.

⁵ This figure more than doubles when considering rural CLT, especially in the UK.

⁶ Source: SHICC pre-feasibility survey of 20 pilot organisations across Europe.

In addition, this research highlighted their capacity to deliver genuinely affordable homes (30-50% below market price on average⁷) through a diversity of tenure (rental, affordable ownership, shared ownership, cooperatives). It shed light on the fact that these organisations tend to develop bespoke small and middle size projects focusing on qualitative approach (average projects size 10-20 units). Finally, it showed that these projects target low- and middle-income households with a focus on specific populations (mental health issues, youth, elderly, migrants, etc.).

In the long run, the CLT movement aims to support the creation of 500 urban CLTs, delivering 7,000 urban CLT homes, and housing 21,000 people.

3.2. Anti-speculative mechanisms specific to the CLT model

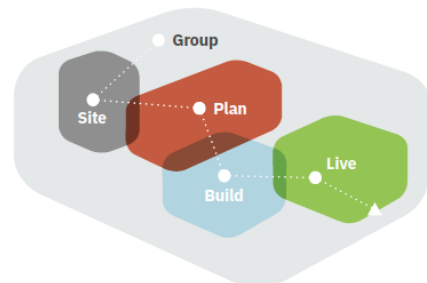
CLTs are complementing the work of existing social and other affordable housing providers, filling the gaps left in terms of geography and income brackets. They use specific models to ensure that the homes, and other assets they develop remain perpetually affordable. The mechanisms they use include the following (see appendix 12.2. for more details):

- The most fundamental mechanism of the CLT model is the **collective ownership** of land. The land is removed from a speculative market and placed in a **Trust** in perpetuity. The CLT democratic governance process controls the use of the land and ensures that land cannot be resold for speculative purposes.
- While land is owned by the CLT, ownership of the built environment rests with individuals. This **division of ownership** mechanism is also fundamental to the CLT model. A long-term land lease governs the perpetual dissociation between the land and the building ownership.
- In addition, the CLT model uses **eligibility** clauses to ensure that the housing developed on its land always remains accessible to its population target.
- Finally, a **resale formula** enables the CLT to control for price increases over time.

3.3. Barriers identified along the CLT financial chain

As identified in previous studies carried by FMDV (see appendix 12.3.), CLTs follow a development process specific to collaborative housing schemes⁸.

This process can be summarised in five overlapping steps⁹ described in the adjacent diagram (GROUP-creation of the organisation and mobilisation of the



⁷ Depending on the model adopted and local context.

⁸ Despite the variety of existing models (co-housing, cooperatives, etc.), Collaborative Housing can be defined as housing schemes which contribute to placing the inhabitants back to the centre of urban development processes. They are involved - at different levels - in the governance of the organisation and/or in the co-design of their housing, and/or in the management of their buildings.

⁹ This methodology has been defined by the community-led housing movement in the UK. It has been adopted all along the SHICC programme.

membership¹⁰, SITE - access to land¹¹, PLAN - planning¹², BUILD - building¹³ LIVE - long-term operation of the organisation and management of buildings¹⁴).

It has to be noted that the GROUP, and LIVE stages are the ones most specific to the CLT model compared to traditional affordable housing development processes.

Following this methodology to analyse CLT project cycles, FMDV identified a series of major gaps along the financial chain, impeding these organisations' ability to thrive sustainably¹⁵.

It emerged that the **main gap** relates to financing **pre-development** (PLAN: early-stage project preparation): **after the group is created and incorporated** and **before obtaining the building permit**. This is one of the riskiest phases, when most projects fail. Indeed, bringing a CLT project into fruition is generally a very long process (>5 years) and most delays can be seen to occur before the building permit is obtained (problems related to the poor quality of the land, complex negotiations with the authorities, lack of in-house skills). This complex pre-development process, and the resulting high level of uncertainty, can prove very costly for local groups to complete successfully.

At the pre-development stage, CLTs thus require:

- **Last mile project preparation** to structure the investment
- **Equity** to provide an initial external capital injection and reduce the risks borne by the CLT during a phase in which the project has not yet materialised;
- **Investment loans** to help leverage and secure additional financing for development;
- And further **risk-mitigation mechanisms** such as guarantees on these loans.

Since most CLTs aim to build an extensive portfolio of projects to achieve systemic impact, there is therefore a real challenge in providing CLTs with a sustainable and stable source of funding at the pre-development stage. Having such a source of financing would enable CLTs to systematize their planning and development process, smooth their cash flow, and go beyond a case-by-case basis.

3.4. The challenges of going mainstream

As detailed, the CLT model is based on a mode of organisation and functioning that is quite specific. The fact that CLT projects are driven, in most cases, by bottom-up groups, the

¹⁰ This start-up phase covers the functions making it possible to initiate and operate a community-led organisation (i.e. legal incorporation, capacity building, social support, etc.).

¹¹ This step relates to finding and acquiring a site for development, or a building for redevelopment (i.e. site identification, site studies, financial viability, depollution, etc.).

¹² The planning phase relates to the tasks leading to obtaining planning consent for development and entering into a contract (i.e. architectural design, technical feasibility, procurement procedures, etc.).

¹³ This phase refers to all the functions involved in the building process (i.e. building the infrastructure and site supervision).

¹⁴ This component covers the activities relating to the occupation of the homes once built and the operation of the organisation (including access to homes for the households, building management, back office administration).

¹⁵ See FMDV Financial Guide for more information (FMDV, 2020).

high participation of residents, some fragile legislative frameworks or a lack of understanding of the CLT model by financiers and public authorities add complexity in the development process (difficult access to land and financing, lengthening of procedures, increased temporality of projects). All these parameters result in bespoke, small-scale projects spread over long periods of time making them difficult for potential investors to bankroll.

Nevertheless, hundreds of pilot projects have demonstrated the potential of the CLT model concept across Europe. While this dynamism has led to significant innovations related to housing affordability, inclusiveness, and social diversity, recent developments also highlighted implementation challenges as well as certain limitations in the access to stable sources of financing, which prevents the model from thriving.

It will be necessary to go a step further in order to scale up the CLT model. The goal would be to aggregate and bundle small-scale projects at a transnational, regional or national levels in order to achieve economies of scale and increase the borrowing and financing capacities of CLTs. This bundling process would ultimately lead to decreasing the perception of risk on the part of potential investors and lenders with regard to these innovative forms of housing production.

4. Detailed approach for the implementation of this work

Based on this diagnosis, the SHICC Pre-Feasibility Study and the Action Plan, SHICC partners have decided, to explore via a Feasibility Study, to explore the potential of setting up an 'Investment Platform'. An 'Investment Platform' would enable CLT projects to be bundled through an aggregation mechanism at a transnational level and act as an investment facility, attracting and combining public and private funding for investment in project implementation.

The 'Investment Platform' would enable the CLT model to be scaled up at the European level, and more specifically address the following questions:

- How to select and pool of small-scale and bespoke projects¹⁶;
- How to formulate project preparation frameworks/guidance to reach the bankability;
- How to identify, share and decrease risks inherent to CLT projects;
- How to structure portfolios in order to catalyse and crowd-in investments
- How to enable the combination of EU funds (InvestEU, Shared Management Funds – e.g. ESF, ERDF, etc.) and other public (national, regional and local government, National Promotional Banks and Institutions, international financial institutions like the European Investment Bank Group, etc.) and private investors (e.g. commercial banks, ethical lenders, venture capital and private equity funds, individual investors, etc.);
- How would these bodies operate in the context of CLT finance;

¹⁶ To be noted, on average CLT projects include 10-20 units, for EUR 1-3m on average (including the cost of land).

This investment facility would **address and fill a market gap** through the provision of *inter alia*:

- Last mile project preparation to structure the investment;
- Equity and/or quasi-equity investment in CLT projects,
- Investment loans to leverage finance at preliminary stages of project development,
- Guarantee products (e.g. to financial intermediaries).

4.1. Defining the scope of the ‘Investment Platform’

The scope of the ‘Investment Platform’ will be defined according to three parameters:

1. **Thematic sector:** The primary sector targeted will be affordable social housing, with consideration to the specificities of the CLT production process as described in introduction (see sections 2. and 3.).
2. **Geographic location:** This multi-country investment facility would be dedicated to EU-27 countries¹⁷.
3. **Final Recipients:** The Investment Platform will be dedicated to CLT housing providers¹⁸ and will ultimately serve the middle- to low-income population housed in the projects developed.

4.2. Target audience

This work will aim to inform the following audiences:

- Potential final recipients of finance from the ‘Investment Platform’ (CLT housing providers, notably SHICC partners);
- Actors to be involved in the future implementation and management of this mechanism;
- Potential investors, private lenders, EU institutions;
- Public authorities and public bodies interested in co-investing in CLT projects.

5. Content of the mission: scope of work

The main objectives of this mission are to: (1) establish the market potential, and (2) structure a pipeline of viable projects.

5.1. Components and tranches

Considering the budget available and the set objectives described above, the work will be divided into two components.

¹⁷ Eligibility of projects from the United-Kingdom remains to be clarified.

¹⁸ However, given the diversity of CLT models implemented across Europe, the multiplicity of project promoters (bottom-up groups, charities, municipalities...) and the broad range of legal forms these structures can take, the final recipients will be defined according to the implementation of the operational mechanisms described in the section 3.2. and their compliance to the values stated in introduction. These characteristics constituting the common ground for a CLT Network EU-wide.

- **Component 1:** Assess the market potential in the short, medium and long term (obj. 1)
- **Component 2:** Link the supply and demand through the structuring of a project pipeline (obj. 2 and 3)

5.2. Methodology

In order to carry out this mission, FMDV and the consultant will work closely to provide the necessary assistance to SHICC partners. For that purpose, both the consultant and FMDV will work jointly on specific aspects of this mission.

FMDV will be leading and coordinating¹⁹ the Feasibility Study while the consultant is expected to **bring in high-level technical expertise** at critical phases:

- FMDV will ensure coordination with the SHICC partners and associated partners and provide the underlying information necessary for the consultant to carry out their expertise mission;
- The consultant will provide a high-level expertise specifically centred on financial aspects but will also be expected to become familiar with the specific conditions for implementing CLT housing projects.

Two types of expertise are expected from the consultant depending on the different components and deliverables of the mission:

- **Technical support** and guidance on the deliverables produced by FMDV;
- **Knowledge production** and recommendations on the deliverables for which they will be responsible.

Operational details will be provided to the selected consultant at the start of the mission (see below).

In order to set up an adapted and collaborative work process, the consultant will be involved at critical moments by FMDV in relation with SHICC Partners²⁰. This process will notably include:

- **Bilateral coordination** meetings with FMDV;
- **Technical meetings** with a dedicated group of several SHICC Partners (Restricted Committee) which will follow up on the operational process of the mission;
- **Input from a European Public Financial Institution** which has experience in the housing sector (details to be provided to the successful consultant);
- Broader **workshops** involving all the SHICC partners and associated partners, in parallel of SHICC's Steering Committees, when applicable.

¹⁹ To be noted, FMDV will dedicate as many days of expertise to this study as the Consultant.

²⁰ These milestones will be supplemented by other regular meetings (project management) which calendar will be specified along with the consultant.

5.3. Expected Deliverables

COMPONENT 1: ASSESSING A MARKET POTENTIAL IN THE SHORT, MEDIUM AND LONG TERM

Objectives:

This first component will contribute to defining the market potential in the short, medium and long term, in terms of both demand for funds (demand) and sources of funds (supply). This will serve as a base to assess the rationale to develop an 'Investment Platform' for CLTs. Furthermore, this component should serve as a starting point to pre-identify a pipeline of viable projects to be structured in Component 2 of this Feasibility Study.

Overall expectations for the component:

On the basis of the political objective set by SHICC partners of producing 7,000 CLT units, the overall expectations for this component are the following:

Demand side: Quantify market demand and gap (quantitative analysis)

- Refine growth projections of the European CLT projects to be engaged in a short-term²¹ (1-2 years), mid-term (3-5 years), long-term (above 5 years);
- Estimate market demand and the scale of the financing needs (short, mid and long-term);
- Qualify and quantify financing needs by type of products (equity, short-term financing, guaranties, and long-term financing), and volume;
- Provide key information on the business models of the European CLT market (e.g. market value, investment needs, return on investment, price per square meter, etc.);
- Verify the hypothesis, explored by FMDV throughout its diagnostic work, on an existing financing gap (market failure) for CLT and the need for loans and guarantees;
- Analyse the capacity of potential final recipients to mobilise own resources;
- Pre-identify viable projects to be funded, and analyse specific gaps to reach "bankability" stage.

Supply side: Identify potential investors and lenders (qualitative analysis)

- In parallel, examine and qualify the potential supply of funding;
- Pre-identify the types of investors²²;
- Verify if these funders have an appetite to invest in CLTs, whether they have identified risks or other issues that would prevent them from providing funding/financing (appetite and barriers for investment);
- Analyse the offer by type of product and segment.

Methodology for the Consultant's assistance:

The Consultant's assistance to complete the component as described above will be threefold:

²¹ On the basis of the SHICC partners' projects

²² E.g. commercial banks, ethical lenders, private investors, NPBs, national, regional, local governments, EU institutions/programmes...

1. Provide recommendations and guidance to FMDV in order to deliver Component n°1 and 2 (see below).
2. Based on FMDV previous work and assessment of types of needs, pre-identify types of investors, investment appetites and barriers.
3. Provide technical expertise (including input, reviews, feedback and recommendations) on the deliverables prepared by FMDV described below, including:
 - the methodological review of the interview guideline in order to target the type of data to be collected by FMDV for the deliverable 1.2.b (Concept note – Demand side, see below);
 - input the Concept Note (1) providing an analysis and draw conclusions on the potential for supply, and (2) a technical analysis of the identified projects and of their gaps to reach “bankability”;
 - review and provide recommendations on the final Concept Note, consolidated by FMDV (see below: deliverables 1.2.a, 1.2.b., 1.3.).

Format of the deliverables expected from the Consultant:

- **1.1. Inception report** (internal): The Consultant is expected to produce an Inception Report detailing the methodology for the Feasibility Study and providing recommendations on how to deliver it (5-10 pages).
- **1.2.a Concept note – Supply side** (internal): For this deliverable, the Consultant is expected to provide an analysis and conclusions regarding the potential for supply.
- **1.2.b Concept note – Demand side** (internal): For the second part of the Concept Note, the Consultant is expected to provide assistance to FMDV on the **Interview guidelines**, especially regarding the type of data to be collected from SHICC partners and associated partners.
- **1.3. Concept note – Consolidated** (internal): Based on the work produced by both the Consultant and FMDV, the Consultant will be expected to input and review the final Concept Note (consolidated by FMDV), provide its analysis and recommendations on the CLT market potential, and pre-identify a selection of 5-10 viable projects to be funded (15-20 pages).

To be noted: the Consultant cannot allocate more than 30-40% of their work to this component.

COMPONENT 2: LINK THE SUPPLY AND DEMAND THROUGH THE STRUCTURING OF A PROJECT PIPELINE

Objective:

This component will pursue the objective of detailing how to pool the CLT projects and connect them to the relevant financial instrument via a structured pipeline.

Overall expectations for the component:

Based on the viable projects identified in Component 1, this component will contribute to developing the methodological and operational aspects of setting up a project pipeline, notably:

- Definition of the type of CLT pre-development activities to be included in the pools and the risks to be shared/decreased;
- Further analyse the viability/maturity of the projects and provide recommendations to reach the bankability objectives of funders;
- Identify the specific steps and requirements to bundle the CLT projects identified, based on the action steps described above to reach bankability²³;
- Provide a methodology to replicate and standardise the process within the CLT 'Investment Platform' (i.e.: Project appraisal procedure: dissemination channels, formulation of social and financial criteria, management, etc.);
- Make preliminary recommendations on the operationalisation of such a mechanism.

Methodology for the Consultant's assistance:

For this component, the Consultant will:

- Further assess the viability, maturity of the projects pre-identified by FMDV and action steps to reach bankability;
- Propose recommendations as of how to aggregate those projects;
- Propose methodology to replicate and standardise the bundling process within the Investment Platform;
- Draw conclusions and make recommendations on the type of management to be envisaged in order to bundle and finance the pilot projects.

This later step will lead to the confirmation of the conditional tranche (Component 3) in order to develop one of the proposed solutions.

Format of the deliverables:

The Consultant is expected to produce a/an:

- **2.1. Intermediate Report** (internal): covering projects bankability conditions, specific steps, timeline and requirements to bundle the CLT projects identified (15-20 pages).
- **2.2. Final Report** (internal): covering the methodology to replicate and standardise the process within the CLT 'Investment Platform' (consolidation: 30-50 pages).
- **2.3. PowerPoint presentation** (external): presentation synthesising key figures, conclusions and recommendations drawn from Components 1 and 2 and assessment of proposed methodology (10-15 slides). The Consultant is expected to present these conclusions at a Final Workshop gathering all SHICC partners and associated partners.

To be noted: the Consultant cannot allocate more than 60-70% of their work to this component.

5.4. Follow up of the Feasibility Study

This Feasibility Study will aim to inform the rationale of setting up a CLT 'Investment Platform'. If conclusive, further work will be carried in order to clarify and detail the appropriate legal structure, as well as the technical and financial terms of the investment

²³ i.e. aggregation of finance and inputs, e.g. credit enhancement and risk mitigation, project development support, investment vehicles, knowledge sharing, performance reporting, etc.

facility. This work will be based on the agreed solution validated through Components 1 and 2.

This work will include but is not limited to the following aspects:

- Detail the operational setup relevant to aggregate and fund CLT projects²⁴ (e.g. special purpose vehicles, credit lines, contract-based co-financing or risk-sharing arrangements, etc.);
- Provide functioning details of the solution chosen;
- Inform SHICC partners and associated partners on governance principles (project sponsor, need for an external manager, etc.);
- Provide an Action Plan for the implementation including a detailed schedule identifying critical stages for partners, clarifying the types of assistance possibly needed to get to the next stage.

6. Provisional calendar (subject to change)

The duration of the consultancy, inclusive of FMDV reviews and approval, is six (6) months for the binding tranche (January 2021- June 2021). The proposed timescale is as follows (see below):

Tendering Process <i>(dec-jan)</i>	December 14	Invitation to Tender
	January 4	Submission deadline
	January 11-15	Selection process (interviews)
	January 18-22	Contracting
Project Inception <i>(janv-feb)</i>	Feb 5	Submission Inception Report (1.1)
	February 8-12	Technical Meeting#1 (validation of the Inception Report)
Component 1 <i>(feb-april)</i>	Mar 5	Submission of Concept Note – Supply side (1.2.a)
	Apr 2	Submission of Concept Note – Consolidated (1.3.)
	April 12-16	Technical Meeting#2 (validation of the Concept Note)
Component 2 <i>(apr-june)</i>	April 23	Final Delivery of Intermediate Report (2.1)
	(date tbc)	Technical Meeting#3 (validation of the Intermediate. Report)
	May 14	Submission Final Report (2.2) and PowerPoint Framework (2.3)
	June 07-11 (date tbc)	Workshop#1 (validation Scenario)

²⁴ Including: confirming/infirming if the “European Cooperative Society & Revolving Fund” model (see [MOBA Housing SCE](#)) could be appropriate for SHICC partners;

	June 21- 25	Final Delivery of the Final Report (2.2) and Power Point Presentation (2.3)
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7. Budget

The contract is being offered on the basis of a lump sum fee to a maximum of EUR 30,000. Candidates are requested to include in their application a budget proposal with a supporting daily resource allocation per expert. The anticipated split is

- 30-40% for Component 1 and,
- 60-70% for Component 2

The work must be equivalent to a maximum of 40/50 days of external expertise.

8. Project management

Contact points at FMDV for this work will be Diane Pialucha and Justine Audrain. The Candidate will also be expected to liaise with other SHICC partners as well as relevant housing representatives at the EU level. FMDV will provide the contact points to the SHICC partners and associated partners.

9. Tender assessment

The evaluation criteria will be based upon the following aspects of the Candidates' proposals (not in order of significance):

- Capacity and capability: understanding of this call and expectations, quality and clarity of the proposal, adherence to timescale, etc;
- Prior work experience in housing finance;
- Finance: competitive price, price clarity, etc.

10. Eligibility

This call is open to single consultants or consortiums.

The Service Provider's experts appointed to undertake the Assignment must be independent and free from conflicts of interest in the responsibilities to perform this contract.

The Service provide must appoint at least one (1) expert with the following skills and experience:

Qualifications and skills:

- Master's Degree or an academic equivalent in business, finance and/or economics;

General professional experience:

- Minimum 10 years of professional experience;

Specific professional experience:

- Experience in working with a partnership of international organisations;
- Previous experience in financial structuring (Setting up 'Investment Platforms' or other investment mechanisms);
- Previous experience in EU finance mechanisms would be an advantage (combination of Shared Management Funds (i.e. European Structural and Investment Funds) and EU programmes (e.g. EFSI));
- Previous experience in housing finance;

Additional skills:

- Knowledge of the CLT and Collaborative housing environment, functioning and needs would be a plus.

11. How to apply

Please submit a proposal outlining how you would deliver this work no later than **Monday, January 4, 2021** (10 AM), to Diane Pialucha, FMDV Programme Officer, by email at the following address: dpialucha@fmdv.net and in copy at: tender@fmdv.net

Suggested item to request from the tenderer.

The Offer shall include the following information:

- Understanding of this ToR, including detailed proposal for methodology and approach;
- A written and signed confirmation that the Service Provider agrees to provide the services described in these Terms of Reference;
- A fixed fee (lump sum) for services undertaken under the Contract. The fixed fee shall be inclusive of all expenses;
- A detailed timetable for the mission;
- A work plan indicating the envisaged resources to be mobilised and the daily allocation across the 2 components;
- A professional profile of the expert(s) demonstrating experience and in-depth competence in the areas of expertise identified in these Terms of Reference;
- Track record of relevant completed assignments for external parties, and specify the % they were responsible for, in the area of affordable housing in the last 3 years;
- List of relevant published material, and specify the % they were responsible for, in the area of affordable housing in the last 3 years.

12. Appendix

12.1. Details of the activities produced by FMDV as part of SHICC

a. Diagnostic phase (September 2017- March 2020): analysis of financial environments shared gaps and needs

This two-year exploratory phase undertaken by FMDV enabled the development of a joint understanding of CLT financial environments, through the production and publication of research studies:

- A [Mapping](#) of more than 600 sources of funding available to CLT in France, Belgium, the United Kingdom and at the European level, to highlight existing barriers and opportunities throughout the development chain.
- [Six in-depth case studies](#) shedding light on the diversity of the models developed by CLT in order to deliver genuinely affordable homes.
- A [Financial Guide](#) illustrating the CLT financing process and presenting 15 innovative instruments to overcome some of the major financial barriers impeding CLT to sustainability thrive in Europe.

Based on the results of this first phase, FMDV launched in November 2019 a '[Working Group on Collaborative Housing Finance](#)' with the objective of entering a more operational phase and enabling CLT schemes to scale up.

b. Pre-feasibility (March 2020-June 2020): the first step towards the implementation of an investment platform for CLT in Europe

The first step of this operational phase conducted a Pre-feasibility Study (March-June 2020) questioning how to channel funding for CLT & Collaborative Housing at the European level. This work - conducted by the experts Ms [Orna Rosenfeld](#) (Senior Housing Policy Advisor) and [Delphine Sangodeyi](#) (Affordable Housing Finance) - aimed at acting as a decision-making support for future steps. It notably included the financial needs assessment of 20 pilot organisations across Europe, and detailed case studies of relevant financial mechanisms²⁵ at the European level in order to meet expressed needs.

c. Action Plan (July 2020): defining a financing strategy

As part of the Pre-feasibility study, the experts also made a proposal for the definition of an Action Plan to frame a shared vision for a financing strategy among SHICC partners over the coming year (until September 2021), and beyond.

The [Action Plan](#) has been orienting the ToR for this Feasibility Study presenting a threefold strategy around the following principles:

1. CLT providers²⁶: The pilots are at the heart of this strategy, they would be the direct beneficiaries of this financing strategy.
2. Project aggregator: Its objective will be to create pipeline of projects through an investment platform

²⁵ Including the vehicles (financial intermediaries, aggregating platform ...) and financial instruments (grants, revolving loans, equity, guarantee...).

²⁶ The beneficiaries would be defined according to their compliance to the values stated above (p.1), as well as the implementation of the operating mechanisms described from pp.4-7

3. Financial Aggregator: Its objective will be secure and provide finance.

12.2. Details on the CLT operating principles

a. A Trust to ensure a collective ownership of land

The most fundamental principle of the CLT model is the collective ownership of land, which governs the relationship between individuals and the land. The land is removed from a speculative market and placed in a Trust in perpetuity. A democratic governance²⁷ controls land use and ensures that land cannot be resold.

As such, CLTs represent a very successful example of “commoning” (a process of creating commons), whereby a resource (land) is managed by a collective entity (a community) based on specific rules that organise collective action.

Since ownership is shared among CLT members, its business model must balance the forces between the commitment to building wealth and the preservation of affordability, accessibility and quality of the project developed. The implementation of the mechanisms presented below are a guarantee of this commitment.

b. A long-term lease governing the perpetual dissociation between the land and the building ownership

Whereas land is owned by the CLT, ownership of the built environment reverts to individuals. A division/sharing of ownership takes place.

Schematically, under the CLT model²⁸, the cost of land is borne by the CLT (acting as the landowner) which allows the household to access housing (or any other asset) at a lower cost. In exchange, the individual, renting the land or its right of use, is paying a ground rent/land fee to the CLT. It is bound to the CLT by a specific monthly or yearly ground lease (approx. 10 to 99 years, including a novation clause).

According to the economic model adopted by the organisation, the collection of this ground rent allows the CLT to either cover its operating costs (lease management, resales, etc.) or repay the possible loan that enabled purchase of the land (see. adjacent table).

c. Allocation criteria to control for the nature of beneficiaries over time

In addition, the CLT governs eligibility clauses thereby ensuring that the housing always remains accessible to its population target (low- to medium-income households). Allocation criteria vary from CLT to CLT (e.g. in the UK) but can also be regulated by regional or national legislation (e.g. in Belgium or France).

Allocation criteria consider income levels and housing needs but can also depend on the involvement of the beneficiaries in the CLT functioning. Below are two examples.

²⁷ To that end, initially CLT adopted tripartite governance, a form of governance specific to the CLT model, in which current and future residents, neighbours and public officials are represented within the board of trustees, with one third of the votes each. This specific mode of governance is no longer systematic, but most CLTs are setting up a partnership-based governance.

²⁸ This applies in the simplest case of access to home ownership, but it should be noted that such ownership may also accrue to a co-operative or larger institution for rental purposes.

For instance, CLT Brussels units are allocated according to a chronological order of registration. The prices depend on household income (A to D, based on the Brussels Capital Regional social housing grid).

On the other hand, London CLT membership has determined a set of 5 criteria for allocating homes also based on the connection with the neighbourhood and the involvement of future beneficiaries.

d. A resale formula enabling to capture and redistribute land value

Finally, the land lease, signed between the CLT and the household, defines a resale system that provides for sharing the capital gain from reselling the land, thereby controlling the increase in housing prices over time.

This system ensures that the efforts made by the CLT/OFS, public authorities and households to ensure that housing is affordable when it is built are sustainable over time and benefit future generations of households. The resale formulas can be of several orders (see table and diagram below).

12.3. Useful resources

a. Internal SHICC production

- FMDV. (2018). [Mapping Finance for Community Land Trusts in the North West European Region.](#)
- FMDV. (2019). [Community Land Trust Financing: Understanding the diversity of models in Europe.](#)
- FMDV. (2020). [Financial Guide: Tools to Boost CLT and OFS Financing in Europe.](#)
- SHICC. (2020). [Action Plan: Developing a financing strategy for CLT & Collaborative Housing in Europe.](#)
- SHICC. (2020). [Urban Community Land Trust in Europe: Towards a Transnational Movement.](#)

b. EFSI Investment Platforms

- European Commission. (n.d.). [What are Investment Platforms?](#)
- European Commission. (n.d.). [How to set up an investment platform?](#)
- EIB. (n.d.). [European Fund For Strategic Investments Rules: Applicable To Operations With Investment Platforms And National Promotional Banks Or Institutions.](#)

c. InvestEU

- European Commission. (2019, March 19). [What is the InvestEU Programme?](#)
- European Commission. (2018, June 6). [InvestEU: What will it Finance?](#)
- European Commission. (2019, April 18). [The InvestEU Programme: Questions and Answers.](#)