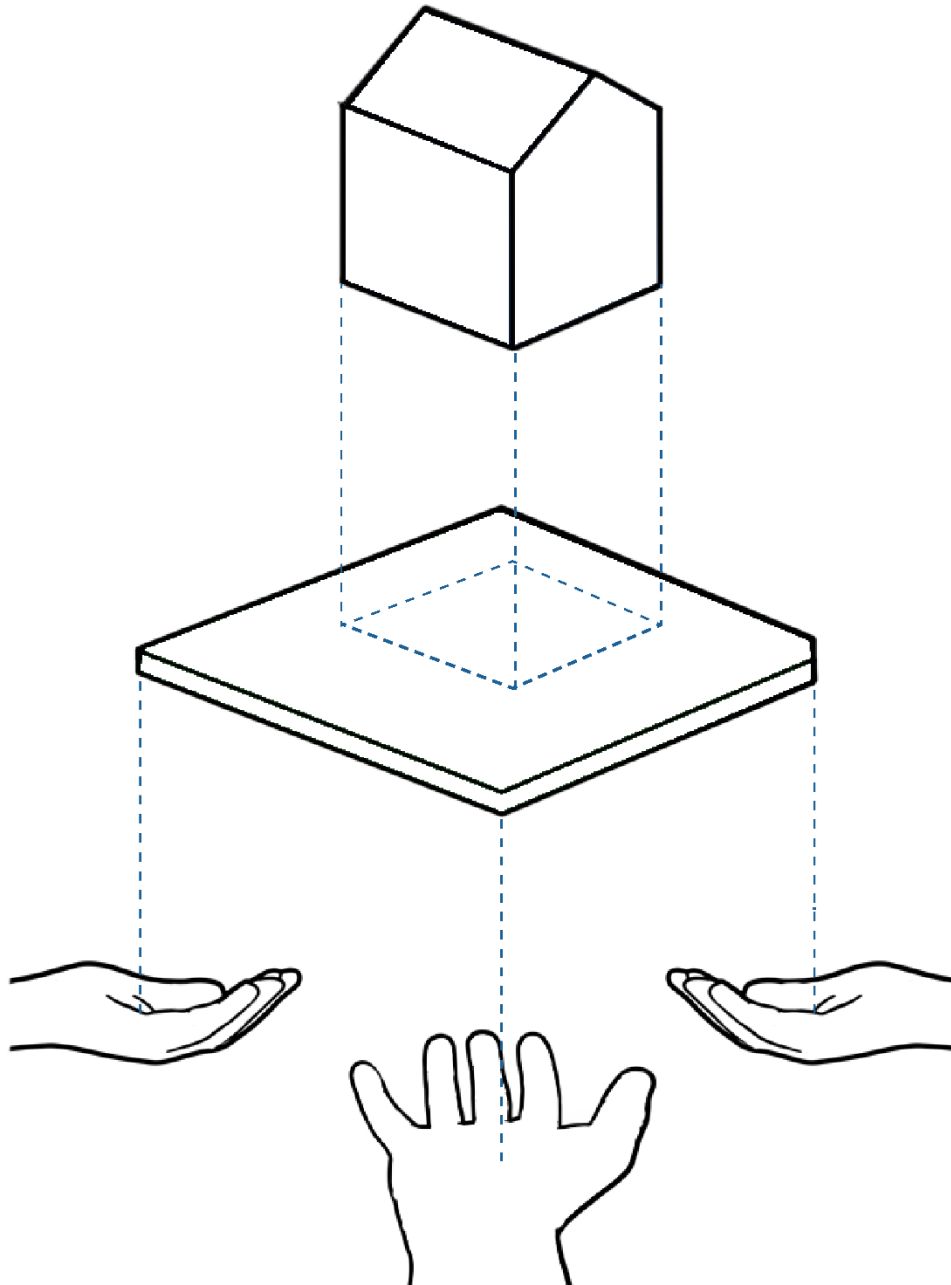


# Realizing community land trusts for affordable homeownership

*Capitalizing on opportunities and overcoming barriers in the Dutch housing market*



**Dennis Viet Tran Tran**

Masterthesis

## Realizing community land trusts for affordable homeownership

Capitalizing on opportunities and overcoming barriers in the Dutch housing market

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## abstract

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The Dutch housing sector is overheating, leaving mid-income earners stuck in the major Dutch cities' expensive rental sector. As a reaction to this, community land trusts (CLT) are sprouting in different European countries. The CLT presents a model which nullifies speculation, empowers the community and guarantees affordable ownership. In the Netherlands, this model could prove to ensure these three aspects as well. This research answers the question: **What are the opportunities for CLT's in the Dutch housing market, and how can these be mobilized?**

This research includes a literary comparison between the support mechanisms, for CLTs in Europe, and the support mechanisms for housing models in the Netherlands. The comparison shows which mechanisms could contribute to the creation of a CLT. The mechanisms identified revolved around finance, land acquisition and organizational aspects. In the Netherlands, these mechanisms are mainly provided by the public sector and housing associations (HA), with some minor mechanisms coming from the private market.

After that, a qualitative research also identifies opportunities and barriers in the Dutch housing market. The qualitative research includes 19 in-depth interviews with housing experts from different sectors. The opportunities include a list of similar mechanisms in Europe and the Dutch context.

The main opportunities for the creation of CLTs lie in support from the public sector and the HAs. Recommendations on how to overcome barriers are presented. After that, a range of scenarios that show how the public parties, HAs and banks can contribute to the creation of CLTS, the necessary recommendations to do so.

## Executive summary

Housing affordability is a pressing topic in the current Dutch housing market, as affordable housing is increasingly harder to access. The housing prices rise due to the lack of new -built homes in comparison to the demand. The bottom of the market is protected by the social housing associations, which is protected by an income cap. Homeownership is also increasingly harder to access as banks' mortgage conditions became more demanding after new measures controlling the banks were put in place following the global financial crisis. Not being able to access the homeownership market, leaves the mid-income earners stranded in the private rental market. The problem with the private rental market is that the rental prices are unproportionally high compared to the mid-income earners' incomes. This leads to the fact that the biggest cities, which have the highest price increase, become unaffordable for mid-income earners. Further increasing the segregation in large cities.

Collaborative housing models hold the potential against these segregation tendencies. In these models the tenants of dwellings collaborate and share different aspects of their housing situation. This could be sharing money, parts of their dwellings or just the management of it. One model in particular increasingly gained traction in North-West Europe: the community land trust (CLT). The CLT is a collaborative model which is a tripartite governing body or board. It consists of the tenants, the surrounding community and local authorities whom all have an equal say. This board governs plots of land which will never be resold again. The affordability of the properties on top of this land will be controlled using resale conditions. The resale conditions make sure that the dwellings are less prone to excessive speculative growth.

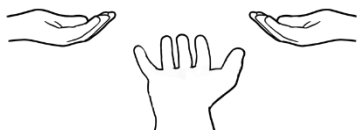


Figure 2 tripartite governing body

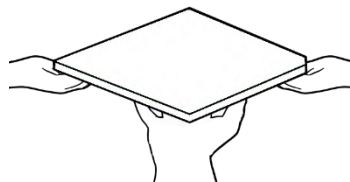


Figure 3 securing land from the market

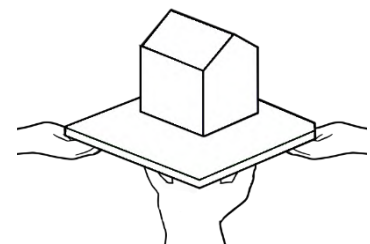


Figure 1 property with land lease

The CLT is presented as a pathway for the mid-income earners to take out a mortgage and start building equity in the property, instead of paying that to their landlord.

Apart from the affordability problem, the CLT could also reach other development goals. By including the surrounding community, who works, lives or participates on that location, the collaborative aspect in the CLT is larger than the dwellings itself. Including the local authorities in this collaboration increases the collaborative goal to an even larger scale. By connecting these parties, social, environmental and affordability goals can be achieved on a larger scale than just the building itself.

Lastly, it has to be mentioned that the CLT does not limit its activities to housing. This research is largely focused on the housing market, but CLTs are a land steward for all equitable activities on the land. CLTs, therefore, also provide marginalized entrepreneurs a fair chance to execute their commercial activities if it serves the community. Any further development of the land made by the CLT will be captured and redistributed in the community, instead of losing it to the speculator.

## **Research aim and questions**

The model could potentially also be used to give mid-income earners a chance to access homeownership in the Netherlands. This model could also hold the potential to sustain affordable housing in perpetuity in the Netherlands, which is unknown. Therefore, the research focusses on the potential pathways of the creation of CLTs in the Netherlands. Therefore the main research question is:

*What are the opportunities for CLT's in the Dutch housing market, and how can these be mobilized?*

To do so, mechanism supporting the affordability and collaborative aspect of the model, within Europe, will be researched. The sub-question to find these mechanisms is:

Sub-question 1: How do CLT's currently acquire support in Europe?

Like the mechanisms for CLTs in Europe, the affordability and collaborative aspect in housing models in the Netherlands also have to be identified. The sub-question to find these mechanisms is:

Sub-question 2: How do different housing models get support in the Netherlands?

Similar mechanisms could indicate that the existing Dutch market has the potential to facilitate CLTs. To identify the similar mechanisms, the findings from the two previous questions will be compared and similarities will be found by answering sub-question 3:

Sub-question 3: How can CLTs make use of existing support in the Dutch housing market?

The potential possibilities are mapped with the previous questions, but the barriers have not been identified. It is necessary to identify barriers as well as opportunities to get a holistic approach of facilitating the CLTs This will be done by answering the fourth sub-question:

Sub-question 4: What are current CLT barriers in the Dutch housing market and how can these be overcome?

To find the correct way to mobilize the mechanisms for the CLT and the sources, it is also necessary to find its relevance and the placement of the model in the market. If the place is identified further, it should show who should provide supporting mechanisms. Therefore, the next research question will then be answered.

Sub-question 5: What is the added value of CLTs in the Dutch housing market?

## **Approach**

To answer sub-question one, first, all the support mechanisms surrounding the realization of Europe's CLTs are researched mainly through literature. Secondly, the Dutch context is explored by answering sub-question two. Thirdly, combining the discovered categories between the CLTs in Europe answers sub-question three. Lastly experts in the Dutch housing markets from all kinds of perspectives were interviewed to answer all the sub-questions, but mostly sub-question four and five.

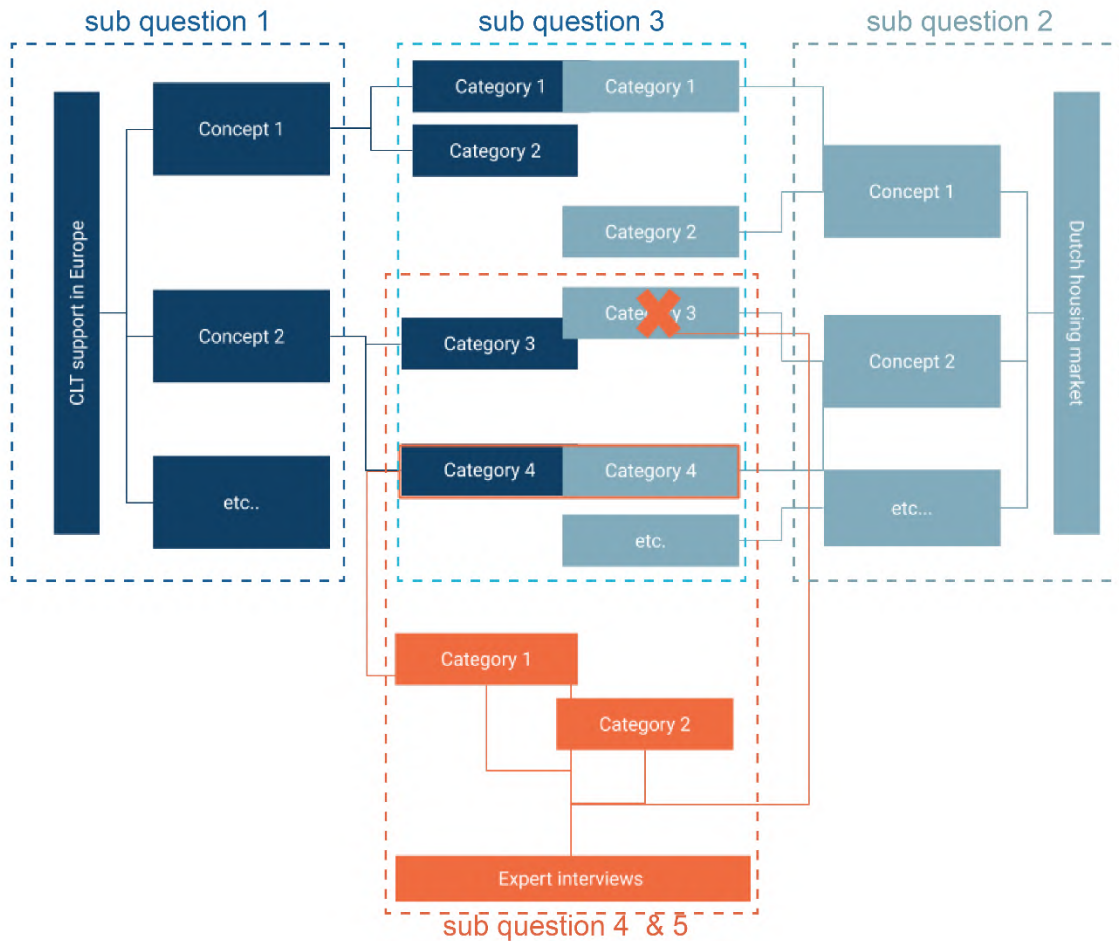


Figure 4 research structure

## Findings

### Sub-question 1: How do CLT's currently acquire support in Europe?

Sub-question one was answered by making a list of mechanisms throughout all the CLTs available in Europe. The list included the cases of the UK, France and the CLTBrussels (see Figure 5).

In the context of the UK, the CLT has become a registered housing form in the housing act 2008. After that, an advocating and lobbying group grants the CLTs many different loans and support. The network gets their support from a variety of social and charitable funds and foundations. The CLT network The network lobbied to get a community housing fund on a national scale, which provides the CLTs many subsidies throughout the different development stages.

In France, the affordable housing associations looked for a way to increase homeownership as the national government retreated from the regulated housing sector. Through a collection of different laws and policies, French affordable housing associations created a subsidiary called the Organismes de Foncier Solidaire (OFS), which is essentially the French equivalent for the CLT. As the housing association is the main governing body, the public funds channeled to the OFS is mainly channeled through housing associations.

In Brussels, the inception of the CLT started as a lobbying effort from a social corporation to issue the funds reserved for social housing to the creation of the CLTB. The state support is reflected in Figure 5 as the regional government provides the CLTB grants in every stage of the development process. This includes land discounts, loans, subsidies and guarantees.

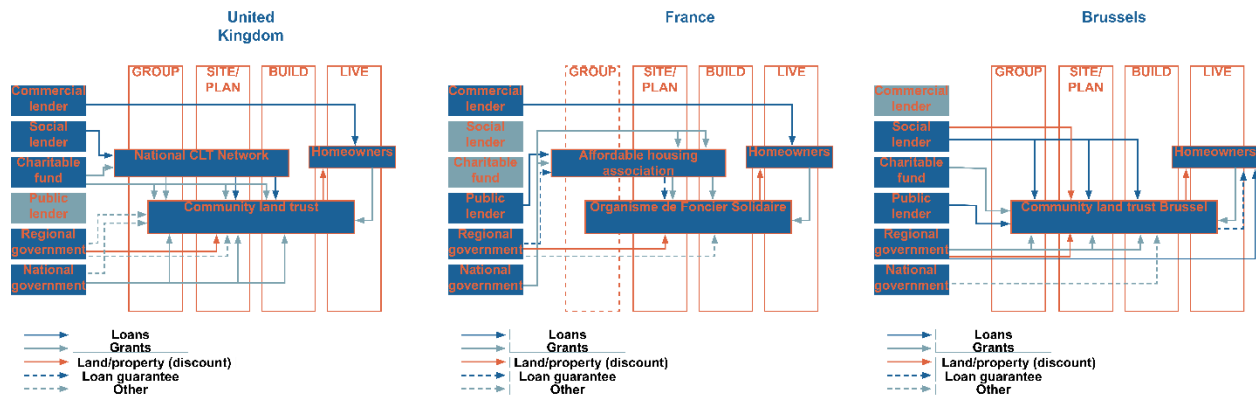


Figure 5 CLT support mechanisms throughout Europe (own image n.d.)

When these different contexts are compared, the different CLTs seem to receive a large part of their support from a larger institute such as municipalities or HAs. These institutes enable the CLT to get access to public support. In the UK this is the CLT network, in France the affordable housing association, but in Brussels the CLT accesses public funds directly. The difference between the other models, is that the CLTB as it is now, almost exclusively runs on public money.

### Sub-question 2: How do different housing models get support in the Netherlands?

To discover the fertility for CLTs in the Netherlands, the Dutch housing market with all its alternative, collaborative and affordable models had to be researched.

The majority of the Dutch public support was focused on the homeownership market and the social housing sector. Both of these sectors get support from the national government on their loans. The homeowners get their loans at private banks, while the housing associations (HA) gets access to public banks.

Despite that fact, the Dutch regular rental and homeownership market get support, alternative housing models also receive support from various actor. Intermediate models, which is a form in between renting and buying, are provided by HAs and private developers. Even though these models reduced in quantity after the HAs were restricted by the housing act of 2015, many of these models are mortgageable at public banks whilst also getting state mortgage guarantee and tax deductions. Some of these models are

provided by private developers, but the majority is offered by HAs. The HA receive public loans and securities which they could use to supply these models.

Cooperative models also have mechanisms for support depending on the municipality and HAs. The main source of finance, however, has to come from private banks, where the cooperatives largely depend on German banks. Apart from that, the private sector provides little support in the cooperative market. Both public sector and the HAs can support the start of cooperatives in terms of land accessibility and subsidies. More specifically municipalities help cooperatives by granting loans and land exclusivity to cooperatives.

The various mechanisms for the different models are shown in Figure 6. The figure also shows that support mechanisms stem both the public and private parties. On top of that support, the HA also supports different housing models. The Dutch housing market has many different mechanisms for different housing models, but the majority of the alternative models are supported by mechanisms that stem from the public sector or the HAs.

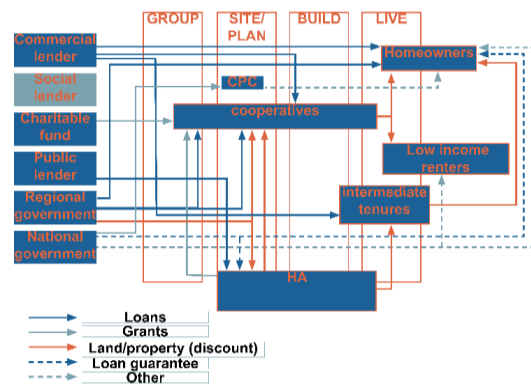


Figure 6 Support mechanisms in the Dutch housing market

### Sub-question 3: How can CLTs make use of existing support in the Dutch housing market?

As discovered in the previous sub-questions, the Dutch housing market and the CLTs in Europe provide various support mechanisms. The third sub-question looks for similar mechanisms in Europe and the Netherlands to develop existing Dutch support mechanisms into mechanisms to support the creation of the CLTs. The following diagram was made to show how the mechanisms would support a CLT (see Figure 7). As shown in the figure, the support largely stems from the public sector and HAs.

<sup>1</sup> Intermediate models are categorized under land/property discount



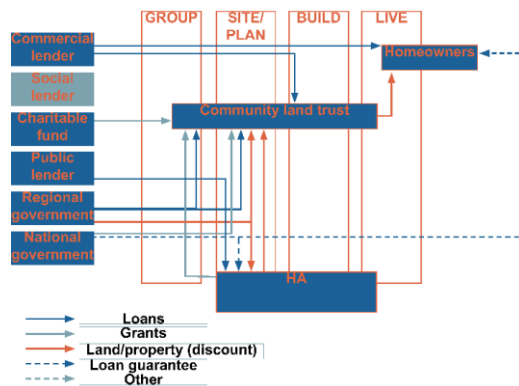


Figure 7 How existing Dutch support mechanisms could support CLTs

As it currently works, each mechanism is focused on a particular model and for a particular phase. To make these different models effective for the creation of the creation of the CLTs, it was necessary to find in which multiple mechanisms work together and enforce each other. This also means gaining collaboration between multiple market segments.

For example, an assumption is presented in Figure 8. In this example, the municipality makes an agreement with HAs to provide the CLT land or housing. The HA then oversees the use of land by joining the CLT (See Figure 9). On top of that, the bank has to collaborate to provide mortgages on the dwellings that have a lease agreement on the land.

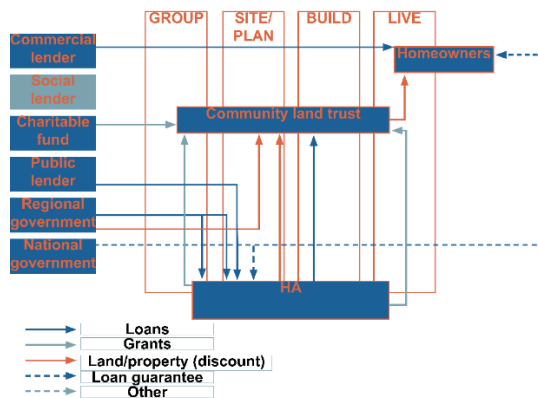


Figure 8 assumption for the CLT in the Dutch housing market

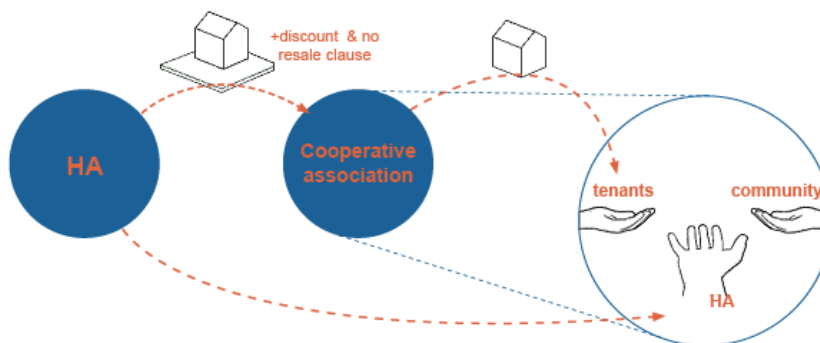


Figure 9 HA and CLT

**Sub-question 4: What are current CLT barriers in the Dutch housing market, and how can these be overcome?**

To answer sub-question four, the CLT's conditions and limitations in the Dutch housing market were explored. As seen in Figure 10, the barriers revolve around concepts of land, finance, cognitive aspects and organizational aspects.

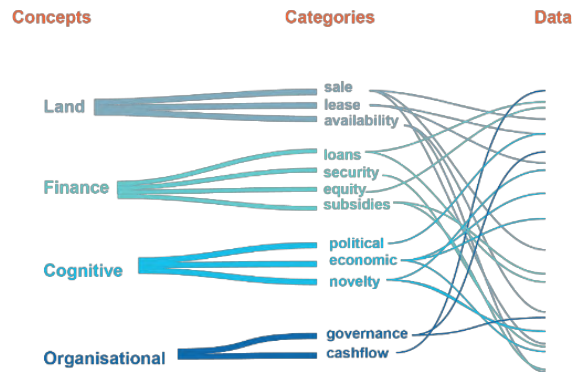


Figure 10 discovered concepts and categories

Each concept has its categories that can act as barriers for the CLT.

The first barrier is the novelty of the CLT in the Dutch housing market. The lack of understanding the CLT proves to many actors in the market to be the first reason to reject the CLTs. If the CLT is understood by actors, problems involving other concepts were more easily solved. For example, if the banks understand who the responsible parties are, the loans are more easily issued. Similarly, municipalities issue land to land-uses previously known to them, so they have no protocol as to how to facilitate land for CLTs. Spreading the knowledge about the CLT amongst institutes has to be a first step to alleviate this barrier.

The second barrier is the lack of land to experiment on. This leads to a lack of affordable land. This is a barrier seen in the market, as well as in municipalities and HAs. The municipality and HA also want to gain maximal profit on their land to use that money for their other goals. If these goals can be realized by the CLT, the land can be issued with less profit as the CLT can achieve the social goals, whilst still making money on the sale of the land.

If the CLT manages to find affordable land, however, the third large barrier is the potential inability to attract loans in the Dutch housing market. Banks consider new developments too risky and time consuming. The banks demand a collateral, but if the land is never to be sold again, the bank has to acquire a different way to receive their money back.

Creating an independent guarantee fund, can alleviate this problem, enabling the banks to issue loans to CLTs more easily.

**Sub-question 5: What is the added value of CLTs in the Dutch housing market?**

To answer the fifth question it was necessary to recognize the powers of the CLT. Firstly, the CLT is unique in its tripartite board which enables them to secure the demands of more people than just the tenants. It

enables the CLT to be a driver of large scale developments, instead of single building or block developments.

Secondly, never selling the land, enables the CLT to guarantee affordability more than any other model in the Dutch housing market. Effectively taking land speculation out of the market. This enables the CLT to secure a location's affordability in perpetuity. For the public party this also means that there is a permanent capture of societal investment, but for the tenants themselves, this means that they have a chance to build equity, which they did not have in the rental sector.

A direct comparison between a variety of different models is seen in Figure 11 below.

Internal		External	
Equity gain		Societal impact	
Regular homeownership	Buyers' cooperative	<b>Community land trust</b>	
Buy affordable		Buyers' cooperative	Rental cooperatives
<b>Community land trust</b>		Buying with guarantee	
Buying with guarantee		Buy affordable	
DUObuy		DUObuy	
Rent	Rental cooperative	homeownership	rent

Figure 11 the position of the CLT in the Dutch housing market

However, the largest addition the CLT could pose is the addition of a system to increase community participation on any activity on the land. This means that apart from managing equitable housing solutions, it could lead commercial developments and other activities that support the community. The CLTs participatory level transcend housing. It involves itself in collecting communities and supporting one another financially and socially.

With this knowledge, the CLT does not only pose as an equitable housing provider, but also a valuable area development leader. A leader that steers on the tenants, community's and the municipalities' goals and values. The CLT can increase the value of the area without losing it to the speculating landlord, but returning it to the community.

Main research question: **What are the opportunities for CLT's in the Dutch housing market and how can these be mobilized?**

The five sub-questions discovered the opportunities and barriers for the CLTs in the Dutch housing market. The mechanisms available in the Dutch housing market stem from the public sector, HA and banks. The following recommendations are formulated to overcome the barriers identified in sub-question 4. After that, three scenarios are sketched with the opportunities from sub-question 3. For each scenario to work, recommendations per scenario is presented.

Firstly, it is recommended to make the CLT a widely known housing model. This enables the use of the found opportunities. More top-down clarity gives all the institutes providing support, a better understanding to whom they grant the loan to.

**The legal form of the CLT will be established in the housing law**

Another barrier is the land scarcity, but this can be solved as well if the land department actively supports CLT developments. The barrier now is that policies are only reactive. Instead of accepting or rejecting alternative housing models, based on existing land use plans, municipalities land departments can think of "how" to achieve the housing model and how it could add to their ambitions. The direct way is to place CLT as a large developer of mid-segment housing. However, mid segment land prices can prove to be too expensive in certain situations. The municipality can help the CLT to find certain lands whereon the CLT and municipality can reach their goals together. The municipality then needs to recognize the potential the CLT can have to increase social and financial value on the long run. The involvement of the municipality in the CLT board is therefore, crucial.

**The municipalities land policies reactivity needs to change into activeness.**

The last barrier is the inability to attract loans. This inability stems from unclarity of the model to the loan providers. As a recommendation for the CLT, the professional party initiating the CLT, should also be the representative at the banks, the municipality and HAs. In the tripartite board, one third of the power is from the larger authority or institution. This third can be a professional from their employment. He/She can therefore access loans and securities, or lobby more effectively for support from other institutes. The person can do that, whilst also representing the larger authority. More importantly, the professional can secure the accountability within the CLT more than if the CLTs. Lastly, this person shows that the CLT is also endorsed by an institute. The mechanism is complex with many parties and the different parties need to know from each other that the other institute supports it.

**Within the governing board of the CLT, the third that represents the local authority should also be the spokesperson to the external parties.**

**Scenario 1: Direct public support**

In the first scenario, the CLT buys land from the municipality with a discounted land price. Municipalities use the residual value for their land price segments so that affordable housing would fall into the affordable land price segment. However, the CLT does not sell their land, so the profit will also be lower. To make land prices affordable for CLTs, it is essential to let go of the notion that land is made for profit. The municipality can use the CLT in their social and area development goals if the CLT is granted land. The increased value that the CLT creates in the community, shops and environment stays locked in the community. In contrast, now it would go to the speculator. Apart from affordable housing, the CLT also looks at long-term developments for the community. The community will therefore, be stronger and the marginalized groups in the communities are less likely to be in need of support. This stronger community can help lower-income housing close to their developments to grow, and it can cause the direct surroundings of the CLT to also increase in value. This value can be seen as a social return on investment over a longer term. The investment now being the sacrifice on the land price. Therefore, the first recommendation in this scenario is:

**(1) Apart from monetary value and profit, the municipality include the societal value for the community in their land sales.**

On top of that, the CLT also has societal causes they work for. These goals match the goals of public sector banks. The public sector should then provide a public loan to the CLTs. This loan can stem from the

municipality itself, but they already made a concession on the land price. The BNG or NWB are more preferred parties to grant this loan to CLT's.

Even though the legal form will give the CLT a lot more breathing room in the private market. The CLT will need support or show willingness from the public sector. Therefore, the second recommendation in this scenario is:

**(2) the state supports the CLT by granting the CLTs public loans.**

Lastly, the CLT still has to pay interest, but similarly as to how HAs get guarantees, the CLT could also receive these loan guarantees to reduce the interest. The CLT captures societal money and provides housing for marginalized groups. With this perspective the last recommendation is made for this scenario:

**(3) The public sector needs to grant the CLT a de-risking mechanisms for banks.**

If the recommendations support each other, the following scenario can be realized.

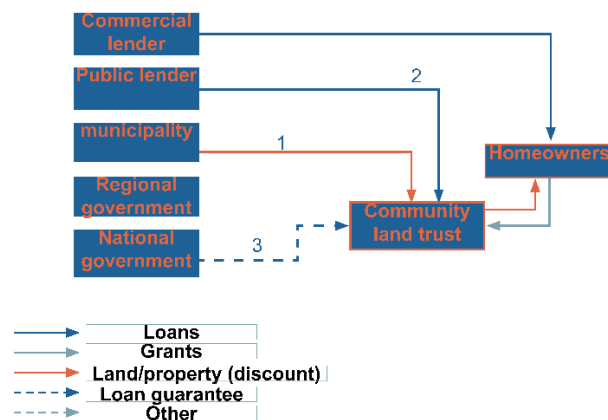


Figure 12 Scenario 1: public support (own image, n.d.)

An example is shown below (Figure 13): The municipality can give 40% discount on the market value of the land. The BNG then provides a loan to the CLT with a 60% LTV of the market value to the CLT. Lastly, the tenant can then take a regular mortgage on the house on top of the land. They then pay mortgage costs and land lease costs, which in this example would be equal to the rental price of a social rental house.

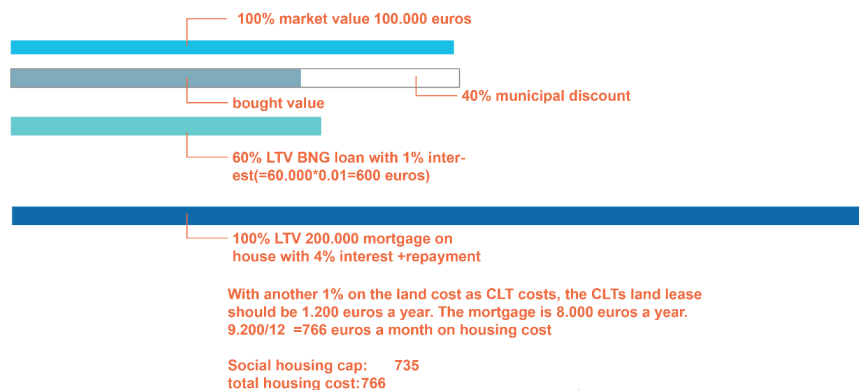


Figure 13 how to make affordable housing with CLT and the public support involved (own image n.d.)

## Scenario 2: Public support and private loans

In the second scenario, the CLT takes a private loan. However, banks are not sure how to value a CLT yet. Similarly to how the CLT has to become known through the housing act, the CLT can also become known amongst the banks. If so, the banks can should find a standardized product for the CLT, so the financing criteria are consistent amongst banks. The product can contain similar conditions as the conditions the NVB made for mortgages on privately leased land.

### (1) Banks develop a financial product to provide mortgages to CLTs

It is necessary for the bank to have something they can keep as a security. If the land can never be sold again, another collateral has to take its place. Supporting a social cause, the public sector can provide this security if the CLT accepts their societally focused conditions. Therefore, the same recommendations is made in this scenario:

### (2) the public sector needs to grant the CLT a de-risking mechanisms for banks.

The third and key part to this scenario is the acquiring the finance for the land. According to interviewee K, one bank is considering an umbrella mortgage, which is still under development. Currently, housing cooperatives use German mortgages. This is because these activities are valued as commercial activities, because it is not a traditional mortgage. Commercial mortgages have low LTV's, which means that the equity gap needs to be closed. With the social as well as the perpetual perspective, it is therefore recommended that public banks provide long term loans for this equity gap.

### (3) The public sector should match the private banks' loans for the CLT to acquire land.

These recommendations result in the following scenario:

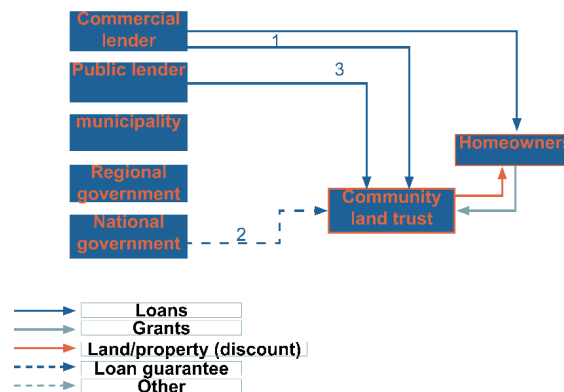


Figure 14 Scenario 2: public and bank support (own image, n.d.)

## Scenario 3: Housing associations' support

The last scenario involves the assumption made in Figure 8. This scenario is described in depth and will not be fully repeated, but it involves the HA facilitating the CLT. One example of a strategy can be as followed: firstly the HA sells the dwellings including land, with discount, to a cooperative association. To ensure capture of social funds, the HA can makes an agreement ensuring that the land is never sold again.

Because this was already a goal of the CLT, this will be encouraged by the cooperative. Secondly, the cooperative association then allows the community, the tenant and the HA to enter the association, completing the CLT structure. In this example the HA represents the local authority, having a say in the social governance of the CLT. The cooperative association then sells the dwelling, with resale conditions and without the land, to the tenants with a lease structure. Judging from the fact that increasingly more HAs use intermediate models to sell their properties, this method could pose as a gateway to ensure homeownership for the mid-income households. To enable this support,

**The HA should get more freedom in the housing act to facilitate CLTs.**

As shown in the assumption, this scenario is represented in the following figures:

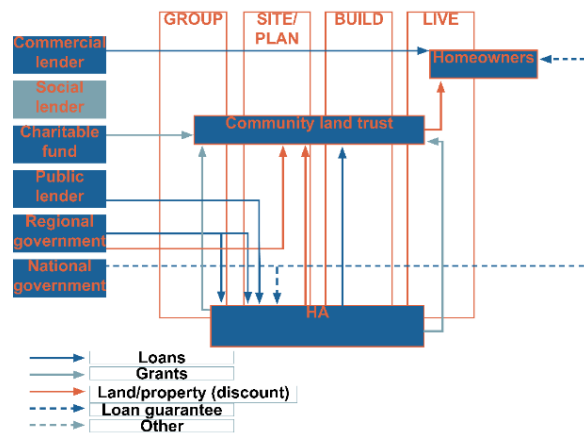


Figure 16 assumption for the CLT, involving HAs

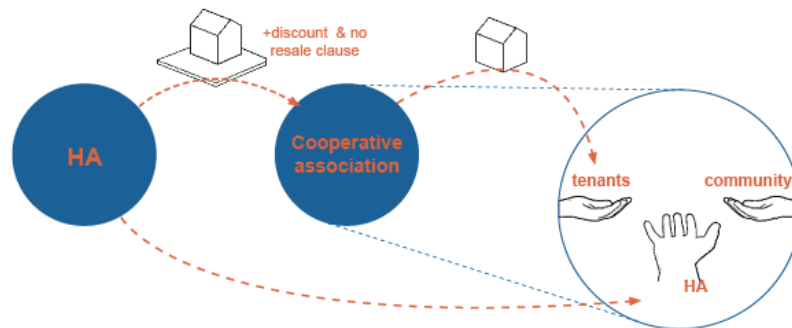


Figure 15 HA facilitating the CLT

**Conclusion**

As shown, the Dutch housing market has many opportunities to develop CLTs. These opportunities lie in the mechanisms proposed by the public sector, HAs and some private parties. To capitalize on these opportunities effectively, it is necessary for these three parties to each make concessions and involve themselves in creating the CLT model. Similarly to how the CLT collaborates between tenants community and authorities, the public sector, HAs and banks need to collaborate as well. This way the housing market can facilitate the creation of this affordable and equitable way of housing and social structure for the next generations







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## Abbreviations and translations

- CLT Community land trust
- NWB Nationale waterschapsbank | Waterboard bank
- GFC Global financial crisis
- HA Housing association
- SGEI Services of general economic interest
- SVn Stimuleringsfonds volkshuisvesting | Housing fund
- WSW Waarborgsfonds sociale woningbouw | Social housing guarantee
- AW Autoriteit woningcorporatie | Housing association authority
- Housing act Woningwet
- LTV Loan-to-value
- NHG Nationale hypotheekgarantie | National mortgage guarantee
- CHF Community housing fund
- FVM Fair value method
- OFS Organisme de Foncier solidaire | French version of CLT
- CAF Charity aid foundation
- CdQ Contrat de quartier | neighbourhood stimulation fund

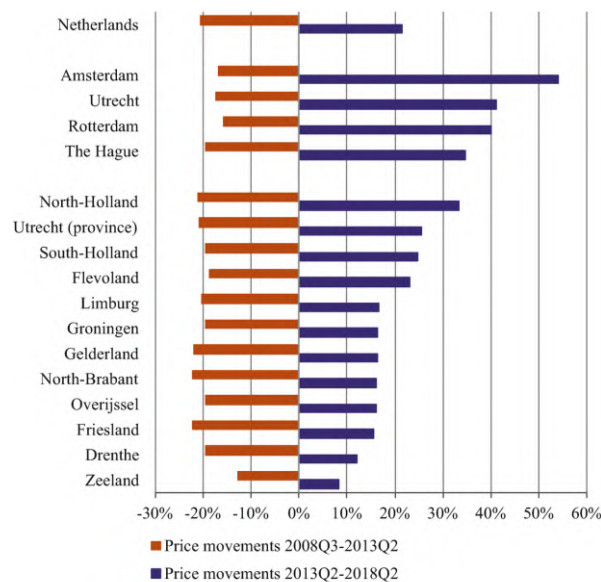


# 1 Introduction

## 1.1.1 Affordability

The European housing market has grown and alongside the market, the prices have increased as well. Since the start of the millennium, the price of inner city houses increased by 30 to 50 percent, despite the wages not keeping up with this increase (Pialucha D. , 2020). In North-Western European countries, these price changes are a result of a housing shortage. This shortage is most significant in dense urban areas, where construction cannot keep up with the demand for housing (FMDV, 2018).

This process leads to increased income inequalities, which affect mostly the lower-income households (Aalbers & Fernandez, 2016). The current housing shortage in the Netherlands puts the affordability of housing at risk as the lower to mid-income-earners struggle to pay their housing costs (Nijskens & Lohuis, 2019). Nijskens & Lohuis (2019) put emphasis on the price increase in major Dutch cities, such as Amsterdam, Utrecht, Rotterdam and the Hague, as these prices grew more than any other city in the Netherlands during, or after the crisis (Figure 17)



Source: Statistics Netherlands (2016)

Figure 17 "Dutch regional house prices since the previous peak (Percentage change from 2008 levels). Note: The price movements in this chart are shown in percentages of the 2008 level to enable a fair comparison between the two periods considered" (Nijskens & Lohuis, 2019))

This growth is the result of a private market driven housing sector (FMDV, 2018), in which market investors prioritize their financial margins over affordability (Czischke & Van Bortel, 2018).

This argument is one of increasingly more frequent arguments saying that the private market as it is today, enforces economic and spatial inequality. For example, homeownership is inaccessible for the majority of the people and banks require large investments up-front to present mortgages (Brandsen & Helderma, 2012). However, many people do not have the financial means to pay that investment, although they would be able to pay the monthly costs. Before the global financial crisis (GFC), the restrictions to housing supply, land market and regulations drove the housing prices up which created a situation where the prices of owner-occupied dwellings in the Netherlands appear to be 20 per cent higher than it otherwise would have been (Priemus, 2010). At the end of the global financial crisis, the Dutch government also

made it harder for mid-income groups that earn just over a little too much for the social housing sector, to access homeownership through mortgages (Boelhouwer, 2019). With an increasingly segregated social sector combined with the inaccessibility and rising prices of the owner-occupied sector, incomes above €36.165 a year have no choice but to rent in the overpriced private sector (Van den Bos V. , 2020). Mid-rental should range between €737 and approximately €1000, but in reality the private rental sector only starts at €850-900, leaving an affordability gap (Van den Bos V. , 2020). This private sector is unprotected while lower-income earners have the right to subsidize social housing. As a result of entrance control in these two market segments, there is little supply for affordable housing for middle income earners. This leaves them stuck in the expensive private rental market, which would be more expensive than owning a mortgage would be. This does not allow the mid-income-earners to build capital as the majority of their income goes to the landlord. To ensure socio economic stability and development in a country, the country's housing affordability is an important factor. Affordability in this sense means housing is achievable for every income group (Suhaida, et al., 2011).

### 1.1.2 Right to the city

In reaction to the housing market developments, there have been many activist movements to voice the needs of the lower income groups in the major Dutch cities in the wake of gentrification and segregation. Many of these movements carry the slogan "right to the city". Henri Lefebvre first had the idea of the "right to the city" as a reaction to the changes he saw in 1968. He noticed capitalist influences in the city. He witnessed the increase of money which in turn shaped these cities despite not satisfying the true needs of the inhabitants. He stated that the city should not be ruled by the wealthy, but should gather the interests of the whole society and mainly those who inhabit the city. He argues that the wealthy are "visitors of the city" rather than the inhabitants. The rich have property and power in the cities, but are not as much inhabitants as those who live, create and participate (Lefebvre, 1968). This is an important case as workers which have a fair- and play a crucial role in the inner-city society, such as 'key workers', need to live near their work to reduce travel costs, but instead get disproportionate high rent and no chance in the home-ownership market (Czischke, 2015).

Current times top-down urban development does not include all levels of income earners (Muselaers, 2017). This further increases the gap between the rich and the poor, making it harder for lower income earners to find housing in the city and harder for mid-income earners to own houses. With this in consideration, the speculative housing market is the driver of the aforementioned inequality. Loucks (1930) argues that rich private property owners gain from the increment in property or land value by indirectly taking that gain from the larger society and the lower income earners. He illustrates this with an example:

*"If an individual in society could find a way to birth two euros from one euro, the market would become twice as expensive, so the people who cannot make euros from other euros will have less purchasing power."*

To give everyone the chance to pay for the location and thus the right to the city, it is necessary to re-democratize the city so it frees itself from three decades of neoliberal urban capitalism (Harvey, 2008). Lefebvre argued that cities lost the participative side as capital and state elite control the decisions that make the urban space (Purcell, 2002). Therefore, the right to the city is parallel to the right to participation in the city (Lefebvre, 1968). The right to the city is thus a right for the oppressed and alienated inhabitants of the city to take control of urban processes and decision making (Harvey, 2008; Purcell, 2002).



### 1.1.3 Collaborative housing models

Historically dominant models, from state led developments, such as social housing corporations to the private developments of the Dutch vinex neighbourhoods, shows a progressive shift to the liberalization of the Dutch housing market (Sansen, Juwet, Deruyter, & Gruijthuijsen, 2020). Wijburg (2020) presents self-managed collaborative housing models as a potential force to answer aforementioned segregation tendencies in the market. In line with the philosophy of Lefebvre, these participative and collaborative housing models are considered to be a weapon for the counter offensive against financialization of property (Thompson, 2020). These models aim to provide affordable housing by taking land off the speculative market and which shall be democratically governed by and for local residents (Thompson, 2020). Core values are the participation of residents, mutual aid, crowd financing and collective managing (Czischke D. , 2018). As a rule of thumb, self-managed co-housing for wider housing provisions aims for sustainable and inclusive development (Wijburg, 2020). These models historically stem from bottom-up initiatives, but in recent years there has been an emergence of more top-down approaches, including social housing organizations, developers, or similar organizations (Czischke D. , 2018).

### 1.1.4 Community land trusts

The agrarian Ralph Borsodi also sought a middle ground for the capitalist and Marxist ideals. He proposed the idea that ownership, whether it is tangible or intangible, came into existence through human labor. (Borsodi, 1968). However, things that came into being without human labor were considered trustertory and should only be entrusted to the right actors (Borsodi, 1968). Land was one of such things and it should be entrusted to all the people as a right as opposed to being in the ownership of some.

This is the philosophy for the following participative housing model: The Community Land Trust (CLT). This model is gaining increasingly more traction in Europe to battle the housing crisis. This form of collaborative housing has two unique components when compared to other forms of collaborative housing.

The first component is that the CLTs look beyond their own residents, as they also safeguard the social sustainability of the wider community. On the other hand, it takes the market from the speculative market perpetually. It has the potential to redistribute land ownership equitably (Attard, 2013). This provides a gateway for affordable homeownership as the price of land is less expensive.

The second component is that the model has an organization running and governing the land, whereon buildings and activities can be executed for the benefit of the community. This focus ensures social sustainability on the land.

The CLT model can increase the chances for mid-income earners to acquire a house because the price of the land is not included in the sales price of the dwelling. The CLT historically holds the potential to provide affordable housing for marginalized groups. The CLT fights the segregation tendencies that Wijburg (2020) mentioned through anti-speculation methods. One method is by taking land off the market and never selling it again, while the other method is done through resale clauses on the properties on top of the land.

### 1.1.5 CLT in Europe

In recent years, CLTs gained interest because of their high performance during the recent GFC wherein the CLT had low foreclosure rates (Horlitz, 2012). Even though the CLT movement started in the United States, the CLT environment in Europe is growing. In 2008, the UK recognized CLT as a corporate body whose goal is to acquire and manage land for the benefit of the local community. Similarly, the Brussels

CLT, established in 2015, and the French association for CLT was created in order to adopt the CLT principles in France, which resulted in a legal structure called the organismes de foncier solidaire (OFS) (Bettini, 2017).

Even though the CLTs are sprouting in Europe, Archer (2019) identified barriers obstructing CLT developments, such as a lack of understanding of lenders' appetite and inflexible loans (FMDV, 2019; Archer, Green, & Fisher, 2019). Opportunities to scale CLT developments in Europe will rely on an open stance towards new housing alternatives.

### 1.1.6 Problem statement & research aim

The CLT model could potentially make space for these mid-income households to get access to housing, to give people the power to participate in society and the city, and to counter housing speculation. In the Netherlands, however, no such housing projects are completed. The existing CLT initiatives in the Netherlands have not passed the development phase. One reason for that is the novelty of the CLT in the Dutch housing market and the general Dutch public. There is no knowledge of the realization potential for the CLT in the housing market. Therefore, this research will explore the position of the CLT within the Dutch housing market by including both the barriers and the opportunities.

To find out what CLTs need to access the Dutch housing system, it is necessary to reach the following objectives:

1. To gain an understanding of the housing system.
2. To gain an understanding of the necessary factors to start such collaborative models.
3. To determine the position of the CLT in the housing market.
4. To find pathways for support to start CLT housing developments in the Netherlands

## 1.2 Research

### 1.2.1 Research question

- What are the opportunities for CLT's in the Dutch housing market, and how can these be mobilized?

#### 1.2.1.1 Research sub-questions

- Sub-question 1: How do CLT's currently acquire support in Europe?
- Sub-question 2: How do different housing models get support in the Netherlands?
- Sub-question 3: How can CLTs make use of existing support in the Dutch housing market?
- Sub-question 4: What are current CLT barriers in the Dutch housing market and how can these be overcome?
- Sub-question 5: What is the added value of CLTs in the Dutch housing market?

### 1.2.2 Relevance

The body of knowledge about CLTs is largely split into two sides. The first with the CLT as a model for ownership of agrarian land, while the second focuses on the communal aspect of the CLTs which provide housing. For the creation of the CLT, the literary body is small and contextual.

The communal side for CLT is important as the quality of the neighbourhood affects living quality, but also house prices. Increasing CLTs in the Netherlands is important as the CLT organization governs the public space of the area they own themselves. The organization secures social sustainability and reinvestment collectively, ensuring appropriate reinvestments according to the homeowners themselves. In addition to the homeowners, the local community and the public authorities each also have a third stake in the governing activities. This method of ensuring the involvement of surrounding parties in reinvestment, secures sustainability on a larger than building scale.

On the creation of CLTs as a housing model, the body of knowledge is limited, yet increasing. The European context in particular has limited literature. As the model is new in Europe, this is expected. The EU is adding to this body of knowledge as the Global Fund for Cities Development started the sustainable housing for inclusive and cohesive cities project (SHICC) to gain insights into CLTs as a way to upscale their developments.

CLTs strive for fair real estate prices in perpetuity. Currently the real estate prices are subjected to economic booms and downturns, which affects people who are already in the housing market as well as people trying to access it. This is the result of a finance-led regime where neoliberal housing policies reinforced these cycles (Wijburg, 2020). Because CLTs detach land from this market, it is less affected by the market. This way, housing prices on the CLT's land are stable and fair as the homeowners sign a lease including formula for determining an affordable resale price. In the Netherlands, there is no such permanent affordable homeownership scheme available. Therefore, there is no academic literature which focuses on Dutch precedents of CLTs. Discovery of which opportunities can be taken to increase accessibility in the homeownership market for Dutch residents, but also the discovery of the general knowledge around the CLTs.

Adding yet another context to the CLT's body of literature can add to the EU's ambition to start a CLT fund, but it can also provide a better base for CLTs over the world to understand the CLT development structure. In the Netherlands' context, this research can also be used by Dutch grassroots movements to act on their beliefs and communities.

### 1.2.3 Research structure

The research is structured in a way that mirrors the empirical cycle as seen in Figure 18. The research undergoes 5 stages: the problem formulation, the theoretical framework, the theoretical findings, the research findings and the evaluation stage. Stage 6 is added to the process to operationalize the knowledge found in this research.

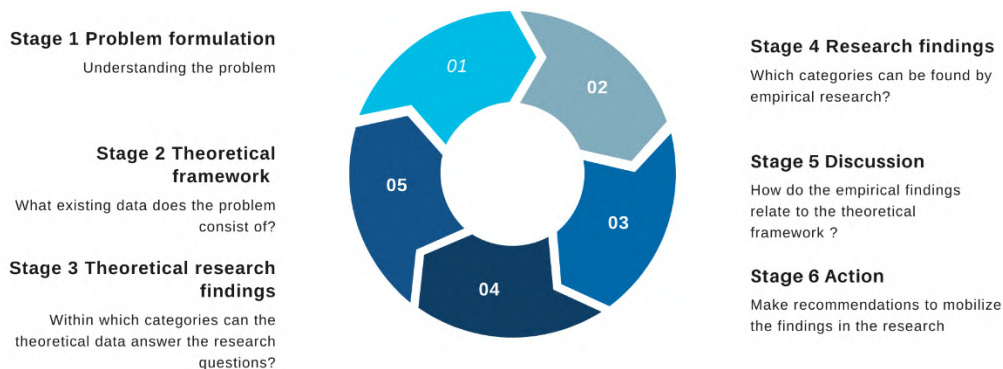


Figure 18 stages of the report based on the empirical cycle (own image n.d.)

### 1.2.3.1 Stage 1: problem formulation

As seen in the first chapter, the Dutch housing market needs affordable homeownership, while cities are increasingly run by wealth. The CLT is proposed as an answer in order to increase affordable homeownership whilst also giving communities power. However, it is unclear how the CLT can establish itself in the Dutch housing market.

### 1.2.3.2 Stage 2: Theoretical framework

The theoretical framework should explicitly aim for a hypothesis. However, the existing research in the support towards the CLT is limited. On top of that, there is no CLT in the Dutch housing market. Therefore, there is no existing framework to research on. Therefore, a market research into the CLTs in Europe and a market research into the Dutch housing market will be done. A set of concepts will be presented from this research, which will be developed into an assumption. Similar concepts and other aspects found in the two markets will be presented at the end of this stage.

The market research in the CLT is to find an answer to the first sub-question:

- How do CLTs acquire support in Europe?

This international comparison could put general support for CLTs into words. Furthermore, it should also underpin the proposition that CLTs are a viable housing model. Similar mechanisms will be categorized, and similar categories will be grouped into concepts, as seen in figure 13.

After understanding the CLT market in Europe, the Dutch housing market will be explored. This market research portrays the context wherein the CLTs has to be created. Different housing models and the mechanisms surrounding these models will be explored to give background to the sub-question:

- How do different Dutch housing models get support in the Netherlands?

The Dutch housing support mechanisms for various housing models will also be categorized into categories and subsequently be grouped into concepts.

This dichotomy of the two fields of literature is shown below in Figure 19.

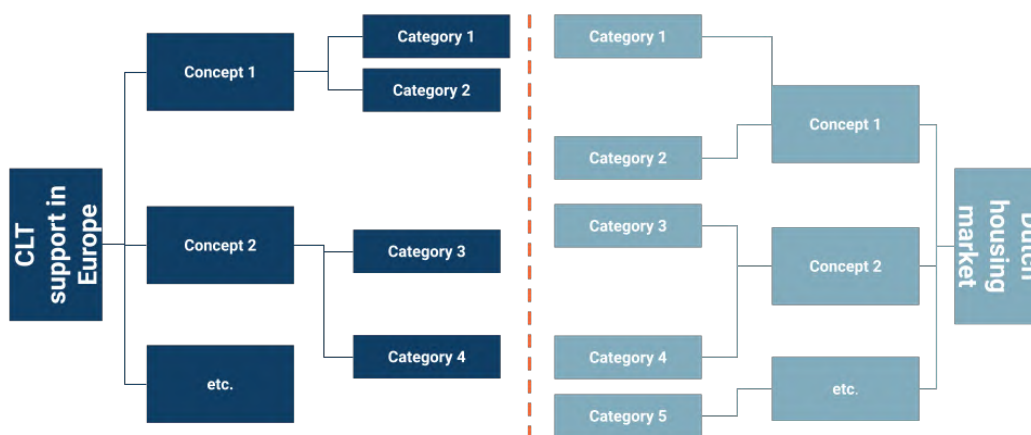


Figure 19 The CLT market research and Dutch market research in parallel (own image n.d.)

### 1.2.3.3 Stage 3: Theoretical research findings

Current support mechanisms for affordable or collaborative housing used by the CLTs in Europe are compared to the Dutch housing market mechanisms. The comparison looks for similarities within mechanisms or concepts. These similar mechanisms or concepts show the latent support potential of the housing market and form the first basis to answer the question:

- *How can CLTs make use of existing support in the Dutch housing market?*

From these similarities, an assumption is made about how the CLTs could replicate support mechanisms in Dutch housing market, to tailor it to themselves.

It also has to be formulated why these mechanisms should be used for the CLT in the first place. For example, in a later section, it is shown that housing associations get loan securities on their public loans. This loan security can be beneficial for CLTs, but in reality, the institution providing the loan has strict conditions on their securities. In order to argue that the CLT should be able to apply to this security, they have to show that they are in line with the conditions.

The CLT will also be placed amongst the found affordable and collaborative housing models in the Dutch market. Within the housing market, it can thus be asked what the added value of the CLT is, relative to all the different housing models. This will be explored by comparing the different models which will provide an answer to the sub-question:

- *What is the added value of CLTs in the Dutch housing market?*

The position of these findings are visualized in Figure 20, showing the similarities between categories of support between the two contexts.

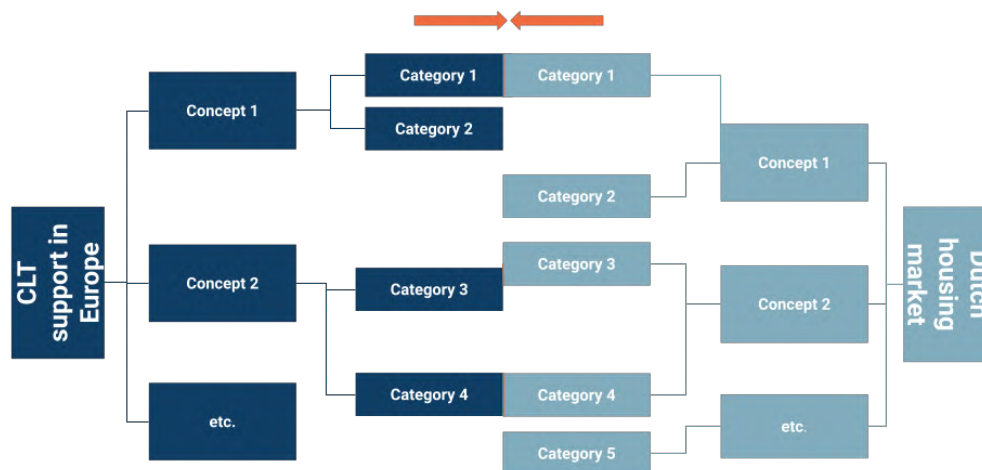


Figure 20 similarities between the support in the European examples and the Dutch market (own image n.d.)

### 1.2.3.4 Stage 4: empirical research findings

In the empirical research findings, new empirical data is collected to examine if the previously mentioned mechanisms and assumption are crucial to answering the research questions. This validation will be done by interviewing experts about the Dutch housing market and the mechanisms in it. It will explain the

mechanisms and how they relate and add to aspects of the CLT. The interviews are an essential factor in answering the main research question:

- *What are the opportunities for CLT's in the Dutch housing market, and how can these be mobilized?*

In the empirical research, the previously found concepts will be presented for the interviewees to validate or refute. The interviewees will also add more concepts if they deem necessary. This will answer the first part of the leading research question: "what are the opportunities in the Dutch housing market?"

Following this, the interviews will substantiate how and why certain mechanisms can or cannot be replicated or used in favor of the CLT. The reasoning and practical working of the found mechanisms will provide for a more holistic answer to the sub-question:

- *How can CLTs make use of existing support in the Dutch housing market?*

On top of that, it will also answer the second part of the main question: "How can these be mobilized?"

#### 1.2.3.4.1 Sampling

The sampling was aimed at founding-members of support mechanisms or alternative housing models because they have the first-hand experience in developing a new housing model.

As will be shown in the comparison between housing models and CLT, the Netherlands has housing models that share aspects of the CLTs. These involve the cooperative nature of CLTs, separating land and property ownership and resale conditions. Experts from these sectors will be sampled for the empirical stage of the research. Some Dutch housing models and support mechanisms, have similarities with the CLTs in Europe. Therefore, experts who worked with these models, and mechanisms, will be sampled directly, as shown in Figure 21.

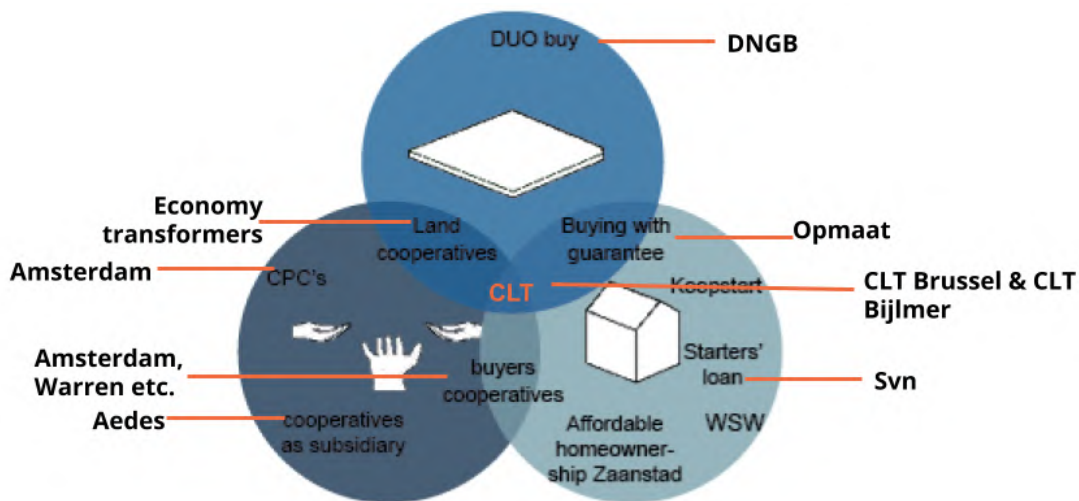


Figure 21 Mechanisms similar to the CLT (own image n.d.)

However, there are more involved parties. The realization process of such a development can be explained through the following narrative:

1. The process starts when a CLT or other **collaborative housing initiative** wants to start a housing project.
2. They will do so in a **municipality** which will help them in any public way possible. This could mean finances, permits or land.
3. Secondly, the initiative needs to finance its land and property. Whenever it cannot do so itself, the initiative can loan this from the **private sector**. This is generally a mortgage from a bank.
4. This will not always be enough because the bank will demand more help or security from the initiative. Therefore, the **semi-public** companies, helping affordable housing methods and intermediate models, are called upon to support the land and/or property's affordability or purchase. Therefore, parties mentioned in bold are all interviewed for this research.

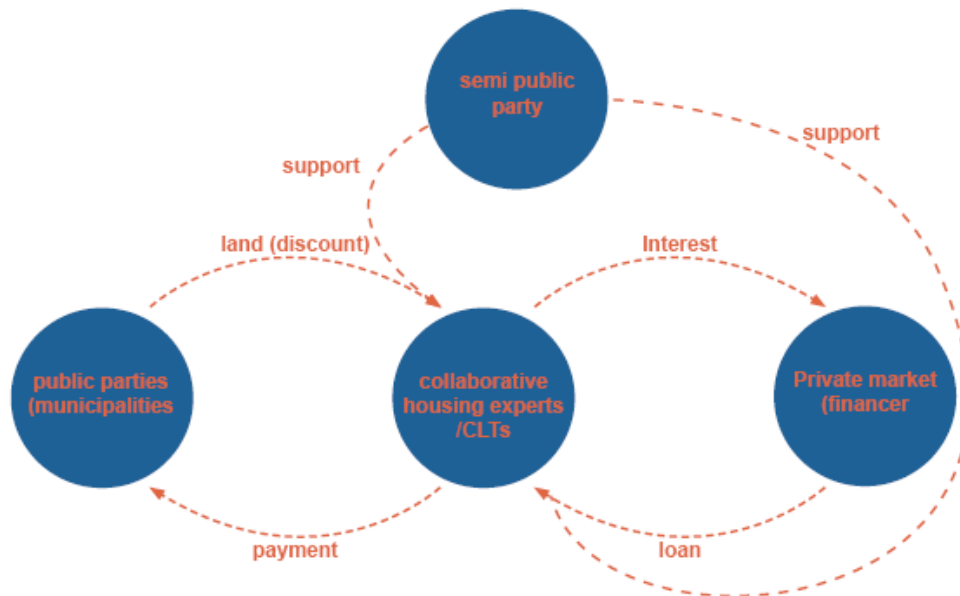


Figure 22 interviewed parties relationship diagram (own image)

For the sampling of the public parties, the interviewees are sampled from three municipalities. The municipality of Amsterdam, which has many cooperatives and supports many new housing cooperative initiatives, the municipality of Rotterdam which has very few cooperatives and does not aim for any new initiatives, and Almere which also has room for some alternative housing models.

The second segment is the semi-public parties which provide support for different housing models. These are companies working with public funds and provide support for social initiatives with certain causes. These include mechanism to access affordable housing funds, guarantees, but also experts behind HAs.

Thirdly, the collaborative housing models and CLTs also place themselves between the public and private market, like the HA and have their own experience in the process. The previous market research also does not take philanthropic market into consideration, which as shown in the foreign examples, can play a major part. For that reason, the Schumacher centre for new economy, the economy transformers and the LSA are also included in the research. These organizations have a history of working on the intersection

of private, public and philanthropic domain, realizing housing and other similar projects. They will shed light on the plausibility of the housing projects and the bigger picture in general.

For the private market parties, the company that supplies DUOkoop mechanism and four banks are sampled. The two largest mortgage lenders of the Netherlands, of which one is also a cooperative bank as its legal form, and two banks that are marketed as banks with social investment goals.

Therefore, the population of the study is categorized as shown in appendix 8.4.

This beforementioned sample acts as relevant and reliable sources in their wide understanding of the Dutch housing context in its different forms.

#### 1.2.3.4.2 Acquiring empirical data findings

The primary research will be conducted in a qualitative manner through in-depth interviews, because the willingness to support is based on the socially constructed perception of the actor giving support rather than being based on measurable parameters.

The In-depth interviews are characterized by extensive probing and open-ended questions following a semi-structured protocol or guide. The interview's semi-structured nature ensures a systematic and paceable approach to the interview (Seale, 2012). The guide will present information about the CLT and the similar models and mechanisms found in literature.

The models, mechanisms and concepts could provide inspiration for the interviewee, but this is not the focus of the interviews. The interviewees will be asked about their own experiences in their respective models to get closer to the core of the exact issues regarding realizing housing tenures like CLTs. The interviewees will be asked about their own experiences in their respective models to get closer to the core of the exact issues regarding realizing housing models like CLTs. The questions relate to why the expert developed the model, its pros and cons, and the perceived barriers and crucial enabling factors surrounding the model.

Similarly to the theory, these factors will be categorized into categories. Taking elements of the "constructivist" grounded theory, the categories will be compared amongst themselves and recategorized into concepts (Bowen, 2006).

The concepts and categories from these interviews will be compared to the literature to strengthen the answer the research questions below.

- How do Dutch established and alternative and affordable housing models get investments in the Netherlands?
- How can CLTs get support in the Dutch housing market?
- What are current CLT barriers in the Dutch housing market and how can these be overcome?
- What is the added value of CLTs in the Dutch housing market?

A visualization of the reason for this stage is as seen in Figure 23.



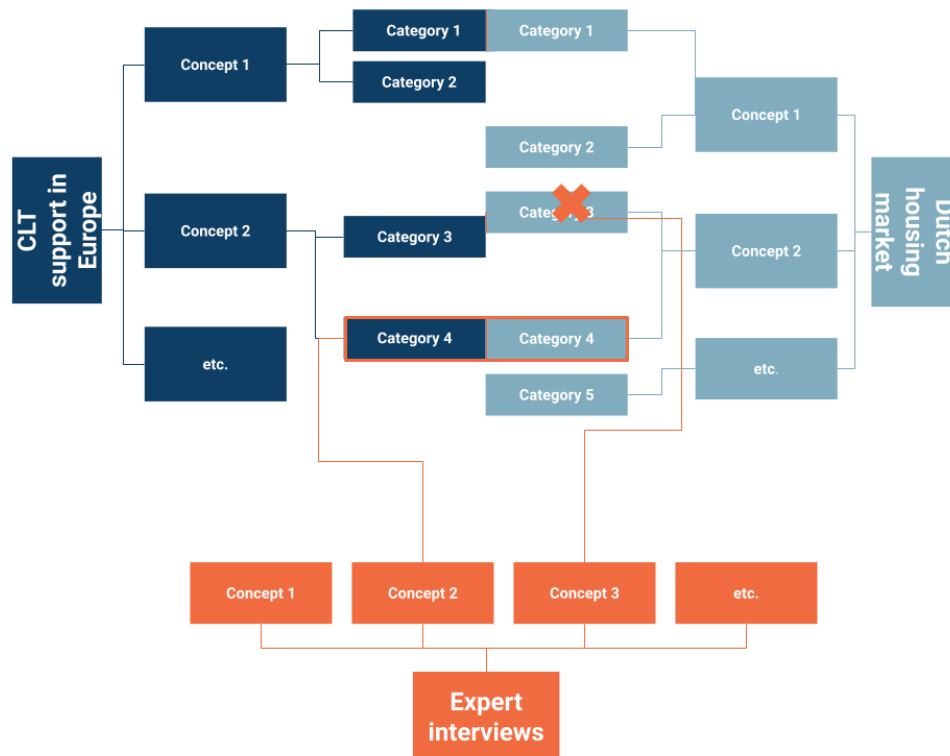


Figure 23 empirical category validation: validation of the interviews on the market research (own image n.d.)

### 1.2.3.5 Stage 5: Discussion

In the evaluation phase, all the sub-questions will be answered and concluded. The questions are answered by comparing theoretical and empirical data to substantiate the answers. The interview findings will be categorized in the discovered concepts found in literature. The answers give the base on what the opportunities and barriers in the Dutch housing market are.

### 1.2.3.6 Stage 6: recommendations

Lastly, recommendations to the different market parties will be formulated. These recommendations should enable the parties to support CLTs more effectively. The recommendations will also show in what manner the CLT can come to existence in the Dutch housing market.



## 2 Theoretical framework

### 2.1 Affordable housing

As stated in the introduction, there is an affordability gap between social housing, the overpriced unregulated rental sector or the homeownership sector. The CLTs could provide a solution for this income group. The group consists of mid-income earners with an annual income above €39.055. The incomes below that annual income can apply for the subsidized social housing sector. The earners above that income are left to the expensive, financialized, and privatized rental sector (Wijburg, 2020). This makes housing inaccessible to a relatively large group of the Dutch population (Van den Bos V. , 2020).

These mid-income earners could lower their housing cost by attaining a mortgage. However, as stated before, the Dutch banks reduced the credit supply, and therefore, the accessibility to a mortgage (Boelhouwer, 2019; Turner A. , 2017). Thus, mid-income earners need a more affordable form of accommodation, as the financialization of the market will continue without significant economic reform (Wijburg, 2020). This housing model, which allows the household to afford other basic living costs after the housing costs and falls between the social and private rent, is called affordable housing (Czischke & Van Bortel, 2018) (Figure 24).

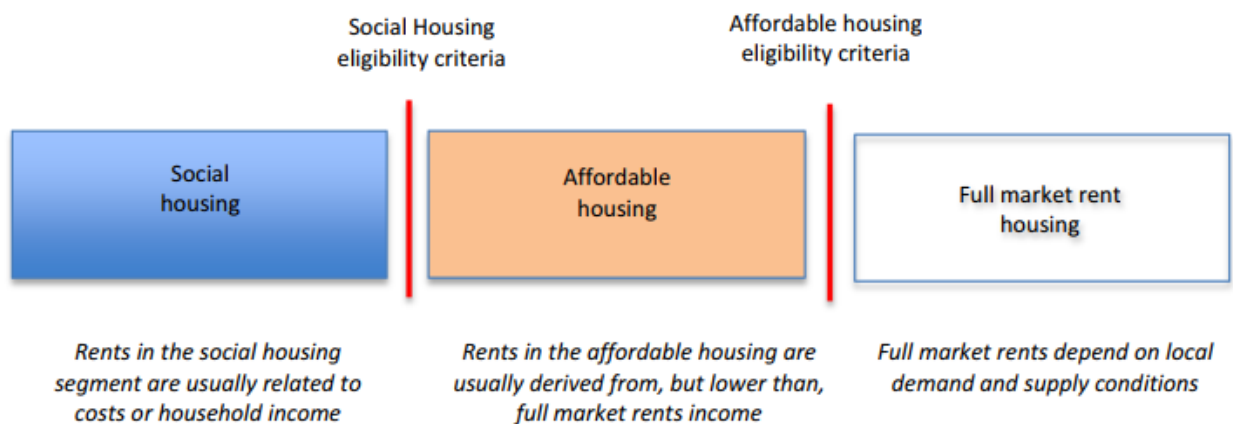


Figure 24 Rental housing segment (Czischke & Van Bortel, 2018)

Arguably, a larger mid-rental sector can improve the situation for renters, but this does not increase the chances into the homeownership market without considerable liquidity. However, CLTs are a way of increasing accessibility into the homeownership market, as reducing the initial cost of homeownership could be a step up to the regular homeownership sector. Oxley (2012) described affordable housing more elaborately as "a form of housing allocated outside of market mechanisms according to *need* rather than the ability to pay". Therefore, CLTs also falls within affordable housing. The housing framework from Czischke & Van Bortel (2018) can also be changed to a succession towards the homeownership market (Figure 25).

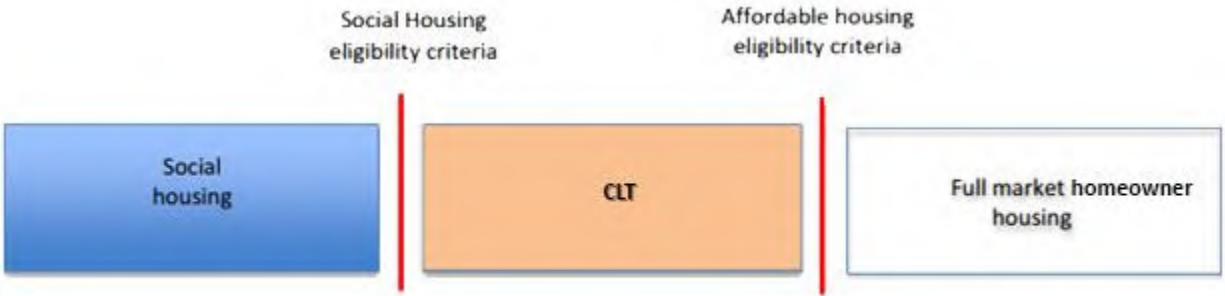


Figure 25 CLT location in the housing market (Adapted from Czischke & Van Bortel, 2018)

## 2.2 Background of CLTs

### 2.2.1 Structure of the CLT

Davis (2014) described the start of the CLT model in the seventies as a model to develop cooperatively owned enterprises and individually owned houses on land owned by a non-profit entity. Land ownership was therefore replaced by usership or shared ownership. The individual users would be tied by a shared long-term land lease and keep profits to develop their enterprises and dwellings.

This philosophy still thrives in current CLTs but is executed through different models. This research will focus on homeownership through CLTs. The CLT model is unique in three ways: enforce social sustainability, local participation and perpetual affordability. The three aspects (as seen in Figure 26) will be explained in the following section.

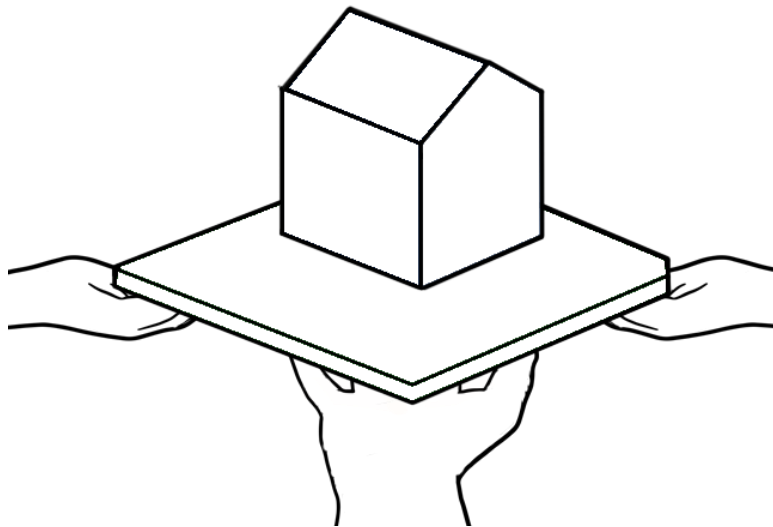
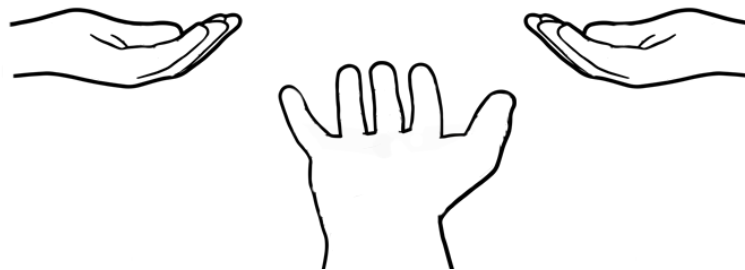


Figure 26. Three aspects of CLT

As shown in Figure 27, a standard 'trust' or board consists of 3 parties with equal power within the CLT. One-third part is the CLTs resident-members or the owners of the buildings on the land. One third is the neighbourhood surrounding the CLT area. One-third are experts or other expert-stakeholders, such as local authorities that embody public interest (Davis, 2014). From all the collaborative models, where collaboration implies both, within as outside the resident groups, the CLT embodies the outward collaboration more than other collaborative models (Thompson, 2020). This is shown by the fact that the expert-stakeholders and surrounding neighbourhood stakeholders are part of the trust, ensuring a broader sustainable perspective than an organizing organ with solely the resident-members.

Another aspect the trust shares with many other collaborative models is that the trust views housing as a social task without a commercial objective (Zonneveld, 2020).



*Figure 27. The tripartite governance body*

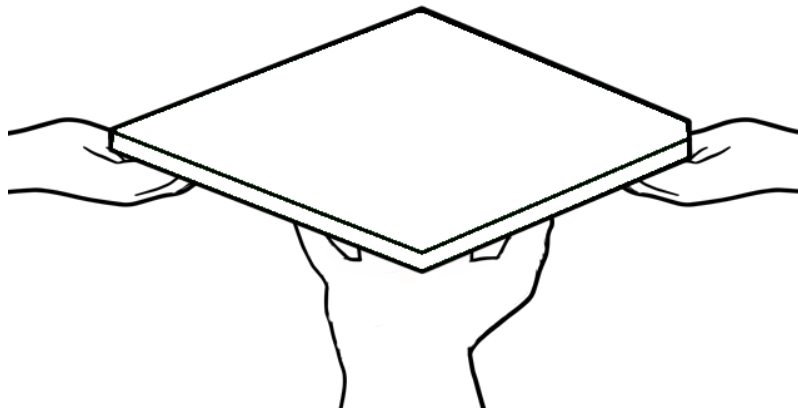
This CLT acquires funds to acquire (multiple) parcels of land in geographical locations. They then lease the land to the homeowner that builds or buys property on the land. This makes the property itself more affordable because the homeowner does not have to buy the land. The homeowner pays a land lease that the board decided. This land lease is typically 99 years. The property, including the land lease, is inheritable and mortgageable. The building owners can obtain private financing to construct or improve their buildings (Davis, 2014). The user can obtain a mortgage of two-third of the market value when he/she does not have to purchase the land (dukoop, 2020). The Trust ensures affordability by setting terms in the lease contract, such as selection procedures and price ceilings for subsequent sales.

An individual does not own the land but owned by the trust. In the CLT, the land is paid through a lease to the homeowners on the land. The lease will finance loans to creditors and community services and possibly provides funds for expansion (Sullivan, n.d.). This also holds the potential to look at the land as more equitable ownership instead of private ownership (Attard, 2013).

The trust can decide on the right legal tools to balance the rights and responsibilities of residents with those of broader interest (Thompson, 2020). These rules can be locked into the lease and will, therefore, attract homeowners willing to add value to the property and environment, instead of exploitive landlords (Sullivan, n.d.) This outward focus makes the trust a higher order "steward", bringing about the greater good of the largest group of stakeholders. The dictionary definition of a steward is the "the careful and

responsible management of something entrusted to one's care" (Merriam Webster, 2020). To make it more precisely, Lowe & Thaden (2015) define the stewardship of a CLT to be: (1) resident betterment, (2) community control of land, and (3) asset preservation. This is done to provide lasting benefit to the households, CLT community and even the larger community (Lowe & Thaden, 2015).

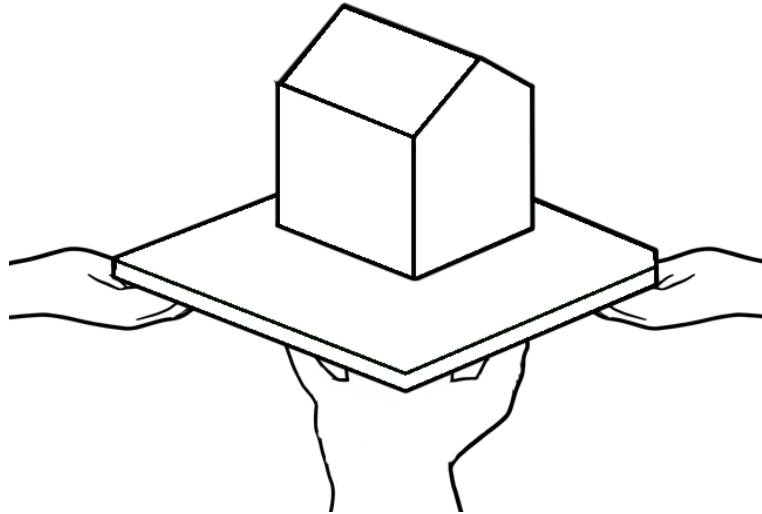
Another unique aspect of the CLT is its perpetual perspective. To ensure this greater good in perpetuity, a statutory "asset-lock" for the land (or other CLT owned assets) is crucial. This "asset-lock" has to ensure that the transfer of the land can only happen for the community's direct benefit. On top of that, in event of dissolution, the assets will be transferred to another asset-locked organization (Thompson, 2020). This is an unique mechanism, protecting the social sustainability and affordability in perpetuity.



*Figure 28 Securing land from the market*

As the land stays in ownership of the trust, it can keep control over the area and the affordability. One way to do this is by capturing a part of the property's price increase and reinvesting that in the neighbourhood. The owners of the property have accessed the housing market. They also have reduced housing costs, which allows them to save for another house. At the moment of resale, the CLT only allows the owners to sell the house and land lease with a fair value increase. Amongst CLTs, there is a range of resale formula, ensuring a fair price for both seller and buyer (Thaden, 2012). The resale formula is designed to give departing homeowners a fair return and giving future homebuyers fair access into a below-market priced home. The idea is that any personal and financial growth will go to the users themselves instead of paying higher housing costs to the landlord. The consecutive owner will then pay a fair price for the building and land which is not based on speculation, but real improvements.

However, the communal land stewardship is not solely focused on land. Community control on the land focusses on all aspects of resident engagement and area development. This includes community services activities and conserving land or nature, as well as commercial activities (Lowe & Thaden, 2015).



*Figure 29 Affordable homeownership*

It is essential to consider that the typological definition and functioning of CLT organizations differs per context. To make this concrete, the CLT could be different based on the following:

- The nature and goals of the project leader
- The CLT's population target
- The objective pursued by the CLT
- The level of participation of the CLT in every process
- The policy environment
- Access to land
- Access to housing and tenant models
- The scale of the CLT

Each of these points impacts the CLT significantly. Therefore, it is necessary to understand that the literature consists of different cases. However, the cases have similar financial barriers and support mechanisms, which will be addressed in this research.

### 2.2.2 The social aspect of CLT

The CLT could provide an affordable pathway into the Dutch urban housing market whilst also securing affordability in the long run because of its anti-speculative nature. Figure 30 confirms that the CLT is not only a housing model. It is also a vehicle that plays a critical role to support marginalized people to form supportive communities in the housing market (Scurrah, 2018). Keeping these communities in the city results in fewer commuters whilst also keeping a social mix in the city. On top of that, the key workers of society are generally the lower-paid residents. The CLT has historically played an important role in keeping these key workers in cities where they are needed (Algoed & De Pauw, 2020).

	MISSION			STRUCTURING		
	What	What for	For whom	Governance	Scope	Operation
T.R.U.S.T. South L.A.	<i>Confirmed as a local institution</i>	Social, economic and environmental justice	African-American and Latino Communities	Tripartite governance	-Defined by major transportation axis -Overlapping neighborhoods and districts	-Campaign with affordable housing developers -Rely on LIHTC
Los Angeles Eco-Village	Internal conflict - Technical tool supporting a demonstrative project -Org. open to the surrounding community	Internal conflict -Environmental sustainability -Stabilize neighborhoods	Internal conflict -Intentional community - Neighborhood's residents	Tripartite Governance, under discussion (to be evolving into a dual structure)	Internal conflict -2 blocks -1-mile radius around a metro station	-Autonomous -Rely on donations, investment from members and DIY practices
London CLT	<i>Confirmed as a local institution</i>	Provide genuinely and permanently affordable homes linked to wages	-Lower to middle class in housing need, -High social involvement -In capacity to contract a mortgage	Tripartite governance	Deconcentrated -Citywide outreach -Rely on organized community at the borough level	-Campaigning lobbying, -Direct development and agency root model -Rely on community shares and ethical finance
Rural and Urban Synthesis Society (London)	<i>Confirmed as a local institution</i>	Create sustainable community-led neighborhoods	-Diversity of income mix -Affiliation to the self-built movement	Not under tripartite governance but centered around its members	-Lewisham Borough -Aim at scaling up to city-level	-Campaigning, lobbying, -Self-building -Rely on grants and loans from ethical bankers
Coopérative Foncière Francilienne (Paris area)	<i>Confirmed as a technical tool</i>	-Deliver a product (BRS) -Improve the residential mobility of tenants	-Tenants of the social housing stock -First time-buyers under income ceiling	-Cooperative governance -Inspired from the functioning of its founding members	-Regional -Based on the functioning of its founding members	-Rely mostly on public lands and concessional loans from public bank -and on the expertise of its members
Montreuil OFS project (Paris area)	<i>To be defined</i>	-Enforce local housing policies -Support local initiatives on the ground	Tenants of the Montreuil social housing stock	<i>To be defined</i>	<i>To be defined</i>	Will probably rely on public resources (tbc)

Figure 30 Individual frame's impact on CLT's and OFS's (Pialucha, D.; 2018)

CLTs and other collaborative models place the inhabitants back to the centre of the development process (Pialucha D. , 2020). This is also a fairer way of housing as the added value , which is a result of the efforts of the neighbourhood and residents, will be reinvested in the existing neighbourhood (Algoed & De Pauw, 2020). This reinvestment in the neighbourhood is part of a dual relationship. The residents invest in the neighbourhood, shape it according to their likes, and the neighbourhood reinvests back into the residents. In this perspective, being a resident of the city and neighbourhood cannot be done individually. Residents need to collaborate (Sansen, Juwet, Deruyter, & Gruijthuijsen, 2020). Turner stated it this way:

*"When dwellers control the major decisions and are free to make their own contributions in the design, construction, or management of their housing, both this process and the environment produced stimulate individual and social well-being. . ."* (Turner & Fichter, 1972))

Gruis & Van Bortel (2019) also stated that citizens' involvement can improve the efficiency and effectiveness of public service delivery whilst also strengthening the public and citizen relationship. Unlike many other housing cooperatives, the CLT is not only governed by the residents but also non-residents. This way, the CLT can balance long and short term benefits of the land (Horlitz, 2012).



### 2.2.3 Social investments in CLT

There are many shortcomings in support for various CLTs, which impedes the continuous development of them. It is evident that financial support impacts communities on a scale of different levels. Residents and community stakeholders experience these impacts, but it does not generate direct financial returns for investors. The inherent value of the housing affordability is one part. The CLT can even look beyond housing to generate profit.

Increasingly more CLTs have included commercial development on top of their housing developments to react to the community's needs. This commercial development generates extra income to support residential activities, make a market in distressed neighbourhoods and support progress in transitional neighbourhoods. Contrary, the CLTs could keep local business owners in their known location by maintaining affordable rents just like they do in their housing. This model follows the shared equity framework for the commercial structure like the CLT houses (Nelson, 2013).

This larger-than-house perspective should improve on the cohesion of the users and inhabitants. The Dutch king Willem-Alexander stated that the Dutch society is changing to be increasingly participative (2013). This signifies the need for a social market which includes both economic and human factors. It sets the norms in the public interest through its system of self-accountability and through stakeholder involvement (Bruyn, 1995).

Nelson (2013) studied multiple CLTs on their economic and social impacts. Nelson (2013) identifies between direct impacts, like investments that result in job creation and daily operations of commercial real estate, indirect impacts, additional spending resulting from the development, and induced impact, which reflects changes in local spending as a result from income change.

These impacts increase the inherent market value of the neighbourhood. At the same time, the CLT captures this value increase locally by investing in the public space.

Examples:

Name	5 residential CLT units in New Orleans	234 Loyola	2645 Lafitte
type	affordable housing	mixed-use	commercial
total development cost	\$1,195,035.00	\$41,891,575.00	\$4,448,214.00
economic output of construction	\$901,786.00	\$34,109,433.00	\$8,337,011.00
labor income of construction	\$408,999.00	\$5,912,835.00	\$4,348,604.00
Employment	5.7	230	59
Economic output after 5 years of operations	\$40,341,975.00		\$2,288,215.00
labor income operations	\$23,135,930.00		\$1,006,815.00

Figure 31 economic returns of CLT's (own image, based on Nelson, 2013).

However, what was concluded from these examples is that these CLTs have had social and financial successes. These examples also show that CLTs preserve communal wealth instead of privatization of public subsidies.

Another important social factor is that the CLTs mortgages performed much better than regular mortgages during the GFC. A survey among 2.719 CLT's resale restricted mortgages showed that national US mortgages were 4.3 times more likely to delay their payment and 5.9 times more likely to be in the process of foreclosure (Thaden, 2010). Thaden (2010) noticed that this resulted from the stewardship of the CLT on their tenants. The CLT educates, prevents and intervenes in their payments if their tenants threaten to come in financial trouble (Thaden, 2010). The lower-income tenant can grow out of their financial situation and gain financial independence, and the mid-income earners enjoy housing stability. These effects show that the tenants' participation of CLTs pays off. First of all, for the tenants themselves, but also for the CLT, and also for the municipalities. Municipalities can occur costs for homelessness and other financial aid which will be prevented by the CLT.

Because of the ability to stabilize the lower-income tenants, the CLT can also pose as a placemaking agent combined with the larger community perspective. Placemaking is the process of expressing and developing the identity of a location and area. It adds to the safety, health and wellbeing of location and thus a community (Verheul, 2017). Placemaking can also increase the value of real estate in a geographical area (Verheul, 2017).

#### 2.2.4 CLT structure

CLTs have their roots in the Anglo-Saxon system, allowing different ownership structures and support mechanisms. However, that is not the case in most European countries adopting CLTs, and as mentioned before, every context brings specific measures. Support is tied to specific schemes or activities where the CLTs activities do not always qualify for (Archer, Green, & Fisher, 2019; FMDV, 2018).

It is necessary to know what activities CLTs need support for in Europe. The following section will present the five different development stages of a CLT.

The development of a CLT relies on five steps (as shown in Figure 32):

1. **Group:** Forming a **group** that fulfills all the tasks regarding initiating the community led-housing organization. Doing feasibility studies, establishing mandate, developing partnerships.
2. **Site:** Finding and acquiring a **site** for development. This could also be a building for redevelopment.
3. **Plan:** All the activities leading to acquiring all the **planning** consent, contracts and permits.
4. **Build:** All the activities relating to building real estate on the site.
5. **Live:** Tenancy of the homes and the activities involving management of the property when the tenants are **living** in the CLT.

(FMDV, 2018)

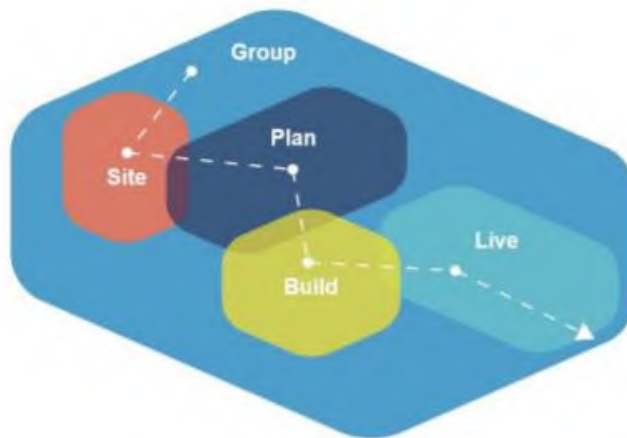


Figure 32. The five stages of community led development (Power to change 2016, pp. 5-6)

## 2.2.5 CLT support gaps Europe

The aforementioned examples show the potential of CLTs. However, in reality, CLTs fall short to get sufficient financing for all the activities, as is expected from social housing models. In this chapter the perceived impediments from investments in social enterprises and CLTs are discussed.

EU countries have different support mechanisms and funding sources. The CLTs, however, cannot gain access to these sources even if the goal is similar. Some successful CLTs have gotten public support, but not all their activities get the support they need. To establish CLTs as a viable housing product, there is demand for more support. All the CLTs across Europe have different needs, but some needs can also be similar. The paragraphs below summarize general shortcomings that the CLTs experience.

### 2.2.5.1 Capacity building

At the start of setting the CLT up, there is some need for professional knowledge to come from the group and start capacity building activities (FMDV, 2019). Capacity building in this sense includes all the methods the CLT gains skills, knowledge and other resources for their activities. This includes training for employees as well as hiring the necessary experts. Social enterprises tend to gain less investments because of financial illiteracy and misunderstanding the lenders appetite (Glänzel & Scheuerle, 2016; Archer, Green, & Fisher, 2019). Getting professional service and in-house financial expertise could not only help the group to get ready for future financing and effective use of regulatory instruments, but also help the group make the business plan comprehensible for investors (Archer, Green, & Fisher, 2019; Glänzel & Scheuerle, 2016). A factor increasing CLT success could be reducing costs for professional services. Providing start-up finance prior to the official inception of the CLT also increases the effectiveness of group forming (Archer, Green, & Fisher, 2019).

Next to the professional organizational side of capacity building, the technical expertise regarding the building or planning process is also necessary to improve investor confidence. This aspect is also the process in which the CLT can face the most obstructions and is, therefore, perceived as risky, resulting in high borrowing rates (FMDV, 2018).

#### *2.2.5.2 Access to land*

There is also a lack of support from both local and national parties in terms of long-term funding or gap financing, as well as an efficient legal framework for the CLT (FMDV, 2019). Social housing providers or municipalities can provide land for social development purposes. The land could also be bought from the regular market, but there is also lack of investments from social investors which is largely due to the lack of de-risking instruments (FMDV, 2018). Archer (2019) recommends reduced interest rates on pre-development loans. This is especially important in an era where revenue grants for groups have increased. In the UK, the Charity Aid Fund venturesome can look at alternative charging structures.

In the case of unorthodox funding structures, it is important to consider that these models should also be transparent to- and in line with other investors, to ensure that these investments attract instead of impede investments (Glänzel & Scheuerle, 2016).

#### *2.2.5.3 Planning*

In the planning phase, it is hard to get pre-development investments as (social) investors generally want to see the result of their investment. This demand from investors makes it hard to make the business plan for the CLT as many of the financing needs stem from cost-covering or service fees (Glänzel & Scheuerle, 2016). Therefore, it is extra important to ensure finance to support both organizational activities and scheme development (Archer, Green, & Fisher, 2019).

#### *2.2.5.4 Construction*

In this phase, CLTs see shortcomings in affordable construction loans. To attract these cheaper loans, more de-risking instruments can improve the attractiveness of investments (FMDV, 2019). This phase also needs commitment from project managers and contractors. Finding diverse investment sources beyond conventional construction loans could help significantly (Archer, Green, & Fisher, 2019).

#### *2.2.5.5 Access to homes*

After the CLT's physical activities are completed, the CLT also helps users of the land to access the homes. The CLT needs diverse commercial mortgages or model schemes offered for households (FMDV, 2019; Archer, 2019). The chapter on intermediate models shows the different housing models already available in the Netherlands.

#### *2.2.5.6 Running the organization*

It is lastly also important to keep the CLT running. Some CLTs lack financing in this final stage regardless of the land lease (FMDV, 2019). To ensure affordability on the long run, it is necessary that there is more financial support (Archer, Green, & Fisher, 2019).

As of now, the funding is focused on the project type, such as solely for a construction project or for planning a socially focused design. However, the CLT, has many facilitating functions which need general funding. As the CLT is a new development, EU funds have not specifically tailored any funding to this type of cooperative (FMDV, 2018). Yet, applying for broad funds that do not have a specific goal for the social enterprise have disproportionately high transaction costs (Glänzel & Scheuerle, 2016).

### *2.2.6 Other financing considerations within the CLT*

It is clear that CLTs rely on public support. On one hand, it shows a willingness in the political climate. On the other hand, it puts them in a vulnerable position: becoming dependent on public funds. There are significant funding gaps despite the currently received public support. How these public funds are set up

is generally very different from the way the commercial market acts. As most investors view investing through the lens of the commercial market, investors perceive business models based on public funding as risky. This is both due to their bureaucracy, but also their subjectivity to the political landscape (Glänzel & Scheuerle, 2016). Public and private funds, often have different goals too. Public and investments funds do not always require repayment or interest payments. In turn these funds have high demands from the loan taker, which can hinder other investors.

On top of that, Axel-Lute, (2010) argues that a common criticism point of all community developers is that reliance on accessing public affordable housing funds turned them away from their original civil rights philosophy. The developers who succeed in getting access focus too much on following the funds agreements rather than the community's. To keep good stewardship true, the CLT organization needs a strong mandate to ensure that their stewardship responsibilities of supporting a community are not threatened.

Glänzel & Scheuerle (2016) also see this problem with social investors. At some point, the investors could interfere in the process of the enterprise to ensure financial performance instead of social performance. The problem is that there is a disbalance in the language that the CLT and the investors are speaking (Archer, Green, & Fisher, 2019). Many social entrepreneurs do not have a business background and lack the financial knowledge to attract investments (Glänzel & Scheuerle, 2016).

Lastly, the investors and the social entrepreneurs have a different perception of risk, which makes it difficult to perceive risks. Social venture capital funds assign higher risk premiums to social enterprises than normal venture capital customer, while other investment intermediaries consider social enterprises less risky because of the ethos of the social entrepreneur. One investor stated "In total, there is less risk, I would say due to these different ethical-moral attitudes of social entrepreneurs" (Glänzel & Scheuerle, 2016).

The social section of impediments of social impact investments lie in the fact that the social return on investments is not seen as valuable in financial terms. The methods that measure social impact are too inefficient to be largely adopted (Glänzel & Scheuerle, 2016).

All these barriers have to be taken into account when answering the research question. If opportunities are explored, they will have to answer to, and overcome the barriers discussed.

### 2.3 Background Dutch housing market

Having recognized opportunities and barriers of foreign CLT's it is necessary to get an understanding of the Dutch housing ecosystem. This is done in order to identify supporting actor's in the Dutch context and how they can contribute to the CLT in the Netherlands.

Before explaining the housing market it is important to understand that the housing market starts with land. Land is either acquired from the free market or from municipalities. As the CLT focusses on the segment not served by the market, the emphasis in this chapter lies on municipal land. Municipalities form prices through negotiations with market parties, market researches and comparison with neighboring municipalities or through the residual value (Hanselaar, 2020). Currently, the land acquisition for municipal much of the land is calculated through the residual value model. The residual value = the gross profit- costs = the value of the land. Based on this residual value municipalities calculate standard

land prices for different housing segments (Gemeente Utrecht, 2019; Gemeente Den Haag, 2020; VNG, 2017).

These segments are most prevalently seen in the rental segment (see Figure 33). The figure also shows that the Dutch owner occupier holds the largest share of the market. Sharing the ownership aspect, it can be hypothesized that the CLT could also gain support through this channel. However, this is not necessarily the case as each investor has his/her own strategy. Therefore, the rental sector, and most prominently the social rental investors, will be discussed as well. Lastly, as the CLT includes aspects of affordable housing and homeownership, cooperatives and other affordable models of homeownership in the form of intermediate models will also be explored.

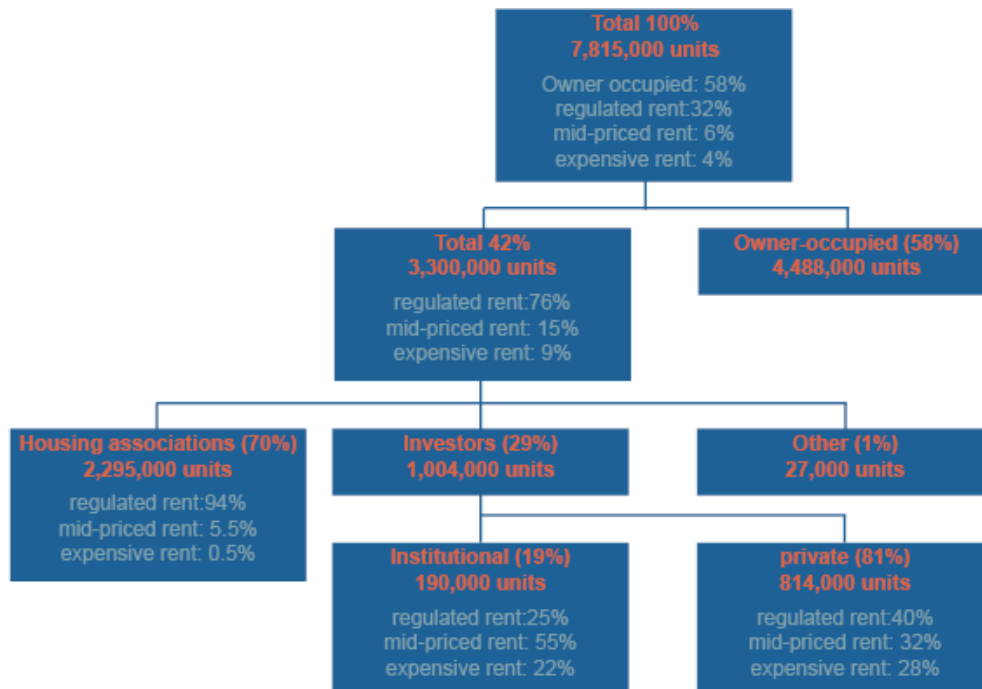


Figure 33 The structure of Dutch housing market (Capital value, 2020)

### 2.3.1 Owner occupied

Figure 33 shows that the majority of the Dutch housing sector is owner occupied. The owner-occupied sector is strongly supported by mortgage interest relief. The mortgage interest is income-tax-deductible and is combined with a low imputed rent (Priemus, 2010). As stated in the Introduction, after the GFC, Dutch mortgage loans were harder to access and lower loan-to-value and loan-to-income ratios were allowed. This leads to the fact that, otherwise eligible households, cannot afford to buy a house (Boelhouwer, 2019; AEGON, 2020; Van Beek, 2020).

These mortgages are on a large scale distributed by banks (AEGON, 2020), with more than half in the Netherlands owned by the three largest banks: ABN AMRO, Rabobank and ING (De Best, 2020), followed by institutional investors like the pension funds and insurances as seen in Figure 34 (AEGON, 2020). Banks tend to secure their finance through an advanced agreed upon yields, which is the case in mortgages.

Institutional investors are characterized by investing in long term and having a low-risk profile, whilst still beating the market (Barros, 2020). These institutional investors invest on behalf of their members as expert investors (Chen, 2020). They increasingly value these properties based on stock prices and international finance reports (Aalbers & Van Loon, 2017).

Similarly to these long term investments with steady returns, the CLT also provides for steady return with a low risk while also ensuring a high social impact (Hartzell, 2020). In the later chapter describing intermediate models, another method of pension funds in the homeownership market including land lease is also described.

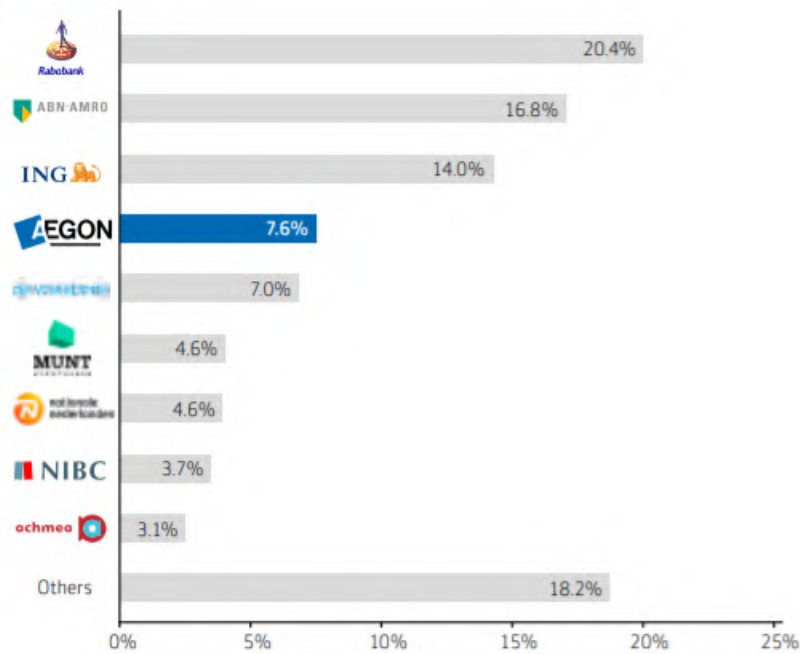


Figure 34 Mortgage lenders in the Netherlands (AEGON, 2020)

The Dutch homeownership market is also protected if the value drops below the acquired value. This is called the national mortgage guarantee (Nationale hypotheekgarantie: NHG). This is a fund that pays the difference back to the home seller if he/she sold the house below the acquiring cost. The NHG also secures established intermediate models as shown later. The models which the NHG secures are seen in appendix 8.1. This security on the loan, reduces risks for the bank, which results in lower interests on the loan.

Lastly, the Netherlands also knows homeownership on privately owned land. On privately owned leased land, the banks also have their criteria to assess a mortgage on. In the past, mortgage takers for homes on privately leased land, have come into financial trouble when the land lease suddenly increased or was unreasonable and unbalanced in another way. After these precedents, less banks were interested in offering mortgages on leased land. The Dutch association of banks therefore, made a set of criteria, which has to be fulfilled before the banks will offer a loan on leased land. They also made a model contract which private land owners could use to lease their properties with (Nederlandse vereniging van banken, 2013).

### 2.3.2 Rental segment

The remaining housing investors supply is the rental market. Although the large market share is owned by the regulated housing sector, unregulated rental housing causes disturbance in the sector as they have the liberty to set prices in the free market. These houses are largely owned by private investors (Capital Value, 2020). The market share is high, but the amount of investors is also high. According to CBS, the number of investors owning only one dwelling to let is almost 80 percent and the amount owning 2 dwellings is over 10 percent of all the private investors. This indicates that these private investors use real estate as a secondary income (CBS, 2018). More than a third work as an employee at a company, a quarter are entrepreneurs and a fifth enjoys a pension which indicates that these private investors use real estate to support their main income (CBS, 2020).

Then the remaining 19 percent institutional investors consist of mainly Dutch institutions with international institutions on the rise. More than half of these institutional investors focus on mid and high rental properties (Capital Value, 2020).

#### 2.3.2.1 Housing associations

Like every market, the Dutch real estate market is filled with actors which have different objectives and values. Traditionally, the market serves a profit-oriented objective while the public organizations serve a public goal. Pestoff (1992) argued that apart from the public sector and the market, there is a third sector. The third sector is a non-governmental organization that also serves public or social function. In this context, the CLT is a third sector organization.

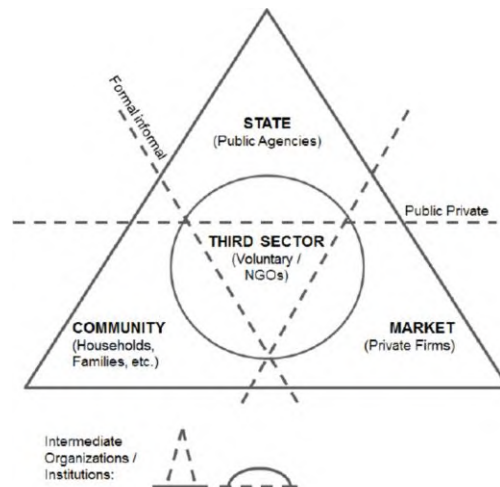


Figure 35. Pestoff's triangle (1992)

Understanding the investors' motivation to finance in this sector might grant insights in below-free-market investments. Taking Pestoff's triangle (Figure 35) into consideration, the CLT is a third sector actor to serve communities.

Similarly, Dutch social landlords in this research refer to landlords renting their assets out in the regulated market which is limited to a maximum annual increase and a maximum monthly rental fee of €737,14



(Capital Value, 2020). This is largely organized by housing associations (HA) that work without a profit principle, thus also being an example of a third sector organization. The public sector helps these HA's by being shareholders of large sector banks, where the HA's get their financing from (Haffner, Hoekstra, Tang, & Oxley). Nationally this is the Dutch waterboard bank (nationale waterschapsbank: NWB). On a municipality level there is a municipal bank (Bank voor Nederlandse Gemeente: BNG) and the housing fund (stimuleringsfonds volkshuisvesting SVn (SVn, 2019). These banks provide financing for the public sector and socially beneficial purposes. The public sector also helps HA's with a social housing security fund (waarborgfonds sociale woningbouw: WSW), where HA's can get extra financing if they fall into financial hardships. Adding to that safety, the Dutch government has an authority (autoriteit woningcorporaties: AW), formerly known as the centraal fonds huisvesting (CFV) that controls the functions and the financial health of the HA. All these measures ensured that the NWB and BNG banks have been granted a triple A rating, making the loan a safe investment. The WSW and AW also decrease the interest of the NWB and BNG banks. The public sector also helps the HA on a more regional scale. Municipalities can make their own decentralized land policy and decide on the land price for HA accordingly. One example is the municipality of Nieuwegein that does not simply use the residual value method for social land, but prefers a fixed low land price to justify the social task of the HA (Nieuwegein, 2015). Other municipalities may refer to market land prices because their financial viability depends largely on the exploitation of land. This all depends on the activity level of the municipality on certain lands.

However, even with the support, the HA receives, the land remains a stumbling block. Together with rising building costs, these standard prices increased with the market and threaten to impede new developments in the social sector (ABF research, 2020; Bekkers, 2020).

From the private sector, insurance companies, which have a long-term perspective, are investing in HA's. The social housing investments are considered as a safe investment with a slightly higher return than government bonds.

Foreign investors also come into play in the Dutch social housing market. Dutch housing cooperatives can apply for financing at the German GLS banks as their risk perception of cooperatives is lower than that of Dutch banks (Zonneveld, 2020). It can be argued, however, that these investments are set in place as a result of the government backing. Limiting growth is viewed as a blockade to entrepreneurial freedom, but regulated housing has longer tenancies than the free sector, and thus, contains less tenancy turnovers and other insecurities.

These private parties could act as third sector actors as impact investors. Third sector investors invest in real estate or property backed social businesses (Petrick, 2014). A large part of these investors believe that impact investments generally produce a below-market return. They invest in businesses to achieve a social goal. If this social goal is not met, the business misses out on subsidies or grants, and therefore, the investors carry some risk investing in these real estate backed social businesses (Petrick, 2014).

However, most of the Dutch HA also focus on creating affordable housing. They do so to prevent tenants above the social housing income cap from living in social houses. If these are moved out, they can focus on their main target group: the social housing sector. The HA do not have freedom to alleviate the housing crisis by simply adding more affordable housing. The housing act (woningwet) introduced in 2015. This act included a number of rules for the HAs, whereof some crucial are listed below:

The HA has to be more focused on their core goal: “house lower income-earners live well and affordable” (woningwet, 2015). This core goal is building, renting and managing social rental housing for lower income-earners.

Apart from this, the HA can involve themselves in services of general economic interest (SGEI). The SGEI activities also include two other important activities. Firstly, the HAs can also manage societal real estate in the areas they also manage housing. The second important activity is that the HA can invest in sustaining the area in which they own housing. The goal is that the HA focusses on increasing the livability within their area of their managed dwellings. This includes ensuring the social and environmental sustainability of the surrounding area of their buildings (woningwet, 2015). Livability also includes supporting tenants’ initiatives and having a responsible person who can support the tenants with financial problems (woningmarktbeleid, 2020).

However, the municipality can have plans where it is beneficial that the HAs do non-SGEI activities. In this case it is possible for the HA to do these activities if no other market party wants to execute this plan. The AW will also test if these activities are suited for HAs to execute (woningwet, 2015). In the case where the HA participate in non-SGEI activities it has to be accounted differently. To solve this accounting issue, this means that non-SGEI functions, have to be run by a separate legal entity, or it has to be separated in the HA’s bookkeeping (Rijksoverheid, 2020).

Lastly, the HA has to make performance agreements with the municipality and the tenant’s organizations. These are agreements to align the goals of the three parties in a municipality.

The Dutch association for housing associations AEDES are appealing against restrictive SGEI bounded rules, as they argue that the EU guidance paper for regulation & public support (2017) stated that concentrating exclusively on social housing would lead to segregation (agenda, 2017). The presented argument is that SGEI’s should also include ‘ensuring social mix and social cohesion and governments should thus also include affordable housing on top of social housing (AEDES, 2017).

The private market, therefore has to pick up the task for the mid-rental segment. This is not widely done, because the private market tends to focus on the higher end of the market to gain more profit. In the mid-segment housing, the municipalities also have a land price standard. This standard is usually paired with a cap on the rental price growth, dwelling size agreements and quality standards, which affect the mid-housing developer negatively. Therefore, building sites for mid-segment housing are also hard to finance (VNG, 2017).

### 2.3.3 Collaborative housing

#### 2.3.3.1 Housing cooperatives

After the second world war the Dutch HAs played a large role in the social housing environment in the Netherlands. Yet, other EU countries relied on more collaborative housing models to provide the social housing provision: housing cooperatives. The Netherlands increasingly followed this development and reached a definition of cooperatives in the housing act (1991):

*“ A cooperative is an association with full legal power where her own resident-members are enabled to provide for maintenance and management of their dwelling and it’s directly adjacent surroundings”*

This definition still stands in the recent housing act. As mentioned before, these collaborative housing models have many similarities with the communal governing philosophy of CLTs. Apart from this philosophical consideration, the Dutch cooperatives have other similarities with CLTs. Identifying these similarities and how the mechanisms affect and support cooperatives can inspire similar mechanisms for CLTs.

The following rules are exclusively set for cooperatives acquiring real estate through HAs as the housing act 2015 only applies to the HAs.

The following types of cooperatives are:

- The buyers cooperatives, where the current tenants buy the dwelling and manage their dwellings like an homeowners association.
- The cooperatives as collective owners of the multi-tenant dwelling.
- The management cooperatives, managing their own rental dwellings from a HA as a subsidiary.
- A cooperative that bought dwellings from a HA to start an independent cooperative HA.

(Woonbond, 2020; Zonneveld, 2020)

A cooperatives knowledge team researching the possibilities of cooperatives initiated by the government is currently calling for a standard sales price for dwellings bought from a HA. Another conclusion from the research team is that the cooperatives need a wider variety of financing possibilities such as new funds, loan guarantees, the possibility for housing associations to finance cooperatives and to set up a knowledge exchange program for the realization of cooperatives (Platform 31, 2021).

Currently, the cooperatives get some state support in the form of the “Policy rule experiment sales rules housing cooperatives” which states that cooperatives that live up to certain conditions can buy properties with a discount of 50% of the Valuation of Immovable property act (overheid.nl, 2020). To prevent abuse of this discount, the cooperative has to repay this discount to the HA, including a percentage of the added value, if the property is resold within ten years after the cooperative has started.

The conditions and additional support as stated in the housing act are as followed:

- There must be a minimum of five houses in the neighbourhood.
- The majority of the initiators (50% +1) must have an income of up to € 38,950.
- They then have six months to draw up a cooperative plan (business plan). The housing corporation is then not allowed to sell the houses in question for six months.
- The resident group will receive at least € 5,000 for independent advice (to be paid by the housing corporation).
- The cooperative plan must include a plan for the organization of the independent maintenance and management of the houses.
- Complaints regulations are also mandatory.
- When the housing cooperative is established, it will receive a dowry of five years of maintenance reservations for the houses in question.

(Woonbond, 2020)

From all these cooperatives, the buyers cooperatives also share the ownership factor with CLTs, and therefore, are the most similar to them. The Netherlands has a fiscal buyers cooperative and a non-fiscal one. To prevent confusion, the non-fiscal one will be disregarded in this research. To secure housing for the right income group, the buyers cooperative can only sell houses to members of the concerning cooperative (Zonneveld, 2020). However, the cooperative can include members who do not live in the cooperatives dwellings yet.

Tenants can get a normal mortgage and the mortgage interest relief that comes with the mortgage. The management for the dwellings of the cooperative is done collectively (Bakker & Wouters, 2016).

Cooperatives are not limited to buying houses from a housing association. Cooperatives can also get access to dwellings through a municipality or a private person/organization. If they do so, the cooperative can be a cooperative association or a normal association. The difference between the cooperative association is that, even though they can both get bank financing, the cooperative association can go public and sell stocks and pay dividends to their investors where the normal association cannot. The cooperative association, therefore, also has to pay corporate taxes, prepare annual accounts and pay other taxes (Zonneveld, 2020). Cooperatives have always needed a discounted price for the land, resulting in the fact that the cooperatives never buy land from a private person. If the cooperative buys land from the municipality, the municipality can sell the land discounted if the sale includes rules in the resale and lease agreements on the plot. This enables the municipality to substantiate their sale below the market price (Zonneveld, 2020).

Similarly to the CLTs, the cooperatives realistically do not find easy financing.

The “backbone” of housing finance is traditionally banks, but in the case of cooperatives this is not always achievable. According to Bakkers & Wouters (2016), banks do not have a set procedure to finance housing cooperatives. Hence, cooperatives end up being covered by business loans instead of housing loans, resulting in:

- A demand for a high level of own capital
- Low loan to values
- Tight solvability demands

To solve the problem of high level of own capital, the municipality of Amsterdam opened a fund that bridges the bank finance. If the bank finances 70%, the fund supports 25% and only 5% has to be the cooperative’s own capital. The 5 percent own capital is to ensure that the cooperatives are committed to the development of the cooperative (Amsterdam, 2020).

#### *2.3.3.2 Collective private commissioning or CPC (collectief particulier opdrachtgeverschap)*

The collective private commissioning is a construction where the future residents have more power in the construction process of their future homes. In this sense, they act their own developer with expert help from a developer or process manager themselves. This can be organized independently or within a legal construction without a profit principle. The benefit of a legal construction without a profit principle is that the collective work can be financed through subsidies. These subsidies can include financing the costs of:

- Establishing a legal structure for the CPC;
- Hiring an expert developer or process manager;
- Collaborative design and build costs;
- Other grouping costs.

(rijksoverheid, 2020)

The subsidies are provided by local municipalities to improve resident participation and ownership feeling. A municipality that emphasizes on this method for the future is the municipality of Amsterdam. Apart from the beforementioned subsidies, this municipality also provides building plots for participative construction models like CPC (And The People, 2020). However, the process can be hard to work with as residents are not professionals and have differing expectations. The Netherlands counts two significant projects that are successfully under construction.

#### 2.3.4 Intermediate models

Historically, housing associations have also played a role in affordable homeownership in the Netherlands. These were presented as intermediate housing concepts, which is a housing model between owning and renting, or another model providing easy access into homeownership. These intermediate housing concepts share similar goals as the CLTs. Similarly to CLTs, these concepts lower housing costs and risks in the long term and/or give the tenant the opportunity to build own equity (Dol, Hoekstra, & Elsinga, 2012). These concepts have differing goals and aims, and therefore, different target groups. Still, the most common goal is to stimulate homeownership among those who do not yet have the full means to do so on the regular housing market, thus bridging the gap between homeownership and rental housing (Van den Bos V. , 2020). These intermediate models in the Netherlands are presently not widely spread, since the housing act (woningwet) forced HA to focus on their core activity (SGEI), which was providing social rental dwellings in 2015 (Van den Bos V. , 2020). This resulted in a reduction of these models as the HA built less houses for intermediate models. Nonetheless, these models could still contain possibilities for CLTs in the Netherlands . Within these models, there are examples where, like CLTs, housing models were based on reduced housing prices and leaseholds of land.

These models were either presented by HA's or developing investors, diversifying their target group. A list of such models is shown below.

##### 2.3.4.1 *Buying with guarantee (koopgarant)*

This model formerly known as societal bound property (maatschappelijk gebonden eigendom), was provided by housing associations to give the lower-to-mid- income a chance to own a house, whilst also getting rid of tenants which have an income above the social housing cap. This model is also adopted by commercial developers (Opmaat, 2020).

The HA sells the house with a minimum of 10% discount, but in reality, a 20-25% discount is more commonly applied (Dol, Hoekstra, & Elsinga, 2012). This discount is captured once the dwelling is sold again by the new tenant. However, at the moment of resale, the new owner does not take the entire profit or loss for himself. As a compensation for the discount given by the HA at the initial sale, the HA has a share in the profit or loss at the moment of resale. The share that's taken by the HA is based on The Fair Value Method (FVM), which means that discounts given  $\times 1.5$  = for the HA, with the minimum profit or loss for the homeowner being 50% of the gained or reduced value. Who gains or loses in the value increase

or reduction is seen in The tenants have to have at least 50% share in the value growth or decline to be eligible for mortgage interest relief.

This model also obliges the HA to repurchase the dwelling and the resale moment. The owner, therefore, has a guarantee that the dwelling will be sold regardless of the state of the housing market.

Initial discount	Share of value increase/reduction HA	Share of value increase/reduction tenant
10%	15%	85%
15%	22.5%	77.5%
20%	30%	70%
25%	37.5%	62.5%
30%	45%	55%

Figure 36 Fair value method

With this model the tenants also does not have to pay for maintenance costs to the HA. The responsibility of maintenance is also transferred from the HA to the homeowner or the homeowners association.

#### 2.3.4.2 Buystart (Koopstart)

The *Buystart* model is similar to the *Buying with guarantee* model and can be seen as the same model with some improvements. The first change is that the discount is based on the buyers income and wealth to ensure that the discount is consumed by the right target group. At the moment of resale, the dwelling has the same FVM as *Buying with guarantee*. Another big difference from the *Buying with guarantee* model, is that the “buy back” arrangement is out of the model (Opmaat, 2020).

#### 2.3.4.3 Buying smarter (Slimmer kopen)

Like the *Buying with guarantee* model, the user buys a dwelling with discount and shares the value increase or decrease at the moment of resale. This model is different from the *Buying with guarantee* because the HA only provides for a maximum discount where the user can choose from. The higher the discount, the higher the amount, the higher the amount of profit or loss for the HA on the resale. Similar to the *Buying with guarantee* model, this is based on a fair value model. Another difference from the *Buying with guarantee* model is the fact that the HA has the obligation to buy the dwelling back (Van den Bos V. , 2020).

#### 2.3.4.4 Buy as wished (Kopen naar wens)

In *Buy as wished*, the dwelling offered by the HA comes with a discount of 5% to 50% which is seen as a delayed payment. The discount is paid in full at the moment of resale without affecting the increase or decrease in value. This discount is generally based on the income of the user (Dudokwonen, 2020). This model does not include a “buy back” arrangement, but the right to buy back, which in practice is rarely the case. Without the “buy back” arrangement, the entire increase or decrease in value is for the owner.

After the previous housing models, the Netherlands also has ownership models which increase homeownership accessibility by means of land lease. Three main models are described below.

#### 2.3.4.5 Duobuy (Duokoop)

The first and most recent housing model which aims for affordable homeownership using land lease is the *Duokoop*. In *Duokoop*, the user buys the building and the ground is bought by a pension fund. This means that the users only have to get a mortgage for the building and pay a lease to a pension fund, which owns the land, until they have the financial means to buy off the land. The land is typically a third of the total price. Not having to pay this third gives more middle income-earners the chance to get a mortgage and access into the housing market (duokoop, 2020). The homeowner can sell the land with or without the *Duokoop* construction. This means the next owner can continue the lease or buy off the building including the land.

#### 2.3.4.6 Buy affordable (Koop goedkoop)

The *Koop goedkoop* model provided by HA's sells the building without the land. The Value division of property and land would be respectively 70% and 30%. The user buys the building and pays a land lease. The HA makes it more affordable by providing a discount on the lease. This discount is 100% for the first year and decreases 10% every year. This means that the first year the buyer has a no rent, the second year 10% of the ground rent, the third year 20% etc. The eleventh year is the first year the owner pays the full land lease cost to the HA.

At the moment of resale, the HA is not obliged to buy the dwelling and the owner can sell the house on the free market enjoying full profits from the value increase. The HA does retain the first right to buy. At the moment of resale, the HA can either choose to give the new owner the same discount on the land lease or no discount at all. In the last case, the construction is a house with a regular land lease which gives the new owner the possibility to apply for a lower mortgage. Continuing the discount at the successive homeowner, provides for a sustainable affordable model for access into the housing market (Van den Bos V. , 2020).

#### 2.3.4.7 Affordable homeownership Zaanstad (Betaalbare koopwoning zaanstad (BKZ))

The municipality of Zaanstad has multiple products which are based on the same structure: separating land and building. On top of the separated cost, the models provide for a discount on the house price so the user can get a lower mortgage (Van den Bos V. , 2020). The discounts are illustrated in Figure 37 below.

Sub-product	Max % of discount	Income limits
Starterswonen	25% (30% for low-income earners)	Same limit as the allocation of social housing (max. annual income of € 39.055, price level 2020)
Stadswonen	20%	No
Buurtwonen	25% (30% for low-income earners)	Same limit as the allocation of social housing (max. annual income of € 39.055, price level 2020)
Gezinswonen	20%	No
Dorpswonen	20%	No
Comfortwonen	25%	No (but, in general, priority is given to households 45+ years of age)

Figure 37. products of Betaalbare koopwoning Zaanstad ( own image adapted from, Van den Bos, 2020)

If the owner buys a dwelling through *starterswoning* with 25% discount on the house for example, the total mortgage would result in 52.5% (= 70% x 75%) of the house price on the regular market. The 25 % is then taken as a share that is owned by BKZ. The homeowner can pay the 25% later as installments or keep it as it is (Van den Bos V. , 2020). The *starterswoning* model is interesting because it aims to maintain affordability. Here, the homeowners cannot buy BKZ's share for the first ten years. If the dwelling is then sold within those ten years, it can only be sold to the same target group whose income will be tested (Van den Bos V. , 2020). Lastly, the increase or decrease in value of the house is shared with the BKZ using the FVM.

Apart from these models, there are also alternative ways that housing are supported in the Netherlands. The starters' loan and crowdfund are covered below.

### 2.3.5 Starters' loan

In addition to the NHG system for mortgages, starters in the owner-occupied housing market in approximately 220 municipalities are specifically supported by the so-called Starter Loan of the Stichting Stimuleringsfonds Volkshuisvesting Nederlandse gemeenten (SVn). This second loan is only granted in combination with an NHG provided. With the help of the Starter' Loan, starting buyers can often borrow just that little bit extra that is needed to buy the desired, or a higher quality property.

This mechanism is basically a second mortgage on the real estate. The payback period is over a long-term period of 30 years and does not change for the first 15 years. On top of that, the first-time buyer does not have costs for the loan in the first three years of the loan.

The conditions to be eligible for such a loan are determined separately by the affiliated municipalities. One condition that is set by the SVn is that the loan amount never exceeds a maximum of 20% of the acquisition cost of the dwelling (Boumeester, 2017).

### 2.3.6 Municipal loans

Through the municipal credit bank (gemeentelijke kredietbank: GKB) municipalities also provide loans without a profit-principle. Their loans are available to people who do not apply to a commercial loan. These include people over 65 years of age, lower incomes or people with debt (GKB, 2021). These loans are largely focused on these marginalized groups, to increase the chances of them to get out of precarious financial situations. However, some of these loans also include refinancing mortgages and other loans (Bouma, 1995).

In Dolfhia, the municipality granted a social mortgage when the community a meeting place for the neighbourhood to tackle the social problems. The loan was available for the building cost and the exploitation. The mortgage could be paid off in three ways, by organizing activities, increasing statistical indicators and by exploitation of the community centre. The first two ways of paying the mortgage is no monetary payment, but payment in societal value and decrease in future investments in the neighbourhood (Platform 31, 2021).

### 2.3.7 Crowdfunding

Lastly, the Netherlands has also seen a surge in crowdfunding platforms for real estate. According to Vogel & Moll (2014) crowdfunding means "funding a project by raising small amounts of money from a large number of people". From this definition, the crowdfunding movement also has the power to separate



control from the top 1 percent (Bieri, 2015). Practically, a developer or other company, presents a project on an (online) platform where private investors can invest in. In turn, the company promises a certain yield to the investor. The Dutch population has hundreds of billions of euros in their savings account and a large share of this population wants to get a higher return to invest it in a social cause (Bakker & Wouters, 2016). Bakker & Wouters (2016) also see the possibility to establish an independent crowdfunding platform for cooperatives when the cooperative model grows in the Netherlands.

The government also has a tool to offset the potential of crowdfunding. This tool is called matchfunding. It works on the basis that public money is invested to match the crowdfund amount. This is largely only done if the investment has a societal relevance. The main considerations for providing matchfunding that public financiers have is to strengthen the relationship between the government and citizens and to increase participation (netwerken, 2020) Crowdfunding has a high potential in the near future. In real estate, crowdfunding investments are also protected by mortgage security, making it a relatively safe investment for private investors (Vogel & Moll, 2014).

Apart from the “regular” crowdfund, a foundation called Land van Ons collects money for land without offering a return. The fund aims to buy land off the market with the aim to capture agrarian land in communal ownership. This way all the co-owners don’t get a financial return on the land, but they get collaborative control. They do so to tackle the financialization of land, and thus, to ensure fair farming and an ecological biodiversity (Land van ons, 2020).

A bonds approach is also possible. Bond holders cannot influence the corporate governance of financial organisations once they have bought a bond as they do not have shareholder voting rights. However, they are able to influence organisational behaviour in the event of a bond default, but also before bonds are issued. As will be explored later, potential bondholders can become involved in the design of bonds, as they will only purchase the securities if bonds issuers follow certain rules and covenants which prescribe how they must behave (Manville, 2017).

Just like the issue seen with bond defaults, crowdfund is commonly thought to be a social initiative with a common phrase “pay it forward”, but can also prove to not be beneficial for the CLT. Bieri (2015), however, argued that ownership is even further distanced from the land and the people when crowdfunding is applied. This is an ethical consideration which only the receiver can quantify.





### 3 Theoretical research findings

This chapter will present the mechanisms available in the CLTs in Europe and the mechanisms in the Dutch housing market. Heading 3.1 will showcase the CLTs in Europe with a summary in the heading 3.1.4. In 3.2, Dutch housing mechanisms and their support will be discussed. Then the CLT literature and the Dutch housing market mechanisms will be compared.

The previous chapter gave an indication of the necessity and the hurdles the CLT has to overcome. Similar to the three aspects in a CLT, support also seems to be dependent on three major ways which are the three major concepts.

Firstly, the support shortage seen throughout the CLTs has a financial nature. These are costs related to land access, building and planning activities, and capacity building. In this chapter, these are loans, grants and guarantees. With finances playing such a large role in housing, it is easy to think that this is the solution for everything. Archer et al, (2019) and Pialucha (2018) focus on large funds to solve much of the CLTs financing problems. However, other type of support can be granted. Access to land is the second major support mechanism shown in CLTs around. The third and last support mechanism focusses on professional help and organizational barriers. These can also be overcome in a different way than through capital funds. Instead of only looking for fundraising support, the CLTs can search for the access to land and access to professional support directly.

In the Netherlands, various support mechanisms were shown in the last chapter as well. Similar to the demands of the CLT, these mechanisms vary from financing mechanisms, different ways to access land and other type of support. This other type of support encompasses support related to the organizational or professional aspects of the housing model. Therefore, the findings in this chapter are conceptualized in financial aspects (loans, guarantees & grants), land/property and other. In this example other is various ways of supporting capacity building.

#### 3.1 Findings of support mechanisms from CLTs in Europe

##### 3.1.1 The CLT support mechanisms in the UK

In Europe, CLTs are most established in the UK with the most sources of funding overall (FMDV, 2018). Establishing CLT in the British law in the 2008 housing act (as seen appendix 8.1) gave the CLT a large boost and footing in the British legal system and housing market (Wainwright, 2017; Pialucha D. , 2018). This is reflected by more than 300 CLTs and 5000 CLT homes in the pipeline. These developments were possible because of the CLT network: an advocating and supporting national body which was founded two years after the CLT was included in the housing act. An important achievement of the CLT network was the implementation of a national Community Housing Fund (CHF) by the public authorities in 2016 (CLT network, 2020). This fund has the means to fund CLTs through the group and planning stage, if they apply to the conditions of the experts at their local CLT hubs. The CLT network also provides loans for CLTs themselves.

The UK CLTs are strongly established because of their support in the group stage. By having the start-up Fund, funded by charities, the CLTs get simplified access start-up finances, organizational and technical support. This is done through national CLT hubs, which are set up throughout the UK, by the national CLT-network (FMDV, 2018).

Nonetheless, the UK CLTs still lack access to affordable finance at the SITE/PLAN phase because funders consider it too risky (FMDV, 2020). To overcome this, the UK CLTs also have the possibility to partner with registered social landlords to use their expertise in affordable housing developments (Paterson & Dunn, 2009). In some municipalities, CLTs have the possibility to access land as there were exclusive land bids that were restricted to CLTs and 100% affordable housing providers or community based bids. During this phase, social impact loans also provide support that can be used for development activities (FMDV, 2018).

The BUILD phase lacks bridging finance if CLTs develop the dwellings themselves instead of housing associations. However, if dwellings could be sold before the construction phase, no bridging finance would be necessary.

The owners of the dwellings are able to get social loans or interest-free public loans for the dwellings themselves, so there is no lack of funding for them. Yet, there is not enough money to pay full-time employees for the organization’s back-office. This back-office covers the financial- and housing management, resale-formula and other community policy activities (FMDV, 2018).

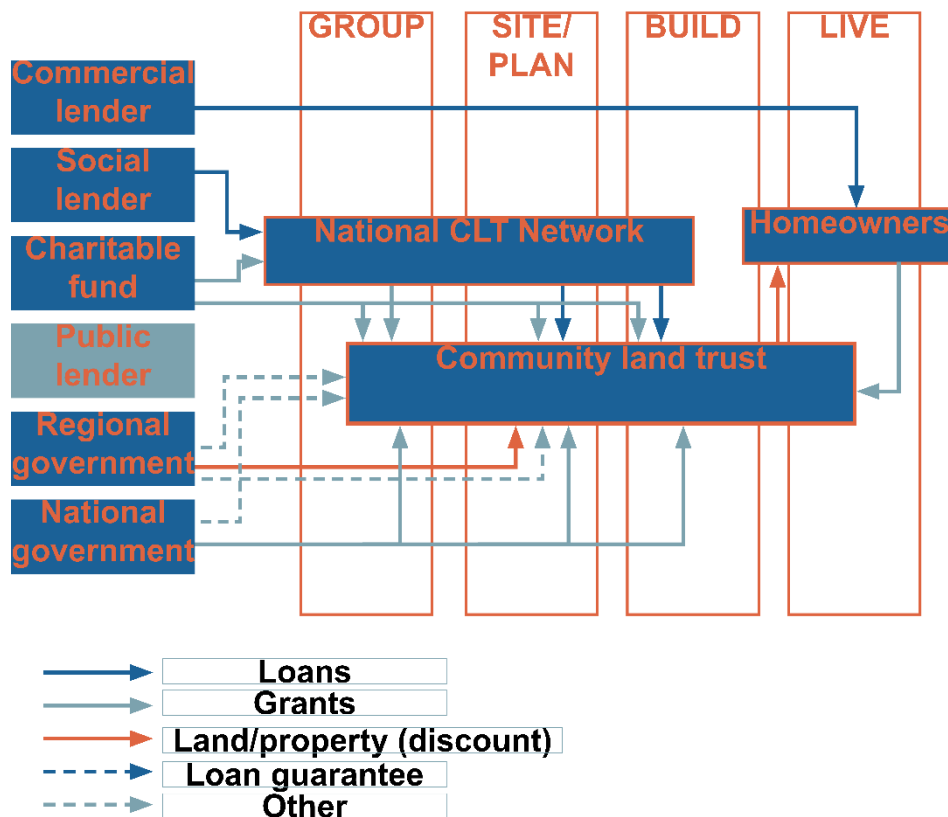


Figure 38 CLT investment mechanisms in the UK (own image, n.d.)

### 3.1.2 The OFS support mechanisms in France

The French OFS are different from the other CLT models because the CLT organization is managed by an institutional actor instead of the community. There was a critique that the social rental sector impeded the social mobility of the tenant, and the state would provide increasingly less support (Pialucha D. , 2018). The goal for the French HAs was to promote sales of their dwellings, but saw that regular anti-speculation clauses did not prevent the dwellings from ending on the expensive private market after that. They looked for another top-down way to foster accessible homeownership without losing the public investment (Pialucha D. , 2018). They looked outside of the border and wanted to foster a similar CLT construction in France. This was done by collecting different existing laws and policies, which gave birth to the current OFS (Pialucha D. , 2018). In this context, the municipality and housing associations govern the trust. Therefore, the group is already formed and the professional knowledge doesn't have to be sourced externally. This is a benefit as other CLTs throughout Europe have difficulty financing the expert capacity at this stage. However, the downside of this model is that the OFS do not include inhabitants in their board. There is an advisory body that provides advice to would-be buyers (FMDV, 2019).

As the OFS is being steered by the management of an institution, the funds can be channeled from municipal housing or social housing associations for the SITE, PLAN, and BUILD phases. This enables them to appeal for long term funds <sup>2</sup>, provide early technical expertise, and give tax incentives to developers and other public support mechanisms. On the financial side, housing associations also get loan guarantees and social construction loans which can be passed on to the OFS (FMDV, 2018). These loans also cover pre-development work such as planning and designing.

As an example, the first two OFSs in Lille purchased 32 plots in the city centre for a symbolic 1 euro from the municipality.

The dwellings are largely built on the risk of a social developer (Coop HLM) who is paid by the presale of the homes, with some public support. The developer, however, does get a tax incentive for building the CLT homes.

A mortgage for to-be owner occupiers of OFS can appeal to a loan subsidized by the state, without interest on the loan (FMDV, 2018).

As a last mention, the affordable housing provider gets the right to buy the dwelling back at the moment of resale as to ensure that the property does not go in the private market (Pialucha D. , 2018).

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<sup>2</sup> The French gailia fund provides for 60 year loans that OFS use to smoothen land operation (FMDV, 2018)

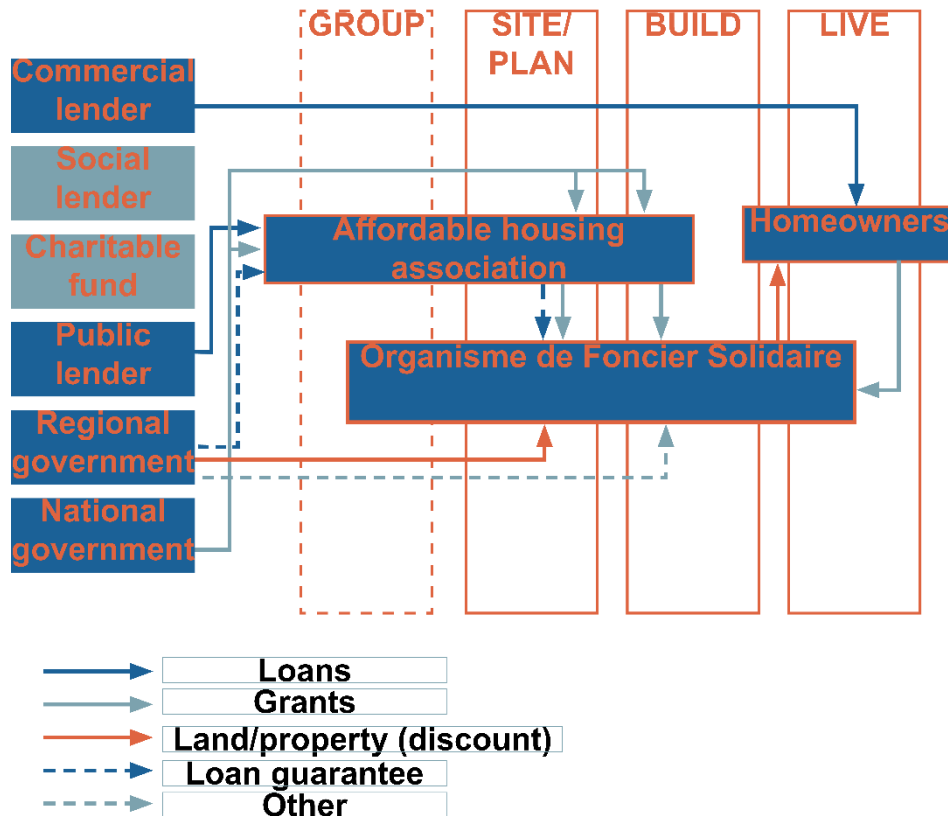


Figure 39 OFS investment mechanisms in France (own image, n.d.)

### 3.1.3 The CLT support mechanisms in Belgium

The CLTBrussel (CLTB) is a strong CLT as it is able to reach the lowest class of the Brussels region. The initiation of the CLTB started from a lobbying effort to use funds for social housing (interviewee J). The Brussels region's state government is very autonomous and decided to support the CLTB financially in every stage. Compared to the other examples, the CLTB got the most direct funding from regional governments (FMDV, 2018).

The legal structure of the CLT is composed of an existing public purpose foundation that owns and manages the land (in perpetuity), and a non-profit organization which is in charge of the real estate management and development (CLTbrussels, 2019).

The Belgian CLTB got startup financing for feasibility and participatory workshops through the "Contrat de Quartier" (CdQ). The CdQ are plans supported by the Brussels municipality to improve living conditions in deprived areas (FMDV, 2018). They also received grants from charitable funds and the secretary of state housing (CLTbrussels, 2019).

The CdQ also grants finance for participatory workshops, during the SITE and PLAN phase. The CLTB can also appeal to a land acquisition grant up to €350/built sq. m. and construction grants averaging around €415/sq.m. This is also only possible with the CdQ. The mechanism works as follows: The Brussels capital region buys land of the market and sells the land with a discount. The gap between the original price and the discounted price is then bridged with the CdQ fund (interviewee J). One project, however, received

the land from a public purpose foundation, while the dwellings were developed by a non-profit developer (FMDV, 2018).

In the live phase, the CLTB's tenants receive a public affordability grant from the province, modulated to lower-income households. The CLT also gets a returning grant that they have to pay back after they sell a unit. The house-buyer can get a social mortgage through the social Brussels housing fund and this mortgage also gets guarantee from the CLTB itself (FMDV, 2018). They also get support from both social housing companies and the province in the LIVE phase.

After a dwelling is resold, the owner can only take a quarter of the market value increase and the CLTB gets either 6% of the added value or €3000 depending on which is more (CLTbrussels, 2019).

Similarly, the CLT in Ghent is also very reliable on local governments which provides roughly the same mechanisms. The difference between CLT Ghent and CLTBrussels is that the Brussels capital region has a larger fund to invest into the CLT whereas the CLT Ghent needs a more diverse set of funding (FMDV, 2018).

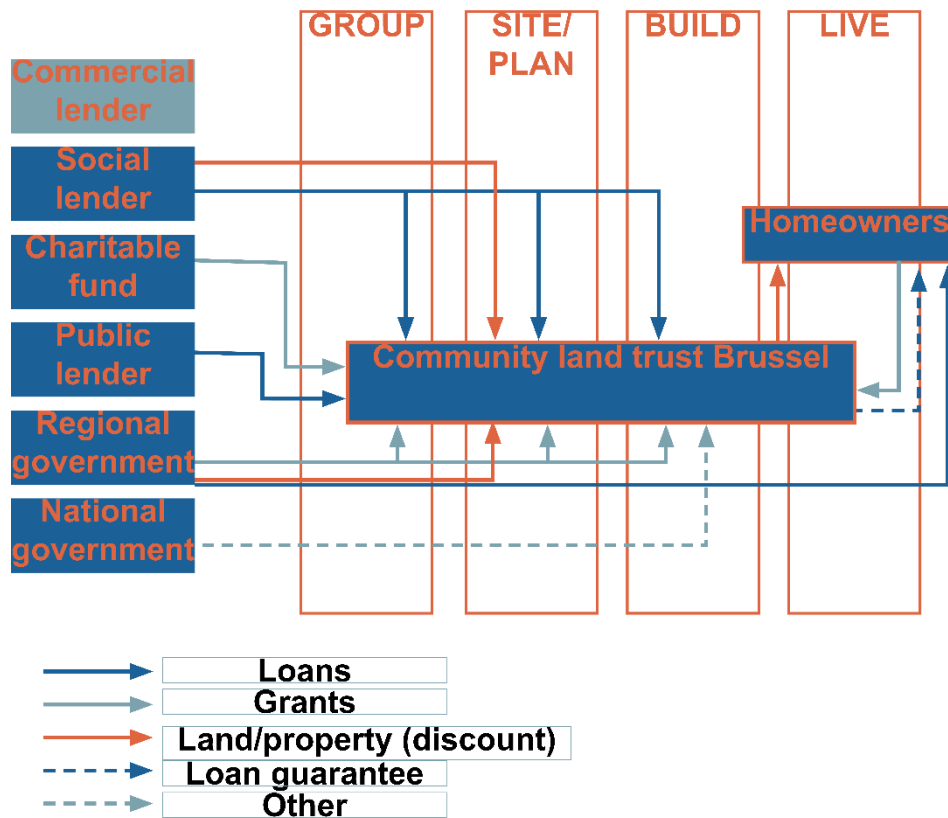


Figure 40. CLT investment mechanisms in the Brussels (own image, n.d.)

### 3.1.4 Summary

In short, countries in Europe have a wide variety of mechanisms helping CLTs either with direct finances or cost relieving activities. The UK has a unique and long history with the CLT to establish it as a national legal entity. Therefore, this entity can access various types of support, ranging from public to private organizations. Another critical aspect of the UK's economic environment is the size of the charitable funds



into CLTs. Charity support is more evident in the UK than in other countries with larger social institutes, like HA's.

The French OFS gets their support mainly through the HAs. This enables CLTs to capture public mechanisms, through the network and mechanisms in place for the HAs, and use that to the CLTs realization.

In Brussels, the social housing sector is relatively small, and the local authority leaves the initiation for this sector in the private market's hands. The sector has funds of which the social sector can use to realize social housing. However, the public sector did nudge the private market to try with a call for projects (interviewee J). In line with Brussels municipality's goals, the CLTB used these funds to realize social-buyers housing in the disadvantaged neighbourhoods.

To understand how these mechanisms can be replicated or altered in the Dutch context, they are listed and generalized in the following table (Figure 41).

Mechanism	Type of support	stage	By whom	Land	Condition
Loan for group capacity building	finance	GROUP/SITE/PLAN	CLT-network's startup fund	UK	
Discount on land	land/dwellings	SITE	Social landlord	UK	Partnering with a social landlord
Exclusive right on land	and/dwellings	SITE	Regional government	UK	100% social and very rare
Technical expertise	Other	BUILD	CLT-network's startup fund	UK	Partnering with a social landlord
Technical expertise	Other	ALL	Housing association and regional government	France	The trust only consists of the HA <sup>3</sup>
Social loans for housing associations	finance	ALL	Regional government	France	Loan goes through the HA
Discount on land	land/dwellings	SITE	Regional government	France	
Tax incentive for private developers	Other	BUILD	Regional government	France	Has to be built for OFS
Pre-sale of house prior to construction	finance	PLAN	homebuyers	France	
Grants for every stage	finance	ALL	Regional government	Belgium	Heavily deprived areas
Land acquisition grant	finance	SITE	Regional government	Belgium	Up to 350euros/sqm

<sup>3</sup> All the OFS are governed and owned by housing associations

Construction grant	finance	BUILD	Regional government	Belgium	Average of 450euros/ sqm
Pre-construction loan	finance	BUILD	Regional government	Belgium	Payback after the dwelling is sold
Loan guarantee for mortgage takers	finance	LIVE	CLTB trust	Belgium	
Social mortgage	finance	LIVE	Social lender	Belgium	Low income-earners

Figure 41 CLT support mechanisms in Europe

### 3.2 Findings of support in the Dutch market

The private rental market and the homeownership market, which bred the affordability gap in the first place, are not the expected markets in which the CLTs will find support. However, as shown before the Dutch housing market holds some promising alternatives to the regular rental or homeownership sector. Each of these alternatives demand mechanisms to attract investments or other support for different housing forms (see Figure 42.).

The alternative mechanisms shown in the Dutch housing sector shown in this figure are mainly focused on housing economically vulnerable groups. The Duokoop is an exception to this, as it merely focused on separating land and property. Since Duokoop is offered by a pension fund, which usually is risk-averse, this model shows potential for this model on an institutional level (Kleverlaan, 2020).

The right investors for the CLT should be parties that accept lower yields for long term investments or parties focusing on social investments. This is the case with investors investing in mortgages and investors investing in social and affordable rents. Therefore, private investors owning only a few dwellings are profit-oriented and will most likely not invest in CLT. On the other hand, institutions investing in safe investors, like the investors in mortgages and social and affordable rents, are potential investors in CLT as CLTs abolish speculation.

The largest share of investors in the housing market are either investing in regular mortgages or mid-to-high rental dwellings. The largest share of social- to-affordable dwellings are provided by HAs, which get financing through state banks with minimal yields. Therefore, in the regular market, the prospect CLT investors are investors in secure returns and large-scale developments.

To conclude, the Dutch housing market contains intermediate models with the same aim as CLT: providing affordable housing. Investment considerations in CLTs will be similar to the investment considerations of many of these models. Each of these models have at least some similarity with one of the three aspects of CLTs. These are either the ground lease, cooperative governance or resale formulas of dwellings.

Mechanism	Type of support	For what type of housing	By whom	Currently available?	Condition
cheap loans from NWB and BNG	finance	social housing	NWB or regional government	yes	SGEI conditions
Subsidized loans	finance	Affordable housing and	SVn	yes	Affordable homeownership,

		intermediate forms			sustainability, social housing
Starters' loan	finance	starters	SVn/municipalities	yes	Having a NHG
Loan guarantee	finance	Social housing	WSW	yes	Only for HAs
Include affordable housing and mid-incomes that get exploited in the SGEI document	other	Affordable housing	EU	no	
Land exclusivity	Land/dwellings	Cooperatives or CPC	Municipality of Amsterdam	yes	Has to be self-built
Finance the equity part in the loan-to-value from the bank	finance	cooperative	Municipality of Amsterdam	yes	Cooperative have to finance 5%
Standard dwelling price from HA to cooperative	Other	cooperative	HA	no	
Possibility for HA to finance cooperatives	finance	cooperative	HA	no	
Subsidies for group and capacity building activities	finance	cooperative	HA	yes	Income limit
50% discount on dwellings (Beleidsregel experiment verkoopregels wooncoöperaties)	land/dwellings	cooperative	HA	yes	has to stay in cooperatives hand or the discount has to be paid back
discount on municipal land	land/dwellings	cooperative	Regional government	yes	must include resale conditions to warrant affordability
Subsidies for group and capacity building activities	finance	Collective private commissioning	Regional government	yes	
discount on dwellings	land/dwellings	intermediate model: buying with guarantee, buystart & buying smarter	HA & private developers	yes	HA has the obligation to buy the house back & discount has to be paid back at moment of resale according to the FVM

discount of 5% to 50% as a delayed payment	land/dwellings	intermediate model: buy as wished	HA & private developers	yes	pay the difference back at the moment of resale
land presented as lease	land/dwellings	intermediate model: duokoop	Pension fund	Yes	
land presented as lease & discount on lease	land/dwellings	intermediate model: koop goedkoop	HA	Yes	
land presented as lease & discount on property	Land/dwellings	intermediate model: affordable homeownership Zaanstad	Regional government	Yes	income limit
Social mortgage	finance	Societal real estate	Municipality	yes	Increase of social sustainability
Charity donations	finance	agricultural land	individuals	yes	Charity gets control over the land

Figure 42. potential Dutch mechanisms

How the potential Dutch mechanisms work in relation to the different models is shown in Figure 43.

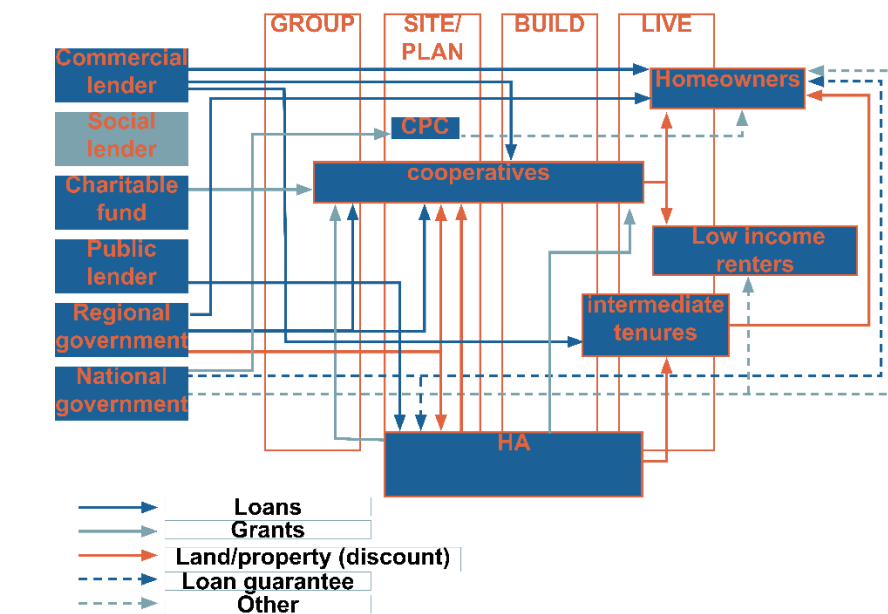


Figure 43 Different support mechanisms in the Dutch housing market

The previous mentioned intermediate models in the Dutch housing market get support from either the following 3 parties as shown in Figure 44.

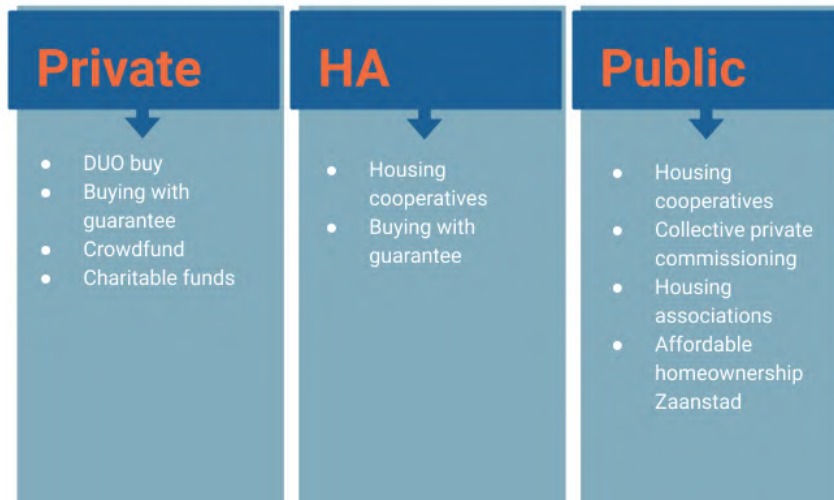


Figure 44 providers and supporters for alternative and affordable housing

### 3.3 Synthesizing Europe’s CLTs and the Dutch housing market.

Comparing the CLT market in Europe and the Dutch housing market, parallels can be observed between the two sections. In the following paragraphs, the CLT’s areas of needs are discussed in parallel to the current Dutch housing market to show their potential connections and bottlenecks. A concise table of the theoretic comparison is shown in appendix 8.3.

#### 3.3.1 Public support

As seen in the foreign CLT examples, these rely on heavy support of regional governments. In many cases, they help the CLT as though the CLTs were social housing providers or partners of these. For governments in Europe, it is not evident to help companies freely as long as these companies’ activities do not fall under SGEI directly. Any activity helping companies or entities with an unfair market advantage falls under state aid. This is seen in the fact that municipalities are more restricted in providing municipal land for social housing companies or other entities (Buitelaar, Van den Broek, & Segeren, 2009). As mentioned before, CLTs’ activities for middle-income earners do not fall under the SGEI. Every municipality has different goals and ambitions in their land policy, but a common consensus amongst many municipalities in the Netherlands is that they focus on their social housing first and other types later (Van den Bos V. , 2020). As the municipalities are the single governing body with direct influence on the (local) housing supply and policies (Zonneveld, 2020), their involvement in CLT cannot be neglected. This has to start with creating awareness among public parties as the CLT model is new and the housing market is focused on traditional housing models. This lack of awareness of alternative models is also seen in the provision of intermediate models and cooperatives (Van den Bos V. , 2020; Zonneveld, 2020). CLTs can appeal to the inclusive agenda the G4 cities follow.

In the foreign examples, the CLTs found clever constructions to fall under the SGEI conditions or focus parts of their activities on the deprived target groups. The CLTB in Brussels receives grants from the regional government for land acquisition through the Contrat de Quartier, which is a public fund tailored

to the deprived area and lower incomes. The French CLTs partner with social housing associations (which will be elaborated on in the next section) and the English have CLTs on their national agenda.

The Netherlands have other mechanisms, which correlate to similar mechanisms in Belgium, France and the UK. As the Netherlands do not have CLTs, these support mechanisms are all focused on different types of housing models. Categorizing these in the right phase of the CLT shows the opportunities the Dutch public parties have in helping CLTs financially.

#### *3.3.1.1 Group*

In the UK and in Belgium, group creation gets support from national and regional governments. This enables them to define what their structure has to be.

In the Netherlands, the CPC and the cooperatives both get start-up support. The provincial CPC subsidies are granted for group forming and capacity building activities from the province (rijksoverheid, 2020), which are very similar to CLTs. The CLTBijlmer in the Netherlands is also looking towards this mechanism to get funding from the Amsterdam municipality (And The People, 2020).

#### *3.3.1.2 Site*

For the site and plan activities, the Netherlands has less possibilities to help affordable housing apart from social housing projects. The municipalities have to fulfill the budget for built areas and therefore, struggle to offer low land prices. This is also in line with the mentality of the land department within municipalities as this is the body producing income for the municipality (Kleverlaan, 2020). One opportunity for the CLT is the mechanism for cooperatives to get discount on land as long as their resale formula ensures affordability or stays in ownership of the cooperative. This is most likely as an incentive to increase resident participation in various municipalities.

A second mechanism is shown by the municipality of Amsterdam where the municipality reserves building sites for self-built homes for these participative builders like CPC's and cooperatives (And The People, 2020).

#### *3.3.1.3 Plan*

For planning, the CPC grant, as stated in the group part, also covers the costs of designing the dwellings.

#### *3.3.1.4 Build*

In the build phase, the CLTB gets pre finance for the construction phase which has to be paid back when the dwelling is being sold. Developers creating these dwellings also receive a tax incentive to attract market parties to create these dwellings.

The Dutch public funded banks, like the municipal bank and the WSB, only fund HAs. The Dutch market generally does not provide for building loans because these dwellings are developed by market parties.

The same municipality also opened a fund to help cooperatives fill the equity part when applying for a 70% Loan-To-Value (LTV) mortgage (Amsterdam, 2020).

This fund is reserved for mortgages for these cooperatives as most banks do not finance cooperatives.

#### 3.3.1.5 *Live*

In the last phase, the Live phase, the CLT can finance activities to manage the land and build equity to expand its activities. The land lease cannot always finance these activities as the lease is used to pay off the investors financing previous phases.

Like regular homeowners, the CLTs homeowners should also get a standard mortgage and the mortgage interest relief that comes with the mortgage.

Apart from the phases, the Dutch ministry of interior and kingdom relations initiated a knowledge and booster centre for housing cooperatives. This is similar to the CLT network in the UK.

### 3.3.2 *Housing association*

As seen in the foreign examples, the social housing segment supports many CLTs. The Dutch HAs also get public support, but since the housing act of 2015, they have to differentiate between core and non-core activities. The HA's core activities are SGEI, meaning that the majority of their activities are focused exclusively on the social sector (Van den Bos V. , 2020).

It is important to notice that this SGEI conditions are made by the state and it could be argued that the states policies and the HAs' policies can differ. According to Czischke (2014), differentiating the HAs' activities can help HAs to stay true to their identity but also make them more resilient to short- and long-term changes.

As stated before, intermediate models differ from their core activities, but could be used as an example for the HA to collaborate with CLTs. Some support for different intermediate models and cooperatives are very similar to the support CLTs receive in France and some in the UK.

#### 3.3.2.1 *Group*

The Foreign CLTs that are partnered with HAs offer their in-house expertise in the group forming process. As these are professionals already working in the housing field, they can operate smoothly. The Dutch HAs do not give expertise to any intermediate model. If the tenants in a HA indicate that they want to start a cooperative, the HA is obliged to give them 5000 euros to create their cooperative group and structure. From a governance perspective, the housing cooperative, and namely the buyers cooperative, is the most similar to CLTs.

#### 3.3.2.2 *Site*

Even though it is not widely available like on the regular market, foreign CLTs are sometimes able to get discounted land from the HA or from the municipality through collaboration with the HA. Within the Dutch HA, accessing homeownership dwellings under market prices is achieved by way of using intermediate models or housing cooperatives. This means that the tenant already has to live in the dwelling itself.

The Dutch HA does not provide any support in the plan and build phase.

#### 3.3.2.3 *Live*

To ensure good continuation of the cooperative that came from the HA, the HA can provide the cooperative with 5 years' worth of maintenance costs for the bought dwellings.

### 3.3.3 Private parties

Lastly, the market also has ways to create housing outside the regular models. These are less used as they are either unknown, too time intensive or simply have too little return. As is seen in cooperatives, banks will probably provide the CLT with a business loan with high interests and low LTVs. Nonetheless, it is evident that the affordability is under pressure and some private parties take their responsibility to alleviate this. The most evident private party investing in community land trust in Europe are the UK's social investors and charity aid funds.

In the Netherlands, similar funds aim at social- and ecological inclusion and participation. This charitable support is mainly seen in agricultural land in contrast to build land. When supporting housing, the charitable funds generally prefer not to step in housing support (Banadji, 2020). Some exceptions are made for cooperative projects, that got support from social funds<sup>4</sup>, bridging the finance gap similar to the fund the municipality of Amsterdam provides to cooperatives with as shown in paragraph 2.3.3.1. In the cooperatives, properties are generally bought including the land, which is different from CLTs. Any method of acquiring property is, therefore, also a method of acquiring land.

In the private sector, the only mechanism for buying land and separating dwellings from it is in the DUObuy model where the homeowner pays a landlease, but the land remains in ownership of a pension fund.

### 3.3.4 Summary

Comparing the support mechanisms for European CLTs and Dutch housing models, it is clear that Dutch support mechanisms have many similarities with European CLT mechanisms. Figure 45 is a list of mechanisms shown in the chapter before with their similar mechanisms .

	Public sector provided mechanism	HA provided mechanism	Private sector provided mechanism	similar to existing CLT support
<b>GROUP</b>		€5000 grant for a cooperative		startup fund (UK) , grants for expert support (France & UK)
			Charity grants	Grants from charitable foundations (Belgium &UK)
<b>SITE</b>	Discount on municipal land for HA and cooperatives			Discount on municipal land (UK & France)
		Intermediate models	Intermediate model (DUObuy)	
	Municipal loan for cooperatives		German cooperative mortgages	Social lenders (France, Belgium & UK)
		Policy rule experiments coöperatives		Municipal land discount (Belgium)
	Land exclusivity (Amsterdam)			
<b>PLAN</b>	Provincial subsidy for CPC			pre-development loans & grants for planning (Belgium & France)

<sup>4</sup> In the Roggeveenstraat cooperative, the social fund fonds1818 gave the remaining 30 percent as a subordinated debt (interviewee H)



<b>BUILD</b>	Public construction loans for social housing providers		regular mortgage	Loans for social housing used for CLT (Belgium)
			Mortgage guarantee	CLTB guarantee (Belgium)
<b>LIVE</b>		5 years maintenance dowry		
	betaalbare koopwoning zaanstad			income based mortgages (Belgium)

Figure 45 similarities of mechanisms in the Dutch housing market and the CLT market

Using the mechanisms from this list, Figure 46 represents these mechanisms on a CLT in the Dutch housing context. To view these similarities in the same manner as the mechanisms in Europe, the figure also includes the stages necessary to create a CLT. It shows that the regional authorities could support the community land trusts in the initiation phase with similar loans to HAs and cooperatives. This is most crucial in the site stage. The province gives subsidies for CPC's which could also be used for self-built CLTs.

In the same stage, the government also has similar mechanisms for HAs. The HAs could use these mechanisms to channel it through to CLTs. They already provide support for cooperatives in the initiation phase and they also offer affordable houses through intermediate models.

In the latter stages, such as the build and live stage, the Dutch government only provides mortgage interest relief to the tenant. To collect funds for the land, the CLT can also try to get these at the commercial lender as well.

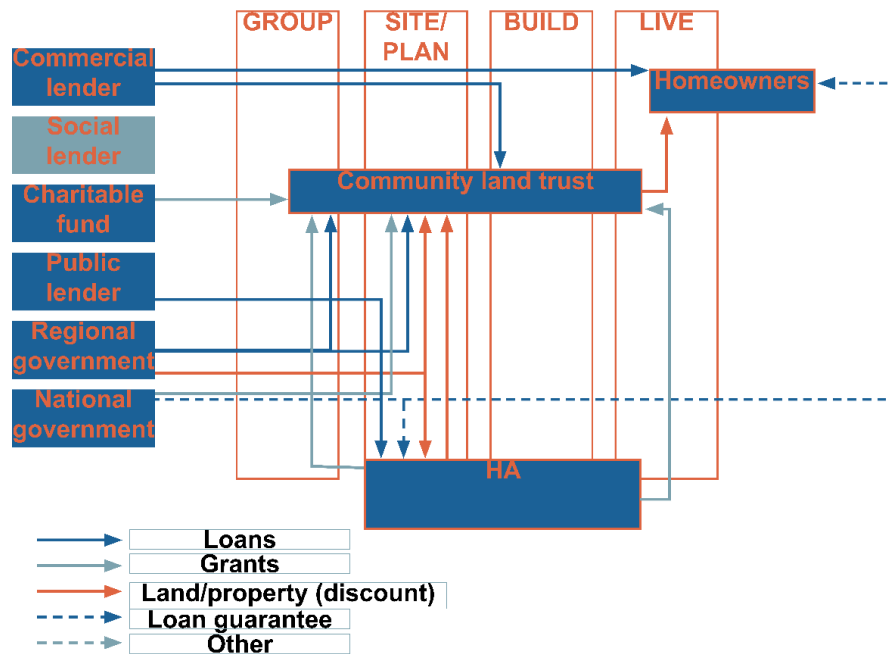


Figure 46 A visual representation of Dutch support mechanisms on a CLT

### 3.3.4.1 assumption

From the similarities shown in the paragraph prior, it is clear that the HAs are a housing provider who also provides many different housing models. Each of these models separately has a similarity with the CLTs.

Furthermore, the goal of the HA, as an organization, also coincide CLT goals. Both the CLT and HA want to provide housing for the financially vulnerable in the market. They also govern the social sustainability of the area around their dwellings. Figure 47 presents an assumption with the most streamlined system and which includes existing Dutch mechanisms.

On top of that, the HA also has to justify their actions to their tenants and the municipality. They can even hire an employee to help the tenants with their housing responsibilities. This tenant can then also be a third board member, representing the CLT.

The largest barrier in supporting the CLT as is envisioned in this research, is the fact that this thesis proposes the CLT as a housing solution for the mid-income-earners. The housing act 2015 restricts the activities of HAs, but with the right agreement with the municipality, they could get the freedom to support the CLT.

Similarly to the French example, the HA could channel a large part of their received support and expertise to the CLT. If the HAs get more freedom to channel their money into these houses, the public parties do not need to support alternative & affordable housing. In this case, that responsibility is left at the HAs. This also fits in the livability goals of the HAs to ensure sustainable places. The province does not have to provide a CPC grant for example as the expert will be sourced from the HA itself. A condition makes the HA a more successful partner is that the HA also involves themselves into the participating community in the group phase. Archer (2019) noticed that this is important in the continuity of the CLTs development.

So the HAs are actors with a lot of mechanism at their disposal and already receive support from different levels. If government funding for other housing types can be channeled together with the loans and support the HA also get, this would be similar to the support CLTs in Europe get. Out of the theory that would be the best opportunity for the CLT to receive support.

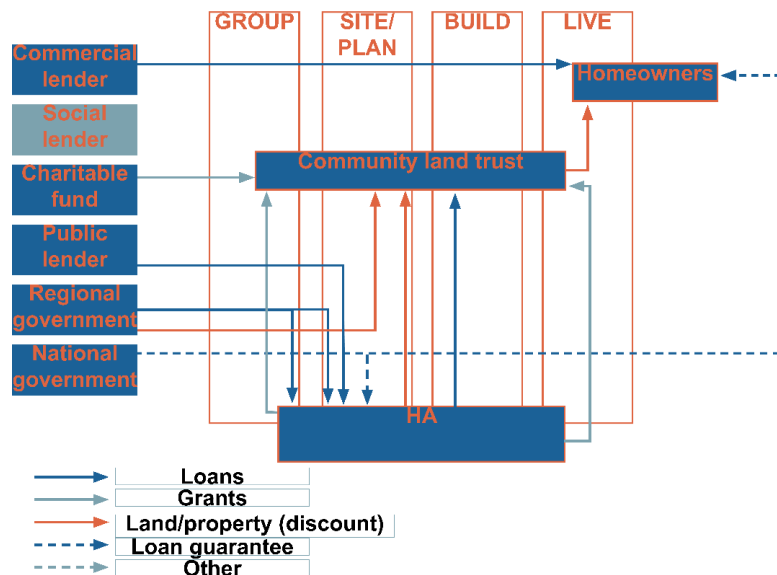


Figure 47 the assumption of how the HA can collaborate with the CLT

#### 3.3.4.2 CLTs: a higher order organization

Coming to the point of sub-question 5: what is the added value of CLTs in the Dutch housing market?, it is evident that the Dutch housing market consists of many different models which each serve different purposes. However, none of these models have as many aspects as the CLT. On top of these, chapter 2.2 showed that the CLT also have goals which surpass the reach of existing models.

A shared purpose that the CLT has with many housing models is to provide affordable housing. This is seen in intermediate housing models and the HAs. The Dutch housing market has many which include all kinds of different mechanisms which also tailor to the tenants' income. As the HA also offer many intermediate models as well as other affordable models, the assumption showed that the CLT can gain support there as well.

The collaborative side of housing is also covered in the Dutch housing market from CPCs up to housing cooperatives. However, the scale and reach of these are both still limited to the dwellings. The potential in the Dutch built environment to look outside of the building boundaries and into the boundaries of the tenants' and community's needs is not fulfilled.

One difference the CLT has relative to the other models is that the tripartite board includes outside stakeholders from three levels of scale. The ideal of the CLT is that its land is seen as a geographical location. In this definition, the location is bigger than a building plot. It is an area whereon people live and build a community. This community is not only the tenants but also everyone interacting with the community. In Figure 30 & 25 scopes of different CLTs are shown. It shows that CLTs have neighbourhood to city-wide reach. This scale of area ownership and management is only seen in municipalities. What the municipalities then lack is co-creation and participation from the tenants and users of the land. Area development which includes cooperatives own and manage up to the area surrounding of their own parcels and dwellings.

In figure 24 and Figure 31 it is also shown that the CLT involves themselves more than housing. It shows that the CLT is stewards for the people participating on the land, and not just for the tenants on the land. These people are the people who according to Lefebvre have the right to the land. The CLTs were formed out of a collective cause. At first glance, it only seems to be financial, but in reality it is against any marginalized groups. In the South L.A. trust, the group increases the livability of the neighbourhood and are now threatened to be gentrified and pushed out. The eco-village in Los Angeles is a CLT that combined their powers to stand up for environmental sustainability. In figure 25, the inhabitants of the neighbourhood of the 2645 Lafitte wanted to have a say in fair products in their grocery store. The inhabitants of the neighbourhood wanted to have control over the shopkeepers who will work there. This ensures the quality and livability of the neighbourhood. The Dutch HA also have this aspect but in a much more limited manner. They have the possibility to purchase societal real estate in the area of the dwellings, but just 10% of that can be commercial. The HAs tenants do not decide on who or what accesses the commercial activities, nor is it ensured that these activities are also beneficial for the tenants.

In conclusion, the CLT surpasses physical and social boundaries in the Dutch housing market. From this scale, it is therefore noticeable that the CLT is not only a housing development. They hold the potential to be the new area development managers. In distressed neighbourhoods, the CLTs could provide support to those marginalized. In transitional neighbourhoods the CLTs support the development, but also sustain the existing community.



### 3.4 Operationalization of empirical section

In the previous chapter, the findings show that the CLTs support mechanisms and the housing support mechanisms in the Netherlands revolve around financial, land acquisition and organizational aspects. To see which of these mechanisms are replicable and which other mechanisms can be used or thought of, the following section will revolve around the empirical findings of this research.

The interview protocol will give the interviewee some insight in the currently faced problems. They will receive background of the CLT's structure, and the support they get. They also get a list with existing Dutch mechanisms. The questions will regard the opportunities and barriers the interviewee see the land, tripartite board and resale conditions of the CLT. Following this, the interviewee then relates the aspects of the CLT to the Dutch mechanisms shown or, if the interviewee know others, also others.

The discovered opportunities and barriers will then be categorized in the previously found concepts finance, land and organizational. If they mention a new mechanism, it will be added to the existing categories. If the interviewee does not mention any of the three concepts from the literature, they will specifically be asked about these during the interview. In this manner, the interviewees can answer questions about the CLT's nature without knowing the CLT prior. This is done to ensure a good interview, regardless if the interviewee is known to the concept or is not.

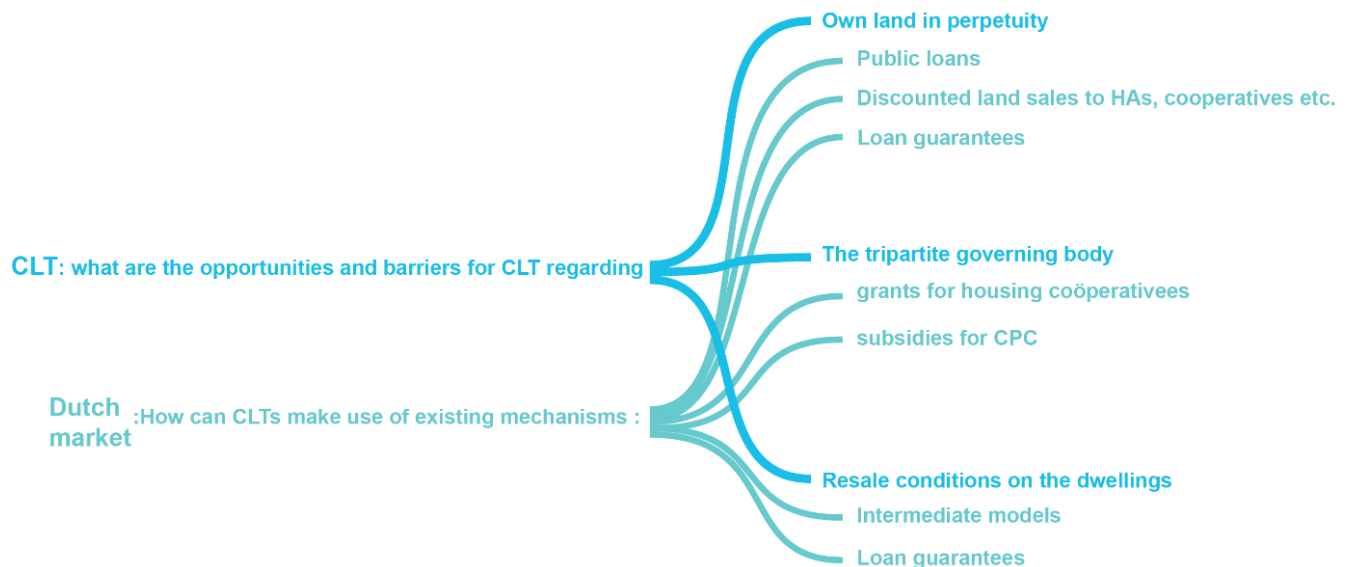


Figure 48 adapting the theory into questions

The models and the support for those models, on which the interviewees are experts, are different per interviewee. To gain insight in the different support mechanisms per interviewee expertise, each group of interviewee will be asked questions that are tailored to their field of work. Some examples of tailored questions are shown in Figure 49.

Group	questions
<b>Public parties</b>	What do municipalities need to sell land cheaper than the market price?
	What would be reasons for the municipality to facilitate experimental housing projects?
	What was the reason the cooperative fund was set up?
	What kind of support does the municipality provide for participative housing models?
<b>Semi-public organizations</b>	What are the necessary conditions to provide mechanisms with resale conditions? Could this be used by the CLTs?
	What is necessary to change loan guarantees for other type of affordable housing?
	How can housing associations support cooperatives?
<b>Collaborative housing experts</b>	Why do some charities support cooperatives?
	What were large barriers for cooperative housing models? How could these be overcome?
	How do cooperatives pay for your expertise?
	What risks do cooperatives face?
	How do cooperatives acquire finance?
	How do cooperatives acquire land?
<b>Private parties</b>	How do cooperatives organize themselves?
	What do banks need to give loans to houses with resale conditions?
	Why don't banks finance more collaborative housing models?
	What aspect of CLTs do banks perceive as risky and how can that be alleviated?
	Why do institutional investors invest in DUObuy? What would the CLT need to convince institutional investors

Figure 49 various interview questions

### 3.5 Findings

The data will be presented based on the different interviewee groups as shown in Figure 22 and appendix 8.4. By doing so, the findings of each category will be presented through the right lens of the right market party. This also shows on which categories and concepts each interviewee group lays their emphasis on in relation to the realization of CLTs.

The interviewee groups all work in the housing sector and the various groups sometimes work on similar housing models, but all with a different goal and perspective on the model. Therefore, data is presented separately per interviewee group. To find answers to the research question later on, the data can be reviewed as is.

Similar to the grounded theory method, the data was continuously compared to each other and was categorized into 13 categories. After categorization, the categories themselves were compared to find overlapping themes which could be organized into concepts. These concepts represent relating chances and obstacles regarding land, finance and organizational aspects of CLTs themselves identified in the literature. Another concept that the interviewees mentioned was the cognitive aspect. This relates to how land and housing is perceived by society. These concepts and categories are shown in Figure 50. The land, financial and organisational aspects were also mentioned in literature, but the empirical data presented another concept: the cognitive concept. The theoretical part did not take this into account and it will be explored in the following chapter.

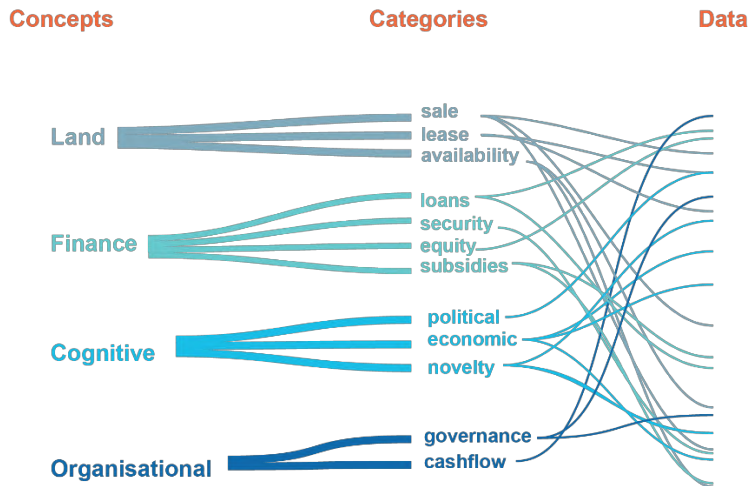


Figure 50 found categories and concepts (own image)

The following section goes in depth into what each interviewee said about every category. Figure 51 shows how often a category is mentioned by an interviewee group. The right side of the figure shows that finance, cognitive aspects, land and organizational aspects are often mentioned by the interviewees in that particular order.

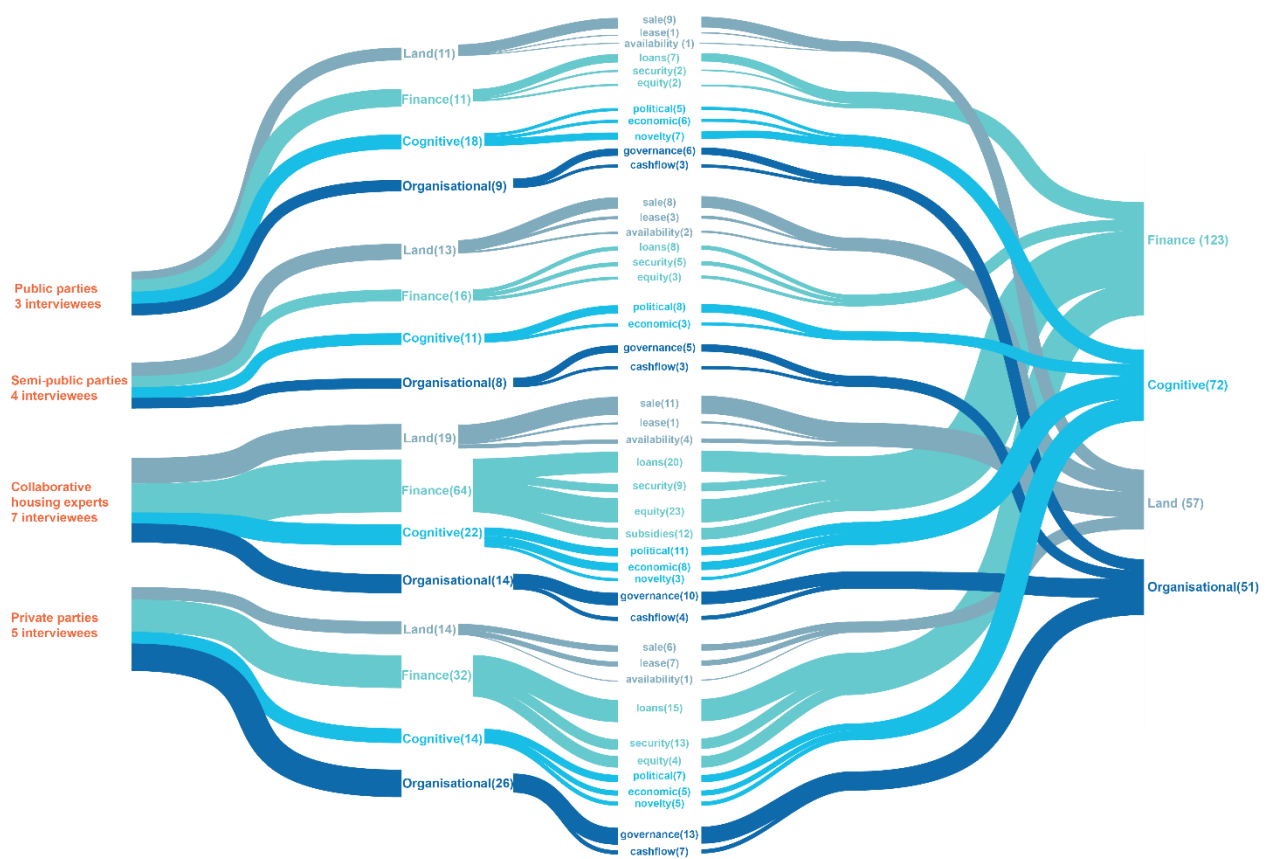


Figure 51 found concepts according to frequency of occurrence (own image n.d.)

### 3.5.1 Land

#### 3.5.1.1 Land sales

What barriers and opportunities does the land market hold for the realization of CLT's?

##### 3.5.1.1.1 municipalities

In general, most land that is going to be accessed for a certain affordable housing model is going to be in municipal ownership or the HA's ownership. Cheaper dwellings pay less for the land because of the residual value calculation. This means that lower land prices are offered when less revenue is made on the property on the land (interviewee B). As will be touched upon in the politics category, within the social and middle segment, the municipality wants a high price on the land to achieve their other goals. This is already an indication of a misalignment of the municipals' social goals and land goals. According to interviewee A, this is especially evident in Rotterdam.

The use of land with all its social benefits can also add to the municipality's goals. The CLT has the potential to help municipalities achieve these goals. For example, interviewee C from the Almere municipality sees the CLT as a potential driving force to not only single properties, but entire area developments. Settling for lower land prices than the municipality would gain from private developers (interviewee A & C). Interviewees of all municipalities noticed the willingness for the cooperatives in Amsterdam. They mentioned the cheaper land price for cooperatives and certain self-built concepts which potentially could also be used for CLTs. For this to happen, the interviewees mentioned that it is necessary for the housing development to have strict agreements with the municipality about the use of land, resale conditions and more.

Interviewee C also saw potential in selling low quality areas to CLTs as a chance for the CLT to develop themselves. With that development the CLT can slowly increase their equity, but also the lower quality land.

The municipalities recognize the potential of the role of HAs in the sale of properties and land through the policy rule experiment sales rules housing cooperatives. Interviewee B stated that through this rule, HAs sell land to cooperatives for a social cause for 50% of the market value. However, the public interviewees think the HA's role will not be large in this development. As they also have their own goals to reach, selling land and properties below the market price does not give them enough funds to realize these goals.

##### 3.5.1.1.2 Semi-public parties

Apart from municipalities, a large amount of land is owned by HAs, who according to the law also have a social goal. They acquired this land from the municipality. This could be either buildable land or agrarian land. Agrarian land is the cheaper option, but according to interviewee G, the HAs can only sell this if they have a clear development plan for the land. On buildable land, however, the HA has to compete with other market parties for the land. Interviewee F & G both stated that the municipality wants a high profit on their buildable land.

HAs are indeed a form of enterprise that share the goal of making housing more affordable. They could do so by selling property or land to the CLT. They sell properties and land which they own, but do not fit in their strategic vision because of various reasons. Interviewee F stated that location is a very important factor for HAs to sell properties. Interviewee E also stated that selling properties is also a good way for HAs to gain equity fast. This is could prove to be beneficial because the HA focus on social rent almost exclusively. Interviewee D & E noticed that this was seen before 2015, when many HAs used intermediate



models to sell their houses to the middle income-earners. After 2015, the freedom of HAs activities were reduced significantly, making the HAs largely focus on renting out social dwellings (interviewee F).

Even though housing models that ensure affordable housing fit in HAs' goals, they do not want to sell their properties without conditions. If the HAs sell their property, they get a higher amount of money, but have less dwellings to be exploited in the long term (interviewee F). Therefore, the HAs have a tendency to keep more properties for financial reasons.

Lastly, all the interviewees mentioned that the HA do not know how to ensure the social cause in the dwellings they sold. It was important that the dwellings would ensure affordable housing and would not be sold at a social price to be resold at a market price. The interviewees noticed that agreements regarding affordability were imperative.

#### 3.5.1.1.3 Collaborative housing experts

When looking at experts who had experience in the development of collaborative housing models, they also noticed the barriers in land acquisition of the municipalities and HAs. Even though they have a social goal, most municipalities and HAs want to make profit from their land and property sales (interviewee N & L).

The cooperatives that were successful in land or property acquisition, local politics were involved. The politics regarding these housing models will be presented in paragraph 3.5.3.1.3. All successful cooperative housing developments, acquiring these lands affordably and with priority over other market parties, included making many agreements and were possible only under certain conditions. Some of these conditions and agreements include:

- The acquired land of the Warren can only be sold to a corporation or a cooperative if it has to be sold (interviewee I)
- The land at the Ceuvel can be used, in exchange for sanitation activities by the buyer (interviewee I)
- The CLTBrussels got a piece of property where the original developer were in a financial crisis (J)

Interviewees I & K also stated the importance of land acquisition because it starts everything. No institution starts any dialogue with a cooperative if the land is not yet in view or in ownership.

“Everything begins with land” – interviewee I.

In foreign examples, it is seen that land is “gifted” to initiatives, which in the Netherlands is unheard of (interviewee L).

#### 3.5.1.1.4 Private parties

Banks in this research see some possibilities in the land acquisition process. Like said before, municipalities do not easily to sell land for a lower price. Banks also understand that the municipalities need money for their other goals. They think that it is imperative for the municipality to sell land cheaper than the regular price for the banks to even consider the possibility of success for such housing initiatives (interviewee P & Q). According to the banks, this price can be lowered if the municipality has agreements in salescontract. Some of these agreements are financial, while others focus on the municipal goals. As interviewee P puts it, the municipalities can safeguard their financial investment by:

- securing a right of first buyer if the CLT ever sells the land

- getting the original discount back from the CLT, to ensure no loss of societal money, if the CLT ever decides to sell the land on the free market
- demanding a performance measuring method in the governance of the CLT

### 3.5.1.2 Land lease

#### 3.5.1.2.1 Municipalities

The municipality of Rotterdam gives land leases to HAs exclusively, while the municipality of Amsterdam never sells land but only gives it under a land lease. The land lease agreement ensures certain land use for the lease taker. This is also mentioned by interviewee B, they set three conditions in the land lease as a standard land lease contract to housing cooperatives:

- governance has to be democratic
- tenants have to earn within a certain amount
- land cannot be sold

#### 3.5.1.2.2 Semi-public parties

Interviewee E mentioned that the land lease agreements have to be extremely clear. He also mentioned that for a CLT's success, the land lease costs should also be very low. However, he perceives the chances of this to be very slim as the private land lease are now virtually non-existent, and therefore, hard to establish.

He also mentioned that establishing a fair land lease and getting other parties to help finance is possible if the CLT focusses on mid-income-earners.

#### 3.5.1.2.3 Collaborative housing experts

The same problems come to mind when asking collaborative housing experts. Clarity and affordability are necessary. Interviewee K also stated that the higher the land lease costs, the higher the dwelling prices. In the Netherlands, private land lease agreements are hard to get by as many banks no longer finance mortgages on property with private land lease agreements.

#### 3.5.1.2.4 Private parties

The private parties consider the land lease potential for the CLT if they have the cash flow to pay for the loan. Interviewee S said that the yield should be apparent in advance. She argues that in the European investment rules (MiFID), an unclear yield is not accepted. In contrast, a negative yield would be more acceptable to trade with than an unclear yield. Interviewee Q also stated that unsure land lease prices are a big reason banks do not consider mortgages on land lease a safe investment. In the past, there were properties sold on a "cheap" land lease for a set period of years. However, after these periods, the landowners increased the price drastically leading to homeowners not paying the mortgages anymore. The land lease should be very clear with no drastic fluctuations for the bank to even consider mortgages on the land lease.

*"... There was an example of agrarian land where the investors wanted to give the farmers a affordable price for the generations to come. The first yield was that it was affordable and the second yield was what the farmer would then make and pay for the land, because everyone can pay a certain amount for the use of the land, but this was not allowed by the MiFID ...."*

- interviewee S

Interviewees S & P calculated the land lease as the banks interest and relief, plus the costs of the CLT. The interest and relief are dependent on the length of the loan. The loan amount is then calculated on the height of the land lease. So, the land lease amount needs to be clear before the loan can be issued.

Another condition interviewee S mentioned was that the bank needs to know who pays the land lease. Identifying the leaseholder gives the banks more security on the purchase power of that leaseholder. The banks also want to have security that the leaseholder is going to get financing on the property on top of the land, the banks financed. She then continues to look at properties that have a land lease on estates or monumental land, which barely pay anything for the properties, but then have very high land leases. For the tenant this proved to be beneficial as the lease was deductible from the tenant's income.

Interviewee O, who works with the DUOkoop mechanism, does not experience this issue with land lease. He works with a large pension fund of €1 billion and set it in a mechanism (DUOkoop) which is automated. He stated that the land is a very reliable investment for pensions as it does not lose its value. The land lease asked from DUOkoop is also never adjusted apart from the CPI. The pension fund saw land as a safe investment that grows with the market and the state obligations are too low in the current economy. For the pensionfund, the cooperative or the CLT was not as secure because of the unclarity of who is on the land. He stated that the bank and pensionfund need to know who is paying, so that the pension fund has the property as part of its security in case the tenant defaulted. He stated that one plot for one house made more sense to the pension fund.

#### *3.5.1.3 Land availability*

This section is not divided into the different market parties. All the parties have the same sentiment. Interviewees C, E, F, G, I and K mentioned that there is too little buildable land.

Interviewee F proposed a solution to release more agrarian land as well as buildable land. He stated that around 7% is built and around 60% is set as agrarian. Swapping 1 or 2% should alleviate the entire housing crisis. Also in inner cities there is a lot possible. According to him, there are too many unused areas of land with unclear ownership just waiting to be developed when the time gives it its highest revenue.

Interviewee I also mentioned that Amsterdam is even dredging more land from rivers to create more dwellings in the city.

Interviewee P mentioned that a municipality like Almere which is growing, but also has relatively a lot of land, should provide land to try this out to also enable attracting a certain group of middle incomes. Interviewee C from the municipality of Almere, however, reacted that there is land, but it is not assigned to cooperative initiatives in the land use plan.

#### *3.5.1.4 Summary land*

The Dutch housing crisis is caused by a lack of buildable land. There are ways mentioned to change this. Agrarian land could be used or land can be dredged, but even after land is made available, the municipality needs to assign land to experimental models for the CLT to have a chance to start. HAs also contributed to cheaper land options for cooperatives in the past, but HAs are more hesitant with selling their money-making assets after their activities were reduced after 2015.

Nonetheless, even within buildable land, municipalities generally have a hard time to close their budget when they sell their land for lower to mid sector developments. Every party recognizes that collaborative housing models could contribute to the social goals of the municipality, but the municipality also has other costs which they finance from the land profits. Therefore, CLTs will only stand a chance against other profit seeking market parties if they get land assigned, or some kind of priority or discount.

As seen in the CLTBrussels' case, the cooperative Roggeveenstraat and the Warren, it is possible. Yet, these initiatives needed a lot of political help and had to comply with many agreements set by either the bank or the municipality. These agreements consisted of agreements in the sale, decision power, liability and governance.

These agreements are put in the contract, but they can also be solidified in the land lease contract. Land lease amounts were also something to be wary of because private land leases caused tenants to default on their mortgages in the past. Consequently, banks have stringent agreements regarding land leases resulting from the rarity of private land lease. Currently, the only significant private land lease construct is the DUObuy where the land is bought from a €1 billion fund. This pension fund and all the banks agreed that the bank needs to know who the lease payer is.

### 3.5.2 Finance

How will CLT's be able to finance their activities?

#### 3.5.2.1 Loans

##### 3.5.2.1.1 Municipalities

If the CLTs have a clear business plan and cash flow, the loan should be easily paid by the CLT. The problem is that the municipalities recognize that there are other issues when acquiring loans. The most apparent lenders they appointed were the German banks. They were more familiar with these housing models (interviewee B & C). The banks that lend money, however, do not lend 100% LTV. What tends to happen is that the loan to rental housing cooperatives are seen as business loans, and therefore, only come up to 70% LTV. Amsterdam's municipality acknowledged that the cooperatives cannot always pay the remaining equity and wanted to support housing cooperatives. They set a fund that enables cooperatives to fund a large part of the remaining LTV as a revolving fund (see Figure 52). This fund enables the cooperatives to finance their equity, but the municipality does ask a market interest on this loan.

The cooperative still has to come up with 5% equity for the market value itself.

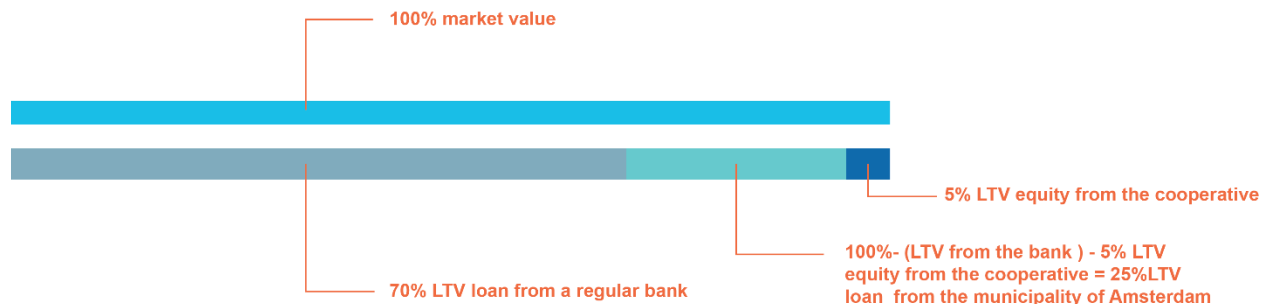


Figure 52 municipal loan construction for cooperatives in Amsterdam (own image)

This municipal loan is only granted under the conditions stated in the land lease agreement, as seen in paragraph Land lease 3.5.1.2. Interviewee B stated that ensuring these three conditions in a contract and

in the land lease agreement puts a “ double-lock” on the municipality's social goal and, safeguards the societal money.

Interviewee B also mentioned that the cooperative could refinance themselves after 15 years because the cooperative has built some own capital.

Another issue that many cooperatives face is that banks' money is only released for construction or sale. The municipality decided that up to €15.000 could be released from the municipal loan before the environmental permit is received. This money is meant to finance the experts necessary to realize the project, which is undoubtedly needed (interviewee B).

Interviewee lastly, mentioned that there are no mortgages that include anything similar to the CLTs. She sees potential if a mortgage product is made for the CLT, which has to be adopted by multiple banks. She also stated that it is important that these loan constructions are durable. If a homeowner can use a loan construction at a certain time, it does not mean that this construction still exists at the moment the property gets sold to the next buyer. If the next buyer does not have access to a similar loan construction, the original buyer faces the threat that the property becomes unsellable. In that case, the first owner of the property is stuck with the property (Interviewee C).

#### 3.5.2.1.2 Semi-public parties

The semi-public parties use different models to support affordable housing. Interviewee D & E expect the bank to only finance up to 70%. So, they thought of ways to bridge the equity too. The most noticeable and widely available would be the Starters' loan from interviewee D. Any municipality can choose for which target group to use this on. This can help the first time buyer to bridge the equity gap. Other models like koopstart give the first buyer a method to get an affordable first house with resale conditions to retain a part of the value for the municipality. The dangers the interviewees D & E both saw is how to keep a dwelling on a location affordable on the market.

Another threat that semi-public parties see are “scheefwoners” which are tenants living in a dwelling that is comparatively too affordable for the tenant's dwelling. Interviewee D mentioned that in a maatschappelijk gebonden eigendom (MGE) dwelling, a situation where with a similar construction a homeowner's income outgrows his house. However, the market value of a similar dwellings in the same area increased in value more than the homeowner of the MGE dwelling, so he decides to stay in the dwelling, even though his income grew out of the affordable dwelling. An example is shown in Figure 53 below, in which  $t=1$  is the first moment of sale and  $t=2$  is after the moment of sale. This example takes

into account that the value growth of the affordable example, cannot be completely taken away by the property owner.

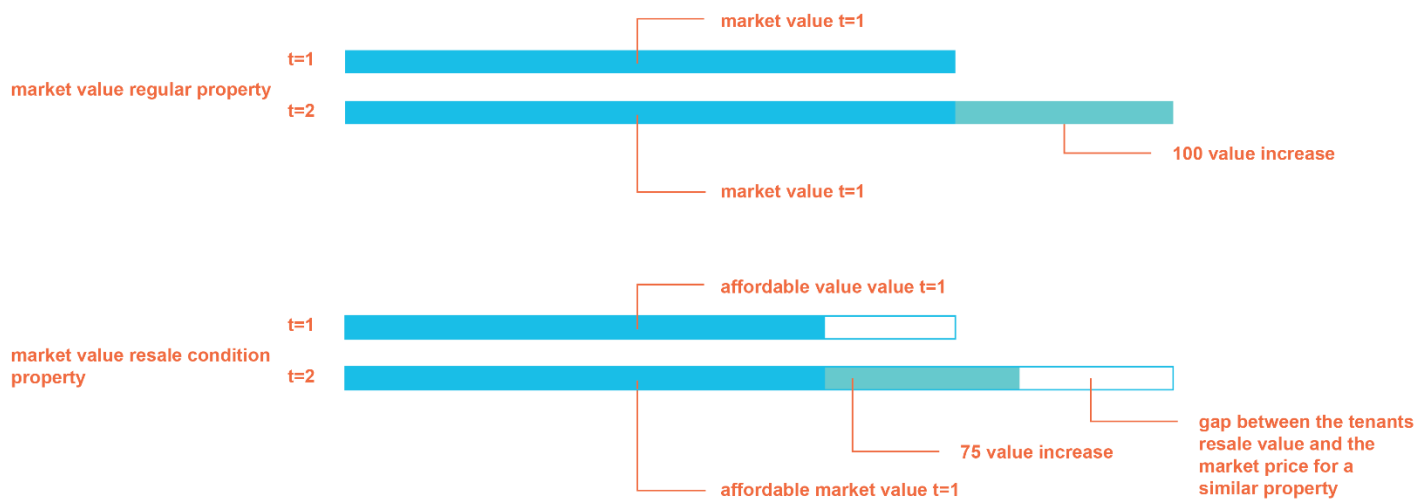


Figure 53 *scheefwonen* example in resale condition dwellings (own image)

For the tenant to receive the loan on this property, the chances increase, but the dwelling is not available for the initial target group.

Lastly, interviewee E noticed a threat in the fact that the CLT needs two loans. One is for the land and the other is for the tenant of the dwelling. He stated that the land price reduces the amount of mortgage the tenant will be able to receive. On top of that, he recognized that the mortgage interest decreases, while the land lease and income of tenants increase over time. In turn, the risk of default decreases. He said that it is the way the loan payment is structured at the start that makes it hard for the CLT and tenants to get a loan. As a recommendation, he said that initiatives that revolve more than just around housing, but other social causes as well, can get financing from many different parties. An example he gave, was a group of people got a grant to buy a societal real estate and yet another grant to improve the buildings sustainability.

### 3.5.2.1.3 Collaborative housing experts

Collaborative housing experts also have had much experience with different financiers. They do not solely work with banks like the public parties often do. They noticed possibilities that are in development by banks. Interviewee K spoke about a possibility for an umbrella mortgage for all the tenants of the CLT including their land. In this example the CLT has to be made as a legal person to be held accountable. As shown in paragraph 3.5.2.2, the liability aspect is very crucial for banks to supply loans. The majority of the initiatives, which do achieve to get a loan, meet other criteria such as security and equity criteria or work with a combination of loans (interviewee L).

Collaborative housing experts generally have bad experiences with banks in the Netherlands. German banks are more willing to look at cooperatives (interviewee H, I, M & K). As stated before, banks only want to help looking if the land is found (interviewee I & K).

Some reasons bank are not interested in granting loans is because, firstly, they want to know if the tenants on the land are able to pay their mortgages and the land lease (interviewee N). On a shared mortgage or

with a collaborative form, most banks do not want to participate. Interviewee L saw issues in shared mortgage ownership in the Ceuvél. Secondly, banks are afraid of financing dwellings with resale conditions (interviewee H). Interviewee H stated that resale conditions mean less market value at the moment of resale for the bank. So if the bank gets the property through repossession, the house cannot be sold at the market value because of the resale conditions. Lastly, interviewee K stated that banks have too short term investment plans. He argued that land interest is a safe investment, but the loan terms are also too short to keep the CLT affordable (interviewee K).

A more reliable investor for participative and collaborative housing initiatives could be charitable foundations (interviewee H, L, M, N). In the US, the Ford foundation was a big sponsor of housing CLTs (interviewee L). For the Roggeveenstraat cooperative in the Hague, a big sponsor was fonds 1818 (interviewee H). Many other Dutch foundations like stichting DOEN were more interested in funding social activities or entrepreneurs rather than housing initiatives. According to interviewee N, financing these initiatives does support the goal of the foundation, but they consider real estate finance too complicated. She also stated that stichting DOEN also had an idea to be a guarantor. This idea failed because the charities do not want to deal with the technical aspects of real estate. The only investor she could imagine helping such initiatives were lotteries, which is more common in the UK.

Lastly, the CLT could focus on funds that have a certain societal cause and use that as a vehicle to get loans. The Warren acquired a large loan from the participation fund for sustainable economy north-holland (participatiefonds duurzame economie Noord-holland: PDENH) for the sustainable construction of their building (interviewee I). Another fund, interviewee N mentioned, is the KNHM fund financing societal real estate like community centres for neighbourhood participation. Combining goals like this, could give the CLT access to multiple streams of finances.

Another issue regarding loans is the release of the funds. Interviewee I & J stated that part of their success is that they were able to access some funds outside of the construction phase. Interviewee I received part of the municipal loan prior to the land permit, while interviewee J got access to philanthropic loan as a bridging loan between construction and sales of the dwelling. Interviewee J also stated that this was only possible because the developers they worked with could get these loans. Pairing up with professionals and letting them access loans that the CLT will pay is a potential to be researched.

#### 3.5.2.1.4 Private parties

Seeing that collaborative housing models as well as CLTs are very unique in the Netherlands, banks tend to stay away from it. Banks want standardization and efficiency, because that is the base of their profit margin (interviewee P, Q & R). The same goes for pension funds (interviewee O). As long as the pension fund can automate and invest large amounts money, the pension funds will consider developing their strategies according to the housing model. If they cannot, then it is not worth their time and money (interviewee I).

Another problem that interviewee Q saw is that regular homeowners are able to refinance for a lower interest rate on their dwellings because of the added value of the dwellings after a couple of years ( as seen in Figure 54). This added value gives the homeowners the opportunity to reduce their interest rate on the loan, because the comparative LTV got lower and this safer for banks. Homeowners in the CLT do not enjoy this value increase (as much), thus banks consider them to be riskier.

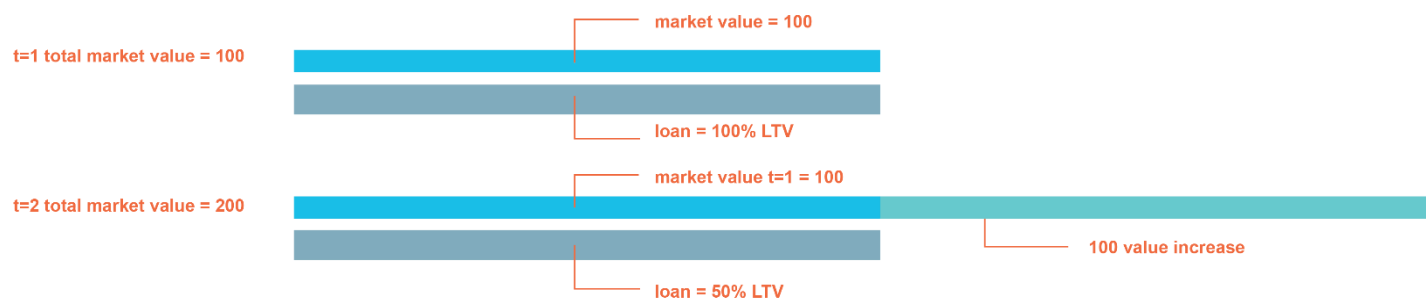


Figure 54 refinance mechanism for regular homeowners (own image)

If banks value this for a loan, it would be valued as a business loan (interviewee R). A business loan has higher interest and demands a high amount of equity. Interviewee S suggested spreading the loan's payback period over a long period, which was around 30 years, so the interest should be stable and potentially low.

Interviewee Q also spoke of the potential to acquire finances between multiple financiers, so that multiple banks also share the risk. He also stated that the group needs a professional spokesperson as a prerequisite for any loan related issues.

This is called a syndicated loan. It works on the condition that multiple lenders share the investment. It is similar to having shares in a company, but then the bank decides on the interest. A condition for these syndicates is generally that a security agent is placed to ensure that the bank can receive their share in the collateral in case the loan defaults (Brinkhuis & Harmsen, 2005)

Interviewee P lastly added that market banks should not have to step in this. He stated that the goals are entirely in line with the BNG and the NWB, so they could finance such activities. These banks were contacted but did not reply to this research.

### 3.5.2.2 Security

Providing finance is very risky for financiers. What risks do you see and what could give the financier more security?

#### 3.5.2.2.1 municipalities

As stated before, the homeownership and the social housing sector get public loan guarantees through the WSW. These loan guarantees support the loans, but also reduces the risk and interest of loans. According to interviewee A & C, cooperatives should be able to reach out to such housing models as a guarantor as is done by the Mietshäuser Syndikat.

The Mietshäuser Syndikat is an organization where different housing cooperatives are united. This organization invests their grown equity to build new housing cooperatives (Zonneveld, 2020).

#### 3.5.2.2.2 Semi-public parties

When speaking to the WSW, these activities are not accepted by law. Interviewee G mentioned that the WSW is only enforcing the law and therefore, does not guarantee participative housing models.

Interviewee G also mentioned that the banks need something else to fall back on if the land cannot be sold in a CLT. Interviewee E said that it is impossible for the bank to value a piece of land to sell if the land



has the condition to be affordable forever. He then continued to take German Mietshäuser syndikat (as seen above) as a possibility in the Netherlands, but in his opinion, the Dutch housing cooperatives are too focused on themselves. The cooperatives in the Netherlands have not developed to enough to start investing in housing cooperatives like themselves. Currently invest their built equity in their own cooperative.

#### 3.5.2.2.3 Collaborative housing experts

The collaborative housing experts recognize that the banks need someone to hold accountable if the CLT cannot pay the interest on the loans (interviewee H, M & N). This would be a problem for the financier of both the land and the property. If the land has a contract wherein it says that it cannot be sold again, the bank will not agree with that, because the land can no longer become liquid (interviewee M).

*“Why would a bank step in if it cannot sell the land in worst case scenario?” – interviewee J<sup>5</sup>*

In other cooperative forms, where there is more than one person in the legal form, the banks also do not understand who to hold accountable for the failure of payment (interviewee H & J). This was a large barrier for many banks to supply loans.

For the mortgages on the property, interviewee J could use the legal form of the CLTB in Brussels as the guarantor for mortgages on the CLT because they already build the company’s equity. In the Netherlands, interviewee H suggested the NHG as the guarantor of the property owners in case the building gets sold for less than the bought price.

Collaborative housing experts also know the Syndikats, but in their opinion, the cooperative and CLT market is too small to have a sizeable volume to guarantee each other (interviewee H).

#### 3.5.2.2.4 Private parties

As the previous parties also mentioned, the banks first questions were: who would be held responsible? The CLT and the banks need very clear and transparent rules to alleviate the hesitation at banks (interviewee S, O & Q).

The banks also need clear agreements in the land lease as to how the execution of the properties and the land will be handled in the situation of default. According to the Dutch law, the landowner can take properties on its land if the leaseholder does not agree to pay (interviewee P). In that case, the bank loses the mortgage right over the property. To alleviate this, an agreement between the CLT and the landowner has to be made, that the land owner returns the property to the bank (interviewee Q). For the DUOkoop example, the pension fund needs to hold ownership of the dwellings in case the owner defaults on the payment (interviewee O). But he did say that clarity is important:

*“Who has which rights and how does the CLT handle the with the bank?” - interviewee O*

Apart from these barriers, the banks also had their opinions on how the CLT should secure their loans for the banks. In the case of land, interviewee P said that the municipality should be the guarantor. He already mentioned that the land should be given in discount and therefore, the municipality is already involved. Interviewee S found the guarantees more inside the CLT. The banks should receive a down payment of 6 to 12 months land lease costs as the security for the land.

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<sup>5</sup> Authors’ translation

In case of the property security she also mentioned that in the case of CLT, the tenants should be able to be a guarantor for the other in case someone cannot pay their mortgage. In which case, this should be agreed upon transparently with the bank. The NHG as a guarantor might be possible, but interviewee R already mentioned that the NHG only guarantees structures that are more established. Therefore, establishing the structure CLT with support from an institution could improve its chances to also be secured by the NHG.

### 3.5.2.3 Equity

#### 3.5.2.3.1 municipalities

The municipalities leave it to the cooperatives themselves to find the equity that is requested from the bank. As stated before, the municipality of Amsterdam finances this equity with a loan. The last 5% equity is left to the cooperative to find. Interviewee B mentioned that this 5% equity could be raised any way the cooperative wants. H The most important factor for Amsterdam was to see if the cooperative was even able to raise the 5% as a test if the cooperative would survive the process.

*“...For lower and mid-income this might be hard to pay out of their own savings, but this can also be raised through crowdfund or other methods. In any case, this is a test to see if the cooperative is strong enough to pull this off...”<sup>6</sup>*

– interviewee B

In this case, the 25%+5% equity from the municipality and the initiative themselves will be included in an agreement with the bank wherein it states that the bank is always has priority for repayment over these investments.

#### 3.5.2.3.2 Semi-public parties

As seen in the public party, crowdfunds seem to be a possibility for the CLT to start as well. Interviewee E, however, noticed the dangers of contemporary crowdfunding. He noticed that crowdfund loans usually have a short pay back periods. Another issue he noticed is that funds in this way, are usually tied to decision power.

#### 3.5.2.3.3 Collaborative housing experts

Other collaborative houses found outside crowdfunds through a local charity like fond 1818 (interviewee H) or through door to door charity (interviewee N). These crowdfunds do not always bring enough money, but they show the municipality and the financier that the initiative has a social support base (interviewee N). Interviewee L also looked at the Mittshausensyndikat where the cooperatives could look at each other for loans to fulfill the equity gap.

Funds can also be found within the tenants of a housing initiative. The cooperative could sell bonds to use as the cooperatives own equity (interviewee N, M & I). These bonds can be bought by the tenants of the initiative, like the Warren has, or outside of the initiative, by external investors. In the Warren the bonds have a return of 2.5% and can only be used for the construction of the real estate. Bond constructions for external parties have more complications. On one side this complication has to do with return on investments and on the other hand, the liquidity in the CLT. In a bonds construction at bd grondbeheer,

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<sup>6</sup> Authors' translation

the bondholder can only step out if he can find a successor to finance the land as the initiative might not have the liquidity to do so (interviewee M). In that initiative, the monetary return is not yet clear either, so they measure their return in agrarian goods produced on the land.

From the public parties, collaborative housing forms also received funds in the form of subsidies. The CLTBrussels and CLTBijlmer both received subsidies to do feasibility studies, but it often stops there (interviewee J & K). Other accessible subsidies that are possible are more focused on a more direct sustainable social goal. Subsidies focused on social real estate like community centres can be used in Rotterdam or Amsterdam (interviewee K & N). The focus is that there are no real subsidies focused on helping a relatively small group to attain housing for themselves (interviewee N).

Interviewee J also noticed the lack of subsidies for housing in Brussels. Interviewee J & N mentioned the potential of EU subsidies for these forms of housing. However, in Brussel, the municipality of Brussel as a local party also participated in thinking of solutions. Together with the municipality he constructed the following subsidy, which was based on a third of the income of the tenant over 30 years (see Figure 55).

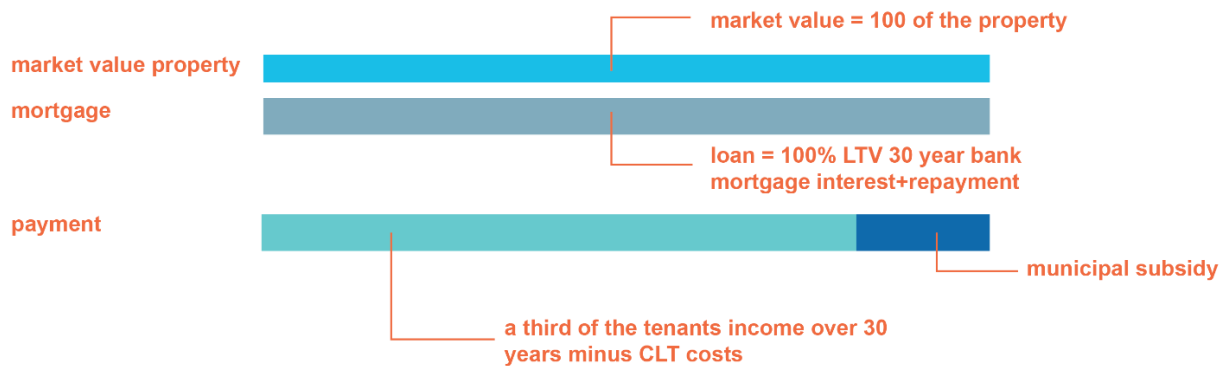


Figure 55 Brussels municipal subsidy for CLT tenants (own image)

This example is a little different from the plans for the CLT as Brussel has only 8% lower income housing and the CLTBrussel’s target group was mainly the lower income (interviewee J).

#### 3.5.2.3.4 Private parties

The private parties, commented on the fact that bonds or stocks in a company always have to be a certain value. This value can be based on the CLT, but if the land is taken off the market, how the stock then valued (interviewee S & P)

#### 3.5.2.4 Summary finance

In terms of loans, the alternative housing models have charities, public loans and bank loans to pick from. However, accessing loans in general is not a given. Charities generally do not finance housing, public loans are hard to acquire and the banks in the Netherlands are lacking, so many collaborative housing initiatives look at German banks. The intention is there, but the execution and reliability of Dutch banks in similar housing models, with exception of some odd cases, is not. The scale of similar housing models is small in the Netherlands and Dutch banks, therefore, do not know how to assess the reliability of these housing models. Some potential constructions can include umbrella mortgages or banking syndicate loans (as mentioned in paragraph Private parties 3.5.2.1.4.).

The banks, as a common rule, need clarity and transparency, or agreements which states how their investment is secured. The banks work is in risks and the perceived risk is large without clear agreements. The CLT, without the land as collateral is too risky for the banks to invest. The security can most likely come from public parties. This could either be national (NHG or WSW) or the municipality. To ensure securities at either of these authorities, the political landscape of the government or municipality will play a large role. If the CLT gets a chance to scale up, then it is also possible that CLT's could be security amongst themselves, like the cooperatives do. If the bank, however, does not have anyone to hold liable, the risk is simply too big.

On top of security issue, the CLT is considered a unorthodox housing model, which is valued like a business. This means that the LTV is around generally around the 70%, which means that the bank, apart from the collateral, also needs an equity. As mid-income it's not sure if the CLT can bring that in themselves. Crowdfunding through open crowdfund or through bond-like constructions can also be a possibility. Non-market parties like the public-, like starts' loan and municipal loans, and charitable funds, like fonds 1818 or stichting Doen, sometimes fill this equity gap. This could be done through a loan to cover the equity or as a gift. Lastly, some initiatives want to start a crowdfund type of construction. Even if the initiatives acquire their equity, the bank usually still wants to be the first in line to get finances and the first to be repaid if anything goes wrong.

Lastly, the bank needs to have cashflow. This is according to the structure of the CLT and will be described in paragraph 3.5.4.2.

### 3.5.3 Cognitive aspects

What is your opinion on the CLT in the current market and society?

#### 3.5.3.1 Politics

##### 3.5.3.1.1 Municipalities

Similar to political parties, municipalities and other societal groups, the cooperatives, and therefore, the CLT have a color. The color of such housing groups have to be in line with the political color of the municipality. Interviewee B noted that policies of Amsterdam were really focused on such groups, whereas the municipality of Rotterdam did not want to take action for such groups. They limited themselves to two collaborative housing models in this political term.

Generally all political parties have a goal to increase livability and affordability, but using land for this is rarely done. Interviewee A stated social policies usually never work with the land policies, but rather oppose them. She said aligning the two aspects in the municipality is not easy.

The level of activeness of a municipality for this housing type also plays a big part. Interviewee A stated that the municipality of Rotterdam will only reply to requests from their inhabitants, leaving the initiative at the inhabitants themselves. The municipality of Amsterdam assigned land in advance and made a fund to facilitate cooperatives more actively. Interviewee C also noticed that there has to be a change in the way that municipalities react to the alternative housing requests. She stated that the municipality of Almere just looks if the land use plans include collaborative or experimental housing types when cooperative groups want to use a plot of land for their project. She recognized that there could be a more active than reactive policies to open a better dialogue between public parties and cooperatives.

#### 3.5.3.1.2 Semi-public parties

Interviewee noticed the importance of the municipalities as well. The political color of the municipality is not only important, but also a threat (interviewee F). If the municipalities change their political parties, the support the CLT might receive can be lost very quickly. Interviewee F also stated that the municipal policies should also push private owners to start developing inner city locations, instead of leaving the land to lie fallow for years.

He mentioned that on a national level, there also is a need for change. There is currently no ministry of housing. There is a minister of housing, but the fact that it is below the internal affairs, shows the low level of priority it has. This top-down power also stopped giving HAs freedom to experiment with more of these models. Interviewee G also noticed that the national politics can give the WSW more room to guarantee collaborative activities.

#### 3.5.3.1.3 Collaborative housing experts

The political preference of the municipality has a big influence on collaborative housing developments indeed. In the Roggeveenstraat in the Hague, a community centre in Rotterdam and the ecodorp in Boekel were only realized with specific persuasion from the mayor within the municipalities (interviewee N & K).

On a national level, all the policies only focus on the social rental sector and homeownership sector, leaving very little room for similar collaborative housing models in the national policies (interviewee H & K). Interviewee L stated that the Netherlands misses the “trust law” where the national government comments on the potential regarding “trust-law” in the national politics, which is seen in the UK.

#### 3.5.3.1.4 Private parties

In the municipalities, the private parties agreed that the municipals land policies are counterproductive with regards to certain land use (interviewee S).

Regarding national policies, the different interviewees disagree. Interviewee R mentions that the national government would rather need to start a program to make affordable houses, whereas interviewee P states that the HA should get more power to lead these constructions.

### 3.5.3.2 Economic systems

The CLT with its anti-speculative is something fairly new in the Netherlands. What are your views on that?

#### 3.5.3.2.1 municipalities

Interviewee A, B & C mentioned that the Netherlands has two strong markets, the homeownership market and the social rental market, but that the market consequentially does not think of any other type of housing. Interviewee A also mentioned that the municipality of Rotterdam focuses solely on HAs to reach the livability and affordability goals. Interviewee B did not agree with that, because according to him, the HAs should stay in their own lane of supplying social rental housing. He also noticed that the HAs do not consider the general people to be capable of governing their own houses.

Interviewee B & C also mentioned that the market thinking in the Netherlands is very strong. Anti-speculative or market-contrepreneur models seem impossible to conceive for many people. Interviewee B suggested a systematic change which meant that municipalities have to sell land and property on the base of what tenants can miss rather than what tenants can pay.

Interviewee also mentioned that she is witnessing increasingly more (housing) initiatives moving away from the market.

#### 3.5.3.2.2 Semi-public parties

The semi-public market actors, which work in the current market recognize that homeownership is thought of from a right wing perspective (interviewee D, E & G). Interviewee D stated that this was necessary for the market to develop and grow. He did state that in his line of work at the SVn, there are increasingly more people questioning the current economy.

Interviewee E even noticed a return of buying with guarantee requests at the stichting Opmaat. He noticed that the market actors feel like a change from top-down is taking too long.

#### 3.5.3.2.3 Collaborative housing experts

Interviewee K stated that the current land economy promotes segregation. The economy should move away from monetary wealth and increase wealth in terms of non-monetary wealth, like living satisfaction, land produce and empowerment of people (interviewee M, N, J). Interviewee I & M noticed that ownership monetary wealth are being replaced by collaboration and sustainability by the younger generation.

Interviewee J & L also spoke about the definition of money and yield in the domain of land. They consider land a common, which does not grow in monetary terms, but in terms of use and yield in terms of produce.

#### 3.5.3.2.4 Private parties

Unsurprisingly, most of the banks do not expect much chance for the CLT in the current economic system. Interviewee S stated that after the housing crisis after 2008, the banks were trying to resolve the problem, but before that could happen, the government already made their decisions in fixing the housing crises. Since then she stated that the current economic system brought us here, so it has to change for us to get it out. She stated that land should become anti-speculative for the influx of foreign “land-grabbers” to reduce. She also agreed with interviewee J & L that land should not yield money, but in other values.

Interviewee P also noticed that the CLT will stay behind and lack in the current market, making the gap between the CLT and the housing market increasingly bigger. This is a fundamental problem of the housing market, because the house price increases more than the income of country. As a change he suggested that the mortgage interest relief should be disbanded for the housing market to get a better representation of the real value of properties.

### 3.5.3.3 Novelty of CLT

What can help the CLT to get footing in the Dutch housing market?

#### 3.5.3.3.1 municipalities

Interviewee A, B & C recognize the issues of the novelty of the housing model in the Netherlands. The novelty creates issues in acquiring loans, legal forms and more. Interviewee B noticed that an ownership form that includes both rent and ownership does not fit in the frame of mind in the housing market.

Standardization and clarity is also very important to scale new housing models (interviewee B). He also stated that there is no law or form where the legal person is both an owner and a tenant of a product. This makes it extremely hard for any institution to work with it. Interviewee C noticed that the cooperative

association only got more traction after it was written down in the law. Writing a legal definition in what a CLT is, could alleviate question marks at banks, municipalities and other actors.

As a last factor in novelty, interviewee B & C say that one municipality only have to show that it is possible, other municipalities will follow.

#### 3.5.3.3.2 Collaborative housing experts

Collaborative housing experts say that the system needs to become more known, so that the conversation between these initiatives and institutes can start (interviewee H & L). This could be knowledge directed at how to start CLT's for the project initiators as well (interviewee L).

#### 3.5.3.3.3 Private parties

The banks also stated that the existence of CLTs should be more known for banks to finance. Interviewee P stated that housing cooperative grew just enough that Platform 31, commissioned by the government, to make standardizations. It was recommended to have a whitepaper to that initiators could use with conditions they have to hold on to. This could be in the form of a self-organize whitepaper (interviewee Q & S), borders wherein the CLT could operate (interviewee P), or just something the bank can read up in what the CLT is instead of having a custom construct every time a CLT tries to communicate with a bank (interviewee S). The banks' and pension funds' business model is to provide loans out mortgages systematically and scalable. "Unknown" models do not fit systematic by definition (interviewee P, Q, R & O).

*"Either the CLT just follows a structure known by the bank but marketed as a CLT, the CLT becomes so big that all the banks have no choice but to set a system for it, or a third; be so small that it can move between all the lines"* -interviewee P

#### 3.5.3.4 Summary cognitive aspects

The CLT is very new and it includes ownership and rental in one model. The housing system does not know that. It is, therefore, imperative for its success that the CLT becomes more known in the market, but also among the general population. In the housing cooperatives this is already a phenomenon, where the knowledge is increasingly spreading. If the idea becomes more established, the institutes will have to adapt to it. Writing a common definition down could be a major step.

However, political progressiveness and activeness, rather than reactivity on a local level can already enable initiatives to access land, loans and other types of support. This is seen in cooperatives who support of mayors to acquire loans or land.

National politics can also play a role as such CLTs are a counter-market development. Ideas, where land stops speculating, less globalization, yield on land is paid non-monetary or rent is based on income is something that is hard to grasp. The closest there is, is a rental cap for social housing. The general market thinking in the Netherlands should be more nuanced for CLTs to be understood.

### 3.5.4 Organizational aspects

What do CLTs themselves have to take into account if they want to be successful?

### 3.5.4.1 Governance

#### 3.5.4.1.1 Municipalities

Interviewee B set up a legal person called *koop collectief*, which is an association, where all the inhabitants act as the association members and the renters can only be one of the association members. The association, therefore, also accepts tenants that are not tenants.

He also stated that the governing the process of realization of these processes costs a lot of professional knowledge and time. The realization of a successful project could lead up to 6 years. He also mentioned that many HAs have a bias thinking that, as most of these groups do not have professionals, that they are not able to set up a housing project.

Interviewee C also mentioned that the governance of such projects are a good potential to govern urban area developments as opposed to singular building developments. The development of a CLT can include areas and get all the opinions in the same direction. She mentioned that these developments do not have the financial means to place themselves at locations which are at the top of the market. In contrast, they usually get less favorable locations. But she mentioned that these models, namely CLT, could upgrade areas of lower quality. According to her, these models initiate area developments where commercial parties would not have succeeded. The CLT would then work as a way of placemaking.

#### 3.5.4.1.2 Semi-public parties

Parties connected to the HAs, are a skeptical of the capabilities of people to realize collaborative housing models. Interviewee F & G say that HAs have a board, a control board, a tenant committee and more. They both mentioned that tenant involvement in these committees are generally very low. Interviewee F mentioned that the large majority of the HAs don't think of these forms at all.

Other public parties work with many different institutes and about those institutes they say that these have a lot of overhead costs with many complicated structures. Because the CLT already has a tri-partite structure, the CLT as an organization should stay lean on a small local scale (interviewee D).

As a legal form, the CLT could most likely use the association form if they do not have any legal form. Interviewee B stated that the association does not necessarily have to pay taxes because their activities are not necessarily economic.

#### 3.5.4.1.3 Collaborative housing experts

The collaborative housing experts have seen the largest variety of different governing structures, so they have many different opinions on it. This needs to be clear, because the process is a long procedure. For social minorities, which usually do not know how to self-organize, it is hard to keep up with the local policies (interviewee K & L).

The groups in collaborative housing initiatives are very similar in their goals and lifestyle (interviewee J), but considering that the community and municipality also in the organization, how does the CLT prevent that one group starts acting opportunistic (interviewee M)? Interviewee M proposed that the community is the largest ruling party over who enters the dwellings on the CLT.

Lastly, the CLTBrussel hires an acquisition professional to handle crowdfund actions for the scale up of the CLTs. The CLTB agrees to be the guarantor, because the group is still small and therefore, know the personal situation of each CLT (interviewee J).



#### 3.5.4.1.4 Private parties

The banks need to know what the role of the municipality and the surrounding community means for the banks. How will their decisions affect the loan and the security for the bank (interviewee Q)? It is necessary for the bank to have clear agreements over this. The banks need to know what they are working with.

Interviewee S also stated that the CLT be set up any legal form, as long as there are good statutes or agreements about the powers of each member, the finances and more. Interviewee S works with an agrarian CLT, where an existing foundation, who owned the land just developed into a CLT. The economic tenant: farmer, surrounding community (in this example, the surrounding community and buyers of the goods) and foundation govern the land. This is very much in line with the CLT, except the tenant is replaced by the farmer and the local authorities is replaced by the foundation. In this example interviewee S spoke about the anbi status of a foundation. With an anbi status, a foundation could also have similar tax benefits just like some associations.

The clarity towards the communication and responsibilities of the bank has to be clear. As an example, with CPC loans, the banks require a professional to be the spokesperson for the bank, who also understands the banks and sets the rules for the group (interviewee Q).

One last remark of interviewee P is that ideally, the corporations should facilitate organize this within their professional and their social governance team, but since 2015, this is no longer allowed.

#### 3.5.4.2 Cashflow

##### 3.5.4.2.1 municipalities

To keep the CLT affordable, interviewee B said that the CLT can ask the land lease amount based on what the homeowners on the land could miss. This, however, is not free for everyone. The tenants of the cooperative should comply to a certain income check before he/she gets access to the cooperative.

Interviewee C also stated that the CLT should keep their organization small so they will not demand much money from their tenants if the goal is to keep the houses affordable. She also stated that she wasn't sure if the homeowners could receive a mortgage interest relief as other homeowners in the

##### 3.5.4.2.2 Semi-public parties

According to interviewee E, the lease could be beneficial and it could work for the mid-income earners. The CLT, however needs to think about the balance between affordability and being able to pay the loan for the land. Therefore, mid-income earner is a safe target group for banks.

Interviewee D also mentioned a stair system where the incomes could grow into a house fitting the tenants income.

##### 3.5.4.2.3 Collaborative housing experts

The housing experts thought of different methods of producing sustainable cashflow for the CLT. In Brussels a third of the income is calculated as the housing costs for the tenants (see Figure 55). The CLT Brussels also has the possibility to do so, because their public loan's interest is based on the income of the tenants.

In the Warren, according to interview I, the properties are paid for by rent. The type of dwelling the tenant gets decides the rent. She mentioned that the cheapest dwellings were offset by the more expensive houses.

In the US, the Dudley street CLT, gains a lot of their cashflow from sales of dwellings (interviewee L).

#### 3.5.4.2.4 Private parties

For the banks it is also necessary to know what the cashflows of the CLTs are (interviewee Q & S). This clarity is necessary to decide on the LTV of the bank.

The banks also had their questions in deciding who gets access to the cheap property on the land. On top of that, what would happen if someone's income would increase (interviewee Q)? These are issues that have to be written in agreements with the bank before the bank will participate.

#### 3.5.4.3 Summary organizational aspects

The CLT can take many different legal forms, as long as the agreements with each other and the external parties are clear, but the most obvious existing legal forms are associations or cooperative associations as they do not have a profit principle per se and already exist in Dutch law. Confining to existing structures also makes it clear for loan providers to handle the model.

It was also mentioned that the organizations needed to be small to prevent overhead costs. These costs have to be paid by the tenants, which can also cause a burden on the cashflow. It also makes the construct more complicated.

To help the group and the external parties reduce complication, the CLT is also recommended to have a professional leading the process. This professional can handle more of the CLTs work like acquisition.

After deciding on an organizational structure, the CLT needs to decide how they receive their income. Asking lease on the base of their income could be a good way to keep the housing costs affordable for the tenants. The CLT needs to think about affordability in relationship to the tenant. It needs to ensure that the right target group comes in the house to avoid discrepancies between income and housing costs for people who capitalize on it as well. Clear agreements about these factors are also necessary for the CLT to reach its goals.

### 3.6 Conclusion empirical research

Apart from financial, land and organizational concepts, the interviewees also mentioned the cognitive concepts. This is one of the reasons why the empirical research goes more in-depth into the issues. As seen in paragraph 3.5.3.4, the cognitive aspects has to come prior to the other concepts. Altering the perception of the actors in the housing market could mobilize the existing support.

To summarize the data shortly, some of the most pressing subjects were categorized in Strengths and weaknesses of the CLT, and opportunities and threats that can influence the CLT (see Figure 56).

The research questions will then be answered using this SWOT analysis.



Figure 56 SWOT analysis of the CLT (own image n.d.)

As seen in Figure 57 and the data in the previous paragraph, all the concepts are inherently linked as well. For the CLT to be able to pay the loan for the land, the CLT needs a third party to secure the loan, because the resale conditions make the land hard to value, but for the HA to secure the loan, there are other conditions and so on.

who	Needs what	From whom	for	but
CLT	loans	banks	land	the banks consider it too risky and unknown
banks	securities	WSW	loan	WSW only works for HAs
		municipality	loan	The municipality needs the right political agenda
banks	equity	CLT	loan	CLTs do not have equity
CLT	Loans / grant	municipalities	equity	Not all municipalities budget for participative housing
		crowdfund	equity	Crowdfunds generally have short term paybacks

CLT	dwellings	HA	housing	Selling dwellings is not part of the HA's core activities set in the housing act 2015
CLT	Professional support	HA	For the planning and building phase	This is not part of the HA's core activities set in the housing act 2015

Figure 57 example of dependencies (own image)

This table is only to give an example, but it makes the issue clear that good constructions for the current CLT rely on a multitude of actions in the different concepts and actors. Working on just the finance aspect, or just the land aspect will not be enough to improve the development of CLT's. In the discussion, different methods of CLT in the Dutch housing market are proposed which include a multitude of changes, to enable the creation of CLTs. In short, weaknesses will have and threats will have to be examined and put upside down to find a way to turn them into strengths and opportunities.



## 4 Discussion

In this section, the theoretical and market research findings will be compared to the empirical research to answer the sub-questions.

### 4.1 Sub-question 1: How do CLT's currently acquire support in Europe?

In paragraph 3.1.4 the findings of all the CLT support is listed in Figure 41. The CLTs in Europe have a wide variety of support mechanisms, ranging from loans, grants to legal and professional support. This section will also provide conclusions from that section. More generally, one factor that stands out through all the European examples is that top-down institutional support is essential.

The CLT community in Europe is the largest in the UK. The fact that the legal form of a CLT is written down in the 2008 housing act ensured that no actor could ignore CLTs. As seen in Figure 38, the UK CLTs get support from many parties, with the majority stemming from social and charitable parties. These parties lobbied for a law for the CLTs and the government followed.

An argument could be made that the Anglo-Saxon economy of the UK made the creation of CLTs possible. However, welfare states like France and Belgium also had a change in rules which was led by the housing provider. This was crucial for the CLT to gain traction.

In France it is highlighted that the OFS are primarily focused on housing delivery for the right target group, which was led by institutional actors. The top-down support is reflected in Figure 39 where support mechanisms are accessed through the affordable housing association.

Brussels' social housing market is non-existent to very small, with up to 8% social housing (interviewee J). Even though there were many funds accessible for social housing, these funds (CdQ) were unused. Therefore, the CLT gained the chance to establish themselves using these funds. As seen in Figure 40, the CLTB gets regional support throughout every stage. Interviewee J stated that the CLT could continue to develop independently from the regional support from the couple of pilot projects he developed.

Whether they are led by charities, local governments, or affordable housing associations, the institutions stand at the pinnacle of CLTs' support. The researched CLT needs some framework which enables them to start. After that, the CLT can grow independently or continue with support. The interviewees also mentioned that in the Netherlands (and Brussels), just one municipality has to show it is possible, and others will follow.

### 4.2 Sub-question 2: How do different housing models get support in the Netherlands?

Similarly to the CLTs in Europe, almost all alternative housing models' creation relied on top-down support. This support could originate from either the HAs or direct public support. A summary is shown in Figure 43.

#### 4.2.1 Public support

In the Netherlands, as shown in paragraph 2.3, the housing market is primarily focused on the social rented and homeownership market. The majority of the public support is focused there. This support leads to the fact that those two segments become increasingly more attractive and therefore, very hard to access target groups who differ from the two archetypes that the market had in mind. These two markets get help in terms of subsidies and reduce costs, such as rent caps and interest reductions. The hard accessibility, because of its attractiveness, makes the housing prices increasingly more expensive,

which has is reflected in the other housing models as well. Therefore, the regular housing market makes the alternative market increasingly expensive as landowners value their land by market value.

There are intermediate models and different housing models for the alternative groups, as shown in 2.3.3 & 2.3.4. These groups get all kind of support, according to Figure 42. The figure shows intermediate housing models which have a discount on market values, delayed payments and more. There are also cooperative models which get cheaper land and properties, startup grants and more. Even though these alternative support models are available, they are still deviant from the established markets, so they are not widely spread.

#### 4.2.2 Housing associations

Housing cooperatives and other intermediate models, gain support from HAs and sometimes from municipalities. In reality, the HA's and municipalities are reluctant to do so. Firstly, these institutes do not always believe in the ability of the cooperative to succeed. Secondly, these institutes want to make a profit on their properties or land. The HAs got restrictions on their activities, since the housing act of 2015, so they are more careful with their assets. The municipalities have financial shortages as well, so land sales are focused on closing their budget. This reluctance is also felt at the private parties as intermediate modes are less offered, and most cooperatives only get private sector loans, with tight conditions.

Similarly to the CLT models in Europe, there are top-down restrictions on institutes' freedom of movement. For HAs and municipalities to experiment more, there needs to be more top-down willingness. For cooperatives, the actieplan wooncooperaties 2020-2021 is a first national political step for experimenting with cooperatives in the Netherlands. This willingness, however, is not seen throughout all the municipalities. This is shown in the contrasting opinions of Rotterdam's and Amsterdam's municipality regarding supporting cooperative housing models. As stated before, the municipality can provide the starters' loan or other loans if the municipality thinks it fits their goals. Getting this loan is, therefore, subjective to the political environment once more. On top of that, getting specific initiatives to be created, required literal intervention from the mayor in Boekel and Rotterdam. In the HAs the top-down dependency is also shown in by all the semi-public parties and some banks:

*"HAs should ideally facilitate more, but they are no longer allowed by law"*<sup>7</sup> -interviewee P

Having stated that there is top-down necessity, some semi-public interviewees notice a slight return of the buying with guarantee model, simply as a reaction to the overheated market.

#### 4.2.3 Private market

The private market does not show much support for alternative housing. As a reaction to the market and for the increase of tenants' participation, different cooperatives can seek for charitable support like in the UK. Even though the general charity does not fund housing, it is not impossible, as seen in the Roggeveenstraat. Apart from charities that support one-of projects, the only large-scale private market actor that provides alternative housing is the DUObuy product.

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<sup>7</sup> Authors' translation

### 4.3 Sub-question 3: How can CLTs make use of existing support in the Dutch housing market?

As seen in Figure 45, and paragraph 3.3, the Dutch housing market has mechanisms as the mechanisms used in foreign CLTs. Answering the sub-question, this section shows the potential of the available mechanisms, which the CLTs can apply for. Apart from the found examples, the answer is developed by including the interview data in the findings and formulating the possibilities of CLTs. In short, public and HA support in combination with certain organizational schemes, could capitalize on existing Dutch mechanisms. Why and in what manner will be discussed in this section.

Reading the appendix 8.3 from left to right, we start with the chances of CLT with the existing public support. Similar to the the UK and France, the municipal loan and land exclusivity could be used by the CLT as well. The Dutch municipalities can grant loans for cooperatives and HAs to build their dwellings. Interviewee P stated that the loan could be used for CLTs as well. With both the loans, land agreements and more, the municipality can also make agreements for the CLT to perform on its goals. The municipality needs to know that the invested societal money stays captured whilst also reaching the intended target group's goals. In this light, the betaalbare koopwoningen Zaanstad is developed to help the mid-income-earners, but also keep part of the value. The CLT is in itself a safe investment considering the value capture of properties.

#### 4.3.1 Municipal support

An example on how the CLT can make use of existing municipal support is then that the CLT uses the municipality land discount together with a loan from the municipal banks (BNG). A possible construction that the CLT could have includes that, firstly, the municipality sells the land of €100.000 with 40% discount on the market value. Secondly, the BNG finances 60% LTV of the market value of the land for the CLT, with 1% interest. The interest on the land will then result in €600 year. Thirdly, he CLT then also needs another €600 a year for CLT related costs, resulting in €1.200 a year in land lease. Lastly, the tenant gets a normal mortgage on a house with €200.000 value, at another bank so the banks split the risks (interviewee Q), with 4% interest and payment and a NHG guarantee, resulting in €8000 euros of mortgage payment yearly.

In total, this results in €9.200 housing cost for the tenant, which is €766 a month housing costs, which is comparable to the social housing cap, which is €735 (see Figure 58).



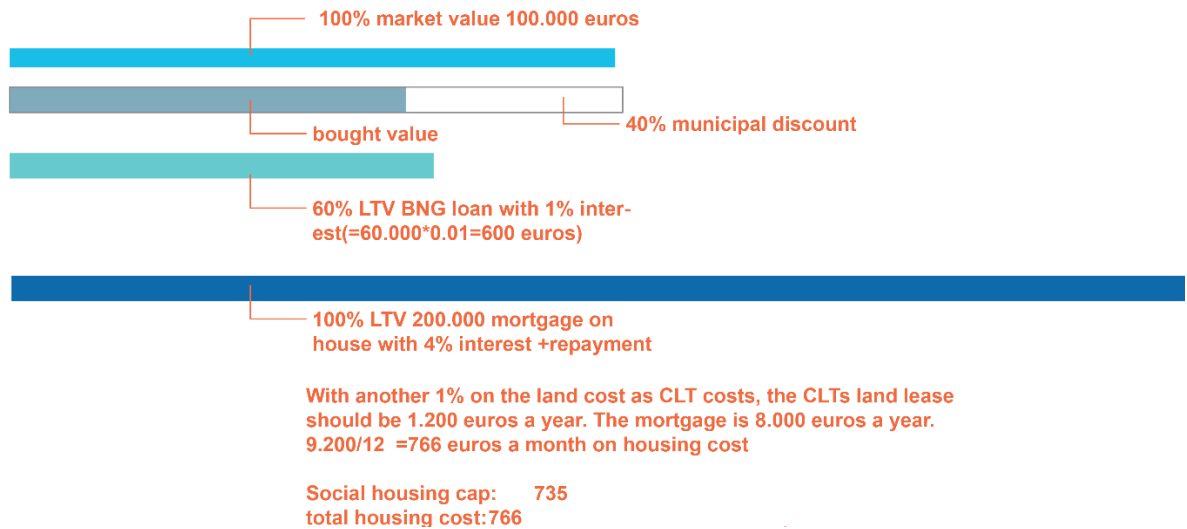


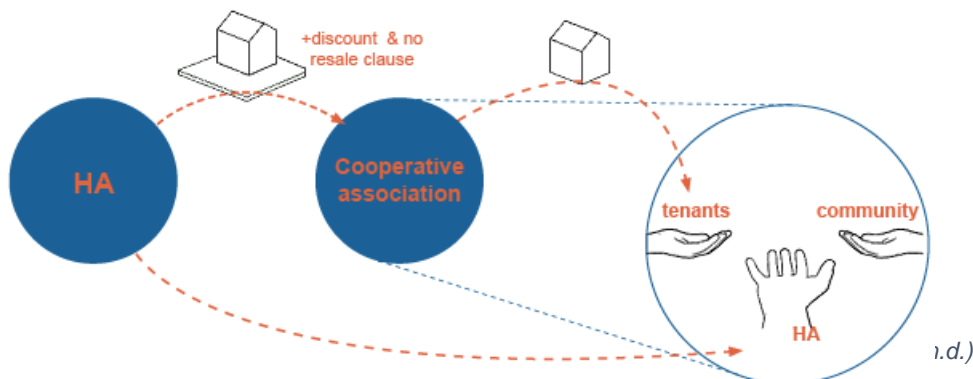
Figure 58 how to make affordable housing with CLT and the public support involved (own image n.d.)

### 4.3.2 Governmental support

The national government can also help. There are provincial subsidies for capacity building for CPC's. Judging from the fact that CLT's, just like CPCs, also work with tenant owned dwellings, the CLT could make use of that too. This is not only preferable for the municipality and for the success of the CLT, but also preferable by the banks (interviewee Q). The national government also takes a step in developing the cooperatives by producing a knowledge program. This knowledge for cooperatives can be used by the CLT at best now. If this national knowledge program includes different possible collaborative housing models, like CLT, the knowledge of this model can increase.

### 4.3.3 Housing association support

Next is the column housing association which can only be taken into account with the knowledge that HAs are more reluctant to experiment and do things outside of their SGEI activities. In that case, the cooperatives get more chances in the housing market, resulting in the fact that these cooperatives can become a CLT. One example of a strategy can be as followed: firstly the HA sells the dwellings including land, with discount, to a cooperative association. To ensure capture of social funds, the HA can makes an agreement ensuring that the land is never sold again. Because this was already a goal of the CLT, this will be encouraged by the cooperative. Secondly, the cooperative association then allows the community, the tenant and the HA to enter the association, completing the CLT structure. In this example the HA represents the local authority, having a say in the social governance of the CLT. The cooperative



association then sells the dwelling, with resale conditions and without the land, to the tenants with a lease structure. Judging from the fact that increasingly more HAs use intermediate models to sell their properties, this method could pose as a gateway to ensure homeownership for the mid-income households (interviewee E).

However interviewee B already stated that the HAs do not think that the housing tenants can manage their own property and prefer not to sell to housing cooperatives. This is also reflected in the fact that the tenants committee at HAs are not as active.

If HAs run the CLTs, there would be some differences to the tenants which can influence the skeptical stance the HA has towards tenant's participation. Firstly, the CLT attracts people who want to participate and control their area, community and finances. Moreover, these tenants are homeowners and part land owners. Secondly, the HA currently focusses on increasingly lower incomes, whereas the CLT focusses on mid-income earners.

In either the case of the lower or the mid income-earner, the CLT has the potential to support tenants and the livability of neighbourhoods. In section 2.2.3 it is described how the CLT can increase the social coherence towards their goal, as well as support the tenants by participating with them. This is also in line with the livability goals of the HA as presented in the housing act 2015. Even including an employee to support the tenants' and area's wellbeing is included in the act. This could be the same employee from the HA that goes in the CLT board.

#### 4.3.4 Private sector

Even though, other commercial market parties are generally not interested in affordable development, the parties with a commercial incentive could see the CLT as a diversification on their portfolio. This would work if the market parties consider the resilience of the CLT during the last GFC.

From a more speculative side, market parties can invest in CLTs to increase the value of areas and communities if they also own land near the CLT. The private market investor can then use the CLT's area development potential to gain profit from it in a later point in time. Although this goes against the principle of the CLT, with this investment, the CLT can ensure social sustainability in the target area and prevent displacement for tenants living there now.

However, the private sector provides for less support in the housing market. It is evident that most of the constructions for these intermediate models come from parties with a public cause. From the interviews it is also evident that the private land lease is not widely available, because of past problems. Nonetheless, the DUObuy option is available on the market and is secured by the NHG.

To make use of this model, the CLT has to find a way to work backwards. An example could be that the tenants buy a group of houses separately using the DUObuy mechanism. The group then unite as a CLT after they raised their own equity and buy back the land. This land will then be put in the CLT. If, on top of this method, charitable foundations in the Netherlands increase their interest in these models, they could potentially secure the loans, which according to Archer in paragraph 2.2.5.2 could help the CLTs secure the land.

This method has some problems, however. DUObuy will meet collaborative functions with skepticism, as the pension funds work mainly by automatizing their processes. The crucial part here is that association will most probably still need a liable person and clear agreements from the association about the

execution value of the land. Without this, interviewee O stated that the pension fund will not consider supporting collaborative tenures, because it would take too much time.

The CLTs have many opportunities to implement mechanisms available in the Dutch housing market. Every sector has possibilities for the CLT, without the need for introduction for completely new mechanisms. The problem that arises here is that multiple different mechanisms need to be aligned for the CLT to effectively use them. This is very similar to the birth of the OFS in France where many different policies and laws gave birth to the realization of the OFS. This shows an opportunity, but this also needs large scale willingness from influential market parties.

#### 4.4 Sub-question 4: What are current CLT barriers in the Dutch housing market and how can these be overcome?

The previous section looked at the possibilities, but the mechanisms come with complications. Answering the sub-question from this heading, this section will look at the unaddressed barriers overlooked by the opportunistic question of the previous paragraph.

##### 4.4.1 Lack of clarity

In the Netherlands, most of the support is focused on the two largest sectors. That means that the first barrier is the lack of clarity of the definition of the CLT. As seen in paragraph 2.2.5.2, the CLT there is a need for a legal framework for the CLT (FMDV, 2019). This legal framework could add to the accessibility of loans and land. Banks gain their profit in scale and automatization. The banks do not have protocol for new models, therefore they would reject the CLT.

To prevent this lack of clarity to stop loans every time the CLT needs them, the CLT has to become more known. In the UK and US establishing clarity in the CLT means writing down a legal form in the law. In France it was described as “inherent to the birth of the OFS. It described an original ownership scheme not inscribed in French legislative culture...” (Pialucha D. , 2018) In Belgium the CLT got direct support from the government. Similarly to European examples, the CLT either needs a legal form, which can be led by an institute and get an established institute to facilitate the form of CLT. Like interviewee P stated: preferably, the HA facilitates the CLT, but with the current housing law, the HAs are not able to facilitate that. He also stated that according to him “the CLT follows a structure known by the bank but is marketed as a CLT”. This means the CLT can use an existing legal form of, for example, an association and write their policy’s or statutes according to the CLTs goals. The CLT does not have to do this entirely by themselves. Like the CLTB and the foundation interviewee S spoke about in paragraph 3.5.4.1.4, the ownership or governance can be led with an existing institution.

##### 4.4.2 Land scarcity

The second problem, alternative housing models face, which is also seen in the European examples, is the availability of land. The policy and political environment of the Netherlands poses as a barrier for CLT’s. The foreign CLTs all receive some kind of land discount by municipalities. The Dutch municipalities generally do not take these alternative models into consideration, which results in shortages in their budgets if they sell land below the market price. Knowledge platforms like the ones for the cooperatives can be a first step for municipalities to take alternative housing platforms into account. Municipalities like Almere need to open themselves up to learning from new initiatives and experiment with them, whilst also taking them into consideration in their budgeting.

Counter market mechanisms are not understood, or not believed to work. The timespan of the CLT and the conditions in the CLT should align with the real goals of livability and social cohesion of the municipality. Policies focusing on land should find a way to balance the social goal and economic goals. The land should then not just be seen as an economic product but also as a producing product. The policies should also facilitate participation, instead of not giving participation a physical space to establish itself. Current policies are reactive, and do not foster experiments. This indicates that the future potential for placemaking in these models is not seen. Discount on land for the CLT can give the CLT chances to develop a neighbourhood, whilst also increasing the wellbeing and livability of that area. Over time, that area needs less investment and the land surrounding the CLT will also have increased in value. The land use plans and policies should take this long term perspective into consideration when selling land to the CLT.

#### 4.4.3 Potential inability to attract loans

Even with discount, the CLT will need financing to reach the land. In the private market, the use of the word perpetual is non-existent. Therefore, the CLT has little breathing room when considered by the banks. So thirdly, acquiring a loan is a barrier for the CLTs. Anything in perpetuity cannot be valued by investors or banks and therefore, not be sold when necessary. The banks need something else to secure their investment on. A de-risking instrument was already necessary according to the FMDV studies (2018). In cooperatives in the Netherlands de-risking instruments, like loan guarantees are only used in very specific cases, which also depend too much on local political support. The CLT has an authority party in the board itself, so this other external political support is redundant and could make the CLT prone to political shifts, which was also mentioned in paragraph 2.2.6. A security structure for collaborative housing models, and therefore, CLTs as an independent and standardized method, will improve the development of such models. This security could come from charitable organizations, but preferably from public or semi-public organization. The charities' and the municipals' objective can differentiate and therefore, lengthen or disrupt the process. An example of this is the DUObuy. Because the support from the institutional investor it is easier for the NHG to provide loan securities on DUObuy mortgages. HA or public backing for CLTs can give the NHG confidence to include CLT's in their mortgage list.

#### 4.5 Sub-question 5: What is the added value of CLTs in the Dutch housing market?

When considering all the models and mechanisms in this report, one can't help but question how the CLT places itself within the housing market in comparison to the other alternative housing models. The CLTs power lies in two main aspects: an internal- and an external focus. The internal focus is aimed at the monetary value and communal value that comes to the tenant, while the external focus is the social impact on other people than the tenant. This external focus could entail collaboration with other tenants, collaboration with non-tenants and ensuring affordability to future tenants (see Figure 60). This chapter shows the added value of the CLT opposed to the Dutch housing models shown in chapter 2.3.

In the Dutch housing market, rent and homeownership are the two largest flavors, where homeownership is the pinnacle of personal gain and in the rental sector this means the entire housing cost will go to the landlord. Equity gain in the homeownership sector is based on two things: gaining equity by repaying part of the mortgage effectively saving a value of the housing costs, and the gain from value increase (or decrease) by speculation. Both the regular homeowners as homeowners in the buyers' cooperative enjoy the maximal gain from both factors. Buy affordable gets less own equity, because a part of the housing costs consists of a land lease that the tenant pays to the HA. The property can then be sold by normal value, but it has to be presented to the HA first. If the HA does not want to buy it, it can be sold on the

free market. After that comes the CLT. The CLT's tenants benefits from this saving in the property as well, but a part of the value will be captured by the CLT. The CLT then ensures that the property will be sold affordable again to the next buyer. The next model is the buying with guarantee, wherein the property can also be completely owned, but the value increase is limited, like in the CLT. In this case, the original issuer of this dwelling then buys the property back. They can then choose to use the property for rent again or to sell it again. DUObuy is presented as an ownership model which ensures the least equity gain. Other than the other intermediate models, this model does not have any resale conditions, which means that the property will be sold to the market at the moment of resale, but the most equity growth is in the land. The DUObuy tenant first has to buy that land back, on the market price at that moment, before he can sell it. All the ownership models also manages and maintains their own property, which can also lead to lower costs than the service costs from rental dwellings. On the bottom, the rental housing models are shown, because the tenant has no chance building equity through the building nor gaining benefit from value increase.

Apart from the two factors shown on top, the CLT can provide a sustainable way into the homeownership market, because the Dutch homeownership market is hard to access without any capital. The CLT gives a sort of discount in getting into the homeownership market, while paying it back later. This enables the tenant to raise equity by repaying the mortgage. The added value to the tenants is hard to measure between the other models, because resale conditions may vary.

The external focus of the CLT is the focus on the community outside the tenants on the land. The CLT, like a cooperative, has a collaborative governing structure. This means that it takes the opinions of multiple tenants into account. Unlike cooperatives, this is impact reaches outside the property of the CLT. The tripartite governing system is not only unique, it has the potential to lead and influence area developments rather than only the building level as proven by the interviews and paragraph 2.2.3. On top of that, the CLT ensures affordability in perpetuity. Market changes, land speculation and opportunistic behavior from investors are countered by the CLT by the no-sale condition of the land. On top of that, the resale conditions on the properties also help the following generations to gain a chance of affordable homeownership in that geographical area.

Following CLT are the cooperatives. These forms also govern their property and shared space together. After that the buying with guarantee has less of an external impact as the resale conditions also mean that the HA or developer has to pay the tenant. The HA can then use the dwelling as a social rental or sell it. The buy affordable has a social aspect where the first buyer has a land lease discount and the HA can offer the house with land lease discount again if it chooses to rebuy it from the first tenant. Then the rent, and DUObuy contributes to social sustainability mid-income earners a slight better chance to access the homeownership market. Regular homeownership and rent are the most individualistic models.

Internal		External	
Equity gain		Societal impact	
Regular homeownership	Buyers' cooperative	<b>Community land trust</b>	
Buy affordable		Buyers' cooperative	Rental cooperatives
<b>Community land trust</b>		Buying with guarantee	
Buying with guarantee		Buy affordable	

DUObuy		DUObuy	
Rent	Rental cooperative	homeownership	rent

Figure 60 internal and external factors of housing models in the Netherlands (own image n.d.)



Figure 61 place of CLT in the housing market (own image n.d.)

Even though it is outside of the scope of this research, the CLT has the most societal impact because it is not solely focused on housing, nor is it focused on one building as seen in Figure 31. It is also seen that the CLT can be used for any type of commercial activity and not just housing. Similarly to how the CLT started with agrarian land, the land can be used to develop employment as well. These commercial activities are focused on the community's needs, but these activities can also give marginalized entrepreneurs the chance to stay in the community. In this case, the CLT acts as a sociable commercial landlord, using affordability measures for the entrepreneurs rent. Even for the commercial activities it is important to consider that land is taken off the market, with a no-sale clause. Not being able to sell the land, provides for a transparent conversation regarding the best-use of the land instead of the most profitable use of the land.

However, the CLT includes more than monetary profits. The societal impact is larger. As any collaborative housing model, the CLT collects people with a goal to participate and create a community. This community share goals and values. Rooting this community in a location, makes the location more resilient and valuable. This likeminded group which shares goals and values are also collected and empowered to work for a shared cause. In this sense, the CLT creates value for the inhabitants and their surroundings, which are all represented in the tripartite government.

So outside these monetary benefits, the CLT is an important factor in larger area developments. They have a potential to reach a large audience and to include the needs of parties on three different levels, for both tenants and non-tenants. It is also stated in heading 3.3.4.2 that the CLT could lead various types of area developments. They hold the potential to be the new area development managers. In distressed neighbourhoods, the CLTs could provide support to those marginalized. In transitional neighbourhoods the CLTs support the development, but also sustain and the existing

community. The CLT is therefore, an model if it becomes a development in the Netherlands. The sustainability, affordability and participative aspects do not limit themselves to housing, but to any activity that is carried out on the land. The strongest aspect is that all this benefit will not go towards the speculator, but will go to the community itself.

## 5 Conclusions and recommendations

The previous section answered the sub-questions in order to come to the final conclusion answering the research question: **What are the opportunities for CLT's in the Dutch housing market and how can these be mobilized?** Similarly to the support received by CLTs in the rest of Europe, the Dutch housing market also includes public and HA support.

To capitalize on this support, the housing market needs to adept. This includes changes in the public, HA and the private parties. These changes answer the second part of the main question: **how can these be mobilized?**, a set of recommendations are made in the following section. The recommendations aim to unlock the opportunities in sub-question 3, but also alleviate the barriers found by research question 4.

The first recommendations are general recommendations that improve the creation of CLTs in the Netherland. They address the barriers found in sub-question 4. After that, three scenarios on how CLTs can be supported. These are developed from the opportunities found in sub-question 3. Each of these scenarios need some conditions for it to work. So each of the scenarios also have specific recommendations. The recommendations are presented in bold.

### 5.1 National

As presented in sub-question 4, the lack of clarity is the first barrier that needs to be overcome. The CLT noticeably needs support in terms of funding which is why it is the main concept mentioned by interviewees. The Dutch housing market has many different funding opportunities, but to mobilize these at the banks, a lot of unclarities need to be solved. The unclarity revolving financial responsibilities in the CLT is obvious as it does not exist in the Dutch context. Secondly, the unclarity stems from the fact that every CLT is different throughout the countries and even within the countries, as seen in paragraph 2.2.1. Thirdly, the unclarity also stems from the fact that the market parties believe that land should always increase in value or yield an economic purpose. These cognitive barriers must be broken. This is most noticeably done by explaining the CLT structure and its internal and external responsibilities nationwide. This can be facilitated top down from the ministry of internal affairs:

**The legal form of the CLT will be established in the housing law.**

A less drastic method is either to publish a large scale pamphlet or whitepaper explaining this model, which can give everyone a chance to see how the structure and responsibilities work. This means that the CLT also needs to decide on a general description which would work in the whole of Netherlands.

### 5.2 Municipal

On the municipal level, a problem is that land policies are, for the major part, reactive. Instead of accepting or rejecting alternative housing models, municipal land departments can think if “how” to achieve the housing model and how it could add to their ambitions. The direct way is to place CLT as a large developer of mid-segment housing. However, mid segment land prices can prove to be too expensive in certain situations, because the CLT does not make profit on land sales. The municipality can help the CLT to find

certain lands whereon the CLT and municipality can reach their goals together. This can include issuing land that potentially has a lower value. The CLTs stewardship can increase that lands livability and social cohesion if it gets the chance. For this CLT to then create a goal that is also in line with the municipality, the involvement of the municipality in the CLT board is crucial.

**The municipalities land policies reactiveness needs to change into activeness.**

### 5.3 CLT

Similarly to how the municipality is included in the CLT board to reach the municipals goals, this municipal employee could a spokesperson for the CLT board. However, this recommendation is not limited to the municipality. As will be shown in the following scenarios, this person should be the professional from the authorities that supports the CLT. More importantly, the professional represents him- or herself as the accountable person within the CLT as he/she is a professional. Lastly, this person shows the authorities' support for the CLT.

This person should then be the representative at the banks, the municipality or HAs. This is a condition in the bank syndicates and CPC's, is done by the CLTBrussels, and is an essential employee in protecting the livability in the HAs. This spokesperson can access loans and securities, or lobby more effectively. This professional can also manage the complex involvements of multiple parties that can contribute to creating the CLTs. The complexity is shown in the following scenarios.

Therefore, **within the governing board of the CLT, the third that represents the local authority should also be the spokesperson to the external parties.**

It is necessary to see these recommendations in relation to each other. Each recommendation can have a large impact on itself, but a combination of mechanisms and changes will be more realistic to create a fertile soil for the community land trust.

The following scenarios are presented with the recommendations needed to create the answers shown in sub-question 3

### 5.4 Scenario 1: Direct public support

The first scenario is the same scenario as Figure 58 how to make affordable housing with CLT and the public support involved (own image n.d.). This scenario involves the most public investment.

Firstly, the barrier of land price is addressed. The municipality, as shown before can have an active role in finding the correct land for the CLT to develop. The most extreme way the municipalities to help is to provide land discounts for municipalities. Some municipalities, already do this for certain developments. To use this for CLTs it is important to let go of the notion that land is made for profit. If the municipality view their land department differently from their main income source, but also include social goals in the land policies, the municipalities' land policies will make more space for CLTs.

As shown in paragraph 2.3.6, municipalities also provide mortgages for buildings that improve the social situation in the neighbourhood. Investing in CLTs can save future investments for social marginalized groups, because they get supported through the CLT. In this proposition, the investment is not in societal real estate, but societal land. Societal land that gets exploited for the wellbeing of the community. The CLT itself improves the wellbeing and value of the neighbourhood and reinvests it into the community. Therefore, the CLT captures social investment, but also value growth in the community rather than giving



that value growth to the investor. Furthermore, the community will rise and therefore, the land price will rise too. The CLTs land cannot be sold, but the municipality has the chance to speculate on the neighboring land, selling it when the CLT developed the area. This can be beneficial for both the CLT and municipality as the CLT can lead area developments. The municipality already has a say in the board of the CLT, by the definition of the CLT. In this way the CLT is a direct bridge between the municipality and the community.

**(1) Apart from direct profit, the municipality include the societal value for the community in their land sales.**

Secondly, the public sector can help the CLT with financing. The CLT is a social enterprise, providing housing for the marginalized group in the housing market. As the current homeownership stays hard to access and the rental prices keep increasing, it is in the society's benefit to provide affordable homeownership. Next to that, the CLT can add to many municipal goals, as stated in the paragraph prior. For this reason,

**(2) the state supports the CLT by granting the CLTs public loans.**

Lastly, there is a lot of unclarity among the responsibility and liability, within the CLTs, because the CLT represents a group and not a single legal person. The CLT, therefore, needs a system which is clear about the liabilities and responsibilities in case of a default. Agreements have to be set, as to make the loan secure for the investor. The National mortgage guarantee secures loans for established housing models (appendix 8.1). In combination with the legal form or structural support from other institutes, the mortgage guarantee could be applied to the CLT's dwellings and land. The guarantee also reduces the banks' risk perception, thus reduces the interest costs on the loan as well.

Therefore,

**(3) the public sector needs to grant the CLT a de-risking mechanisms.**

This argument for standardized public support like the NHG and WSW do for the homeownership market and the social rental market respectively, seems redundant. Why should the government need to subsidize every housing market sector? The difference here, is that the CLT can capture societal money in perpetuity in an asset. Therefore, the money is not inside a person, to increase their wealth. Secondly, the homeownership market, which is a market for the top might not need support. As stated by interviewees, the public support (the mortgage interest relief) is one of the causes of the inflated housing prices.

After these public interventions, as seen in Figure 58, the homeowners can get a regular mortgage on the house on the leased land. The homeowner will then pay a land lease, resulting in relatively low housing costs. This, and the previous recommendations are shown in Figure 62.

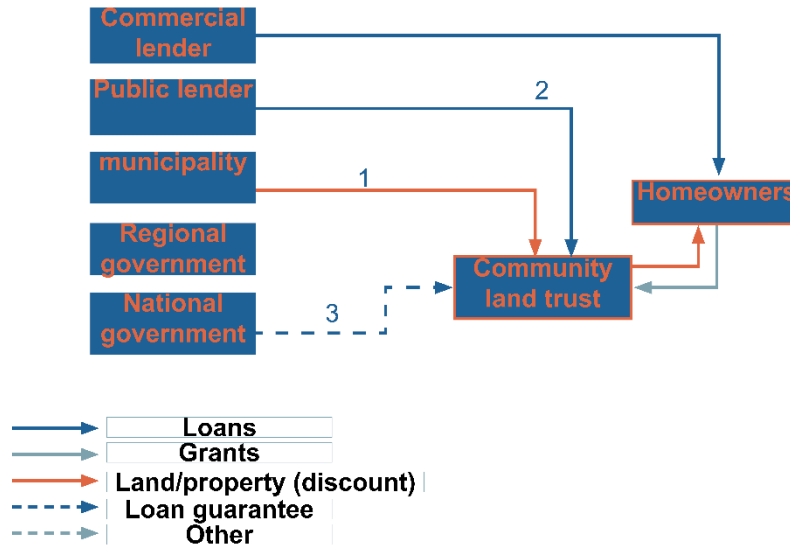


Figure 62 Scenario 1: public support (own image, n.d.)

## 5.5 Scenario 2: public support and private loans.

This scenario involves no land discount, but a loan from the municipalities, which supports the private loan the CLT takes.

The private sector needs a known investment vehicle to increase the chances of financing. In other words, they need a financial product to invest in. Similarly the first recommendation, in this chapter, where the CLT needs to be acknowledged and established, for various actors to help, it is necessary for banks to have a clear investment object they invest in. In this sense, it would come to realize itself as a way to invest in a certain type of property whereof they already know the land is going to go to a non-profit organization. If the public side or the HA provide support from the social side and banks provide support from the financial side, the CLT could prove to grow as a large housing model. In order to do so:

### (1) Banks develop a financial product to provide mortgages to CLTs

The banks will have to consider their criteria for financeability, such as they also do for the mortgages for properties on privately leased land. As stated before, the clarity and transparency is crucial for the banks. One common product which can then also be accepted by the NHG gives the CLTs an opportunity to continue the conversation with the banks.

Judging from past performances of the CLTs during crises, the CLTs can also be a diversification of the banks investments. Due to their focus on affordability, community development and participation, the CLTs also become resilient in crises. This resulted in stable foreclosure rates throughout the GFC (see chapter 2.2.3). The banks therefore, have a steward which also ensures the tenants' ability to pay.

Similarly to how the previous scenario needs de-risking instruments for the loan to be secured and the interest to be lowered, the banks also demand that in this scenario. Like stated by interviewee J:

“Why would a bank step in if it cannot sell the land in worst case scenario?”<sup>8</sup>

It is necessary for the bank to have something they can keep as a security. If the land can never be sold again, another collateral has to take its place. Supporting a social cause, the public sector can provide this security if the CLT accepts their societally focused conditions. Therefore, the same recommendations is made in this scenario:

**(2) the public sector needs to grant the CLT a de-risking mechanisms for banks.**

The crucial enabler in this scenario is the is raising finance to pay for the land. Therefore, the third recommendation focusses on the finance for the CLT. According to interviewee K, one bank is considering an umbrella mortgage, which is still under development. Currently, housing cooperatives can only acquire German mortgages. This is because these activities are valued as commercial activities, because it is not a traditional mortgage. Commercial mortgages have low LTV’s, which means that the equity gap needs to be closed. With the social as well as the perpetual perspective, it is therefore recommended that public banks provide long term loans for this equity gap.

**(3) The public sector should match the private banks’ loans for the CLT to acquire land.**

If the BNG or NWB does not act as the lender, the municipality can provide loans themselves. In Amsterdam, this method is used for the realization of more cooperative. If a municipality provides loans or loan securities, it indicates that the municipality can be held as a liable party and therefore, gives the banks more confidence in the loan. In this way, the municipality has control in the sale conditions, mortgage conditions and authority in the CLT governing structure to reach its social goals in the loan conditions.

The tenants get the same structure as the scenario prior. Figure 63 shows how the recommendations would work for the CLTs.

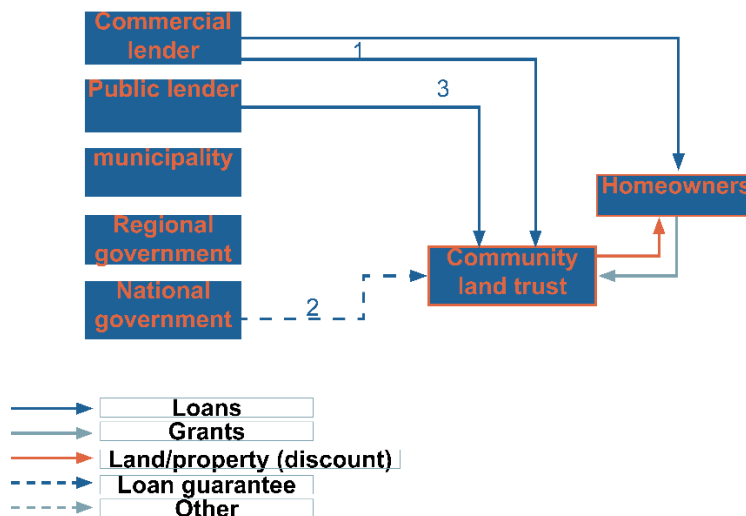


Figure 63 Scenario 2: public and bank support (own image, n.d.)

<sup>8</sup> Authors’ translation

## 5.6 Scenario 3: Housing associations' support

The last scenario is the scenario of the assumption made in section 3.3.4.1. As seen in paragraph 2.3.2, the HAs receive support from many actors and provide support through mechanisms that help various housing models. Further explanation as to why the HA is such a potent institution to provide support for CLTs is presented in the answer of sub-question 3: heading 4.3.3.

The HA that could help the CLT in a multitude of their goals. The HA already make a retour on their developments of cooperatives and intermediate models. Considering CLTs are a mixture of both, they could play a part in CLT development as well. The CLTs could then access HA's land, get professional support from the HA. Simultaneously, the HA also gets more participation that they miss in their renters' committee. In combination with the affordable housing and livability goals of the HA, the Dutch housing market has a latent actor who could facilitate the CLT. Therefore, the last and potentially, the most logical recommendation is:

**(1) The HA should get more freedom in the housing act to facilitate CLTs.**

## 5.7 Combination of support

As touched upon in Figure 57, the support for CLT is interdependent between the market segments. The literature and the interviews all show that one sector will not provide the answer solely. Scenario 1 holds potential but demands heavy offers from the municipalities. The municipalities cannot always wait for the right time to sell. The land department sometimes has to make a profit. Scenario 2 is also hypothetical as the banks are a risk-averse institution themselves. Any novelty in the market will be more likely to be financed by venture capitalist than by banks. Interviewee S said it poignant: *"we work with your grandma's pension"*<sup>9</sup>. With that perspective, it is logical and preferable that the banks are reluctant on investing new developments. The last scenario is the most probable so far, as also mentioned earlier in the report. Similarly to the other two scenarios, though, the HAs in the Netherlands are also limited since the housing act 2015.

What I want to conclude this report with is that it is necessary to collaborate between these market parties. It may not be feasible for only the municipality or banks or HAs to facilitate the CLT by themselves. To solve the affordability problem, and create this model that could protect so many communities from harsh market consequences, the three parties have to find a way to make concessions and come to trust each other. Similar to the three layers in the CLT board itself.



Figure 64 The CLT board

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<sup>9</sup> Authors' translation





## 6 Reflection

### 6.1 Process

Starting this research, the focus of my project was to begin setting boundaries to my research. Therefore, I limited myself to the investment aspect of CLT with a preset hypothesis: CLT's do not emerge because of lack of loans. Continuing with the financial aspect was questioned by my tutors and thus, it was necessary to widen the scope of the research. At the start of my research, my readings were limited to the literature from the FMDV, which was also a problem as this research program was heavily focused on creating a EU based CLT fund. Therefore, I got the notion that funds would enable everything and that the emergence of CLT is found in the reasoning behind the reluctance of investors. Therefore the first research question was:

*RQ P1: What are the terms and conditions that institutional investors require to invest in CLTs in the Netherlands?*

After reading more on the background of various CLTs, I found more types of support, but the literature was still heavily based on the FMDV research. Between the P1 and P2, the largest change was the exploration of the different CLT models in the world and namely in Europe. I found out that there were more types of investments apart the ones from institutional investors. In the same period, I started to look into the first part of the Dutch real housing market. From this research I learned that the investors are not unwilling, but the context behind investments provides for more nuance. Therefore, from the p2 upwards, the research question was more focused on the CLT and how it could act towards the investor rather than what the investor thinks of the CLT:

*RQ P2: What are the opportunities for Dutch CLTs to attract investments and how can these be mobilized?*

Between the P2 and P3, the research into the Dutch housing market was largely finished. During this time, finding out how big the Dutch housing market worked, and how many different support mechanisms worked, made me realize that investments alone cannot answer the problem of the lack of CLTs in the Netherlands. It was necessary to consider all the possible types of support for different housing mechanisms.

Secondly, answering part of certain research questions came to me whilst looking for new information. As a result, the literature gathered included my own conclusions. This was something to be wary of as it would confuse the new findings of the research with existing knowledge. It was more necessary to present the data 'as is', and to keep it separate from my own conclusions that were a result of comparing and rationalizing processes. This is what led to the separation between the background information and the findings section.

During the interviews, which were selected based on the housing market research, I found out that the opportunities could be found outside of the financial concepts. The interviewees also touched upon new subjects and categories, but mostly made me realize that so many concepts are inherently linked and affect each other. Data about opportunities was easily collected, but specific data about opportunity and barriers was harder to collect as the CLT is unknown by many of the interviewees.

*RQ P3: What are the opportunities for Dutch CLTs to attract support and how can this be mobilized?*

At this stage, the concepts were already quite clear and well understood but more interviews were still being scheduled. Consequently, it was possible to deepen the focus of the data collection, by not only asking about concepts and ideas, but by asking in-depth questions that help me get closer to the core of the main research question.

With increasingly concrete data and patterns in the interviews, different possibilities, dependencies and necessary changes became clear. Formulating recommendations was not easy task as it was also unclear how far reaching the recommendations would become even beyond the realization of a pilot CLT.

With increasing more concrete data and repetition in the interviews, different possibilities, dependencies and necessary changes became clear. Formulating recommendations was not completely clear as it was also unclear how far reaching the recommendations would become even beyond CLTs.

*RQ P4: What are the opportunities for CLTs in the Dutch housing market and how can these be mobilized?*

## 6.2 Approach

At first, the literature around the CLT was researched in-depth before the housing market. Researching the topic of CLT continued up to the findings regarding CLT support mechanisms in Europe. Between my p1 and p2, there was feedback from the mentors to already look into the Dutch housing market to get an even stronger understanding of it, as well as in the investment ecosystem. During this time a start was made on the Dutch housing investment ecosystem, but it was not further researched as the emphasis was on the CLT's ecosystem. It is only once the CLT's ecosystem was completed, the Dutch market was investigated. In the Dutch housing market, the emphasis was on the alternative housing market's support. In hindsight, similarities could already be seen if the CLT and Dutch housing market were researched in parallel as their parallels had to be made in the first place (as seen in Figure 20).

In the Dutch housing market, the literary research was not very in depth and informative regarding the context wherein the models were made. However, research on the CLT was more advanced. This was something I could have improved, but this was compensated by sampling the interviewee group that was part of the realization of certain mechanisms in the Dutch housing market.

In the literature process, my main supervisor mentioned the SWOT analysis of the CLT in the housing market rather early. This was something I put off until the SWOT analysis was an inevitable outcome to answer the research question. Looking back, it was a natural outcome, but I didn't see the importance of it at the start of the research. Judging from the progression of my research question, the SWOT could be answer parts of the questions earlier and from both the positive and negative perspective.

In the empirical research, the interviews were done by firstly contacting the experts in the fields shown in Figure 21. After that, interviewees were acquired by the snowballing technique, which had a varied effect. At first, different actors with experiences in different housing models were contacted from the collaborative housing expert interviewee group. In a later stage, similar contacts recommended talking to experts who did not add much depth to the data, but rather repetition. This could be an indication of saturation. When speaking to the private parties, the snowball technique worked more effectively, leading to private and public parties, which gave more depth to the data because their data built upon others.

Taking expert interviews from the different intermediate models and the snowballing technique did get different interviewee groups with different backgrounds. This variety of opinions on the same concept could sometimes lead to confusing points. Asking what one stakeholder thought about the role of another stakeholder gave me more context about the subject. The validity of the conclusions and the co-occurrence shown in Figure 51, might be less valid if the interviewees were grouped into one. Therefore, the figure also shows the occurrence per interviewee group as to make my findings credible. Apart from



that, if every interviewee group is taken separately, apart from the 7 collaborative housing experts, the other two groups are not large enough to ensure saturation of the concepts. Having said that, the concepts are likely to have been saturated by the total interviewees.

The interview process itself also had a lot of development. In the exploratory research there is usually little prior literature. However, I took literature from foreign examples and obscure literature from old CLTs to formulate the first interview questions. In the interview process it became apparent that the interviewee only needs a broad nudge into a topic to talk about the topic. Asking too specific questions gave limited answers, which leave the interview flat and shallow. The experts have enough to tell about their expertise.

Connecting the empirical data to the literature was not as obvious as initially expected. The data found in literature was far more specific whereas the interview data could either be specific or descriptive. After categorization, the concepts were identified, but some of the data could be linked to multiple concepts at the same time. A possible way to deal with this limitation would have been to further categorize the data from the literature in order to make clearer connections between the interviews and the literature.

Lastly, the recommendations in my final research question were based on and built up by my sub-questions. Therefore, I feel some repetition occurs in the discussion section. These recommendations envelop the definition of the collaborative housing sector and also the systems. This is seen by the fact that the recommendations are aimed at both the larger established market parties, as well as the collaborative housing model itself. It cuts across the large housing crisis in the Netherlands, the collaborative housing model in the Netherlands and how the CLT could find a place in both the systems.

### 6.3 Relevance

The CLT as posed, in this research will not solve the entire housing crisis in the Netherlands. This was also a consideration that the interviewees mentioned. This research is focused on the realization potential of the CLT in the Netherlands. For the potential of CLT itself, this research could influence the CLT initiators' decisions in establishing the group in the group phase, or decide on investment schemes and its effect on the land lease. This research also gives the initiator a direction into which stakeholders to involve into the process. It has to be mentioned, however, that this process needs a lot of rhetoric capacity as all of the policies and mechanisms available in this research are not focused on the CLT. This research could help the CLT form a pilot project. From that project, more knowledge will be found and the actual executability of the potential mechanisms will be proven.

Moreover, every CLT can at least take advantage of this research as the scientific research in the Dutch context is extremely slim. Any of the found concepts and categories found in Figure 42 can be researched more in depth separately. Despite the fact that this research ends with potentially executable mechanisms and recommendations, the research only touched upon the surface of each of these categories. For example, a mapping of which municipalities include starters' loan for and for which target groups may also be beneficial for the CLT to find a feasible geographical location. I aimed to make the final recommendations broad and transferable, whilst also refer to specific mechanisms in my sub-questions. However, the potential of each of the recommendations is also limitedly researched. What would happen after either of the recommendations will be implemented is limitedly researched.

The method in this research is also presented with a dry tone to give the reader insight in the steps taken. Therefore, the research can be replicated for its credibility. This also ensures that the research can be replicated at another time in the future or in another context.

#### 6.4 Ethics

To ensure data reliability from the right expert, it was asked if their name, company and role could be mentioned. It was also asked if the interview could be recorded, and in most cases, the interviewee recorded the interview himself and sent it to me. In all cases, it was accepted even though I did not know to what extent that would be included in the research yet. It was primarily asked to have it in case it proved to be relevant later in my research.

To be more clear towards the interviewees, they all gain the possibility to receive the report as to make changes or critique. Not all of them deemed it necessary, but some did want to receive the report to add to their research in the field.

The interviews were also transcribed and kept for rereading and reinterpretation. After this research, however, the transcriptions will be deleted so it cannot be used for other purposes.

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## 8 Appendices

### 8.1 Accepted NHG intermediate models

Construct	Owner
Aankoopregeling BM van Houwelingen	BM Projectontwikkeling B.V
Ibb	Ik bouw betaalbaar
Betaalbare Koopwoning Zaanstad	Betaalbare Koopwoning Zaanstad
Brederode Koopregeling	Brederode Wonen
Duokoop B.V.	DNGB
Grondvermogen	Grondvermogen alleen indien erfpachtrechten uitgegeven zijn voor 2017
Koop Goedkoop	Dudok Wonen
Koop Voordeel	Woonservice Meander
Koopcomfort	Stichting OpMaat
Koopinstapregeling (voorheen Kortingsregeling Thunnissen)	Thunnissen Groep BV
Koopgarant	Stichting OpMaat *
Koopstart	Stichting Opmaat *
Kopen met Korting	Omnia Wonen
Kopen naar Wens	Woonlab
MVE-D	Woonstad Rotterdam
Pré Koopregeling	Pré Wonen
Regionaal Grondbezit	Regionaal Grondbezit BV
Slimmer kopen	Sint Trudo
Starterslening SVn	Stimuleringsfonds Volkshuisvesting
Verkopen onder Voorwaarden	VoVwoon

## 8.2 Housing act 2008 section 79 community land trust definition

### 79 English bodies

- (1) In this Part “English body” means—
- (a) a registered charity whose address for the purposes of registration by the Charity Commission is in England,
  - (b) **[F1 a registered society]** whose registered office for the purposes of **[F2 the Co-operative and Community Benefit Societies Act 2014]** is in England,
  - (c) a registered company which has its registered office in England,
  - (d) a community land trust which owns land in England, and
  - (e) any other person (whether or not a body corporate registered under the law of the United Kingdom) which—
    - (i) is not a Welsh body within the meaning of section 1A of the Housing Act 1996 (c. 52) **[F3 or a local authority in Wales]**, and
    - (ii) makes available, or intends to make available, accommodation in England.
- (2) In subsection (1)(d) “community land trust” means a body corporate which satisfies the conditions below.
- (3) In those conditions “local community” means the individuals who live or work, or want to live or work, in a specified area.
- (4) Condition 1 is that the body is established for the express purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets in order—
- (a) to provide a benefit to the local community, and
  - (b) to ensure that the assets are not sold or developed except in a manner which the trust’s members think benefits the local community.
- (5) Condition 2 is that the body is established under arrangements which are expressly designed to ensure that—
- (a) any profits from its activities will be used to benefit the local community (otherwise than by being paid directly to members),
  - (b) individuals who live or work in the specified area have the opportunity to become members of the trust (whether or not others can also become members), and
  - (c) the members of the trust control it.

#### Textual Amendments

- F1** Words in Act substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, Sch. 4 para. 122 (with Sch. 5)
- F2** Words in s. 79(1)(b) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, Sch. 4 para. 124 (with Sch. 5)
- F3** Words in s. 79(1)(e)(i) inserted (1.4.2010) by The Housing and Regeneration Act 2008 (Registration of Local Authorities) Order 2010 (S.I. 2010/844), art. 1(2), Sch. 1 para. 4

#### Commencement Information

- I1** S. 79 in force at 8.9.2008 for specified purposes by S.I. 2008/2358, art. 3(1)
- I2** S. 79 in force at 1.4.2010 in so far as not already in force by S.I. 2010/862, art. 2 (with Sch.)

8.3 Literary comparison of Dutch mechanisms and CLT mechanisms

Dutch Public support				Dutch Housing association				Dutch Private sector support				
	mechanism	for:	condition	similar to existing CLT support	mechanism	for:	condition	similar to existing CLT support	mechanism	for:	condition	similar to existing CLT support
GROUP	money for setting up a legal entity for the CPC	CPC		clt startup fund (UK)	provide 5000 to set up cooperative	cooperative		making use of expertise or HA (France & UK)				
	Discount on municipal land if the land stays in ownership or the resale conditions include affordability clauses	cooperatives		discount on municipal land (UK & France)	intermediate models	starters in the ownershi pmarket	income or discount conditions		DUObuy	homeowners		
	to acquire a mortgage for land+dwelling, banks offer a 70%LTV. The Amsterdam municipality offers a loan for the remaining amount	cooperatives	5% has to be financed by the cooperative themselves to show commitment		50% discount on dwellings (Beleidsregel experiment verkoopregels wooncoöperaties)	cooperatives	has to stay in cooperatives hand or the discount has to be paid back	Land discount by municipality	German cooperative mortgages	Local foundations		charitable foundations (Belgium &UK)
	Land exclusivity (Amsterdam)	cooperatives ,CPC, and other self built										
PLAN	grant for hiring an expert for designing and collectively	CPC		grant for expert costs CHF (UK)								
				pre-development loans & grants for planning (Belgium & France)								
BUILD	construction loans for social housing providers			Loans for social housing used for CLT (Belgium)					regular mortgage	homeowners		
LIVE	betaalbare koopwoning zaanstad			income based mortgages (Belgium)	5 years worth of maintenance costs	cooperatives			Mortgage guarantee	homeowners		CLTB guarantee
other remarks	public cooperative knowledge and boosting team	cooperatives			aedes starting a call for more space outside the SGEI activities for HA							
	create an own mechanism for affordable houses based on income	betaalbare koopwoning zaanstad										

(own image)

## 8.4 Interviewee groups and interviewees

Group	interviewee	Goal
<b>Private market/ institutional investors</b>		
<b>Public parties</b>		
Interviewee A	Rotterdam (Policy advisor)	Gain insights in what a large municipality can do to support collaborative housing experiments
Interviewee B	Amsterdam (former alderman housing & developer of the housing cooperative fund)	Gain insight to why the municipality of Amsterdam is proactive in collaborative housing initiatives
Interviewee C	Almere (Program manager alternative housing)	Gain insights in how new municipalities with a lot of space for experiments contribute to a CLT initiative
<b>Semi-public organizations</b>		
Interviewee D	SVn (founder of koopstart)	Gain insight in how CLT's could collaborate with the SVn to get support or loans
Interviewee E	Opmaat (developer of Koopgarant)	Gain insight in intermediate models and how these are similar to the CLT
Interviewee F	Aedes (Lobbyist housing association)	Gain insight in the role of the HAs in collaborative housing models
Interviewee G	WSW (relations manager housing associations)	Gain insights in what the CLT needs to get loan guarantees from the WSW
<b>Collaborative housing experts</b>		
Interviewee H	Vannimwegen (advisor Roggeveenstraat cooperative)	Gain insights in how the Roggeveenstraat cooperative received support in the Hague
Interviewee I	the Warren (Boardmember)	Gain insight in how the Warren received support in Amsterdam
Interviewee J	CLTBrussels (founder)	Gain insights in where the CLTBrussel received support from their experience
Interviewee K	CLTBijlmer (advisor)	Gain insights in where the CLTBijlmer is lacking support
Interviewee L	Schumacher centre for new economy (Director economic land commons)	Gain insights in how CLTs in the US and the UK get support
Interviewee M	economy transformers (founder of community land trust NL)	Gain insights in how Dutch farmland CLTs organize and receive support
Interviewee N	LSA (neighbourhood initiative advisor)	Gain insights in how residents' initiatives receive support from previous experience
<b>Private parties</b>		
Interviewee O	DUOkoop (fouder)	Gain insight in the pension fund's perspective on housing investment and separation of land and property
Interviewee P	Rabobank (sector specialist housing)	Gain insights in what conditions banks will have to loan money to CLT's
Interviewee Q	ABN amro (sr. economist)	Gain insights in the banks interest in these collaborative forms in the (near) future
Interviewee R	Volksbank (advisor BLG-mortgages and NHG expert)	Gain insights in what conditions banks will have to loan money to CLT's
Interviewee S	Triodos (Director at Triodos regenerative fund)	Gain insights in what conditions banks will have to loan money to CLT's

8.5 Concepts and categories by frequency

