

## BALTA Webinar Series

# Scaling innovation in community land trusts for farmland access and affordable housing

April 9<sup>th</sup>, 2013

Q & A

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**Ana Maria:** The new legislation (the hybrid corporation) that is coming to BC next July, do you see that helping the process?

**Michelle:** Early on, in the very early days of advocacy for that legal structure, we looked to build on experience in the UK. In the UK, this legislation did not have the desired effect of stimulating activity, I am not sure whether or not it will have similar impact on BC but again I am not familiar with that legislation

**Q:** From a private sector financing perspective, how do you build capacity for the resources needed to start a CLT and how to access them? Do you envision a group such as BALTA doing the full work to build the entire marketplace, so you educate public and identify situations/problems/opportunities... is there a financial/business model that CCCR can develop such that they can build this entire market space?

How do you integrate banking function in a social function? Essentially, why would someone invest in a piece of land that is not going to go up in value? There needs to be an incentive to bring in third party capital.

**Michelle:** We haven't found that model ourselves. Part of the challenge, is that people don't know what they don't know; not only that, but in the CRD people have talked about CLTs as a potential solution, according to some stakeholders, has been raising its head for over 15 years but there is also a great deal of cynicism. There is enough history of people not thinking it would work. There is a lot to overcome, so this is the challenge that we are still facing right now.

I don't know that we can't go there, but we just haven't been able to wrap our arms around this... We don't know what that would look like in a land trust context. We would love the opportunity to be able to figure that out.

**Q:** I think that's what needs to be figured out... if it is just in the community it becomes a consulting function. If you can figure out the dynamics where it makes sense to a real estate investor then you can drive the transaction and then build a model around that. If it is just internal, in the community, it is hard to get people to pay you for consulting for a problem that they don't even know they have... if you can find a solution to this you can work around this issue because you can bring in capital to the community

**Noel:** What are the differences between the CLT and co-op housing, (which is an established model in Canada)? What are the advantages of CLTs in comparison to co-op housing?

**Michelle:** We have two coop housing units here that are part of a closely held trust that are housed by the Coop housing federation of BC. According to the chair of one of their boards, they opted to put the developments into of their trusts and it was a beacon in saving affordability and being able to set aside funds for maintenance.

I think that part of the story we haven't told; what we are seeing is a combination of land-trusts and coop housing; so having a coop ownership of the building, and the land trust preserving and managing the land. Also important to have a cross-portfolio and leverage in order to make it work. If you have a regional land-trust and

multiple pieces of property, a portfolio is where you can cross leverage between the projects. Part of this is getting the scale that we need.

**Nick Montgomery:** I am curious about whether you are exploring connections or alliances, or creating non-profit versions of constructions and/or development. Michelle, I know that you have been setting up a community lending institution in Victoria. Is there an opportunity for not for profit developers and/or construction companies have the opportunity to play into that model?

**Michelle:** That is a lovely idea, and we are seeing that already in terms of the partnership between the coop housing federation, VanCity, and a construction development firm. The more of that we see the more feasible and do-able this becomes, we want to flow the benefits to go back into the community. The bottom line is the shift from sense of benefits, from going into people's pockets into the needs of people within a community. The sense of shared profits and everyone also gives up a little bit. This is very different from the private sector model.

**Noel:** An example of where people have collectively internalized some of these functions is in co-op housing service. Developer functions get internalized. In Calgary, when we were working on a project for a cooperative housing project, the design function/urban design function was internalized (typically private sector consulting functions).

**Michelle:** I think what we are seeing is that the private governance has created a lack of cooperation between coops that has done them a disservice. How do you shift that and maintain some form of governance integrity but centralize some of the functions and services? Again, a regional land trust (ex: Burlington) to really get enough scale to get some of those vehicles as well.

**Ana Maria:** Please tell us more about the methodology for the early animation of the process. Any reflections?

**Michelle:** One of my tentative conclusions, when I think about BALTA and a year of effort that we have put into this is that I am not sure if BALTA can do this early stage innovation and that we need to look for innovations that are already going on the ground. I think we may not have the luxury of the time and effort... to me, this shifts the way the research is approached quite substantially (if you are looking at existing innovations). So, you don't approach a place with an innovation that you want to study but rather look for already working innovations. So a year from now, this project may be something that BALTA wants to study but it is already on the ground. But to go into a place cold, and introduce a new innovation because it's something that you really want to study, you will be driven by innovations already on the ground.

**Ana Maria:** Please tell us about the governance process. How was this structured?

**Michelle:** We don't have any governance yet. The working groups meet for the very first time next month. We will be dealing with that as we move through the next year. The successful model in the US includes tenants and community and stakeholders with interests in the governance; all have seats around the governance table. There is an effort to build a broad base to represent a diverse group of interests to build that common buy in and support.

**Mike Lewis:** most innovations are, in and of themselves, an NGO with a mission. Early stage diffusion is what we are engaged in.

**Michelle:** I think there needs to be a clear understanding of the time, effort and the nature of the scale of the project.