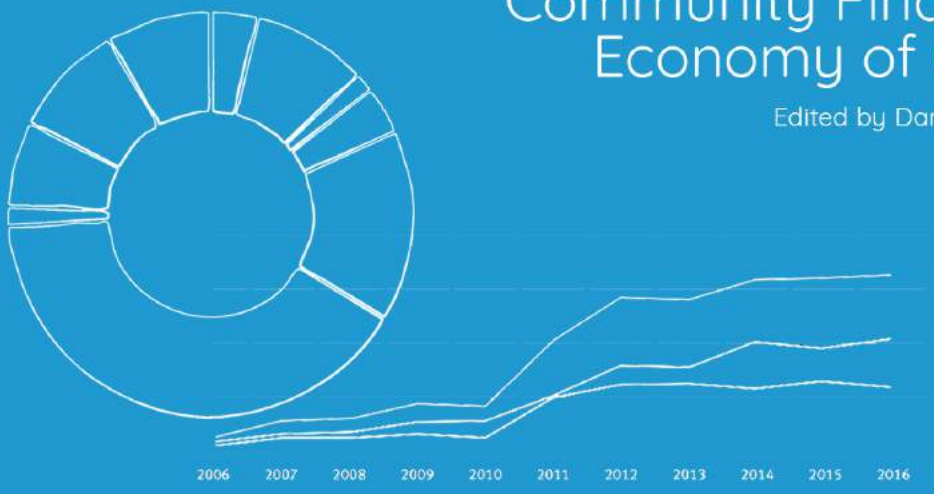
Funding the Cooperative City

Community Finance and the Economy of Civic Spaces

Edited by Daniela Patti & Levente Polyák









Market





Housing





Social Centre











Work Space









Sports Hall

Funding the Cooperative City

Community Finance and the Economy of Civic Spaces

Funding the Cooperative City

Community Finance and the Economy of Civic Spaces

EDITORS Daniela Patti and Levente Polyak

COPY EDITING Josephine O'Neill and Yilmaz Vurucu

DESIGN Stefano Patti

COVER IMAGE Eutropian

PRINTER OOK Press, Veszprém, Hungary

PUBLISHER Cooperative City Books, Vienna, 2017

ISBN 978-3-9504409-0-4

CONTACT Eutropian Research & Action

EMAIL info@cooperativecity.org

WEB http://cooperativecity.org

A PDF OF THIS PUBLICATION CAN BE DOWNLOADED AT cooperativecity.org

JOIN THE EUTROPIAN / COOPERATIVE CITY MAILING LIST AT eutropian.org

This work is licensed under a Creative Commons
Attribution-NonCommercial-NoDerivatives 4.0 International (CC BY-NC-ND 4.0)

Table of contents

7 **Preface**
Funding the Cooperative City
Daniela Patti & Levente Polyak

13 **Introduction**
From top-down planning through speculative developments to community economy
Daniela Patti & Levente Polyak

22 **PIGS**
From crisis to self-organisation
Tiago Mota Saraiva

28 **Caught between the public and the private**
Urban cooperative solutions in Central Europe
Hanna Szemző

37 **From consensus to conflict and back**
New actors and frameworks for civic spaces in Northwest Europe
Levente Polyak

Accessing capital

45 **With capital against speculation**
New institutions and cooperative finance in times of austerity
Christian Grauvogel

51 **Banca Etica**
Savings with a social impact
Massimo Marinacci

55 **Coop57**
Financing projects in the social and solidarity economy
Miguel Ángel Martínez

59 **Foundations for affordable space**
A Swiss case study
Laurence Beuchat

69 **Stiftung trias**
Taking properties out of the speculation market
Rolf Novy-Huy

76 **Stiftung Edith Maryon**
Buildings for socially relevant uses
Ulrich Kriese

81 **ExRotaprint**
Community ownership against speculation
Daniela Brahm & Les Schliesser

90 **Regulating crowdfunding and crowdinvesting**
International resources for local communities?
Jan Mazur

98 **Brickstarter**
Crowdfunding for the provision of urban services
Bryan Boyer

102 **Tudigo (ex Bulb in Town)**
Crowdfunding for local enterprises
Alexandre Laing

108 **Goteo**
Crowdsourcing for open communities
Carmen Lozano Bright

114 **LaFabrika detodalavida**
New resources for rural areas
Carlos Muñoz Sánchez

116 **Shuffle Festival**
Crowdfunding for legitimacy
Lizzy Daish

119 **Complementary currencies**
Citizens' money for a commons-based economy
Michał Augustyn

126 **Paralelní Polis**
Virtual economy for community spaces
Martin Leskovjan

Organising communities

131 **Innovative funding and organisational models in the housing sector**
Lessons from community-led housing for city-makers across Europe
Bea Varnai

139 **Müszi**
Public functions for private spaces
Júlia Bársony

145 **Carrozzerie n.o.t**
Where the theatrical workspace is ours
Maura Teofili & Francesco Montagna

148 **NOD makerspace**
Where people and competences bind together
Tamina Lolev

151 **Afrikaanderwijk Coöperatie**
Reactivating the local economy
Annet van Otterloo

158 **Community Land Trusts**
A model to secure community access to land
Lizzy Daish

160 **Granby Four Streets Community Land Trust**
From demolition to regeneration
Michael Simon

167 **Homebaked**
Anchoring the community through small businesses
Sam Jones

171 **De Besturing**
From tenancy to ownership
Martine Zoeteman

174 **Jurányi Incubator House**
A home for performance arts
Viktória Kulcsár

181 **Stará Tržnica**
New purpose for a public building
Jan Mazur

186 **Stad in de Maak**
From the crisis to new property models
Marc Neelen

192 **ZOHO**
Development with a hundred investors
Hans Karssenberg & Jeroen Laven

Working with institutions

198 **Framing the Cooperative City**
Public policies in support of civic initiatives
Mauro Baioni

206 **BIP/ZIP**
Promoting community partnerships in priority areas
Miguel Brito

213 **Largo Residências**
Urban regeneration through local jobs
Tiago Mota Saraiva

217 **Locality**
Supporting self-organisation in local communities
Elly Townsend

222 **Peissnitzhaus**
Community shares for culture
Ulrich Möbius

225 **Cascina Roccafranca**
The public-civic governance of space
Stefania De Masi

228 **Vivero de Iniciativas Ciudadanas**
Mapping and co-producing citizen initiatives
Mauro Gil-Fournier

232 **Conclusions**
Reflections on the urban impact of civic spaces and economy
Daniela Patti & Levente Polyak

238 **Glossary**

Chapito circus school in Lisbon.
Photo ©Eutropian

① **Lisbon**
Bip/Zip 206
Largo Residencias 213

② **Los Santos de Maimona**
La Fabrika detodalavida 114

③ **Madrid**
VIC 228
Coop57 53

④ **Barcelona**
Goteo 108

⑤ **Liverpool**
Granby Four Streets CLT 160
Homebaked 167

⑥ **London**
Shuffle Festival 116
Locality 217
National CLT Network 158

⑦ **Paris**
Tudigo (ex Bulb in Town) 102

⑧ **Rotterdam**
Afrikaanderwijk Coop 151
ZoHo 192
Stad in de Maak 186

⑨ **Den Hague**
De Besturing 171

⑩ **Basel**
Stiftung Edith Maryon 74

⑪ **Turin**
Cascina Roccafranca 225

⑫ **Rome**
Banca Etica 49
Carrozzerie n.o.t 145

⑬ **Halle/Saale**
Peißnitzhaus 222

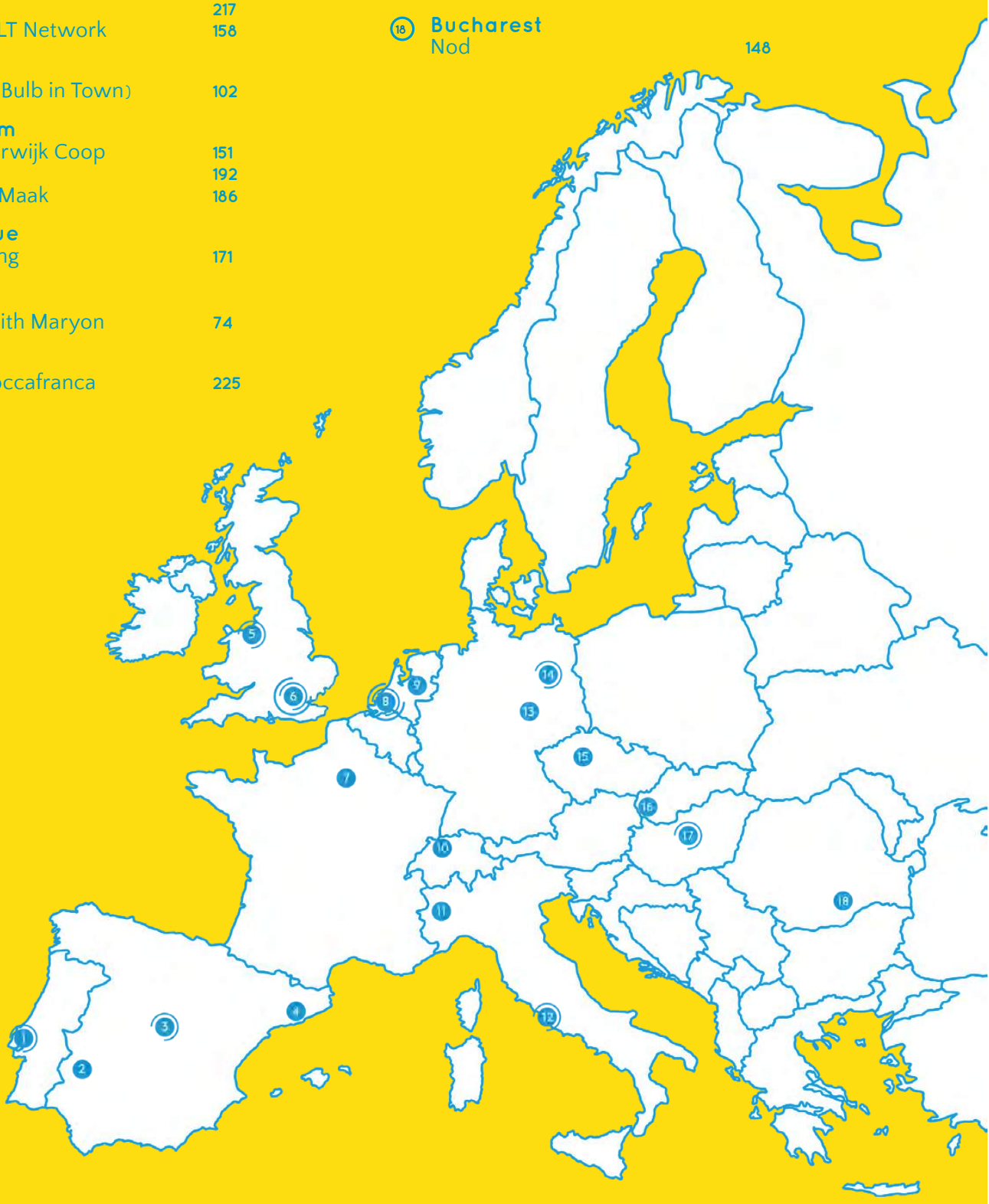
⑭ **Berlin**
Stiftung trias 67
ExRotaprint 79

⑮ **Prague**
Paralelní Polis 126

⑯ **Bratislava**
Stará Tržnica 181

⑰ **Budapest**
Művelődési Szint 139
Jurányi 174

⑱ **Bucharest**
Nod 148



Preface

Funding the Cooperative City: Community Finance and the Economy of Civic Spaces

DANIELA PATTI

LEVENTE POLYAK

Europe is going through turbulent times. As the traditional political setup of leftwing-rightwing parliamentary democracy is giving place to conflicts between neoliberal globalism and populist nationalism, civic society plays an increasing role in creating inclusive and well-informed systems of decision-making. Whether having accessed power in some countries (Spain, Portugal), or targets of large-scale witch hunting operations in others (Hungary, Poland), local-based community initiatives and NGOs are a leading force of experimentation in governance, welfare provision and the collaborative economy. A key dimension – and condition – of these experiments is access to space.

In 1748, Giambattista Nolli published *Pianta Grande* di Roma, an ichnographic plan of Rome documenting every building in the city and their adjacent spaces. The specificity of the Nolli Map is that unlike other city maps of the time, it also depicted publicly accessible spaces inside buildings as parts of the urban realm. By making public elements of the urban fabric visible, the Nolli Map has become famous in the history of urbanism, not only because it rendered the built environment as perceived in its detailed physical appearance, but also because it **interpreted how different spaces function** in terms of access.

This book shares the ambition of **mapping spaces in terms of access and use**. Civic spaces, as presented and defined in this book, might look exactly like commercial or publicly managed spaces, but they function differently with respect to access, community support, financial arrangements and economic model. Civic spaces – venues that operate outside the mainstream public or commercial sectors, reinvest revenues and profit into their activities, accommodate communities and create significant social or cultural value in the city – often seem as odd islands or archipelagos in the urban tissue dominated by the financialised real estate market or state capture. Nevertheless, their impact is beyond their size: they act as spaces of aggregation, social welfare and knowledge exchange, filling the gaps left behind from the withdrawal of public services and the commercialisation of urban culture.

This book is born from our recognition that civic spaces are often fragile from an economic and organisational viewpoint; this acknowledgment developed into curiosity to look behind the facade and aesthetics of these spaces, to **explore the underlying financial, economic, real estate and community structures** that enable of hinder their activities, to study their partnerships and conflicts with other actors, and to understand what gives them economic stability, organisational strength, resource-awareness and community support. Our findings then gave birth to a desire to help other initiatives learn from these experiences and apply some of the elements in their own contexts.



Bottega Artistico Musicale in Sapri, Italy. Photo © Lucia de Pascale

Funding the Cooperative City is a **research and advocacy project** initiated by the Rome-Vienna-Budapest-based organisation Eutropian. Exploring experiments in community-led urban development in European cities, the project also aimed at establishing a model of "responsible research," where knowledge is not extracted but shared and amplified and further developed within the communities contributing to the project. Therefore, in a series of workshops, public events and matchmaking situations, we brought together protagonists from the participating initiatives, in order to make their achievements more visible, and connect them with European and local networks of relevant actors. The research and the connected events also aimed at highlighting the potentials of the new community-based logics of urban development, inspiring new commitments and frameworks that enable similar experiments to unfold, and helping shape a new European culture of urban development based on community-driven initiatives, cooperative ownership and civic economic models.

Funding the Cooperative City was largely inspired by our **previous work in Budapest and Rome**. In Budapest, some of us were involved in the creation of civic spaces, as part of the collective build up of the cultural centre **Tűzraktár**, and later as members of the **KÉK - Hungarian Contemporary Architecture Centre**[1]. While the Tűzraktár experiment was endangered by a commercial takeover that gradually pushed cultural activities out of the reactivated industrial complex, KÉK's 10-year contract was cancelled after two years by the neighbouring museum that originally hosted the initiative in a long-time unused warehouse. Both experiences highlighted the fragility of civic initiatives in precarious agreements with private and public actors, and brought us to understand that there needed to be less dependence on both public and commercial actors in creating spaces for communities. A few years later, with KÉK, we worked on elaborating the Lakatlan programme[2], a framework for NGOs to access unused spaces in Budapest: this process helped us realise the limitations of public administrations in recognising social and community values,

1 http://kek.org.hu/en/
2 http://lakatlan.kek.org.hu/eng/



Funding the Cooperative City open call. Image © Eutropian

and in particular, the needs of civic initiatives for long-term arrangements, access to capital for initial investments, and more stable models for organisational and economic sustainability.

In Rome, we initiated a knowledge transfer network between various European municipalities, in order to create a temporary use framework for the Rome municipality that can facilitate and accelerate citizen access to unused public properties. In the course of the **Temporary Use as a Tool for Urban Regeneration**[3] project funded by the EU's URBACT programme[4], we learned about the importance of fair public-civic partnerships that give a more important role to communities that are able to maintain long-term processes – unlike public administrations whose operations can be paralysed by political changes. Building on the community engagement process within the TUTUR project, we also began to work on revitalising food market halls across Rome. Through the workshops we organised in various neighbourhoods of the city, we recognised that existing but underused public infrastructure such as markets can serve multiple needs and connect different types of actors and communities. The **Mercato al centro**[5] project also revealed the incapacity of regulations to accommodate innovation and experimentation, especially in the case of public properties.

The focus on community finance and civic economy came from a series of encounters and three events we contributed to. In April 2014, we were invited by Markus Richter to participate in a discussion in 0047, a gallery in Oslo. Here, we met with Daniela Brahm and Les Schliesser for the first time, initiators of the **ExRotaprint** that proved to be a key inspiration for this project. A few months later, when preparing for **Flows & Funding**[6], an off-event of the International Architecture Biennale of Rotterdam organised by Pamphlet Architecture, we were building on our encounter with ExRotaprint and conducted a series interviews with citizen initiatives, crowdfunding platforms and financial organisations that created innovative processes for communities to access spaces and funding. These cases served as a basis for **Funding Urbanism**[7], a workshop we organised later that year, in the frame of the Wonderland Platform for European Architecture's Project Space series[8], together

3 http://tutur.eu/
4 http://urbact.eu/

5 http://eutropian.org/rethinking-markets/
6 http://ndvr.be/ndvr-blog/2014/9/17/pamflet-3-flows-funding
7 http://www.daz.de/en/wonderlab-berlin-funding-urbanism/
8 https://wonderland.cx/project-space



Street Gallery, Belgrade. Photo © Ministry of Space

with the Deutsches Architektur Zentrum[9]. Based on an open call, Funding Urbanism brought together initiatives from 15 countries for three days of site visits, workshop activities and public presentations, with a focus on analysing initiatives from Berlin and the international transferability of new models of community finance. The event was revelatory in many respects: it was very rewarding for us to see how the ideas explored and elaborated through the workshop found their ways into the practices of the participants, inspiring new partnerships and ways of working, such as in the case of Das Packhaus, Largo Residências, or Mares Madrid. A few months later, we returned to the theme when we organised a workshop in 6B, Saint-Denis, as part of the annual meeting of Banlieues d'Europe, raising many issues about the role of citizen initiatives in the provision of welfare and culture.

The experiences of Budapest, Rome, Oslo, Rotterdam, Berlin and Paris fed into the process of Funding the Cooperative City. In order to maximise the access of initiatives to the event series to be organised, we launched an **open call** for stories by civic initiatives from all across Europe. The response to the call was encouraging: we received over 80 stories from various parts of the continent, representing very different contexts, organisational structures and individual motivations. The feedback from these initiatives also helped us understand their need to exchange their experiences, learn from others and tell their stories to an international audience. This need for platforms for storytelling and for the exchange of experiences gave us the motivation to launch the **Cooperative City magazine**[10].

In the course of Funding the Cooperative City, we organised a **series of workshops** in Budapest, Madrid, Rome, Bratislava, Prague, Warsaw and Rotterdam, where we invited participants selected through the open call and visited others to discover the eco-system of civic spaces in these cities. These workshops, other travels and additional research gave birth to a series of **articles and interviews**, both published as articles on CooperativeCity.org, as **videos** on the corresponding video channel[11] and as chapters of this book.

The **structure of the book** follows the findings of the research. In **Accessing Capital**, we explore new financial actors, ethical banks, anti-speculation foundations and crowdfunding platforms that help citizen initiatives access the capital necessary for purchasing, renovating or upgrading their spaces. In **Organising Communities**, we look into the experiences of civic spaces, from their inception to realisation, with special focus on their use of financial resources and economic models. In **Working with Institutions**, we present a selection of initiatives where public administrations or intermediary structures supported by the public sector play a crucial role.

Many of the cases introduced in the book have already been presented in various platforms. However, most of those platforms represented

9 http://www.daz.de/de/

10 The Cooperative City magazine is available at www.cooperativecity.org. "Cooperative City" here does not only stand for cooperative as a legal form; instead, it refers to a a city created by a multiplicity of actors, formal and informal, from neighbourhood initiatives and citizen movements to private and public development projects, policy frameworks and international funding schemes through a set of negotiated processes, including conflicts and cooperations.

11 https://goo.gl/hta6wu

Gängeviertel in Hamburg, Germany. Photo © Franziska Holz



a perspective that was either geographically unbalanced or limited to single initiatives within local and international **ecosystems where cooperation between various actors is of key importance**. To add to existing research, we set ourselves out to create a panorama of financial, economic and organisational innovation in the realm of citizen and community initiatives, related to the establishment, regeneration and maintenance of civic spaces, giving due credits to NGOs and social enterprises as well as public administrations and EU institutions. In the meanwhile, as the book's introductory texts focusing on certain regions demonstrate, we also aim at looking at the regional specificities, dynamisms and obstacles of creating civic spaces in different parts of Europe.

This book aims at being a resource for civic initiatives, public administrations and financial organisations: it offers **guidance for planning and designing partnerships, funding schemes, community mobilisation and participation processes** towards stronger civic spaces and more resilient local social and economic tissues around them. Similarly, we sought to apply some of the principles explored in the book, and to mobilise the network organised around it, in help of various initiatives in Rome, Budapest and other European cities.

On the other hand, while we have been promoting many of the initiatives we encountered during this research, we have also been relying on many of the cases collected in the book to explain certain methodologies or principles to civic organisations, social enterprises and municipalities from across the continent, as well as to EU institutions. In this sense, this book also serves as a tool to connect various actors across Europe, and to **sensibilise them towards the social innovation emerging around civic spaces**, giving them a role in helping the multiplication and scaling up of these experiences, and helping them think differently about real estate, investment and value creation.

This research would have not been achievable without the generous support of the Advocate Europe program that made possible the organisation of workshops and the publication of this book. The Central European dimension of the research was extended through support from the International Visegrad Fund and the

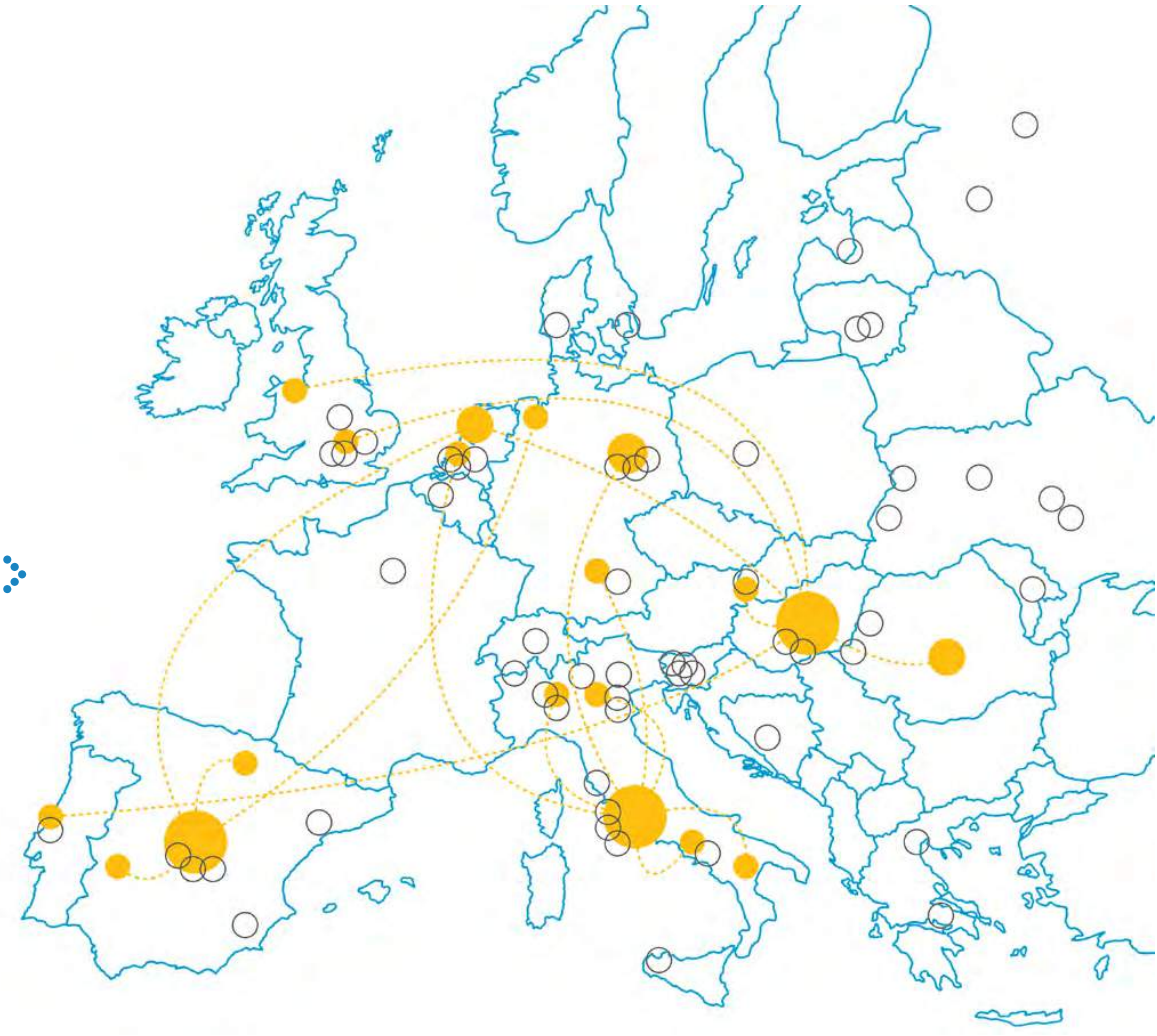
INstabile Portazza in Bologna, Italy. Photo © INstabile Portazza





Ideas Hub in Chelmsford, United Kingdom.
Photo © Ideas Hub

online platform was created with the help of the Departure program of Vienna's Wirtschaftsagentur. The collaboration with Wonderland Platform for European Architecture allowed the first Funding Urbanism workshop to take place in Berlin as well as ensured support for the distribution and promotion of this book. The Budapest workshop was accommodated and accompanied by the KÉK – Hungarian Contemporary Architecture Centre, while our Madrid partners were Vivero Iniciativas Ciudadanas. The workshops received additional support from the re:Kreators network, the Dutch Creative Industries Fund, the Seismic program, the Austrian Cultural Forum and Polish Institute of Budapest, as well as the Goethe Institute and the Embassy of the Netherlands in Budapest, Madrid and Rome. We thank them all for making this project happen. Our gratitude goes to the many local partners that contributed to the workshops in Budapest, Madrid and Rome by showing their projects and sharing their experience with us. Finally, we must thank all our collaborators that contributed to the book in different ways through their diverse competences: Stefano Patti for the graphic design; Yilmaz Vurucu and Josephine O'Neill for proofreading; Emese Polyak, Andrea Francesco, Zsófia Bod, Klára Murányi, Aida Miron, Bálint Pinczés and Sára Szabó for the transcriptions and translations; Kultúrgorilla for the communication campaign; Das Packhaus in Vienna and Officine Zero in Rome for hosting us during the elaboration of the book; Eleonora Rugiero, Cosima Malandrino, Andrea Messina, Isaac Guzman Estrada and Giulia Sandrini, for supporting the process during their internships.



Map of contributions to the Funding the Cooperative City open call.
Image ©Eutropian

Introduction

From top-down planning through speculative developments to community economy

DANIELA PATTI

LEVENTE POLYAK

In recent years, cultural, social, community and educational spaces have become laboratories of new forms of living, working, learning and collective exchange. However, these civic spaces face many difficulties in establishing stable economic structures, or lack financial buffers to secure their long-term operations and relative autonomy. This book brings together a variety of actors, practices, models, mechanisms and opinions that address these difficulties: our intention is to use these experiences to help and inspire civic space initiatives in accessing community capital, building stable financial models, strengthening local economies by keeping profits in neighbourhoods and ensuring spaces against public oppression or the extraction economy.

For centuries, urban planning and development, had been an exclusively top-down process: the hegemony of modern state planning in organising environments according to pre-established principles, and the non-recognition of non-governmental contribution to shaping space has often provoked conflicts between public, private and civic actors. The increasing role of capital in the production of space gradually turned urban development into a lucrative enterprise, often with the close cooperation of a central power and private developers and financiers, such as in the case of Haussmann's reconstruction of Paris in the second half of the 19th century: the production of space and urbanisation have become "one of the key ways in which the capital surplus is absorbed."[1] With the crises of the 1970s including deindustrialisation and the growth of unemployment, and as a consequence of national policies forcing decentralisation and reduction of the welfare state, municipal administrations, traditionally the main clients and managers of major urban works, have gradually lost their leading role in planning and developing cities. This transformation, often described as neoliberalisation, brought along a shift from "distributive policies, welfare considerations, and direct service provision towards more market-oriented and market-dependent approaches."[2]

In the context of increasing pressure on public administrations to become entrepreneurial, financial capital has had a growing role in shaping cities across the world. Easier access to mortgages provided by the relatively unrestrained financial markets prompted a boom in constructions in and around European cities, resulting in vast areas of new housing and office units, conceived more as investment opportunities than as places to live or to work. In the financialised city, buildings are "no longer something to use, but to own (with

1 Harvey, D. (2010). *The Enigma of Capital and the Crises of Capitalism*. London: Profile books, p.166

2 Waterhout, B., Othengrafen, F. and Sykes, O. (2013). Neo-liberalization Processes and Spatial Planning in France, Germany, and the Netherlands: An Exploration. *Planning Practice & Research*, 28(1), p.143

the hope of increased asset-value, rather than use-value, over time)."[3] When the exchange-value of buildings gains prominence over their use-value, they lose all relationship with actual needs and become acting "similarly to how financial products are being created and sold that have lost any connection with real production or a real economy."[4] Becoming targets of speculation, many former sites of welfare and cultural services (hospitals, schools, parks, theatres, cinemas) have become endangered species, calculated as potential buildable square meters instead of potential contributions to life quality. As a result, entire neighbourhoods in cities like London have become completely inaccessible for lower and middle classes, not only due to the rising rents but also because of the disappearing public amenities.

In this process, many urban functions have lost their status as a "social good, part of the commonalities a society agrees to share or to provide to those with fewer resources: a means to distribute wealth."[5] Fed by pension funds, private equity and hedge funds, large sections of the real estate stock (including housing) have become "fictitious commodities," in a movement that has "transformed a 'sleeping beauty' — an asset owned by traditional means — into a 'fantastic ballet,' with assets changing hands through constant and rapid transactions."[6] Under pressure from financial actors, many public bodies also began venturing out in affairs often unrelated to their responsibilities and capacities. Municipal departments and public companies began to perform as if they were financial actors themselves: Dutch housing associations began

3 De Graaf, R. (2015). Architecture is now a tool of capital, complicit in a purpose antithetical to its social mission. In *Architectural Review*. Retrieved from https://goo.gl/ktd2rq

4 Vanstiphout, W. (2012). The Historian of the Present. In *Future Practice*. Conversations from the Edge of Practice edited by Rory Hyde. New York and London: Routledge, p.94

5 Rolnik, R. (2013). Late Neoliberalism: The Financialization of Homeownership and Housing Rights. International Journal of Urban and Regional Research 37(3), pp.1058–66, p.1059

6 Rolnik, R., ibid. p. 1058

Officine Zero in Rome. Photo ©Eutropian





Bologna Urban Center.
Photo ©Eutropian

investing their capital at the stock exchange[7], while Berlin's Bankgesellschaft got involved in speculative real estate investments[8]. On the other hand, the complete domination of the public sector over economic life in Hungary led to real estate privatisation processes serving a small circle of oligarchs situated close to the government and local administrations.

ECONOMIC CRISES AND THE DOWN-SCALING OF URBAN GOVERNANCE

The social costs of the financialisation of cities, most tangible in the lack of affordable housing and the cutback of social services, became even more amplified with the 2008 economic crisis and the public bailout of banks. While the millennium's real estate crisis made its appearance at diverse segments of the cities across the world, touching housing, office buildings, retail spaces, community venues and public buildings, the austerity measures introduced after the eruption of the crisis by national governments and European institutions sought to reduce budget deficits by spending cuts, minimising labour costs, privatisation, downsizing local administrations and the reconfiguration of public services. Facing declining revenues and not allowed to run deficits, therefore struggling with significantly reduced operative budgets, many municipalities were forced to make budget cuts disproportionally impacting „the poor, the young, racialised communities and the elderly leading to the intensification of social–spatial segregation at the neighbourhood, city and inter-city levels."[9] The crisis also brought many speculative urban development projects to insolvency, turning buildings and entire complexes obsolete before they were even finished, leading to mass abandonment and vacancy.

In the context of the crisis, many local and cultural communities witnessed their spatial and economic resources diminishing with the drainage of funding and the withdrawal of institutional support. Communities in disadvantaged and deprived neighbourhoods across Europe were particularly affected by austerity measures and the suspension or abandonment of key local services such as social care, childcare, education, health and the maintenance of communal spaces and infrastructures[10]; as a response, many of these communities set themselves to create spaces and services on their own. Giving up on expecting help or cooperation from municipalities in some cases, or establishing new frameworks for cooperation with local administrations in others, these initiatives became proactive forces in shaping European cities by creating new community spaces and launching new social services through the

7 See page 186
8 See page 37

9 Donald, B., Glasmeier, A., Gray, M. and Lobao, L. (2014). Austerity in the city: economic crisis and urban service decline? *Cambridge Journal of Regions, Economy and Society*, 7, p.4

10 For instance, the city of Rome lost about €860 million of State subsidies between 2010 and 2013. This cut corresponded to a 10% decrease of cultural budgets, a €222 million cut of the healthcare budget, and consequentially, a 46% price increase of public kindergartens (Comune di Roma, 2015).

establishment of a parallel civic infrastructure, addressing local needs with local solutions. While in many cities in Southern and Eastern Europe that struggled to maintain even some of their most basic infrastructures as the crisis hit national and local economies, community actors set themselves to fill the vacuum left by municipalities and states, many cities in Northwest Europe managed to weather the recession relatively well and "share" their services with communities in more coordinated, contractual forms of "governance-beyond-the-state."[11]

These new forms of governance contributed to the formal or informal extension of the field of actors in urban development and to the outsourcing of "former public tasks and services to volunteer organisations, community associations, non-profit corporations, foundations, and private firms."[12] This process supplied "individuals and collectives with the possibility of actively participating in the solution of specific matters and problems," through the "down-scaling of governance to 'local' practices and arrangements"[13] and the consequent responsibilisation of these individuals and collectives who set themselves to organise their own services and venues, often in formerly vacant buildings, underused areas and neglected neighbourhoods. The engagement of non-institutional and non-profit actors in renovating, operating and managing civic spaces brought participation to a new level: instead of expressing consent or dissent related to a planned development project, or even contributing to the

11 Swyngedouw, E. (2005). Governance Innovation and the Citizen: The Janus Face of Governance-beyond-the-State. Urban Studies, 42(11), pp.1991–2006

12 Purcell, M. (2009). Resisting neo-liberalization: Communicative planning or counter-hegemonic movements? Planning Theory, 8(2), p.145

13 Swyngedouw, E., Ibid., p.1998

Casa di Quartiere of Via Aglie in Turin. Photo ©Eutropian





Das Packhaus in Vienna.
Photo © Eutropian

program or design of a new urban area, many communities took the initiative into their own hands and became developers – urban pioneers, spatial entrepreneurs or city makers – themselves.

THE FINANCIAL CONSOLIDATION OF CIVIC SPACES

One of the key dimensions of down-scaled governance is the community-led development and management of urban spaces. While in many countries, the economic recession culminated in a devastating foreclosure crisis[14], the corresponding escalation of non-residential property vacancy created possibilities in many European cities for alternative models of user-generated, community-led urban development processes, often through the adaptive reuse of empty buildings, spaces or land. In cities where a strong alliance of various actors created the right conditions and assurances, long-lasting structures and opportunities were created. In others, user-generated regeneration projects were instrumentalised and incorporated in institutional or for-profit development processes. Yet in others, in the absence of credible public actors, the non-profit private and civic sectors became guardians of public values, functions and services.

As space is a crucial component of community organising, social cohesion and cultural exchange, civic spaces accommodating gatherings and events of socialisation, activities of education, sport or work are key ingredients, "foundational institutions"[15] of the public city. The buildings reclaimed for community functions vary in their profiles from "free spaces"[16] through "houses of culture"[17] to "co-working spaces,"[18] and differ from each other in their organisational and management principles, accessibility, financial sustainability and political dimension. Certainly, it is not evident how to define "civic spaces" and to combine empty office buildings turned into incubators, theatres, school buildings, cinemas, gyms, social kitchen in a single framework, and to identify spaces that are situated between public and private, between spaces of living and spaces of work, without losing the critical perspective on the emergence and establishment of these spaces. What links them is that they all address the lack of existing facilities for social activities, welfare services, independent work and cultural exchange; participate in the discourse about reusing urban space for community purposes; acquire skills related to the renovation, management and governance of spaces; generate processes of cooperation and conflict with public and private property owners; and share their practices, models and tools through the multifaceted movement of "space pioneers," "spatial entrepreneurs," "city makers" or "commoners."

14 The foreclosure crisis provoked significant political movements like PAH in Barcelona that gave the city's mayor in 2015

15 Rossi, U. (2013). On Life as a Fictitious Commodity: Cities and the Biopolitics of Late Neoliberalism. *International Journal of Urban and Regional Research*, 37(3) pp.1067–74

16 See page 186

17 See page 139

18 See page 148

The self-organisation of new spaces of work, culture and social welfare was made possible by various socio-economic circumstances: unemployment, solidarity networks, changing real estate prices, and ownership patters created opportunities for stepping out of the regular dynamics of real estate development – as many cases in this book demonstrate. However, despite the growing institutional and public recognition of citizen-led urbanism and the values created by civic spaces in terms of social cohesion, welfare services and local employment, many community initiatives struggle to establish financial, economic and organisational models that would enable them to operate on a stable, sustainable, long-term basis. The many attempts across Europe to establish civic spaces through the occupation or the temporary use of vacant properties, for instance, face the challenges of eviction, instrumentalisation by institutional development processes, or exhausted resources and human capacities. This book aims at offering a variety of paths and models for those in search for solutions to these challenges.

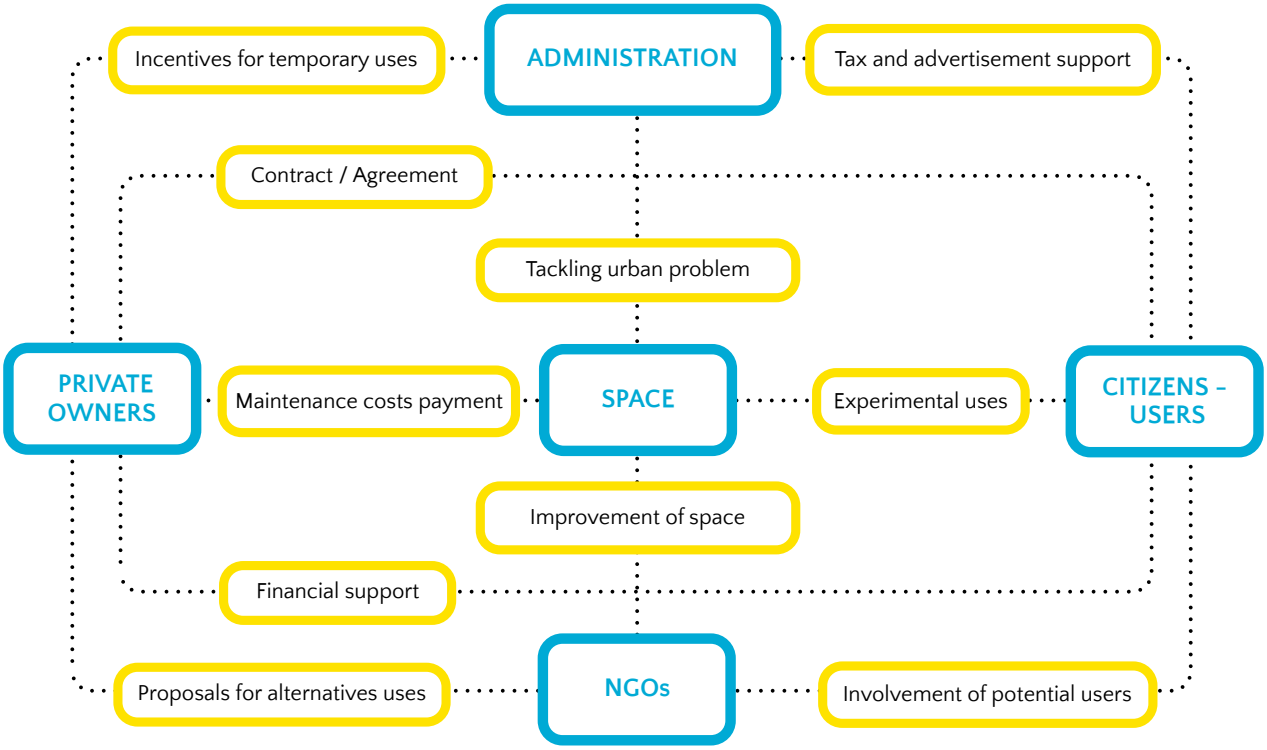
Seeking to consolidate their presence in the regenerated spaces, many initiatives are increasingly looking into the power of the local community, the dispersed crowd and new financial actors to invest in their activities. In some cases, shared and cooperative ownership structures exclude the possibility of real estate speculation[19], in others, new welfare services are integrated in local economic tissues, relying on unused resources and capacities[20]. The new cooperative development processes also witnessed the emergence of new types of investors, operating along principles of ethics or sustainability, or working on moving properties off the market[21].

While, in some cases, the public sector plays an important role in strengthening civil society in some European cities, by orchestrating emerging public-civic cooperation and providing start-up or

19 See page 81
20 See page 151
21 See page 59

Aurora community space in Budapest. Photo ©Eutropian





Multistakeholder systems in temporary uses. Image © Eutropian

match funding to community initiatives[22], many other cities witnessed the emergence of new welfare services provided by the civic economy, often without any help by the public sector[23]. In some occasions, community contribution appears in the form of philanthropist donation to support the construction, renovation or acquisition of playgrounds, parks, stores, pubs or community spaces[24]. In others, community members act as creditors or investors in an initiative that needs capital, in exchange for interest, shares or the community ownership of local assets, for instance, shops in economically challenged neighbourhoods[25].

MODELS TO SHARE, THE DILEMMAS OF BIG SOCIETY AND QUESTIONS OF ACCOUNTABILITY

The civic spaces emerging across Europe that use experimental resources, structures and mechanisms to finance and sustain their operations, vary greatly in their positions to embrace or reject market dynamics, various forms of ownership or cooperation with political actors. However, there are many attempts to connect these dispersed sites to larger tissues of urban self-organisation: a great variety of events, discourses, cooperations, joint actions, policies and solidarity funds shape the emerging networks that increasingly challenge the status quo of urban governance and real estate development. Funding the Cooperative City is one of them.

Within these networks, some experiences proved to be particularly inspiring. First implemented in 2009 by ExRotaprint, an organisation successfully purchasing the compounds its members rented before[26], the model of ownership shared with anti-speculation organisations offered responses to dilemmas of gentrification, speculation and precariousness and has since been replicated by many other organisations, becoming an inspiration for initiatives aiming at changing the general policies of privatisation. The strategy to turn privatisation into an advantage for a civic space has proven a feasible path for many initiatives in Berlin as they were facing similar threats from the side of the municipality's real estate policy and large institutional investors and developers.

22 See page 206
23 See page 139
24 See page 217
25 See page 102
26 See page 81

By the time the ExRotaprint model became internationally known and began inspiring citizen initiatives across Europe, the possibilities opened in the real estate market through the crisis began to close. With the end of the crisis, at least concerning the availability of financial capital, real estate markets began to return to their pre-crisis dynamics. While this recovery signalled the end of a missed opportunity in some cities to exploit weaker demand and lower prices to build a more accessible property system, the return of investment capital brought about a housing crisis in Berlin and a return to the classic, investor-driven development mechanisms in many other cities. With less need for city makers who invested their energies during the crisis when vacant buildings were mushrooming, the much hailed extended governance of the crisis-time that included citizen initiatives as legitimate players in planning and development processes was partially dropped.

Although the real estate market's return to "normal" endangered many civic initiatives, many of them were equipped with tools and skills that enabled them to take the next step towards stability. The end of the crisis in Dutch cities and the Berlin real estate boom brought up the question of autonomy and ownership even stronger: how can initiatives without much capital move beyond the vulnerability of short-term tenancies and changing prices? In contrast with the ethos of urban living in Berlin or Dutch cities in the last decades of the 20th century, where renting enjoyed higher popularity, many initiatives found the answer in ownership or very long-term leasehold, but excluding private profit.

Although following the example of ExRotaprint, many civic initiatives across Europe began to contemplate cooperation with anti-speculation foundations and ethical finance organisations in order to buy their buildings, the model cannot simple be implemented anywhere: its adaptability depends on the ideal combination of low real estate prices, relatively transparent public real estate management, stable and suitable legal environment and high purchasing power. In addition, scaling up the work of ethical and community finance organisations, by extending solidarity fund networks to an international level might compromise the very principles of these organisations: personal connection with and overview of supported initiatives. Furthermore, the intervention of these foundations in privatisation processes at the invitation of various public administrations in Germany raises additional dilemmas: what are the accountability criteria for private organisations that act in defence of public values, services and non-marketable spaces but operate outside of democratic processes and public rules of transparency? What gives them legitimacy as safeguards of civic spaces against private and public pressure? What makes their properties civic spaces and how can they, in cooperation with other actors, ensure the long-term sustainability of public values and spaces?

These questions inevitably generated important discussions about the role of various sectors in the "public city," that is, a disposition that offers similar opportunities to all social groups: can civic actors or communities better manage spaces and services that traditionally belonged to the public domain? Or is the involvement of civic actors in providing public services just another way of privatising services and dismantling the public domain and its welfare services according to the "Big Society"[27] model of the UK Tory government? Are civic spaces a competition for public spaces or an extension to them?

For principles of accountability, the extension of the public realm towards speculation-free spaces provided by private-civic cooperation should be joined by, but not overwhelmed by public administrations and public funds. If regulations of public-civic cooperation in the context of traditionally strong public administrations have been limited to right of use and have not yet created applicable shared ownership models, shared administration, as a way to share public responsibilities and resources with community organisations, citizen groups and public-minded private developers may prove to be an important model in creating community co-ownership over local assets and keeping profits to benefit local residents and services to ensure more resilient neighbourhoods and more autonomous civic spaces.

There are also converging aspirations at the European level. In the 2014-2020 period of European funding, new financial instruments and policies have been put in place to improve how EU funds may respond to societal needs on the ground. Because most of the population in Europe currently lives in cities, part of this attempt has been the increasing connection of the European Commission with urban areas, as

27 "Big Society" was a slogan by former UK prime minister David Cameron with which he suggested that civil organisations take many social responsibilities off the shoulders of the state



Self-managed park at the ExSnia lake in Rome. Photo ©Eutropian

the EU Urban Agenda seeks to do. The 2014-2020 ERDF Regulations[28] identify the so-called articles 7 and 8, foreseeing forms of direct funding to cities, which should be co-managed with local stakeholders. With article 7, the EC has foreseen direct European funding coming to cities and no longer being managed by Regional intermediary authorities. For the shared administration of urban spaces and services, particularly relevant is Community-Led Local Development, an instrument foreseeing the co-management of European funding amongst a wide range of stakeholders, from public to private and civic, as it is currently being tested in the city of Lisbon[29]. Another opportunity is provided by cities applying for grants to co-create activities amongst many stakeholders under the Urban Innovative Actions program: an example for this is the way the Turin Municipality works together with Cascina Roccafranca and the rest of the Rete delle Case di Quartiere[30]. Although there is still a strong limitation in the adoption of such programs in many cities across Europe, their existence and the increasing awareness of stakeholders could provide an opportunity for their further spreading and effectiveness towards societal needs.

28 European Regional Development Fund Regulations available online: http://ec.europa.eu/regional_policy/en/information/legislation/regulations/

29 See page 206

30 See page 225

PIGS

From crisis to self-organization

TIAGO MOTA SARAIVA

Southern European countries were among the hardest hit by the 2008 economic crisis. In response to the economic pressure, declining public services and drastic unemployment situation generated by the crisis and the corresponding public policies, the Southern regions of the continent became terrains of experiments in self-organisation and gave birth to new forms of the civic economy. In this contribution, Tiago Mota Saraiva analyses the consequences of austerity policies on Portugal, Italy, Greece and Spain, focusing on how people tried to create networks of solidarity and resistance.

In his brilliant book about the history of Latin America – "Las Venas Abiertas de América Latina" [1], (The Open Veins of South America) originally published in 1971 – Eduardo Galeano (1940–2015) starts by writing that the international division of work consists of defining that some countries specialise in winning and others in losing. Galeano describes a history of the region that is made by its own People, a history that does not depend on the greatness and the richness of the Country. A system where development deepened inequalities and popular sovereignty had to be bonded because There Is No Alternative[2]. "It's a problem of mindsets", would declare the canny eurocrat after reading Galeano's introduction. But the system is not far from what is now happening in Europe. This article is about the PIGS, the continental countries of Southern Europe.

THE PIGS

This racist acronym has never been claimed by any author. Some sources refer to its use during the end of the 70's, but it definitely started to be used more often after the 2008 financial crisis as PIIGS (Portugal, Italy, Ireland, Greece and Spain) to refer to the five countries that were considered weak economies and possible threats to the eurozone. After 2013, with the Irish exit of eurozone bailout program, PIGS became four again as they were before. While each of these countries had different political and historical contexts and scales, over the last five years they have shared the similar financial impacts of EU austerity measures.

THE PEOPLE

From 2001 (the European economic and monetary union fully started on 1st January 2002) until the 2013 crisis peak, Southern Europe's employment situation changed drastically

1 Galeano, Eduardo. 2015. Las Venas Abiertas de América Latina. 1971st ed. México: Siglo XXI de España Editores S.A.

2 There Is No Alternative, acronym TINA, concept original attributed to Margaret Thatcher that expresses that there is no alternative to capitalism, neoliberalism and market laws.



Campo de Cebada, self-organised sports facility in Madrid. Photo © Eutropian

according to Eurostat[3]. In Portugal (unemployment increased from 3,8% in 2001 to 16,2% in 2013), Italy (9,6% to 12,1%), Ireland (3,7% to 13,0%), Greece (10,5% to 27,5%) and Spain (10,5% to 26,1%)[4] unemployment rates increased dramatically. In the same period, unemployment increased in other European countries, more or less following the EU average, besides Germany and Finland where unemployment decreased, respectively, from 7,8% to 5,2% and 10,3% to 8,2%. These rates assumed an impressive impact on youth unemployment. The April 2014 Eurostat report unveils that one month prior to the official census in unemployment in Portugal, Italy, Greece and Spain the figures were, respectively, 35,4%, 42,7%, 56,8% and 53,9%.

Despite the brain drain (for example in Portugal the emigration numbers were higher than in the 60's peak, when the country was living under a fascist regime and fighting several wars in its former colonies), this data shows the massive number of people with no jobs and more free time. If we add to this those people living from precarious labour, with low salaries or low pensions, we may find a number of people that are in need of support to barely survive. Always according to the Eurostat[5] it is in Southern Europe that we find the countries

3 Taxa de desemprego, dos 15 aos 74 anos na Europa. PORDATA. Web. Accessed 1st September 2016. http://www.pordata.pt/Europa/Taxa+de+desemprego-1779

4 Idem

5 La pobreza golpea duro en el Sur de Europa desde el inicio de la crisis. El País. Web. Accessed 1st September 2016. http://economia.elpais.com/economia/2015/10/16/actualidad/1444997502_865517.html



Largo Residências, Lisbon. Photo © Eutropian

with the largest part of the population in risk of poverty with Greece (36,0% in 2014) and Spain (29,2%) at the top of the ranking.

THE POLITICS

In opposition to what is happening in almost all other parts of Europe, the nationalist and far right parties in Southern European countries are not fighting in order to win elections or lead the opposition towards EU policies. The Greek Golden Dawn, probably the most exuberant party, is far from winning national elections. On the other hand – in Italy, Greece and Spain – there are social movements and local activists gathered in so-called anti-systemic parties/political movements, all with different characteristics, but presenting themselves as the face for the change. Although Syriza - the only one of those parties that, until now, has won national elections – is being severely criticised for its acceptance of the very strong EU austerity policies against which it once was established, in Spain, civic movements won local elections in large cities with a diverse set of new public and city policies that are being implemented.

In Portugal, the massive demonstrations during the Troika's official period of intervention, did not translate itself into a significant change in the architecture of national parties. However, despite the primacy of the coalition of right wing parties at the 2015 national elections, it did not achieve the majority of MPs to form the government. Instead of a right wing government, the Socialist Party was invested with the parliamentary support of the Left Block, the Communist Party and the Greens, under the agreement of progressively reversing the cuts on wages, pensions and the Social State. For the first time since 1974, when the long fascist dictatorship of Portugal was defeated, the Socialist Party is now leading the country, only backed by the left wing parties in the Parliament.

Esta es una plaza, self-organised garden in Madrid. Photo © Eutropian



THE STATE

Even though with different characteristics and at different levels, all these four countries have been witnessing the dismantling of the State. Privatisations of fundamental public sectors and the decrease of the public presence in economy have never been as evident as nowadays.

In Greece and Portugal the situation was extreme. The Troika's program forced governments to quickly sell the most powerful and profitable public companies at low prices. On the other hand, the Welfare State has proven to became an Assistentialist State only programmed to act in desperate situations and not working on people's emancipation from poverty. With the increase of sovereign debt, states have increasingly lost their independence in a process that inevitably damaged the democratic system. The "oxi" vote at the Greek referendum and the following reaction of the EU leadership, forcing on the Greek government an even more severe agreement, constitute a historical event we should never forget when analysing the growth of anti-EU feelings and the rising popularity of sovereignty movements among the working classes and poorest urban areas.

SELF-ORGANISATION

Despite the high proportion of people unemployed and retired, people in Southern European countries do not have more time left to participate in common or community issues. Precarious and low-wage jobs, the insecurity of personal futures, longer daily commuting, or the family assistance of children and older people are some of the new issues that overload working days. These may be some of the reasons why people tend to participate more in initiatives that start from a will of reaction or resistance to a specific problem – either locally based or humanitarian - than from a global and theoretical ambition of structural and global societal change.

Whilst, on the one hand, PIGS are living under the described extreme economical pressure where people generally think the future will be worse then the present and focus their energies on everyday issues that require immediate responses, on the other hand, locally based self-organised initiatives are flourishing as a consequence of specific and local problems as illustrated by many examples:

Coop57 is a financial services co-op that started in Catalonia, emerging from workers' fight to keep their jobs at Editorial Bruguera, during the 1980s. Over the last decade, the action of the cooperative spread all over Spain. Its main declared goal is to help the social transformation of economy and society, assuming that money and the Coop57 cannot do it on their own, but that they can play a role in helping people, organisations, collectives and groups that promote policies for investment and quality jobs in food and energy sovereignty, inclusion and spaces for culture and socialisation.

Carrozzerie | n.o.t is a theatre space in Testaccio, a former working class neighbourhood in Rome – now in the process of gentrification. The space was renovated in 2013 and it hosts dance, theatre and performative projects of younger generations of artists. It defines itself as a space for slow time, courageous and far-sighted projects.

Carrozzerie | n.o.t works in the same artistic areas as Largo Residências, in the Intendente neighbourhood of Lisbon. Until 2012, Intendente was seen as one of the most dangerous areas in the city centre and an area to be renewed on a large-scale urban operation. Largo Residências started in 2011, renting a building on the square, and assuming the goal to fight against the gentrification



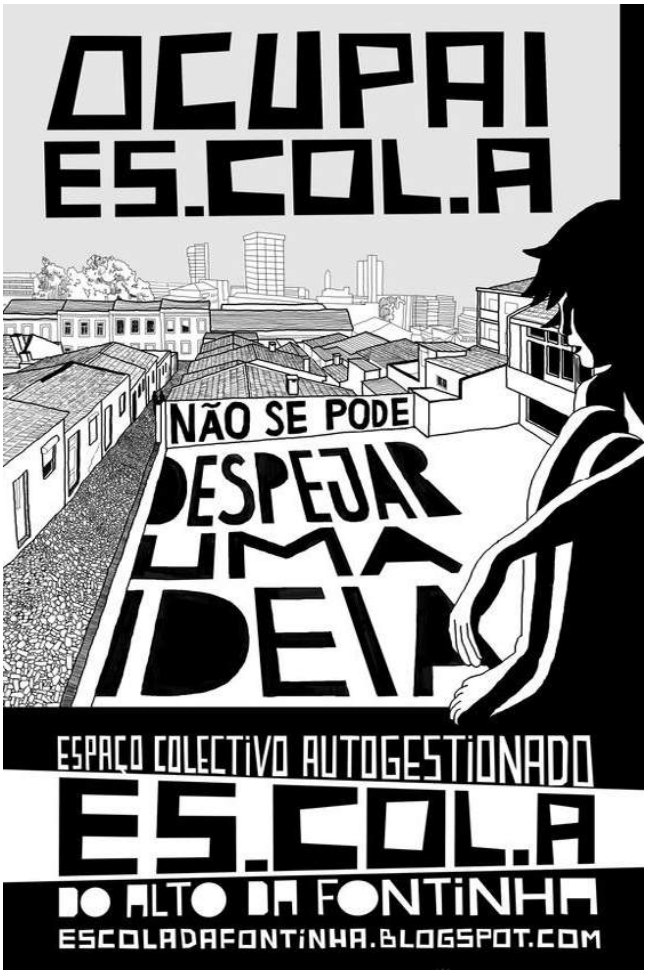
Parco delle Energie, self-organised sports facility in Rome.
Photo © Eutropian

of the area. The cooperative that organises all of Largo's activities is now running in the building a floor of artistic residences, a hostel, a café open in to the square and a massive cultural program developed with and for the inhabitants of the area.

Portugal is a good example of the unbalanced states of civic initiatives, whose development depends on the political approaches of local governments. Whilst in Lisbon, these initiatives have been flourishing over the last few years, in Oporto they have been under attack by the former authoritarian and conservative mayor Rui Rio[6]. Lisbon's local government created a program (BIP/ZIP) that, each year, finances around 30 different projects in priority intervention neighbourhoods/areas (Largo Residências was also supported by this programme) At the same time, projects like "es.col.a," held in a squatted school with a very important social and cultural program at Fontinha (one of the poorest areas of Oporto) have never had any political or financial support from the municipality: es.col.a was evicted and consequently eliminated by the municipality's decision.

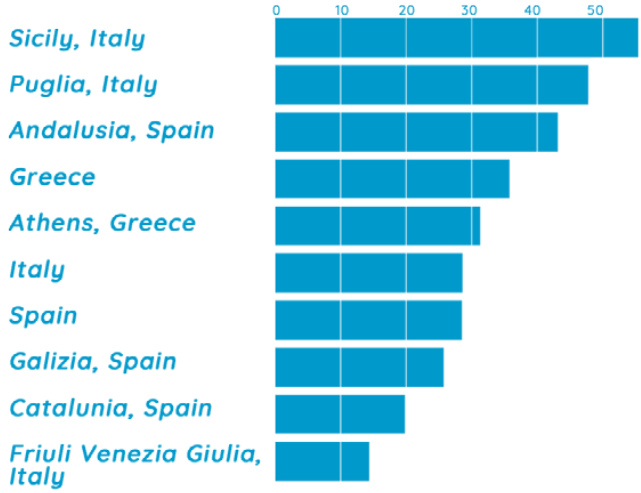
6 Agit prop workshop of graphic designers against Rui Rio.Ephemera. Web. Accessed 16th October 2016. https://ephemerajpp.com/2012/04/29/es-col-a-da-fontinha-contra-rui-rio/

You can't evict one idea flyer for es.col.a, Porto. Design © Gui Castro Felga



Poverty in Europe

Percentage of citizens at risk of poverty or social exclusion in countries and regions of Southern Europe.



Source: Eurostat, 2015

The consequences of austerity were the most severe in the Greek context, where state structures were partially destroyed. Nowadays, local and national governments tend to be involved with citizen initiatives even though with almost no resources, since the funds are all being directed towards structural or emergency goals. Almost everywhere in Greece, the exodus of refugees to Central Europe appears to be one of the most important challenges of the present and near future. Mostly addressing people who aim at crossing the country, EU policies has turned Greece into Europe's buffer country before nationalist walls. Even though the walking routes are not passing through Athens, when I visited them last July, both the Elionas and Piraeus camps – the first one organised by the government, the second set up informally by a local citizen initiative (now, apparently dismantled[7]) – accommodated thousands of people, waiting. In these camps, local

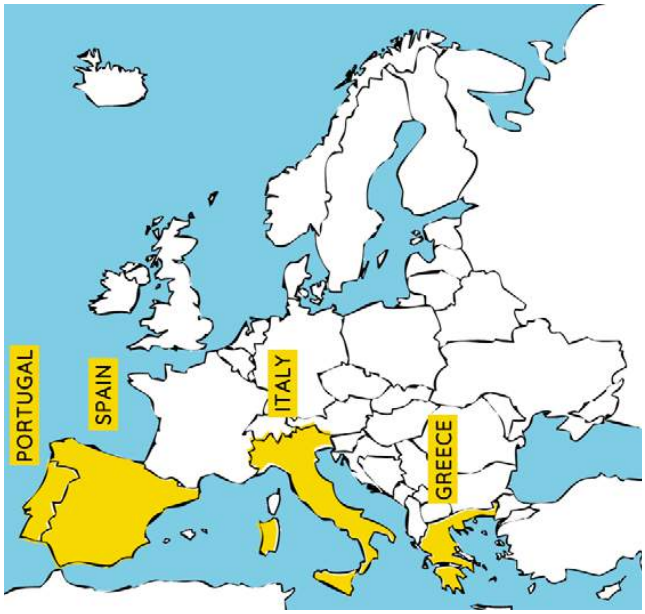
7 Refugees to Leave Piraeus and Elliniko Camps by July 20. Greek Reporter. Web. Accessed 16th October 2016. http://greece.greekreporter.com/2016/06/28/refugees-to-leave-piraeus-and-elliniko-camps-by-july-20/

or national governments are not receiving any direct support from EU funds for refugees.

Probably more than other PIGS countries, Italy has already had, since the 1980-90s, a very strong and politicised structure of self-organised movements and local citizen initiatives. During the last decades, those initiatives worked as a kind of a blow-off to political institutional collapse. However, the lack of strong national networks and, probably, the missing ambition to upscale local initiatives has prevented the initial energies from unfolding.

Despite the deception of the June 2016 national elections, Spain, where the networks of citizen initiatives and protests created strong networks, now face their second stage: disputing power. Local movements that emerged from the 15M movement succeeded in winning elections in the most important cities in Spain – Madrid, Barcelona or Valencia. Even though Podemos. in coalition with other political forces, did not achieve the expected share of votes at the last elections, city governments are already networking, organising new forms of decision-making and empowering citizenship initiatives. However, it is still too soon to measure the results of these new cooperations.

A country or a society in crisis is not a "time of opportunities" as we often hear when stock markets are translated into real life. From what



Map of PIGS countries. Image © Eutropian

I could see and live, during the last years in these four countries, crises are thrilling times of resistance, but also desperate moments of destruction. The decisive question for these initiatives is how to move from the idea of resistance, within this society frame, towards construction. This will be the only way to step forward from precariousness to resilience.



TIAGO MOTA SARAIVA Is an architect, urbanist and planner. He received his degree in Architecture with a specialisation in Architecture, Territory and Memory. Since 1995, he has worked in several offices in Lisbon, Rome and Vicenza. He was invited Assistant Professor at Universidade Moderna (2007) and at FAUTL (2007-2008). Tiago has been effective Member of the Architects' Board National Association since 2001, member of its National Executive Board (2003-07) and National Treasurer (2005-2007). He was member of the Organising Committee of the Portuguese National Architecture Year 2003 and curator, in between others of the International Celebration of Cities Competition, organised by the UIA. He was the Portuguese delegate in the International Union of Architects Congress of 2005 in Istanbul, Turkey. Currently, Tiago is managing partner at ateliermob and president of "Trabalhar com os 99%" co-op, he writes a weekly opinion column in i (daily national newspaper), member of the board of the cultural/social co-op Largo Residências and he is external advisor of the Lisbon City Council in the group for the implementation of the Agenda 21 for Culture.

Caught between the public and the private

Urban cooperative solutions in Central Europe

HANNA SZEMZŐ

In the early 2000s, some cities in the Central Eastern European region began to introduce new mechanisms for citizen participation in urban development. These attempts have remained mostly sporadic however, and the possibilities of the third sector in shaping the region's cities have remained very limited. In order to understand the reasons that hinder the evolution of a resilient network of civic actors and supporting financial structures in the region's cities, we have to understand the limitations of the socio-cultural and economic context in which they unfold. In this text, Hanna Szemző describes the background that conditions the impact of civic and social economic initiatives on urban development processes in Central and Eastern Europe, with particular attention to cooperative housing and the reuse of abandoned spaces.

With the notion of the creative and sharing economy gaining ground, and the concept of the creative city evolving into the smart city, much attention has been paid to the economic aspects of new city development and the role of third sector economies as part of it[1]. These economies encompass a variety of not-for-profit originations that often have social and political roles, alongside their economic ones[2]. Organisations active in civic or third sector economies often operate as agents filling in the gaps left by welfare states, offering the possibility of a bottom-up, more inclusive/innovative growth. In urban areas specifically, third sector organisations can contribute to the provision of services for marginalised groups, to the supply of alternative housing solutions, to the rehabilitation of neglected neighbourhoods or to the introduction of new, innovative ways of development and the re-use of abandoned areas in cities.

A slow-paced emergence of the third sector in the cities of Central and Eastern European (CEE) countries has recently opened up opportunities for new developments. Urban development in this region has often been trapped by the occasional cumulative barriers of an overwhelming reliance on public funding (many times characterised by haphazard and non-consequential funding policies), the short-sightedness of municipalities under the strong influence of the local political elite (and their political and economic dependence on local relations) and a short term profit-maximising attitude of an overwhelming share of private investors. Adding to this, there is what can be described as the path dependence regarding bottom up initiatives, where the socialist heritage

1 On the concept of creative cities and the difficulty of applying and measuring it see: Ch. Landry, The Art of City Making, Earthscan: London, 2000. or Ch. Landry and J. Hyams, The Creative City Index: Measuring the Pulse of the City, Comedia: Gloucestershire, 2011. and finally D. Kooijman abd A. Romein, "The Limited Potential of the Creative City Concept: Policy Practices in Four Dutch Cities", draft based on a presentation and paper at the Regions in Focus Conference, Lisbon, 2006.

2 A. Evers, "Part of the welfare mix: The third sector as an intermediate area", Voluntas (1995) 6: 159.



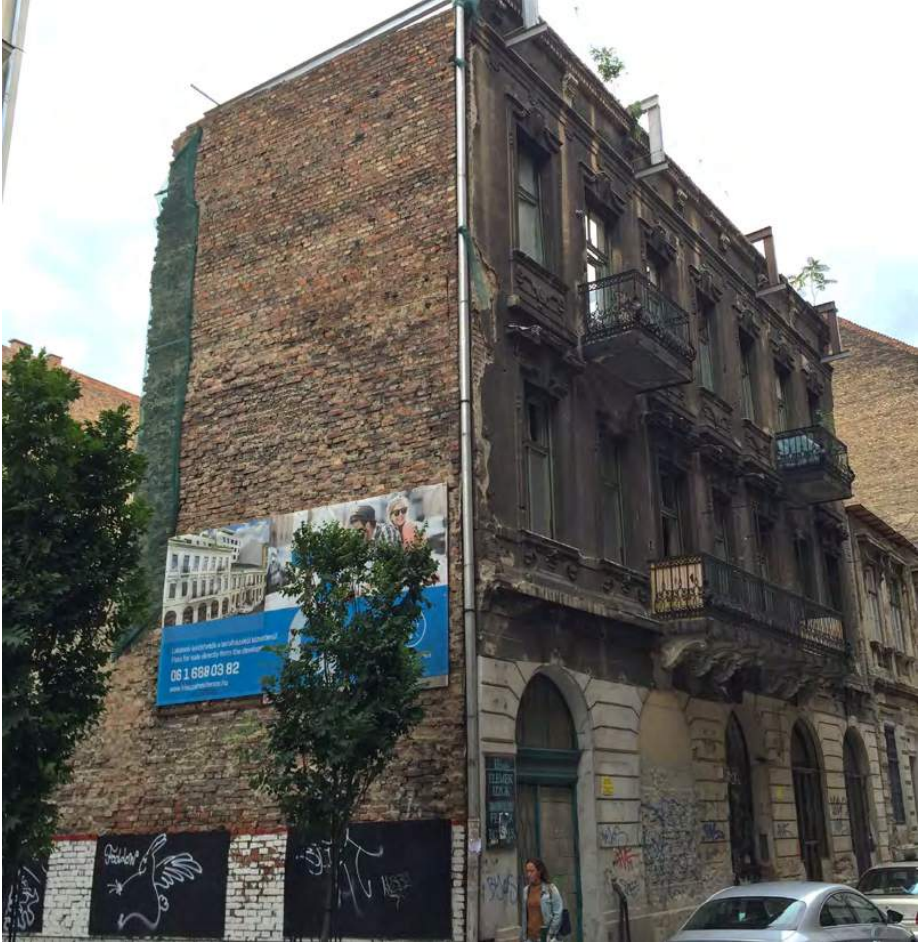
Farmers' market in Szimpla Kert, Budapest. Photo © Eutropian

of lacking civil society and civic initiatives has diminished relatively slowly, a characteristic still partially tangible a quarter of a century after the regime change. And finally, the phenomenon of state capture created a situation in some of the countries, where private and public stakes have become hard to distinguish, resulting in the domination of particular interests over larger public investments.

All these components contribute to the fact that developing the cooperative city in the Central European context is a process more locked into daily political arenas and rigid governance structures, than in Western or Northern Europe. But paying special attention to this region showcases how the existing governance practices, a strong top-down administrative decision-making structure (although the level varies substantially between countries) can live together with third sector organisations that would require more flexibility and openness to really flourish and maximise their effect on the cityscape and city use. The article argues – through examining how the use of public (civic) space is defined and how local administrations relate to these uses - that despite their growing presence, many third sector organisations are still tied up in a contest with municipalities, who generally fail to support the movements that transform the cityscape and its governing structure. As a consequence, in the region, those interventions can flourish where the dependence on public investment becomes minimal and public consent not necessary. In cases such as housing, where larger investments are required, initiatives typically get stuck in a planning phase, making the space of the cooperative city more condensed. Cooperative is defined here not in the legal sense of the term, but as conveying the joint effort of various organisations and residents, a city that is shaped by its residents/users as much as it is shaped by its authorities on a daily basis, where classic uses of urban space are regularly contested.

WHO DOES THE CITY BELONG TO? FIGHTING FOR AND DEFINING PUBLIC SPACE

One of the important issues for many third sector initiatives and their political/community goals centres around the question of who the city belongs to, who can exert influence on its development, and how. The actual answers might vary if we look at it from a perspective of decision-making or the point of view of the user. Part of the new trend of cooperative city management is to precisely blur the lines between user and decision-maker, where residents and civic organisations have a growing influence. There is also a redefinition of the public and private spheres behind this change, and many of the cooperative solutions are part of this trend, opening up



Decaying housing stock in Budapest's Jewish District. Photo © Eutropian

formerly unused spaces, allowing city users to use semi-private areas.

Many third sector organisations focus on how public (civic) spaces can be used, by whom, and who can become real citizens in the city. Vulnerable groups often have difficulties using the provisions and amenities offered by the cities in CEE countries, thus there are many organisations focusing on issues related to this challenge. The main objective of the Budapest-based association The City is for All (A Város mindenkié)[3] is to defend the right to decent housing for homeless people and people experiencing housing poverty, and their dignity. But part of their work with regard to homeless people actually centres on defining what, how and by whom public city spaces can be used.

The homeless are not the only group with limited access to public spaces. People with different handicaps – regardless of the age group – also face difficulties in accessing the city. Another Budapest-based organisation, MagiKMe was founded based on the experience of mothers with handicapped children unable to access playgrounds. Since 2015, it has created a movement for all inclusive playgrounds in Hungary, designing their own outdoor equipment, suitable both for healthy and severely handicapped children[4].

A further area, where the fight for the city's future becomes more tangible is the discussion about the use of abandoned buildings. Schools, kindergartens and former factory buildings have become obsolete as a result of the changing city structure and the transforming needs of residents. Often in municipal hands, they stand witness of a former era. Finding a new use can be contested, and is deemed risky at times; nevertheless, successful transformations can pay big dividends. These transformations also showcase the new needs of residents, proving that they desire new kinds of public spaces: new types of offices and working spaces, community, entertainment and housing areas.

Multi-functionality, openness to the combination of different uses and the right to influence development is one of the most important requirements of cooperative city development. One of the biggest and earliest developments in the region has been the Sargfabrik (Coffin Factory) turned housing and cultural complex in Vienna, which opened in 1996 (followed by a second phase in 2000). It shows that there is a need to create a combination of uses, and the "village in the city"

3 http://avarosmindenkie.blog.hu/2009/01/01/english_18

4 http://playgroundsforall.blogspot.hu/

concept can be successful. As a strong bottom-up initiative that was realised following 10 years of planning, the transformation of the Sargfabrik area not only received support from the Municipality of Vienna, but also established itself as being one of a kind in the city. Although it was not a bottom-up initiative, the transformation of the Gasometer in Vienna can also be considered as being a similar endeavour from many respects, including the application of high environmental standards[5].

Such municipal support is typically not available for the CEE countries, so they often have to rely on different techniques. As the establishment of the theatre and circus centre Jatka78 in Prague in 2015 displayed, it is possible to involve interested residents in the formation of goals and create a cultural space as a bottom-up initiative, through financing via a combination of crowd funding, donations and a significant amount of volunteer work, turning an unused building into a new, multi-functional cultural hotspot[6]. Similarly, the Jurányi Ház[7] in Budapest, an incubator house for theatre and creative initiatives founded in an empty school building, although receiving municipal support, is run on a not-for-profit business basis. As a result, it not only stopped being a financial burden for the City Municipality of Budapest, but became a creative hotspot for the entire city, offering space for cultural start-ups as well as an accessible, open space terrace for city residents, representing a new kind of attachment to the use of public space from the residents.

The success of Jurányi – that a former school building could be transferred into an art incubator house – depended on the good networking abilities of its founder. Many third sector organisations can successfully operate only by exerting political pressure that could help give their initiatives weight. In case of the Old Market (Stará Tržnica)[8] in Bratislava, hundreds of people watched online as the city assembly voted in favour of the location's

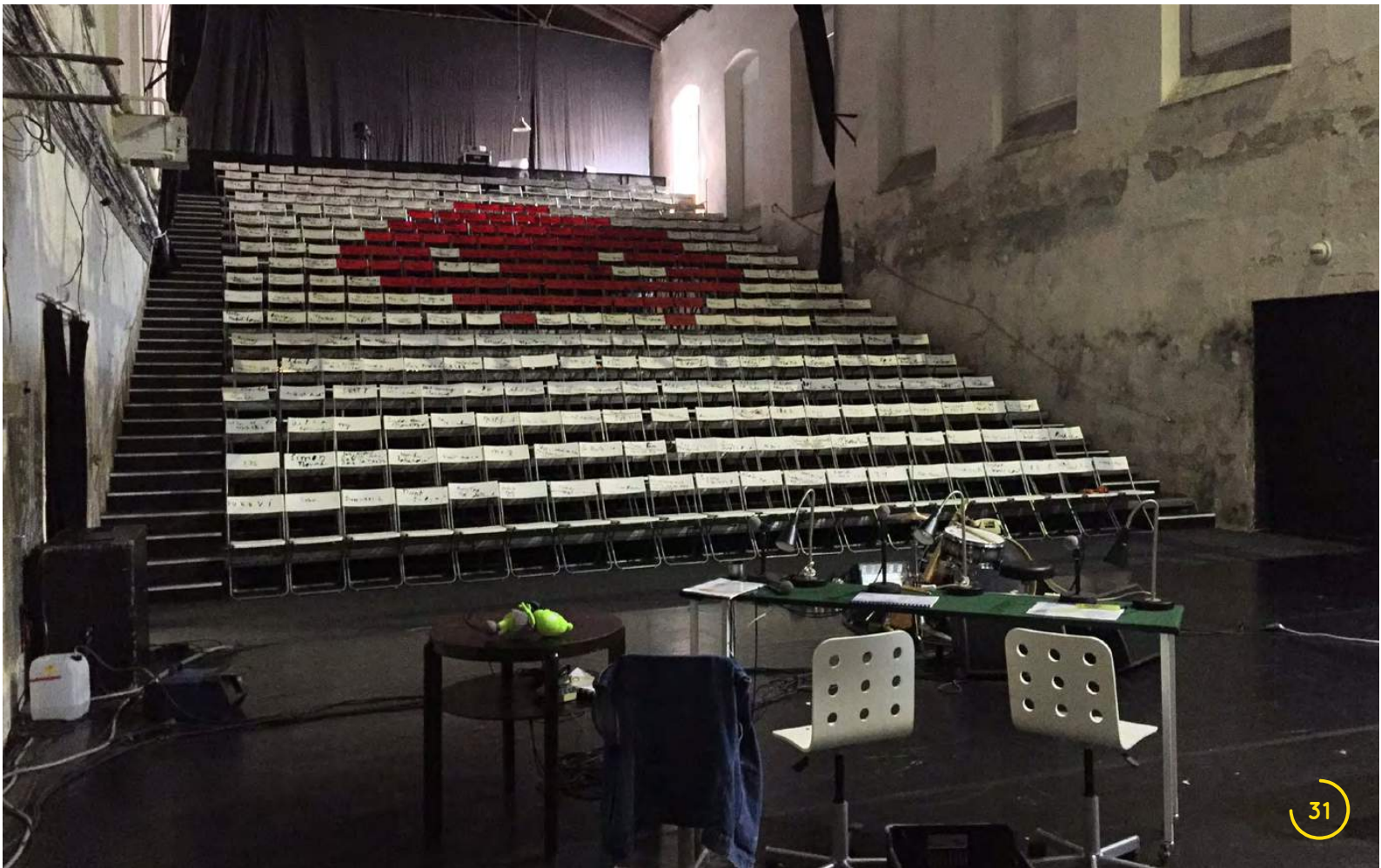
5 Jasna Cizler, "Brownfield redevelopment as a measure for climate changes mitigation" in Journal of the Geographical Institute "Jovan Cvijic" Sasa, vol 63/4, p. 57-73

6 http://www.jatka78.cz/en/about

7 See page 174

8 See page 181

Jatka78, Prague. Photo © Eutropian





Stará Tržnica, Bratislava. Photo © Eutropian

redevelopment. Redevelopment in this case meant that it would be transformed into a multi-purpose building, combining its original function with cultural and business functions and turning its management concept upside down.

From the perspective of redefining the public (civic) spaces of the cooperative city, another important area to consider are empty sites available for redevelopment. One possible use of such sites is by co-housing initiatives and building groups, who – depending on the exact nature of their contract with the city municipalities – can also create large leisure areas accessible to the public, and provide exemplary cases of integration. Formerly restricted to smaller developments, the spread of alternative housing solutions means that they are now capable of occupying and regenerating large plots of land, becoming a major force in urban development. These developments also mean that ecological and green principles gain ground in the cities. In Kreuzberg in Berlin, the Möczkerkiez housing development was allowed to take place on a fraction of a former Deutsche Bahn land, creating 471 apartments in 14 buildings, an entire new neighbourhood. [9] This particular Berlin example is interesting as it took place as a result of a long struggle, where political pressure was mounted by a grass-roots movement, and the influence of big developers was successfully counter-balanced. It is not so different from how political pressure is being exerted in the CEE countries.

Unlike big developments however, co-working and community spaces in general, have a more limited spatial requirement and as a consequence, they do not necessarily need the cooperation of the local municipalities. They can be opened up in smaller retail areas, and can be run as businesses, or in the very least, can recruit the support of business firms. Furthermore, the creation of such successful facilities does not often require large amounts of investment. These preconditions fundamentally influence the existence of many successful examples all over Central Europe, where they can be found not only in the capital cities, but also in important regional centres, providing work and office space for small companies while often trying to create a more collective atmosphere. As the

9 http://www.moeckernkiez.de/

example of the Nod Maker Space in Bucharest shows, investing relatively little into an unused cotton factory can be turned into an advantage.[10] Similarly, cooperative farming and the supply of organic and/or local products supplied by local producers is also a theme that comes up very often among the third sector initiatives in the urban context. They do not really need the support of the public sector, and this relative independence contributes to their success.

THE CRUCIAL ROLE OF THE MUNICIPALITY

Despite the spread of new governance models, the influence of bottom-up movements has restrictions everywhere; after all, it is the city council that holds the political and administrative responsibility. Including citizen initiatives in the development plans, and fostering the realisation of these initiatives, locating vacant spaces for alternative and temporary use, opening up former institutional buildings for housing or other purposes have become priorities in many local governments in Northern and Western Europe. Most importantly viewed as being a part of the agenda to create more sustainable and equitable cities, by achieving public goals such as keeping the rental market accessible to all residents [11], the re-use of urban heritage, the regeneration of urban neighbourhoods by encouraging citizen/cooperative/third sector initiatives, or simply the provision of missing public services by the same means have become an important corner stone of many Western European cities in today's Europe.

In the CEE countries, one of the most established third sector initiatives embraced by municipalities and various public stakeholders is community gardening. A case in Ljubljana shows that this is not only a great way to revitalise areas and foster community development, but it is possible to employ initiatives such as this as part of the social protection system. Born through the cooperation of the Municipality of Ljubljana and the University of Ljubljana, a pilot project was initiated in 2014 in which school dropouts (aged 16-22) were able to create and sustain a community garden and make it a community and bio-cultural hotspot. The project was supported by the Municipality by providing a piece of public land in the city's Livada neighbourhood. The project has several aims to achieve by the end of 2017: developing the social abilities of school drop-out youngsters, creating an open air exhibition of biological diversity, and providing a place for community activities for the local inhabitants[12].

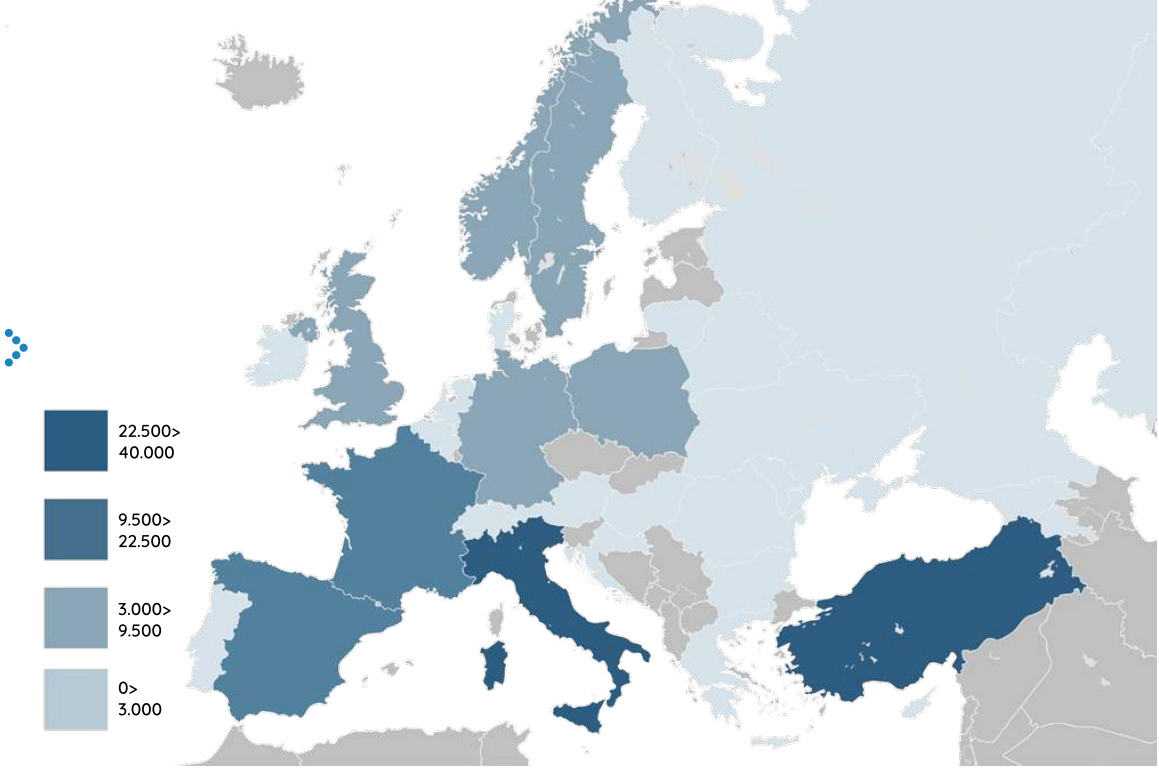
10 See page 148

11 Among other cities, Hamburg and Tübingen have initiatives that favour creating areas self-organised/collective housing as a way to control developer-led city building and keeping rent prices down.

12 The garden has been supported by the EU through the 7th framework research project Green Surge that provides the manpower for coordination and implementation. After the termination of Green Surge, the interventions



The ambiguities of nightlife-led urban development in Budapest. Photo © Eutropian



Cooperative enterprises in Europe. Image © Cooperatives Europe, 2015

Municipalities in the CEE region rarely spearhead cooperative, progressive movements, but often allow them to be realised, complying with the "spirit of the times". In most cases, bottom-up initiatives can flourish in the region when municipalities simply do not intervene. The development of the Jewish quarter in Budapest – an exemplary case of how a run-down area can be revitalised following the upsurge of private and third sector initiatives, and how later these initiatives are endangered by larger, more revenue-oriented developments – shows that it often takes a single good idea to jumpstart development. Starting as a summer idea, the temporary re-use of a vacant building and its inner court yard as a pub in the early 2000s collided with a big real estate surge of the same time and the Jewish cultural revival. The movement, soon followed by many more attempts, transformed the entire area dramatically within a decade. It turned a formerly dilapidated downtown area into a hip place, which today acts as one of the most important tourist attractions in the city[13]. The quarter also gave rise to the most important and one of the most successful civic movements of contemporary Budapest, ÓVÁS, that was instrumental in stopping demolitions and preserving the built character of the neighbourhood.

Persistence on the side of third sector organisations seems to be a key factor in dealing successfully with municipal decision-makers. Recounting the story of how they acquired their first shop, and emphasising that the second time around it was easier, a founder of the cooperative shop Dobrze in Warsaw underlines this when recalling these initial difficulties quite vividly: "It was a big effort from our side: we went almost every day to talk with people from the administration. And then, probably because we were there so many times, somebody finally got interested in the idea and said 'ok, let's go for it'."[14]

The dependence of third sector organisations on municipalities in the region is acutely felt in the financial sphere as well. These organisations often need municipal support to (partially) finance their projects, or at least to help with the provision of favourable rental conditions. Behind the success of the cooperative solutions in Western and Northern Europe, alongside the already stressed relative openness of the public sector, there seems to be a very stable legal and financial background. The latter is in a rather preliminary stage in the CEE countries, and organisations have

of the Livada site can be incorporated into the social activities of the Municipality of Ljubljana by transforming the site into one of the open air youth centres of the city.

13 Turning into a very hip place also means that the area is losing its residential character, and the remaining residents have difficulty going on with their lives. Finding a solution to the problem was in the focus of the REPLAN research project in 2014, that aimed at transforming traditional housing arrangements in the area. http://replankutatas.blog.hu/tags/6._csoport

14 Interview with the Sklep Kooperatywy Dobrze in Warsaw, see cooperativecity.org

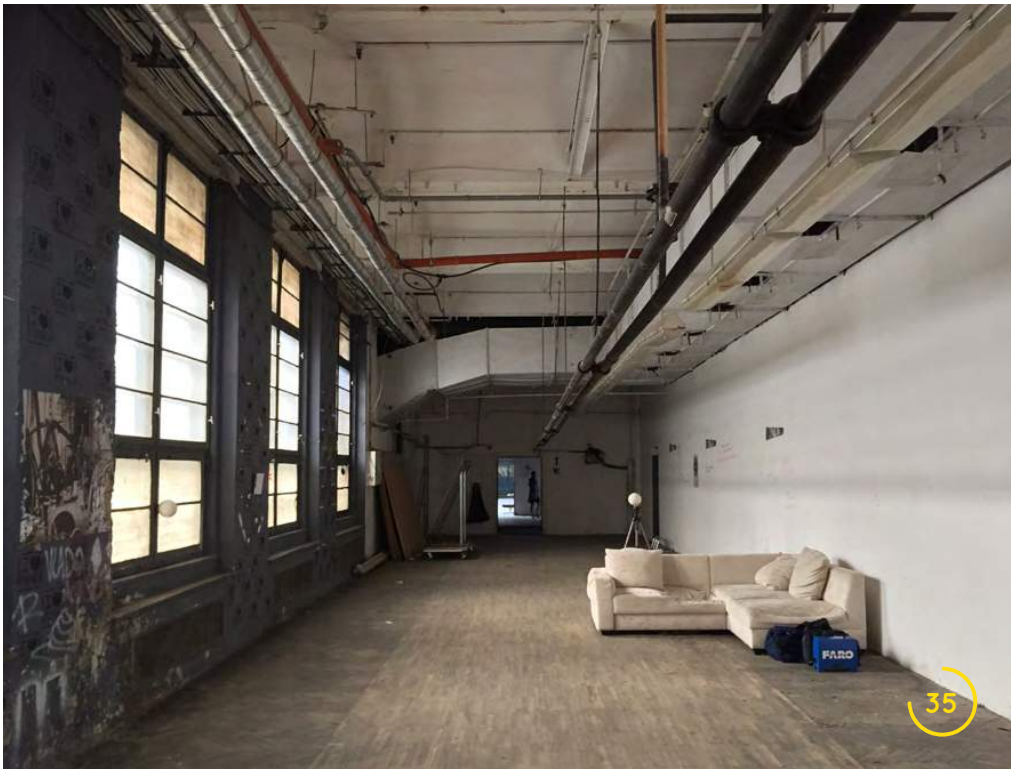
difficulty acquiring financing to up-scale their activities[15]. Instead, they opt for using partially public funding – accessible through tenders – and rely also on municipal and donor support, the latter including large foundations and small scale donation schemes. These schemes are usually the closest to crowdfunding, but they never function as loans, partially because the national legislations do not allow it. In Hungary, for example, peer-to-peer lending is made impossible by current financial regulations. Furthermore, getting a loan is very difficult for third sector initiatives: despite their presence, ethical banks do not give very favourable conditions to these organisations. For their campaigns, all these organisations use social media, but often have to rely on their already existing network of supporters. A common problem they face is how to extend their reach and find additional supporters. Also, given their meagre financial situation, they often have to rely on municipalities for the provision of premises. There are exceptions to this: on the one hand there are a number of organisations situated between the private and civil sectors that operate with solid business plans and include "marketable" products, such as the case of the pubs in the Jewish quarter in Budapest or that of the Market Hall in Bratislava. On the other hand, cooperatives can have a stable revenue stream, and there are many examples of pubs or even farmers' markets running successfully on a cooperative basis.

CONCLUDING REMARKS

Despite an often reluctant public sphere, there are many third sector initiatives in the cities of Central and Eastern Europe, at times profoundly influencing the lives of the residents. The cooperative city in the making however is different from its Western counterpart, as the level of social responsibility seems lower, although the comparably lower income level of the region and the generally high share of groups at risk of poverty and exclusion[16] – with the notable exception of

15 A good analysis of the scene can be found in the forthcoming chapter by Daniela Majerčáková "The landscape of Social and Sustainable Finance in Visegrad (V4) countries" in the book by Othmar M. Lehner (ed), Routledge Handbook of Social and Sustainable Finance, Routledge: London, 2017.

16 The financial and economic crisis had a very lasting effect on the population of these countries. The crisis arrived to the CEE countries with a time lag, but was apparent in most regional economies by 2008, manifesting itself – with the exception of Poland – in the significant contraction of the GDP output. Furthermore, it increased the unemployment rates significantly everywhere, with the exception of Poland. Whereas unemployment had been 7,4% in Hungary in 2007, in 2010 it reached 11,2%. Similarly in Slovakia it increased from 4,9% to 7,3% in the same time period. The CEE countries reacted very differently to the crisis, with Hungary pursuing a fiscal tightening strategy, and cutting back allocations to social services and benefits, a strategy it has been following ever since. On the contrary, the Czech Republic and Slovakia, although pursuing different strategies, have both done more to protect their poor. This is reflected by the growth of population at risk of poverty



Cvernovka, Bratislava
Photo © Eutropian

the Czech Republic – would make a more inclusive tendency very welcome. In general, innovative social and cooperative solutions could present not only another way of using both public and private space, but can offer opportunities of development in neglected areas and the possible inclusion of marginalised groups in the cities. What seems to be self-evident in many of the developments in Western Europe – as expressed in the article in by the Sargfabrik and the Möczkerkiez ventures – is more difficult in the CEE context.

An important explanation to this might lie in the availability of subsidy schemes – both of the German and the Austrian cases above made use of available public support quite extensively. Also, the lower level of social responsibility can be partly traced back to the general absence of some of the most important pillars of the cooperative city in the region: the missing collective housing scene, which is only emerging in the CEE countries [17], and the rareness of large scale cooperative development projects. Such projects would require, among others, municipalities with different approaches, banks more open to alternative developments and a more inclusive legal background. The housing market and the predominant legal regulations in the region do not favour the establishment of collective housing solutions either.

In addition to public administrations, financial institutions, regulators and investors need to change their attitudes as well: it is time to realise that sustainability in the long run is easier to achieve with more satisfied residents, and the success of a development project can also depend on the cooperation of residents. Furthermore, a more welcoming and flexible public sphere could provide substantial support for an increased social responsibility in the cities. The question when and how this change takes place will seriously influence urban development in the Central and Eastern European region for the coming decades.

and social exclusion from the already high 28% in 2008 to the staggering high of 34,8% in 2013. The same indicator for Slovakia remained around 20% for the time period in question, and decreased from 30,5% to 25,8% in case of Poland. See Fatma Gül, Ünal Mirjana Dokmanovic and Rafis Abazov, The Economic and Financial Crises in CEE and CIS Gender Perspectives and Policy Choices, Working Paper No. 598, Levy Economics Institute, 2010 and Eurostat http://ec.europa.eu/eurostat/web/income-and-living-conditions/statistics-illustrated.

17 The cooperative housing sector, that provides important support for these initiatives in Western and Northern European cities, functions very differently in the CEE countries as a consequence of housing privatisation.



HANNA SZEMZŐ, (MA in Sociology, PhD in History) has been working for the Metropolitan Research Institute in Budapest for 15 years. She has experience in research and consultancy in the fields of urban development, energy efficiency and welfare policy. She has participated in numerous framework programs of the EU, prepared strategic development concepts for local governments, and has provided consultancy in the framework of the REELIH project for Habitat for Humanity International. Lately she has been working on the possible impact of collective self-organised housing on the European housing market and ways it can influence urban development. Since October 1st, 2016 she has been the coordinator of HomeLab (http://homelab.mri.hu/), an experimental social policy project financed by DG Employment on measuring the effects of integrative housing and labour market policies in four Central European countries.

From consensus to conflict and back

New actors and frameworks for civic spaces in Northwest Europe

LEVENTE POLYAK

In the past decade, as a reaction to the neoliberal restructuring of urban economies and the resulting crisis, a new set of urban actors emerged in cities of Northwestern Europe, calling themselves "space pioneers," "spatial entrepreneurs," "city makers" or sometimes "commoners." While historically, spaces accommodating social exchange, strengthening community cohesion or allowing for the development of alternative urban visions were often accommodated by public institutions or created in buildings occupied by activist groups, both possibilities have become increasingly rare with the decline of municipal budgets, the privatisation of public assets and the financialisation of the real estate market. In this gap, many artist and activist collectives, cultural producers and social organisations have set themselves to finding new ways of creating civic spaces with different degrees of autonomy, building on the skills acquired in squats, social centres and housing experiments.

In Germany, and especially in Berlin, political activism has been at the roots of a gradual professionalisation in spatial innovation, which maintained a strong political edge. In Berlin, the radical restructuring of the city after the fall of the Wall turned formerly peripheral areas into central locations, with no plans and visions. In parallel, the future capital of Germany suffered from many gaps in its institutional landscape. Building on the legacy and skills initially of West-Berlin squatting movements and later of East-Berlin music clubs and cultural enterprises, many of these abandoned parcels and buildings were temporarily reused by artists, activists, cultural producers and clubs in a semi-spontaneous manner: regulations here were following needs and practices with a significant delay.

The alternative youth cultures and radical social movements of the 1970s and 1980s in West Berlin, together with the underground electronic music scene of the 1990s constructed the basis and developed the skills for an alternative, innovative and often confrontational use of abandoned spaces. The temporary use of abandoned sites and buildings across the city by various activists and producers of the underground culture gradually gained recognition as a legitimate "method" for urban regeneration, which led to its formalisation and the professionalisation of its protagonists. Growing awareness of the self-destructive tendencies of temporary use provoked many discussions about the need to preserve the city's creative milieu by stabilising temporary spaces and saving them from instrumentalisation by commercial or political interests: building on their skills acquired during a decade of temporary use experiments, many initiatives attempted to transform temporary uses into permanent uses, turning the initial users from 'space pioneers' into 'spatial entrepreneurs.' This process of professionalisation was accompanied by the development of intermediary structures, including temporary use agencies, housing rights networks and ethical financial organisations, occupying a great diversity of positions within the discourse on how the city should evolve.

Similar to Dutch cities, West Berlin's squatting movement played an important role in shaping urban development



6B in Saint-Denis.
Photo © Eutropian

policies from the 1980s on. In contrast to the consensual model of Dutch cities however, where conflicts were finally channelled into attractive mechanisms of access to space, the lack of regulatory interference[1] and the spatial opportunities opening up in the 1990s made Berlin initiatives more experimental and more independent, especially with the Berlin administration being slow and reluctant to engage and frame these experiments. With temporary contracts becoming a genre and proliferating in certain areas of the city, it was also in Berlin where the contradictions of temporary use first came to the surface, generating significant discussions about its social utility and dangers. This is also when communities and civic initiatives first became aware of the limitations of tenancy agreements and the dangers of being pushed out of their spaces by processes of privatisation, and therefore looked into the possibilities of becoming owners of their spaces.

The framework of cooperative ownership, imported from the cooperative housing movement and first implemented in a non-housing context at the ExRotaprint[2], became an important component of a new model that offered responses to dilemmas of gentrification, speculation and precariousness. Born with ExRotaprint successfully purchasing its compounds, the model of divided ownership has since been replicated by many other organisations, and has become an inspiration for initiatives aiming to transform the general policies of privatisation.

The success of implementing this model of autonomy through cooperative ownership depends on many specific factors. ExRotaprint's enterprise was made possible by the perfect constellation of low real estate prices, relatively transparent public real estate management and stable legal environment, high purchasing power and the existence of alternative financing structures. This constellation is so specific and probably unique to Berlin and some other German cities, that experiments to export the model to other countries and cities might face many difficulties.

In the Netherlands, in a context of failed urban development programs based on real estate speculation, the gradually de-radicalising squatting movement played an important role in urban planning processes, both by protesting development projects and by offering alternative development mechanisms for the creation of civic spaces. In this milieu of spatial experimentation, citizen and artist initiatives were pioneers in organising working and community spaces for themselves; first in the context of the squatting movement, later with temporary rental contracts. With the recognition of the importance of creative industries in the city economy and urban transformation, and with policies to "outsource" services both to private and to community actors, the disposal of spaces became connected to various service deliveries: administrations opened up their spaces to citizen initiatives, experimenting with new logics and cooperations of development.

In the Dutch cities, the fast reaction of authorities to mass vacancy with the introduction of various policy instruments facilitated the coordination of professional responses to the problem of empty buildings. Through channels of participation opened by local alliances of social activists as

1 Bader, I. and Scherenberg, A. (2010). The Sound of Berlin: Subculture and the Global Music Industry. International Journal of Urban and Regional Research, 34(1), pp.76-91

2 See page 81

well as local administrations, such as the Breeding Places[3] program, many cultural producers and former squatters made their way into legal processes of regenerating vacant buildings. Besides these actors originating from local scenes of activism, design and planning professionals also occupied an important role in the extension of urban development: the distinguished status of designers, architects and planners in the Dutch discourse on urbanism gave them a distinct role in establishing new mechanisms in urban development.

Spaces created through the Breeding Places program, the temporarily used buildings of Post CS and Trouw, or the revitalised office buildings of Rotterdam's Schieblock or the ZOHO[4] district have all contributed to a new, consensual model of civic spaces. In this model, although there is a strong accent on the skills and innovation of individual initiatives, the modalities of public-civic cooperation are largely defined by private owners and public administrations: innovative in following and flexible in enabling citizen initiatives, the public sector continuously reshapes the rules and regulations according to the needs of civic spaces, allowing initiatives to act legally, including where they push the boundaries of legality.

While this is a great model for cooperation, it also has many limitations: depoliticising the majority of civic initiatives, the consensual model limits them in moving outside the frameworks established by the public administration. While this constellation facilitates the professionalisation of certain actors by acquiring a new set of skills that are also valued in the market, it also creates a dependence on public cooperation and limits the power of the initiatives to capture the value created in civic spaces, as witnessed in many situations where rising land values make the maintenance and sustainability of civic spaces under pressure increasingly difficult. It also makes many of the "good practices" produced in Dutch cities difficult to transfer in other contexts where the public-civic relationship is more conflictual.

In France, until recently, the traditionally top-down planning system has left little space for spatial innovation by citizen initiatives. While this planning system included formal participation processes, these processes were most often limited to expressing consent or dissent related to a planned development project, or contributing to the program or design of a new urban area, implemented by various forms of cooperation between the public sphere and traditional developers. In the past years however, drawing on the work of squats and the temporary installations and public spaces of architecture collectives, many community-based new civic spaces were created in Paris and elsewhere. In many cases, temporary use arrangements gave space to spatial experiments that enabled the creation of new organisations, companies and services.

3 See https://www.amsterdam.nl/bestuur-organisatie/organisaties/organisaties/bureau-broedplaatsen/

4 See page 192



Cottrell House in London. Photo © Eutropian

6B[5], an independent cultural centre and office space located in Saint-Denis, a northern banlieue of Paris, was originally planned for only two years, until the demolition of its out-dated office-building, previously used by Alstrom. In a few years' time, 6B has become a major cultural venue in the Parisian agglomeration: renting 160 units to individuals, associations and enterprises adding up to about 300 people, with different activities and revenue sources. Gradually turned into an asset in the developer's eye, and acting as a site of cultural exchange and social cohesion, 6B's building is no longer on the demolition list: it has been integrated into the area's development plans and the association managing the centre is now looking for ways to buy the complex.

This model inspired many other communities, spatial pioneers and spatial entrepreneurs. One of the most spectacular among them, Les Grands Voisins[6] in the southern part of Paris, was created through the collaboration of an NGO responsible for emergency housing (Aurore), a temporary use agency (Plateau Urbain) and an architecture collective (Yes We Camp). Taking over a closed hospital for a few years and using the NGOs public funding as a source of investment into new functions and revenue sources, Les Grands Voisins has become a new kind of civic space where subjects of the emergency shelter mingle with members of non-profit associations, small companies and visitors thus creating a veritable social experiment.

Public administrations rapidly understood the value of these endeavours: while the process of establishing Le Grands Voisins was assisted by the district municipality and 6B's achievements were gradually recognised by the region, city administrations were quick to learn from these experiments and take initiative. Reinventer Paris[7], Reinventer la Seine[8] and Inventons la Métropole[9], large-scale competitions of the Paris Municipality, inviting alliances of developers, investors, architects and social organisations to bid together for the redevelopment of available

5 See http://www.le6b.fr/
6 See https://lesgrandsvoisins.org/

7 See http://www.reinventer.paris/en/
8 See http://www.reinventerlaseine.fr/en/
9 See http://www.inventonslametropoledugrandparis.fr/

De Ceuvel in Amsterdam. Photo © Eutropian





Le Grands Voisins in Paris.
Photo © Eutropian

properties, aimed at establishing new models of urban development with the active involvement of various actors. Others, like an in-house company of the Paris Municipality, began to work with crowdfunding platforms like Tudigo (ex Bulb in Town)[10] to help small companies access, revitalise and valorise available spaces.

In the UK, in the course of the economic and financial crises, community access has become increasingly difficult to spaces under growing financial pressure. In this context, many new instruments were invented to mitigate the effects of these crises, both from the side of public administrations and civic or private initiatives. National laws and programmes created various incentives for local administrations and private owners to work closer with civic actors. The Local Government Finance Act amended in 2007, for instance, obliged property owners to pay the full business rate (real estate tax) for their unoccupied properties as well, allowing for tax exemptions for properties that accommodate charities or non-profit organisations. Although not necessarily intended as a temporary use policy, the possibility for owners to reduce their expenses by allowing non-profit uses in their properties opened up a large space for temporary uses by giving an important incentive for owners. In addition, the 'Meanwhile project' run by the Department for Communities and Local Government's (DCLG) enabled several British municipalities such as Glasgow or London to publish standardised temporary use contract samples facilitating the agreement between owners and users, by defining terms of purpose, duration, rent and liabilities.

The Localism Act of 2011 introduced mechanisms that enabled the creation of Community Land Trusts. Predominantly targeting rural areas, the CLT model allowing for the community ownership of land has proven very popular in urban areas as well, and cities like London or Liverpool[11] have established many urban CLTs in the past years. In the case of public properties, the Right to Challenge process introduced by the same Localism Act offers an important incentive for the engagement of communities: although a conflictual tool, the new mechanism makes it easier for charities, non-profit or voluntary organisations and community groups to bid on running council services they estimate they could run better.

Progressive regulations also opened space for intermediaries: organisations like Meanwhile Space, Locality or the National Community Land Trust Network[12] have become important actors in guiding and advising citizen initiatives, as well as helping them reorganise their organisational form and access suitable funding. Alongside new formats of ownership, innovation in community finance also opened up new opportunities for civic spaces. Social investors like Steinbeck Studios in the case of the Granby Four Streets CLT, or civic crowdfunding platforms like SpaceHive have become important sources of fundraising for local communities, also recognised by municipalities and joined by their match funding programmes. All these actors created an ecosystem in the UK where citizen initiatives, although under pressure from the real estate market and the financialisation of public assets, are equipped to establish long-term presence in regenerated spaces.

10 See page 102

11 See page 158

12 See page 217

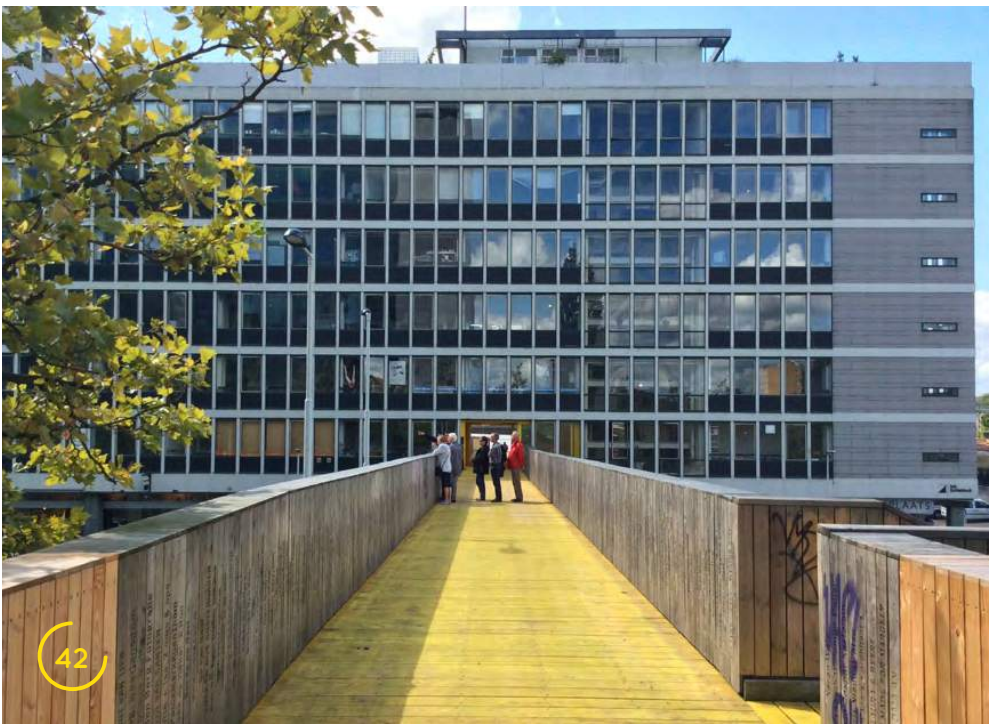
Much of the shift towards urban development schemes offering a key role to communities and citizen initiatives has to do with innovative regulations, flexibility, citizen pressure and support structures. In contrast to the rigid regulations of Southern and Eastern Europe, civic initiatives in cities of Northwestern Europe often benefited from temporarily suspended or overlooked rules. While many civic spaces in Southern Europe are stuck in their quasi-legal status that is only partially approved and that remains under significant pressure by the press and particular political parties, and while projects in Eastern Europe often remain completely dependent on the goodwill of public or private owners, clear frameworks in Berlin, Amsterdam, Rotterdam, Paris or London allowed initiatives to gain strength, develop resilience and experiment with new economic and organisational models towards higher levels of autonomy.

Experimentation in all these contexts has been facilitated by flexible or absent administrations: the lack of regulatory interference the 1990s in Berlin and the adaptability of Dutch, French and British planning regulations all proved stimulating of temporary and long-term civic uses of vacant spaces. Flexibility, however, led to many different results. Initiatives in German or British cities for instance, established continuity between temporary uses and long term tenancies, and often managed to use their skills to turn their experiences into long-term presence with the help of new financial actors and opportunities created by policies. In contrast, in the Dutch or French context, where administrative flexibility lowered the threshold of accessing spaces, the same flexibility also made civic spaces relatively precarious, and subject to real estate speculation and missing value capture from the side of civic initiatives[13].

While opening opportunities to many civic initiatives whose opportunities were narrowed by the criminalisation of squatting, shorter and longer-term mechanisms for the reuse of vacant buildings, like the Dutch Breeding Places programme, could not guarantee long-term stability for civic spaces. With the post-crisis return of the construction industry and financial capital, even initiatives with international visibility, like the NDSM Werf[14], were endangered by new development plans. Distinctively, Berlin spatial pioneers who acquired skills during experimentation with temporary use without much institutional supervision, developed their scene in a more autonomous way, outside of official frameworks. While temporary use in Berlin has also been picked up by developers and the municipality to support new branding strategies, the politicised nature of the spatial pioneer scene helped initiatives both in mobilising protests to protect them from large-scale development projects like the Media Spree and in developing economically more sound and secure models of tenancy based on long-term rental contracts or cooperative ownership arrangements like in the case of ExRotaprint. On the other hand, structuring

13 Peck, J. (2012b). Recreative City: Amsterdam, Vehicular Ideas and the Adaptive Spaces of Creativity Policy. International Journal of Urban and Regional Research, 36(3), pp.462–85

14 See http://www.ndsm.nl/en/



Schieblock in Rotterdam. Photo © Eutropian

citizen access to ownership, as attempted by the StadtNeuDenken[15] initiative with a new concept for privatisations can also prove counter-productive: establishing frameworks in the place of experimental initiatives might escape the will of its own initiators and create new bureaucratic boundaries in the creation of civic spaces.

While Berlin's civil society fought for years to change privatisation mechanisms from the highest bid to fixed prices and the best concept, the Paris Municipality quickly recognised the appeal of the concept and created its own top-down version of concept-based privatisation, embedded in the Reinventer Paris competition series. Other innovative formats of ownership or access to space have also been subject to international exchange. While temporary use has become a format popular among municipalities willing to accommodate innovative civic initiatives, formats for longer-term community use like Community Land Trusts have also been spreading from the US to the UK and later to the continent through Belgium and France, helping residents create inclusive economic ecosystems and sustainable development models. In the meanwhile, in German cities, the old-new legal form of heritable building right (Erbbaurecht[16]) has become widely used by community-led development projects, but similar legal forms separating the ownership of land and buildings, often used in Italy or France for the construction of social housing, have not found their way to community-led projects. The limited movement of methods and mechanisms also shows that the successful adoption of innovative concepts in community-led urban development initiatives depends on a variety of factors: the strength of citizen mobilisation, available financial platforms and actors, a supporting community with significant purchasing power, cooperating municipalities and suitable regulatory frameworks are all elements that enable the establishment of civic spaces.

15 See http://stadt-neudenken.tumblr.com/

16 See Glossary



LEVENTE POLYAK is activist, urban planner, researcher and policy adviser. He studied architecture, urbanism and sociology in Budapest and Paris and he was visiting lecturer at the Moholy-Nagy University of Art and Design, the Budapest University of Technology and TU Wien. He was visiting fellow at Columbia University and the École nationale supérieure d'architecture Paris-Malaquais and holds a PhD in sociology from the Central European University. He has worked on urban regeneration projects for the New York, Paris, Rome, Vienna and Budapest municipalities. He is editor of Cooperative City, co-founder of Eutropian Research & Action (Vienna-Rome) and board member of the KÉK - Hungarian Contemporary Architecture Centre (Budapest). In the past years, he has been researching new organisational and economic models of community-led urban development projects, including the temporary use of vacant properties and community-run social services. He has been coordinating international knowledge exchange projects between municipalities in various countries of Europe. Based on these activities, he has been supporting public administrations and NGOs of various sizes and geographic locations across Europe in creating spatial development projects and new governance models.

Accessing Capital

One of the most important challenges facing communities seeking to establish civic spaces, is accessing capital to cover necessary investment. The most common idea for many organisations would be to ask for a bank loan – but the criteria that most financial institutions use for selecting projects rarely match the situation of civic initiatives. This is where ethical financial institutions open up new possibilities: while ensuring that their investments are economically solid, such organisations also recognise the social and community values in the proposed initiatives, finding ways to provide the necessary means to support them. But banks and financial organisations are not the only structures to manage savings: anti-speculation and housing foundations have become important actors in supporting community-led real estate projects. The interviews in this chapter show how these foundations invest their capital and how the return on these investments feeds into a solidarity fund that supports further communities in purchasing their spaces. The case of ExRotaprint gives us insights into how a community initiative can work with these foundations.

An increasingly popular form of accessing dispersed economic resources is crowdfunding, allowing initiatives to reach their community directly through intermediaries in the form of web-based platforms. The use of crowdfunding for real estate projects still remains limited and national regulations may hinder the use of different forms of investment-based crowdfunding or peer-to-peer lending in certain countries. Interviews with protagonists of crowdfunding platforms reveal how they function, as well as the selection and support mechanisms they operate with. The experiences of initiatives leading campaigns highlight the ways in which crowdfunding can help mobilise communities around their projects in different geographical regions. To conclude, a valuable tool to keep resources local or within a given community is offered by complementary currencies.

45 ETHICAL BANKS AND FOUNDATIONS

51 BANCA ETICA

55 COOP57

59 FOUNDATIONS

69 STIFTUNG TRIAS

76 STIFTUNG EDITH MARION

81 EXROTAPRINT

90 CROWDFUNDING

98 BRICKSTARTER

102 TUDIGO (EX BULB IN TOWN)

108 GOTEO

114 FABRIKA DE TODA LA VIDA

116 SHUFFLE FESTIVAL

119 COMPLEMENTARY CURRENCIES

126 PARALELNI POLIS

With capital against speculation

New institutions and cooperative finance in times of austerity

CHRISTIAN GRAUVOGEL

To a large extent, the global financial crisis of 2007–2008 was a result of excessive real estate speculation and the irresponsible management of investments and debts by the mainstream banking system. Already before the current crisis, a variety of new, responsible financial institutions were established according to ethical and sustainable principles in order to counterbalance the destructive effects of speculative finance. In this text, Christian Grauvogel explores the landscape of new financial organisations that support community initiatives and work on moving land off speculation.

Over the past two decades, we could notice a major change of paradigms in the field of urban development and public services, especially in northwestern Europe. A shift took place in many countries, from the welfare state system towards neoliberal policies and practices of extensive privatisation. Many local authorities sold their real estate properties as well as infrastructure, and outsourced public services under austerity pressures. The municipality of Berlin for example, sold off big parts of its real assets, and privatised large portions of the municipal housing stock from the 1990s. Many of the real assets were sold in maximum price bidding processes without any conceptual requirements from the future owner. This caused a major rush in the local real estate market from investors who saw the potential of rather "cheap" acquisitions, and left nearly no chance for smaller initiatives and developers committed to the public good. This development could be notably seen in Berlin, but it took place in similar ways in many other European municipalities.

This change led almost inevitably to the emergence of new actors in urban development. On the one hand, we can see a rise of public private partnerships (PPP), the outsourcing, and the privatisation of public services, which are taken over by private enterprises. On the other hand, we can witness a growing civic sector, as exemplified by neighbourhood initiatives and community organisations that evermore assume the responsibility of former public services.

This civic sector reacts to the withdrawal of the municipalities and undertakes an increasing number of public services and social infrastructures in urban areas such as housing, green and public spaces and culture. These civic initiatives are often working without economic aspirations, on voluntary basis or under precarious conditions with small budgets and no economical backup. Over the last decade, these civic initiatives have increasingly taken over former public responsibilities and are often becoming developers of the cultural, social and ecological infrastructure. This development implicates a certain level of professionalisation with a need for strong financial partners to sustain their work. As described above, many municipalities are selling off their real assets.



Holzmarkt, Berlin. Photo ©Eutropian

To prevent massive speculation mechanisms and secure long term perspectives for social, cultural and ecological infrastructure, citizen initiatives with a small initial footprint are often becoming real estate developers. The real estate is usually the essential aspect for cooperative developments, so ownership or long-term contracts are crucial.

As these initiatives are not working under traditional business cases with the maximisation of profits, funding through traditional banks and funds is often not an option. As a consequence, new alliances between local cooperative development projects and "alternative" financial institutions are evolving, including ethical and cooperative banks as well as foundations.

This includes ethical and cooperative banks such as the GLS Bank in Germany, the Triodos Bank in the Netherlands or the Banca Etica[1] in Italy. These banks have a different self-perception of their societal role. Unlike traditional banks, they define the purposeful and responsible use of money for societal impact as their primary goal, as opposed to the maximisation of profits for them and their clients. As they normally invest in non-speculative markets, these banks could register a growing number of clients after the financial crisis in 2008, when their investment was more secure than those of the traditional banks and funds.[2] To illustrate this: from 2008 to 2011, the volume of sustainable funds in Germany increased from 2,8 to 9,9 billion. This growing capital opens new investment opportunities in cooperative and self-sustaining business models. Such investments are important for cooperative and community initiatives as their business models cannot guarantee high returns, which traditional investment would require.

But this also shows the weak financial situation of civic initiatives. On one hand, they are dependent on the investment of a rather small branch of the financial market, which could also develop towards a point of low investments in specific economic periods. On the other hand, smaller

1 See page 51

2 Herzog, Lisa/Lenz, Sarah/Hirschmann, Edgar (2015) Ethische Banken in Deutschland – Nische oder Avantgarde? IfS Working Papers Nr. 7. Frankfurt am Main: Institut für Sozialforschung

initiatives cannot often even access this kind of capital as they do not start with an investment-ready business case or an economic model, which complies with the investment criteria of even less profit-oriented banks.

Nonetheless, cooperative initiatives have to create a certain level of return. As they are developing and maintaining social, cultural and ecological infrastructure, which often cannot secure revenue, they need to find solid economic models where more commercial activities can finance nonprofit activities. The Prinzessinnengarten in Berlin – Kreuzberg for instance, one of the first community gardens in Germany, finances its educational and community program through the profits of the garden café, horticulture contracts and workshops. However, this ongoing economisation of former public or noncommercial sectors has to also be analysed from a critical angle, since the situation of these self-financed initiatives is ambivalent. By financing their nonprofit activities through commercial activities, one could argue that such models accelerate the decline of the welfare state. Yet, these initiatives also have to finance their important elementary activities.

In addition to ethical and cooperative banks, an increasing number of private foundations have become important actors in cooperative urban development. There are a few foundations in Europe that are specialised in the preservation of properties for the public good. Amongst others, the Stiftung Edith Maryon[3] in Basel (Switzerland) and the Stiftung Trias[4] in Hattingen (Germany) can be named. By acquiring real estate with their own capital and providing it for long-term use to tenants through special forms of leasing, these foundations are attempting to ward off the market mechanisms of land speculation. Unlike the ethical banks, these foundations are not only providing capital for cooperative initiatives, but are rather

3 See page 76
4 See page 69

Markthalle Neun, Berlin. Photo ©Eutropian



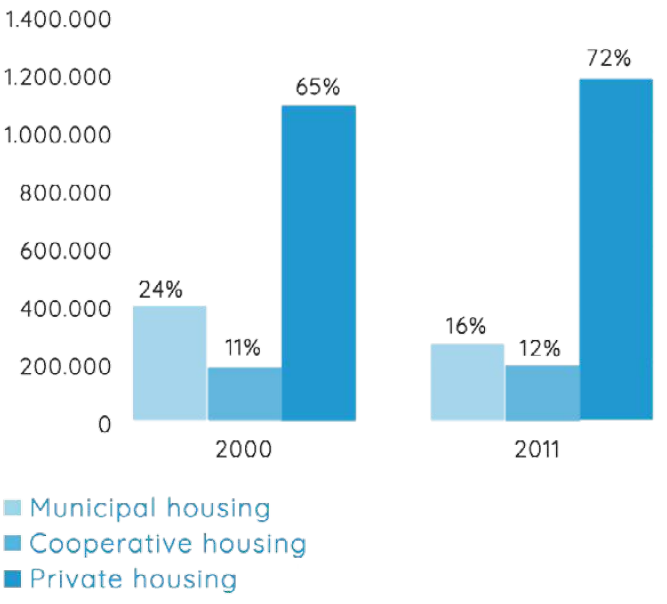
functioning as long term project partners for these initiatives. By investing in (self-) sustainable and cooperative community initiatives, these foundations become one of the most important actors in cooperative area development in Europe, even though their financial capacities are still rather small compared to ethical banks. The Stiftung Edith Maryon, for instance, invested in several initiatives in Berlin such as the ExRotaprint[5], and recently bought the Kindl beer brewery area, which will be developed in the upcoming years as a cultural and social neighbourhood. Although this sounds like a great model, which serves the communities' needs very well, it also has its downsides. With the growing importance and responsibility these foundations gain, they also become a powerful, but not democratically legitimised actor in urban development. The selection of projects for funding and realisation is no longer carried out by elected governments or local authorities, but by private foundations. This does not necessarily result in worse decisions and circumstances, in fact, many community organisations would probably claim that the opposite is the case. But it certainly shows the need for new governing and policy models in an era of community based urban development.

One example is the intended change of the real estate policy in Berlin from a maximum price bidding procedure to a concept-based, transparent privatisation policy for municipal owned real estates. As a consequence of a growing amount of political pressure from various civic initiatives, the local government began a process for the reframing of the real estate policy. In 2013, concrete demands were published by an alliance of civic initiatives for a change in the real estate policy, initiated by the Initiative StadtNeuDenken[6]. One year later, the federal state government of Berlin enacted the concept for the new transparent real estate policy. By focusing on the concept and not just on the highest price, the municipality seeks to consider cooperative initiatives focused on the public good, while still maintaining a certain level of control over the development processes in the city. The real estates are no longer just sold for the highest price with fiscal goals, but long term development perspectives are also taken into account. In fact, this pilot project is still being developed, and there currently are not many cases that can provide evidence on the real impact of this concept-based privatisation. Many civic initiatives claim that many of their demands were not included, and that this new real estate policy is not an effective tool against real estate speculation. Moreover, there is still no transparent participation of the civil society in allocation processes.

This discussion of two important financial actors in urban development has sketched the difficulties of accessing capital for cooperative and community based initiatives. Even though there are an increasing number of alternative funding opportunities through ethical banks and foundations, they have limited financial capacities that cannot last to offer the capacity necessary to serve the expected increasing amount of cooperative developers in the future. Furthermore, these funding options still pose high thresholds for small-scale initiatives. Thus, there is a vast need for additional funding opportunities.

While still facing big difficulties in accessing capital on the one hand, the current situation offers several opportunities to realise such new funding instruments for cooperative initiatives on the other hand. Community-led urban development has never attracted more attention in Europe than nowadays. Many local and national governments acknowledge the important role of civil society in the development of cities. In addition, there is a constantly growing and professionalising European network of civic initiatives enrolled in urban transformation processes.

Source: IBB Housing Market Report 2012



5 See page 81
6 See page 43



Prinzessinengarten, Berlin. Photo © Eutropian

In the international re:Kreators Network[7], the idea of a European cooperative fund is developed. All of the cooperative initiatives create different types of values, but oftentimes, they are not able to monitor or quantify these values. As a result, financial institutions often still hesitate to fund this relatively new civic sector, as they cannot prove their economic reliability. By combining the created values and developing a joint "portfolio" of community-based enterprises, it would be possible to attract new social capital. Existing comparable and successful "business" models could prove the financial liability of cooperative economic business and ownership models. This "portfolio" could guarantee a higher investment security for financial institutions as well as capture the value for the initiatives. In contrast to single initiatives negotiating with financial partners, a cooperative model would strengthen their position. By developing return mechanisms for the created monetary values, the fund could enable other development projects and prevent cash out mechanisms that occur with traditional investments.

In a long term perspective, parts of the return could flow back into the fund and facilitate new initiatives rather than financing financial institutions. In contrast to the mentioned foundations, the control over the capital would remain with those who produced it in a cooperative model.

Through a European approach it would be possible to multiply the model of social, cooperative investment and still maintain a local level of trust which is essential for these kind of cooperative models. This fund could be compared to the German Mietshäuser Syndikat, a trust of independent tenements in which existing housing initiatives support the foundation of new initiatives through a solidarity tax on their rent. An international fund for cooperative area development could work in a similar way. Through this mechanism, each organisation that was supported by the fund is still independent, but supports the trust following a first phase of stabilisation with a solidarity tax. By multiplying

7 See https://rekreators.eu/



Zentrum für Kunst und Urbanistik, Berlin. Photo © Eutropian

this on a European level, projects and initiatives not located in northwestern Europe and do not have access to the social capital in this region would also be able to succeed with their project and profit from existing social capital. Through a growing solidarity capital with each new supported project, this fund could enable ever more similar initiatives.

This model of course also poses several questions about the governance and regulation structure. Similar to foundations this way of financing also lacks any democratic legitimisation, but unlike traditional foundations, a cooperative fund would be self controlled and not depended on external financial institutions and their decisions, so the projects would be funded by themselves. Furthermore this kind of funding model needs strong regulations to prevent speculation and cash-out mechanisms. Also attracting the first social capital for initial investments without attracting traditional capital with high return expectations seems difficult. These challenges notwithstanding, it could be a possible answer to the rising demand for alternative funding for cooperative urban development, and is worth further research.



CHRISTIAN GRAUVOGEL has an academic background in urban anthropology and philosophy. He is one of the initiators of the re:Kreators network – a European network of civic society organisations engaged in cooperative area development. From 2013 to 2016, he was chairman of the Mörchenpark association in Berlin, an organisation which ensures public participation in the large-scale urban development project "Holzmarkt" and which promotes cultural and environmental education. Furthermore, he has participated in various European urban development and public policy cooperation projects such as "SeiSMiC" and "New Europe – Cites in Transition."



Magazzino Social Cooperative, products realised by workers with mental disabilities.
Photo © Cooperative Magazzino

BANCA ETICA

Savings with a social impact

> *Our shareholders think of money as a means to develop tangible projects and not as an end in itself.*

MASSIMO MARINACCI

Banca Popolare Etica is an ethical bank founded in 1999 in Padua, by a coalition of Italian NGOs. After spreading out and opening new branches in various Italian cities, the bank also opened an affiliate in Spain as Fiare Banca Etica in 2014. The bank manages savings raised from private citizens, organisations, companies and institutions in general, and invests them in initiatives pursuing both social and economic objectives. The bank is entirely run and controlled by its shareholders who select new members and clients on the basis of social, environmental, labor and governance standards. The bank's investments also follow these standards: in order to encourage responsible and sustainable investments, Banca Etica is also engaged in educating savers by enhancing their awareness about their saving's destination and borrowers, by developing their management and entrepreneurial abilities.

WHAT IS BANCA ETICA?

Banca Etica is a bank that offers the same services and products as other banks, with the difference that being a community bank, it is owned by 40.000 associates, 36.000 of them being actual individuals, while the rest is composed of legal persons. Another element that distinguishes Banca Etica is the importance given by the bank's statute to the source of monetary funds and the non-economic conditions for financing.

Banca Etica is a cooperative and community bank. There are many of them in Italy like the "Credito Cooperativo" branches, which operate in small regions. In 1997, when Banca Etica was founded, the idea was to work on a national scale, overcoming the regional divisions of the cooperative credit banks. Banca Etica was indeed born as a community bank based on the principles of a cooperative, in which the associates purchase the bank's shares, and in the general assembly, no matter how many shares they own, they vote within the 'one person one vote' system. Moreover, the shareholders obtain a small economic advantage as they are offered lower interest rates on some of the services offered by the bank.

HOW DO SHAREHOLDERS PARTICIPATE IN THE BANK'S LIFE AND DECISIONS?

Through Territorial Initiative Groups (GITs), local assemblies and coordination committees. GITs can be created in every province where more than 200 shareholders are registered. These are groups formed by active shareholders who are willing to promote our ethically oriented finance, our projects and our principles. Unfortunately, the lack of knowledge of economic concepts and the risks and opportunities that derive from financial activities have led to a terrible international economic crisis. Our shareholders are different, because they value the quality of their investments over the quantity of money they could potentially gain. They think of money as a means to develop tangible projects and not as an end in itself. GITs are therefore groups composed of voluntary members who, if they are not financial professionals, can also participate in special training courses offered by the bank.

Members also participate in the bank's administration by attending the local general assemblies and by contributing to the coordination of members. Coordinators also act as "social auditors" and are in charge of carrying out a thorough qualitative analysis of the projects to be financed. As a matter of fact, Banca Etica does not only apply the traditional economic evaluation procedures that are mandatory according to Bank of Italy's regulations; it also evaluates social and environmental standards thanks to the questionnaires and interviews conducted by its members. This means that all the persons, organisations and initiatives we finance are well-known to us, therefore protecting ourselves from dishonest and non-transparent clients. These procedures have very clear results: Banca Etica's default rates are only one fifth of the Italian banking system's average rates, even if we are available to finance initiatives that 10 years ago would not have even been considered financeable. Banca Etica was thus born from below, thanks to citizens who had the urgent need to know how their money is being used. We do not invest in weapons, nor in speculation, nor in companies that exploit workers or contribute to environmental disasters.

Social Cooperative Apeiron,
farm on land confiscated from the Mafia.
Photo © Banca Etica



FAILED REAL ESTATE INVESTMENTS PLAYED A CRUCIAL ROLE IN THE ECONOMIC CRISIS. ARE YOU INVOLVED IN ANY COMMUNITY-LED URBAN DEVELOPMENT PROJECTS THAT CHANGE THE NATURE OF INVESTING IN CITIES?

This is a field in which we do not have a lot of experience. We indeed have very limited resources and we are forced to prioritise certain activities over others. However, we always try to take into account the historical and societal context in which we are moving. For instance, 15 years ago we refused to finance for-profit projects. Nowadays, considering the issues of unemployment, we value any working activity more. Therefore, we began to approach a world of for-profit realities that meet the social responsibility criteria of cooperatives, specifically



Ora Office, Workers Buyout.
Photo © Banca Etica

cooperative funds that without resources or professional expertise, have to rely on banks. This allows the development of a new movement known as the "Workers Buy-Out" in which workers gather into a cooperative and buy out their business after a bankruptcy.

We have financially supported the project of a group of workers from the city of Pomezia, who bought back the company they worked for. They produce office furniture and 80% of their business is done abroad. After the failure of the company, due to some events unrelated to the market of reference, 40 workers were left without a job. A group of 18 workers came into contact with the cooperatives working in the region and Banca Etica, achieving a record-time funding of 400.000 Euros. The cooperative is now called Ora Office. The number of workers involved increased from 19 to 22, and they invested all their unemployment benefit in this project. Starting off was not an easy task: even the payment of the electricity bill was problematic at the beginning. Undoubtedly, "Workers Buy-Out" is indeed a risky business sector. There are several unsuccessful examples of similar projects, but this was a big investment that we decided to get involved in and we are happy we could play a role in the success of this project.

Coop Magazzino is another example: it is a social cooperative that deals with the rehabilitation of disadvantaged persons and creates workplaces through diverse activities such as mosaic making, typography and furniture renovation. The cooperative works mainly with people suffering from psychological distress and they are really good at what they do.

Source: Banca Etica

Banca Etica in numbers

€60m	Social capital
40.299	Members
33.723	People
6.437	Companies
1.259m	Savings
1.010m	Approved fundings
9110	Financed projects

BANCA ETICA IS ALSO ACTIVE IN SPAIN. HOW CAN A BANK THAT IS SO MUCH ROOTED IN THE TERRITORY AND ITS LOCAL SHAREHOLDERS, ENGAGE IN INTERNATIONAL ACTIVITIES?

Spain has witnessed the birth of a movement very similar to the one that brought about the founding of Banca Etica in Italy during the 1990s. This movement was called Fiare and it also began looking into the use and management of the funds for the development of the common good. Through common international contacts, the supporters of Fiare have decided to become members of Banca Etica; as a consequence, all the members of Fiare

have joined Banca Etica. Both Spain and Italy being part of the EU, we had the chance to obtain the permission to operate in Spain without too much effort. Additionally, what facilitated this manoeuvre was that Fiare has totally embraced our territorial organisational model: they are also organised in GITs. We started off with a first branch in Bilbao, for the heart of the Fiare movement was in the Basque region, but we also dispose of representative and promotional offices in Madrid and Barcelona.

HOW DO THE ASSEMBLIES WORK AFTER THE LAUNCH OF BANCA ETICA IN SPAIN?

We all work together. The principles on which Banca Etica is based are those of efficiency and sobriety. Through the help of regulations set by the administration of the bank, we found a way to organise two separate assemblies with a system of remote online voting. When we organised two assemblies, one in Madrid and one in Padua, we were connected via videoconference with a system of simultaneous translation. We hope this experience in Spain will attract new members, both in Spain and across Europe.

WHAT ARE THE PARAMETERS FOR THE SELECTION OF THE PROJECTS TO SUPPORT?

There is a survey designed for each of the realities that ask for financial aid. There is one for associations, which is necessarily different from the one dedicated to cooperatives and companies. So, for each kind of organisation we provide a survey that analyses major issues such as the system of governance (number of partners, number of meetings, governing body, gender representation and rotation in office), the



Social Cooperative Apeiron, farm on land confiscated from the Mafia. Photo © Banca Etica

environmental impact, the protection of labour (employment contracts) and eventual partnerships with third parties. Next to this general survey, every reality is then analysed according to its particular features. The final evaluation of these parameters is done through the joint work of Banca Etica's members and specialised professionals.

WHAT ARE THE FUTURE CHALLENGES THAT BANCA ETICA WILL FACE?

On the whole, we are putting a lot of effort into promoting Banca Etica, in order to get more members to join, especially among the younger generation. We are thus working in high schools and universities so as to promote the Bank and to raise awareness of the need for financial education. More often than not, banks are not seen as positive actors and people tend to avoid them. The main challenges for us are the continuous research for social capital that allows us to continue giving credit, the lack of economic resources and the low rate of participation that slows down the process. For instance, in the whole area of Rome, we have only about 6-10 active members.



MASSIMO MARINACCI is a pilot and has always been passionate about economy, which he does not see as a topic for experts but something that pervades every aspect of our lives. He believes that participation is one of the main elements on which democracy is based upon and that cooperation, responsibility and sustainability are fundamental for an ethical social and economic project. He is an active member of Banca Etica since 1999 and he is currently a volunteer coordinator for members living in the northern part of the Lazio Region. This activity has given him many positive experiences, he has leant to work in a team, to speak to a wide audience keeping their attention alive and to dialogue with people, also very young ones, about the use of money and the social function of a banking system.



La Borda, Barcelona. Photo © Lacol

COOP57

Financing projects in the social and solidarity economy

> ***It is not about a lack of resources but a lack of connections between the ideas and the funds.***

MIGUEL ÁNGEL MARTÍNEZ

Coop57 is a cooperative for ethical financial services with the objective of financing projects in the social and solidarity economy. It was created in Barcelona in 1995 from a compensation fund that former employees of the publishing house Bruguera received when the company went bankrupt. In the following years, the organisation gradually increased its member base and typology. In the second half of the 2000s, it also opened territorial sections in other regions of the peninsula. Coop57 acts as a financial intermediary: it collects savings from citizens and channels them into social economy initiatives that promote employment, solidarity and sustainability.

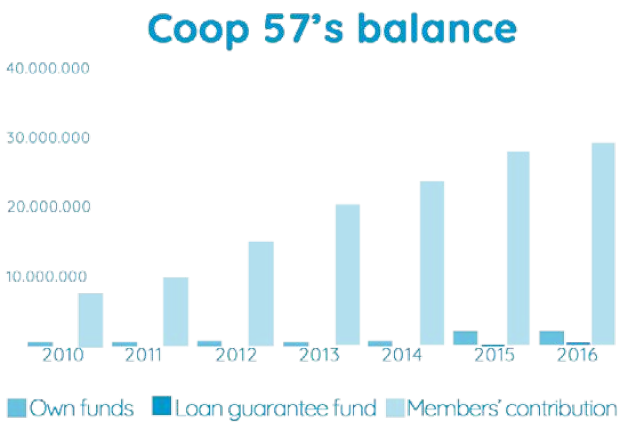
HOW WOULD YOU DESCRIBE THE SCENE OF COOPERATIVE ECONOMY IN MADRID?

While Barcelona, for instance, has an old tradition of cooperatives, in Madrid they have only begun to emerge in the past decade and their impact is more limited in the city. Recently, many of these small cooperatives decided to merge, organisationally and spatially as well, understanding that they can be much stronger together. Spatially it is reflected by the creation of bigger cooperative spaces like Colaboratorio or Barcenter that also act as umbrella organisations, second-grade cooperatives. La traviesa, our space, is one of these cooperative spaces, the second biggest collaborative project in Madrid, hosting about 15 initiatives, mostly social enterprises and cooperatives. One of them is Dinamia where I work, a consultancy cooperative of around 50 people, working on various social projects and citizen participation processes. All organisations here are very different, but we are trying to create synergies between them, and we also have spaces for meetings and assemblies.These social co-working spaces respond to needs coming from the social economy sector. Another need of the sector was to have appropriate financial services to improve social economy initiatives, this is why we founded Coop57.

WHAT IS COOP57?

Coop57 was born in Catalonia in the 1990s. It is a cooperative: not a credit cooperative but a financial services cooperative, and this is an important distinction because it is not a bank and therefore it is not regulated by bank laws. This means, for example, that the money that people put into the co-operative is not protected by a government guarantee, it is only protected by the solvency of the cooperative, but at the same time, we are an independent cooperative, we operate from outside the regular banking system, and have more flexibility. We work like a bank but try to finance projects with different criteria than conventional banks.

Source: Coop57



WHAT ARE THE CRITERIA FOR THE SELECTED PROJECTS AND HOW DO YOU SUPPORT THEM?

We can only support member organisations of the cooperative and we evaluate their requests according to their internal democracy, non-profit activities and dignified working conditions. They do not have to be only social projects, we also have environmental initiatives, but the initiatives have to be a social economy entity, a cooperative or an NGO that performs some economic activity and whose organisational structure is defined by social economy principles, such as working with people with disabilities or at risk of social exclusion. To give an idea, we recently approved funding for a gardening cooperative, one of the largest in Madrid, they develop various public projects in different parts of the city. We do not support them with subsidies but with a loan of maximum 200,000 euros and different financial services. The interest rate is near the rates of the financial market, an average 6%, it is not easy to go much below that. With this revenue we pay the technical services we have in the cooperative. We also promote the collaboration between cooperatives inside Coop57 through inter-cooperative loans. When different cooperatives join in a common project, we try to make better conditions for them.

WHAT DO ORGANISATIONS TYPICALLY ASK MONEY FOR?

About 20% of the projects we have is the advancement of subsidies. It is very typical that when an organisation has a subsidy for a project from the government, the contract is signed but the payment arrives 6 months later. Until then the organisation has to finance itself and we help them by advancing the subsidy. Other kinds of projects we have are typical investment, when a company wants to acquire goods, buy a machine or build new infrastructure, in order to increase its productive capacity and generate more jobs.

Coop 57's social capital



Source: Coop57

WHO ARE THE MEMBERS OF COOP57?

We have two kinds of members: around 700 social economy organisations and about 6000 individuals. Thus, individuals put their savings in the cooperative, and organisations their social capital; member organisations can present projects to be financed. We have branches in Catalunya, Basque Country, Madrid, Aragon, Andalusia and Galicia, they all have a local assembly and they start projects locally, without depending on the central services. The general council meets once a year to define the general rules and strategy. In the general national assembly, each of the 700 organisations has a vote, and individuals have delegates. We also have two technical commissions: the economical commission evaluates the risk of the project and the social commission evaluates the project's social or environmental impact.

Regarding the assemblies, the council and the technical commissions, about 90% of the work is done on a voluntary basis. It is important because most of the people managing the cooperative are members of the cooperative, as in my case: I work in the Dinamia cooperative, we are members of Coop57 in Madrid, and I am also a member of Coop57's managing team in Madrid and some of my colleagues are part of the technical and social commissions. This is not only a matter of resources but also of governance: this way members have the control over all the activities of the organisation.

HOW DO YOU RELATE TO OTHER FINANCIAL ORGANISATIONS AND PUBLIC ADMINISTRATIONS?

Spain has three ethical banks. The closest to us is Fiare [1], we are complementary with them: while Coop57 only offers services to its members, Fiare can finance more projects but is regulated by the central bank and is less flexible than we are. We have a 98% success rate in our investments, which is much higher than in traditional financial banks. We are not a finality but a tool for initiatives, therefore we do everything possible to help and maintain the projects we support, with finding other financiers and putting in additional capital, if necessary. If an organisation gets into trouble with its project, the whole ecosystem of cooperatives is willing and able to help them.

Another strategic line of our work is to support emerging projects and new initiatives that potentially have high risks. In order to provide this support, we have agreements with mutual guarantee societies from the social field, and work with public administrations to see how a municipality can support or endorse the creation of new entities or the growth of existing ones.

As for public administrations, we do work on agreements within the realm of municipalismo [2], and aim at participating in the political changes to make use of Coop57's financial tools in promoting the growth of social economy. We work along different lines in Catalonia, Madrid, Valencia and Aragon, to see the possibility of increasing the solvency of small companies that have difficulties in obtaining a loan because of their high risks. We also work on improving the way public administrations can support the capitalisation of these companies, through subsidising a part, while the other part is subsidised by the partners

1 Fiare was created following the model of the Italian Banca Popolare Etica, see page 51

2 Municipalismo stands for the political transition of major Spanish municipalities led by civic movements

financed by Coop57. This project is already a reality in Catalonia, with "Capital Coop," a prototype project with the regional government of Catalonia, in which the government subsidises 25% of the social capital, and Coop57 funds the remaining 75% with the help of the members. We would like to reproduce this experience in Madrid.

BESIDES INITIATIVES, DO YOU ALSO INVEST IN THE BUILDINGS THEY USE?

Usually not, but if you are a social enterprise and going to buy the industrial space you want to work in, we try to help, although it is complicated because big projects hold a lot of risks for us. We have to study the economic viability of the project, and if its is viable, we can invest in it up to 200,000 euros and we can also use our structure to look for more money, through other financiers or crowdfunding. Or we can do something with another cooperative or with Fiare, who are bigger than us and have more possibilities.

In Barcelona, we recently began a fairly new and innovative project. It is the financing of the construction of La Borda [3], a housing cooperative with 28 homes in the Can Batlló area of Barcelona, on land owned by the Barcelona municipality and leased to the housing cooperative for 75 years. To fund the investment, 865 bonds [4] of 1000 euros each were issued, with an annual remuneration of 1,75%. In order to maintain the right to housing over time, partners enter the cooperative and make use of the housing. In La Borda, the ownership of the properties is cooperative and not individual. Although this ownership structure is known in some Northern European countries, it is novel in Spain, where for legislative and cultural reasons, shared ownership has not been very common.

HOW COULD THE OPERATIONS OF COOP57 BE SCALED UP?

After the financial crisis and the emergence of the 15M movement, because of all the debts accumulated and the resulting evacuations, people were getting angry with banks, and many of them moved their savings from regular banks to ethical banks, mainly three of those. Suddenly these ethical banks received a lot of money, a lot of capital, but there is still a gap between this money and the ideas, although there are many good ideas and social initiatives in the city. There is also a lack of a culture about business planning, of professionalising ideas, to create professional social entities. We are in the same situation. Before the 15M movement, Coop57 had a budget of about 5 million euros, and later it increased to 30 millions: we had enough capital and willingness to invest in projects but we could not find well-constructed and well-planned ideas to invest in. In the end, it is not about a lack of resources but a lack of connections between the ideas and the funds.

3 See more about La Borda on page 135

4 Bond is a financial instrument whereby the issuer of the bond borrows capital at a certain rate of interest for certain time period and pays back the principal amount on maturity of the bond.



MIGUEL ÁNGEL MARTÍNEZ POLO is consultant for social enterprises and organisations, dealing with management activities and assisting in strategic planning, the development of business models and the analysis of economic and financial viability within the framework of a social and solidarity-based economy. He was Director of Social Integration Companies in the Semilla Association, working towards the integration of children and young people. He accompanied numerous initiatives and social business for various entities such as CÁRITAS, the Spanish Refugee Aid Commission, and the RAIS Foundation on social innovation for homeless people. He has been part of COOP57 Madrid since its foundation in 2006, and a member of the Executive Committee for 5 years.

Foundations for affordable space

A Swiss case study

LAURENCE BEUCHAT

While affordable space for housing and community activities in Europe has traditionally been provided by states, public companies and private corporations, the transformation of the welfare state and labour markets in the last quarter of the 20th century has gradually caused the disintegration of these institutions. The financialisation of real estate in major European cities together with the growing precariousness of work made space has made space increasingly unaffordable for significant segments of urban populations. In Switzerland, the establishment of public or private foundations has been one of the instruments confronting speculation, pooling resources and providing affordable housing and community spaces. In this article, Laurence Beuchat explains how some of these foundations operate, and how they moved to the forefront of responsible urban development.

In 2016, Zurich and Geneva were ranked[1] as the third and fourth most expensive cities in the world, after Singapore and Hong Kong. They are also the two biggest urban centres in Switzerland. Two important factors that influence the costliness of life in a city are land and real estate affordability. The affordability of a city's land and real estate markets can be used as a measure of the level of inclusivity and equity in that city's urban development. As current pressures on land and real estate drive market prices ever higher, segments of the population become excluded from this market; such lack of affordability can promote spatial and economic segregation within a city. Lack of access to equitable and inclusive urban development in the form of affordable land and real estate markets is a pressing challenge that many European cities face.

Different mechanisms have been utilised to guarantee land and real estate affordability for low-income segments of populations in cities throughout Europe. In Switzerland, one effective method used to achieve this affordability has been employed by a wide range of foundations addressing real estate matters. These foundations purchase land or property with their own assets, develop real estate projects or directly rent out the purchased space at reasonable rates or below market price. Property purchased or developed by a foundation varies, and can include housing, commercial spaces and other types of community spaces. Some foundations encourage citizen participation during development, while others prioritise the protection of the environment. All of these foundations work for inclusive, fair and sustainable urban areas.

In this article, we will take a closer look at Swiss foundations working towards land and real estate affordability in three of the biggest urban regions in Switzerland – Zurich, Geneva and Basel –, where land scarcity and lack of affordable real estate are pressing issues. The goal of this article is not to draw a comprehensive portrait of Swiss foundations active in urban development issues; rather it is to briefly describe, based on

1 Source: Wall Street Journal (2016), The Most Expensive Cities in the World to Live (accessed on 14 Jan 2017), https://goo.gl/3w61EJ



Im Viadukt, Zurich. Photo © Laurence Beuchat

interviews with foundation representatives, the reasons why these foundations were created, the way in which they work and how they achieve their goals. In addition, this article will also analyse the advantages of such foundations in the Swiss context and discuss other tools that can be utilised to promote land and real estate affordability.

THE FOUNDATION, A POPULAR MODEL IN SWITZERLAND

In Switzerland, the model of the foundation is a popular one. Indeed, the country has a large foundation ratio per inhabitant as, according to the Swiss Foundation report 2016, there are 15.9 foundations per 10,000 inhabitants in Switzerland. Basel-City State is known for having the greatest density of foundations, namely 45.7 foundations per 10,000 inhabitants. In Switzerland, legislation – which can differ from state to state – is foundation-friendly. For example, non-profit foundations are exempt from income taxes. Their popularity is also linked to Switzerland's strong banking sector and the flexibility such a format offers. Typically, a private foundation is created by a donation from a wealthy person, but foundations can also be initiated by a group of people sharing the same vision. Foundations are also widely used by the public sector.

Basel Region

EDITH MARYON FOUNDATION, A FOCUS ON THE SOCIAL ASPECTS

The Edith Maryon Foundation[2] was founded in 1990 by a group of young people passionate about social issues. The goal of the foundation is to promote and guarantee social housing and workspaces in urban areas, and to participate in the deleveraging of land. By acquiring land, the foundation takes it out of the speculation cycle

2 See page 76

The foundation, a popular model in Switzerland

In Switzerland, the model of the foundation is a popular one. Indeed, the country has a large foundation ratio per inhabitant, as, according to the Swiss Foundation report 2016, there are 15.9 foundations per 10,000 inhabitants in Switzerland. Basel-City State is known for having the greatest density of foundations, namely 45.7 foundations per 10,000 inhabitants. In Switzerland, legislation – which can differ from state to state - is foundation-friendly. For example, non-profit foundations are exempt from income taxes. Their popularity is also linked to Switzerland's strong banking sector and to the flexibility such a format offers. Typically, a private foundation is created by a donation from a wealthy person but foundations can also be initiated by a group of people sharing the same vision. Foundations are also widely used by the public sector.

and makes it available for projects that serve the society. Other aims of the foundation include the promotion of equitable and inclusive housing options, such as the cohabitation of old and young people, families and one-person households, and handicapped and non-handicapped persons. The foundation encourages the self-governance of space, quality architecture and sustainable design as well as sustainable building techniques. They tend to promote new social partnerships between real estate owners and tenants.

HABITAT FOUNDATION, A CONCERN FOR CITIZEN PARTICIPATION

The Habitat Foundation[3] was founded in 1996. Habitat strives to create a liveable city; the foundation works to create affordable housing in order to produce better urban environments. The foundation buys properties, acquires plot rights and conducts urban development studies in order to achieve its goals. Acquiring plot rights means that, in exchange for a monthly or yearly payment, the foundation or another entity is granted by the plot owner – a city or community, for instance – the right to build on their land and use the building for a given timeframe. When developing a project, the Habitat Foundation considers the design of common areas and outdoor spaces. It

3 See http://www.stiftung-habitat.ch/



Sulzer Areal, Winterthur.
Photo © Laurence Beuchat



Sulzer Areal, Winterthur.
Photo © Laurence Beuchat

also develops projects in a participative manner, taking into account the needs of the inhabitants of a neighbourhood, and the opinion of local associations and potential inhabitants. The foundation rents some of its apartments at a reduced price, and others at a moderate market price. When renting its space, the foundation looks for diversity, with criteria such as household type, household income, social origin and ethnicity taken into account.

In addition, the foundation has also developed a model to determine rent contribution – called 'Mietzinsbeitragsmodell' in German – based on the revenue and needs of a household. Moreover, the institution is politically engaged in matters regarding land management. It was strongly involved in an initiative, known as 'Neue Bodeninitiative' in German, whose aim was to prohibit the Basel-City State to sell public land.

THE ABENDROT FOUNDATION, A SUSTAINABLE PENSION FUND

The Abendrot Foundation[4] is a sustainable pension fund involved in real estate activities. It was founded in 1985, when pension funds became mandatory in Switzerland and its founders noted the lack of sustainable pension funds in the country. The foundation buys land and real estate properties and develops projects to benefit society; these projects can include the construction of new buildings or the transformation of commercial and industrial areas in sustainable neighbourhoods. One example is the almost 50,000 square meters Sulzer property in Winterthur, Switzerland, a former industrial site adjacent to the train station.

4 See https://www.abendrot.ch/

Housing cooperatives for affordable housing and citizen participation

Housing cooperatives are a widely known format in Switzerland; these organisations work towards housing affordability and quality neighbourhoods. In order to rent a space in a housing cooperative, tenants must pay a membership share – several thousands of Swiss Francs. Members of a cooperative are asked to contribute ideas and to participate in activities that benefit the cooperative. Once there is vacancy, members can rent the available space, which is typically rented at -20% lower than the market price because the rents are based on the running costs and no profit is made. It is the inhabitants themselves who manage the building administration. In many ways, it is a lifelong project to get involved in a housing cooperative.



Im Viadukt, Zurich. Photo © Laurence Beuchat

When the production of machines stopped at the end of the 1980s, different uses of the space developed, transforming the property into an urban neighbourhood focused on work and leisure activities. In 2009, the Abendrot foundation bought the property on the initiative of the local tenants' association and defined, together with the site's actors – including tenants, members of the local neighbourhood associations and representatives of the city – the development strategy to be implemented for 2020.

The foundation works towards real estate affordability, through the creation of affordable housing built with tenant participation and environmental friendly criteria. The foundation's pension fund is managed by banks in Switzerland, following sustainable criteria. Abendrot has grown from an organisation of only two people at creation to its current size of 30 employees. It works with over 1,285 companies that share the foundation's philosophy to achieve its affordability goals. Current challenges faced by the foundation include an increasing number of regulations, which make the work of pension foundations more difficult. Due to escalating costs in the land and real estate markets, state intervention has increased in attempts to ensure land and real estate is allocated to non-profit developers. The Abendrot Foundation's status as a for-profit developer can make it more difficult for the foundation to acquire plots.[5]

5 Interview with With E. Boegli, Director of the Abendrot foundation, Questions answered in written, 19.01.2017

Zurich Region

THE PWG FOUNDATION: A FOCUS ON PURCHASING EXISTING BUILDINGS WITHIN THE CITY'S BOUNDARIES

The PWG ('Preisgünstige Wohn- und Gewerberäume') Foundation[6] promotes the creation of affordable housing and commercial spaces in the city of Zurich. The PWG foundation is a public entity founded in 1990 by the city of Zurich, following the initiative of the left-wing Socialist party, focusing on purchasing real estate and renting spaces below market prices. At its beginning, the city funded the foundation with 50 million Swiss Francs, money which allowed the foundation to start buying properties house by house. Through its activities, the foundation helps the city of Zurich achieve its ambitious goals of housing affordability in the city. Even though it was initiated and funded by the city of Zurich, it is an independent body. The PWG foundation board is designed to reflect the ratio of the Zurich city council in terms of political parties.

The foundation typically acquires entire buildings and surrounding land and, depending on the situation, may build an extension to an existing building, replace an old building with a new one, or renovate the existing building. The PWG foundation does not focus on land acquisition itself, due to land scarcity in the city of Zurich. Rather than investing in the acquisition of one big estate, the foundation's strategy is to buy small properties.

As the foundation typically owns entire buildings,

6 See https://www.pwg.ch/

diversity in terms of age, household type and household revenue is taken into account during the tenant selection process. Other criteria for tenant selection includes the financial situation of the tenant – the rent should be in proportion with what the tenants earn –, the number of people who will occupy the space – there should be one room more than inhabitants of the apartment –, and the urgency with which the potential tenant needs a space.

The foundation occasionally develops non-housing projects as well, such as the rehabilitation of a train viaduct in the city of Zürich into a commercial and meeting space for the neighbourhood. Workshops with local populations and interest groups were organised as part of the design process.

The Housing Foundation Baden, initially founded for the development of a specific site

The Wohnbaustiftung Baden[7] was created by the city of Baden in 2012 to oversee the development of the Brisgi area with a specific focus on family housing.[8] The Brisgi area is a socially weak zone located within city boundaries, facing development issues. Formerly occupied by shack dwellings for workers of the nearby factory, it is currently occupied by three housing blocks. The creation of the foundation was a measure agreed upon in the housing strategy of the city in 2010, in response to a popular initiative from the left-wing Socialist party of the city of Baden. The decision to focus on family housing and to limit the action of the foundation to the specific Brisgi site, two

7 See https://www.wohnbaustiftung-baden.ch/

8 Interview with M. Heiserholt, Project manager at City of Baden , 19.01.2017

Im Viadukt. Zurich. Photo © Laurence Beuchat



Real estate, as a source of revenue to develop activities for the common good

Some private foundations in Switzerland manage their real estate properties, which they rent at market price, as a source of revenue to develop their activities in their fields of interest. This is the case with the Christoph Merian Foundation, active in Basel since its creation in 1886. With its focus on social issues, culture and nature, this foundation has used its real estate properties to fund, among others, urban development projects such as the remodelling of a tramway station.

aspects which reduced the broader approach of the Socialist party's original initiative, can be seen as a political compromise between the left- and right-wing political parties. In the framework of the housing strategy, other measures in addition to the creation of the foundation are taken simultaneously, in order to work towards land and housing affordability. For instance, the city gives plot rights for some of its properties; for instance, as owner of the Brisgi property, the city gave plot rights to the Housing Foundation Baden.

Currently, as the foundation continues to develop the Brisgi area, the Wohnbaustiftung Baden is looking to purchase other properties or to acquire plot rights in order to develop other neighbourhoods in the city of Baden. Its focus on family housing has evolved into the development of sustainable and mixed neighbourhoods to allow for different household structures, such as one-person households. The foundation has its own autonomy but it is strongly linked to the city of Baden. Indeed, the city initiated the creation of the foundation, defining the foundation's goals and funding it with 10 million Swiss Francs. Moreover, it is the city's board that appoints the foundation's board members - the city's president himself is part of the foundation board. Other members of the foundation board are experts in their field, or are local figures. The PWG foundation in Zurich was used as a model for the creation of the Housing Foundation Baden; the former president of PWG is on the board of the Housing Foundation Baden.

HOUSING COOPERATIVES FOR AFFORDABLE HOUSING AND CITIZEN PARTICIPATION

Housing cooperatives are a widely known format in Switzerland; these organisations work towards housing affordability and quality neighbourhoods. In order to rent a space in a housing cooperative, tenants must pay a membership share – several thousands of Swiss Francs. Members of a cooperative are asked to contribute ideas and to participate in activities that benefit the cooperative. Once there is vacancy, members can rent the available space, which is typically rented at -20% lower than the market price because the rents are based on the running costs and no profit is made. It is the inhabitants themselves who manage the building administration. In many ways, it is a lifelong project to get involved in a housing cooperative.

Geneva Region

In Geneva, the state has created two structures that are active across the canton and work together towards the construction of affordable housing. The activities of these two foundations are regulated by laws. The foundation for the promotion of affordable housing and cooperative housing[9] – Fondation pour la promotion du logement bon marché et de l'habitat cooperative or FPLC – is a foundation created in 2001, dealing with land prospecting and purchasing as well as area development. The second structure is composed of four real estate foundations under public law – 'foundations immobilières de droit public' in French, or FIDP - dedicated to the construction, purchase and maintenance of affordable housing stock for lower socioeconomic segments of the population in the state of Geneva. The two structures and the state of Geneva collaborate regularly, as representatives meet often and a representative of the FIDP sits on the foundation board of the FPLC.

9 See http://www.fplc.ch/

THE FOUNDATION FOR THE PROMOTION OF AFFORDABLE HOUSING AND COOPERATIVE HOUSING (FPLC)

The FPLC buys buildable land, which it then sells or gives the plot rights to either the real estate foundations under public law (FIDP) or to housing cooperatives. FPLC does not build property itself. Money for the foundation comes from the fund for public utility housing – in French, 'fonds pour logements d'utilité publique'–, made available by the state of Geneva.

THE REAL ESTATE FOUNDATIONS UNDER PUBLIC LAW (FIDP)

There are currently four real estate foundations under public law[10] that spring from the nine original foundations created by the state of Geneva. The oldest of these initial foundations was created in 1919 after the socio-economic turmoil of World War I to oversee the creation of affordable and decent housing in the state of Geneva. The second foundation was created in 1923 to oversee housing and to combat unemployment in the construction industry. Between 1948 and 1954, seven additional foundations were founded to counter housing shortages. The four current foundations – the Camille Martin, Emma Kammacher, Jean Dutoit and Emile Dupont foundations; their names being a tribute to political figures active in the social housing and construction sector – are organised similarly and are united under a Secretariat, along with the René and Kate Block foundation, which were founded with private donations and work for housing affordability for old people. Each foundation is comprised of 2 commissions – housing and construction – and 14 of the 15 foundations' board members are elected by the political entities of the state of Geneva.[11]

Financial mechanisms are as followed. The real estate foundations invest to purchase land; investments are financed up to 15 percent by the state of Geneva. In order to develop housing projects, the foundation borrows money from banks and monthly rent collection serves to repay the investment, as well as to reimburse mortgage debts and keep up building maintenance.

10 See http://www.fidp.ch/

11 Interview with M. Perizzolo, Director at the Secretariat of the real estate foundations under public law (SFIDP), 20.01.2017

REAL ESTATE, AS A SOURCE OF REVENUE TO DEVELOP ACTIVITIES FOR THE COMMON GOOD

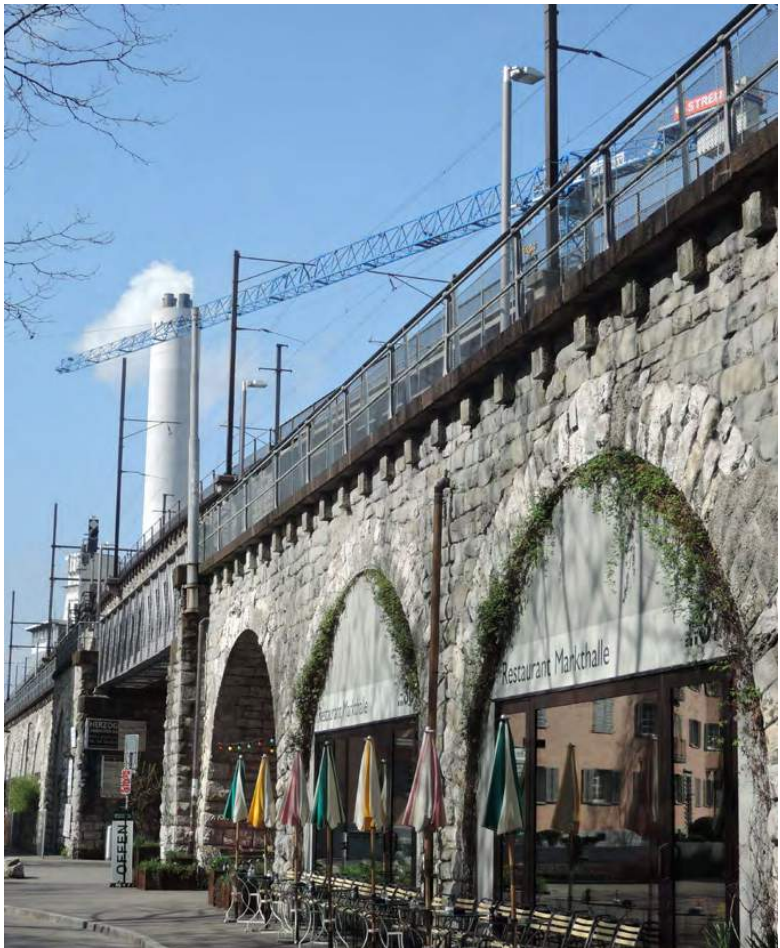
Some private foundations in Switzerland manage their real estate properties, which they rent at market price, as a source of revenue to develop their activities in their fields of interest. This is the case with the Christoph Merian Foundation, active in Basel since its creation in 1886. With its focus on social issues, culture and nature, this foundation has used its real estate properties to fund, among others, urban development projects such as the remodelling of a tramway station.

STRATEGIES AND DEVELOPMENT OF FOUNDATIONS

With high land and housing prices and land scarcity in big cities in Switzerland, one can ask oneself how foundations can be competitive. According to a rough estimate, real estate prices have easily doubled in the past ten years in the city of Zurich, as well as in other parts of Switzerland.[12] The foundations discussed in this article have

12 Interview with K. Ringli, project developer and communications manager at PWG Stiftung, 20.12.2016

Im Viadukt, Zurich. Photo © Laurence Beuchat





Sulzer Areal, Winterthur.
Photo © Laurence Beuchat

anticipated changes in land and housing market prices and used different strategies to adapt to rising prices.

A representative of the PWG foundation mentioned that it is now difficult for them to pay the prices the housing market demands. Indeed, investors are able to offer more money, as they ask higher rents of their tenants. Moreover, people are reluctant to sell their properties, as real estate is a safe place to invest their assets. This is compounded by the fact that the Zurich city-district, where the PWG foundation is active, has limited development possibilities due to land scarcity and pressures on the housing stock. To tackle these issues, the foundation gets in touch directly with housing owners in order to buy their property before it goes on the market. It is also in the process of acquiring land and housing through legacy and donation, a trend which is in its early stages but which the foundation hopes to be able to develop further.

For the past few years, the FPLC in Geneva has further developed many of its activities. Indeed, in the mid-2000s, the foundation was only managing a few plots; now it is developing 30 zones in the canton of Geneva. In order to be more successful with land purchasing, the foundation has grown its land prospecting capabilities, and has focused on cultivating close contact with potential sellers and land developers. The foundation gauges plot owners' interest in the foundation's mission in order to encourage sales; it also works to exchange properties with the owner of a desired plot, offering other plots or housing to the owners in return for the desired plot. Financially speaking, the foundation is able to pay for land in totality at purchase, whereas land developers usually proceed with a sale agreement that does not include an immediate transfer of money. An advantage of the FPLC is that it has a long term vision, in the sense that it can buy a plot knowing that nothing will be built on it for some time whereas land developers, for instance, need an immediate financial return.[13]

Between 2000 and 2010, it was possible for the FIDP to purchase housing at a competitive price. Later on, opportunities to buy began to be scarce, as market prices increased. Today, real estate foundations under public law rarely purchase existing buildings. However, buildable land was more recently made available, as agricultural land in the state of Geneva was converted into buildable land. The real estate foundations under public law built around 150 to 250 housing buildings a year in the last three years – it is estimated that the same yearly amount will be built for the next four years - whereas they were only able to build around 80 housing buildings a year, ten years ago. From 2000, faced with the difficulty of purchasing housing, the foundations considered tripling the density of selected plots by replacing old buildings with new ones, which meet the current needs of the population. The FIDP has grown in the course of the years, in terms of housing stock and in terms of employees. The Secretariat overseeing the nine real estate foundations employed nine people in

13 Interview with D. Clerc, General Secretary at the Foundation for the promotion of affordable housing and cooperative housing (FPLC), 20.01.2017

1980 when it was created; today, it employs 41 people, including professionals such as architects, engineers, lawyers and accountants.

WHAT ARE THE ADVANTAGES OF A FOUNDATION THAT WORKS TOWARDS LAND AND HOUSING AFFORDABILITY?

Instead of creating a department within its administrative body to deal with land and housing affordability, the state can choose to create a public foundation. The first reason to do so is that the role of the state is to enforce laws; its role is not to be a real estate agent. Moreover, processes employed by state administrations take much longer than those used by foundations, which makes foundations more efficient structures. In the case of the Housing Foundation Baden, the possibility of creating a specific department within the city administration was discussed but discarded due to political concerns. In creating a foundation, the founding political entity can also have more control over a foundation's activities, as would not be the case with the creation of a housing cooperative or an association. Indeed, with these two latter formats, the political entity – city or state for instance – would be one player among others, each player having the same influence over the decision. In fact, in order to deliver specific services – such as working towards affordable housing for the lower segments of the population or managing a city's airport - states in Switzerland often create foundations under public law because it is the tool which best meets their needs.

In the case of a private foundation, the format of a foundation offers a lot of flexibility. Compared to other types of institutions such as a cooperative or an association, foundations – private or public - of public interest are tax-free.

CONCLUSION

As we have seen, the model of a foundation allows for a variety of organisational structures and actions, and can take different forms, a fact that partly explains why the foundation model is a popular one in Switzerland. We have described foundations that are part of a public system, funded by the state to deliver a service. We have also described some examples of private foundations and have observed that these private foundations may or may not choose to work closely with the private sector. Although the foundations described in this article mainly focus their activities on affordable housing, we noticed that the methods and mechanisms used by the foundations for affordable housing have been increasingly used for non-housing purposes as well.

All the foundations described in this article are active locally; indeed, public foundations are typically restricted to the administrative boundaries where their funding comes from. It is interesting to note that inter-state collaboration between foundations active in urban planning has not developed. In fact, urban planning regulations in Switzerland vary from state to state, which makes collaboration and peer review more difficult.

Though the work that foundations do to promote land and real estate affordability is an interesting and much needed added value to cities, foundations are not the only way to achieve affordability. Among other options, housing cooperatives can also help achieve this goal. In fact, in the development of a city, it is important to allow different kinds of institutions and actors to develop their activities side by side and hand in hand.



LAURENCE BEUCHAT completed her Master of Science in architecture and urban planning at the Swiss Federal Institute of Technology in Lausanne, Switzerland, and is currently working on urban development projects and urban regeneration processes in Zurich, Switzerland.
She is particularly interested in sustainable urban development and its economic, social and environmental dimensions, including the political and financial mechanisms underlying land development. Other fields of interests include the built and natural heritage, urban resilience to natural disasters and crises and urban sociology.



Blankenfelde, Berlin. Photo © Stiftung trias

STIFTUNG TRIAS

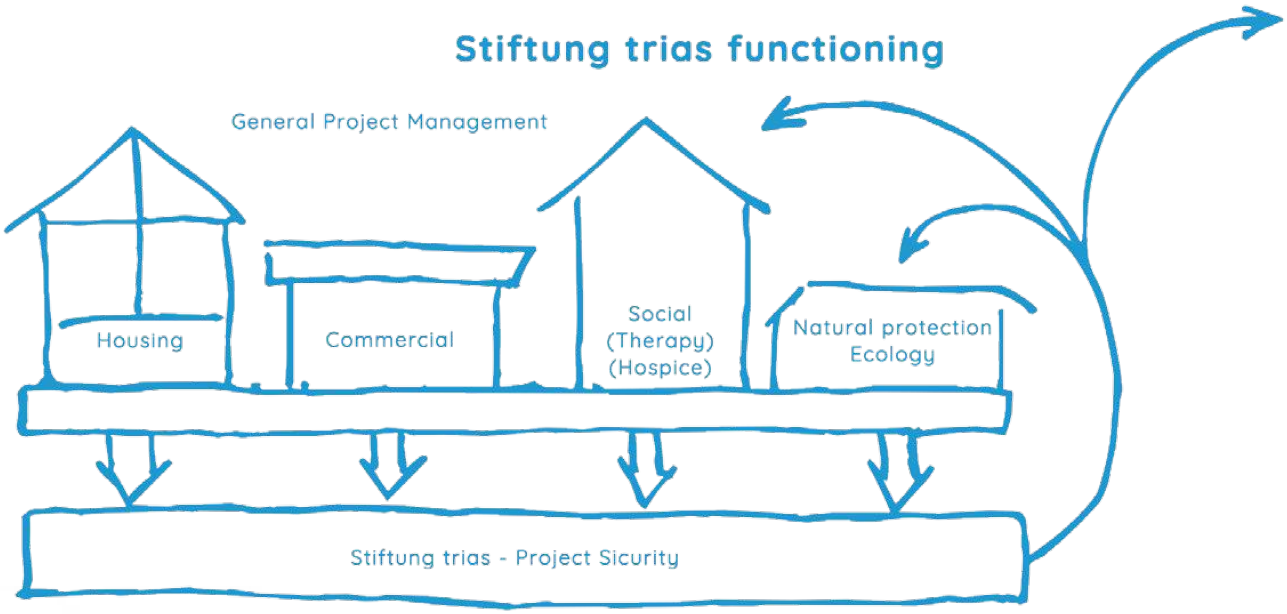
Taking properties out of the speculation market

> *When we buy properties, our goal is to secure spaces of freedom.*

ROLF NOVY-HUY

stiftung trias

Stiftung trias was established in 2002, to help community groups and co-housing projects access financing. Trias takes land off the market by separating the ownership of land and buildings: supported initiatives lease the land from the foundation in the form of a long-term Heritable Building Right (Erbbaurecht) and their lease fee is collected in a mutual fund run by trias, where capital is accumulated for further property purchases in support of like-minded initiatives. In recent years, trias has also been working with public administrations, securing functions for properties that municipalities are obliged to sell under austerity laws.



Source: Stiftung trias

HOW WAS STIFTUNG TRIAS BORN?

We established Stiftung Trias in 2002, because all the co-housing projects had many problems and deficits, and we tried to work on it. We did not have a big founder, a donor, like in the case of a classic foundation: we were a Bürgerstiftung, established by a couple of professionals, like me – a banker –, consultants, and umbrella organisations like the FORUM Gemeinschaftliches Wohnen in Hannover. All of us realised that there were many difficulties in accomplishing co-housing projects: there was no relevant literature, no money, no network. All the initiatives, after moving into a building, forgot everything: and a significant amount of knowledge was lost. We knew it was not our job to create another co-housing project but to collect this knowledge, give people involved in such projects more handicraft, and more abilities to realise their plans. We thought that if we could build up sort of a solidarity fund – to conceive our foundation as such a fund –, with each project, it would be easier to start the next one. We also realised that there were a lot of unsolved issues around heritage and donations, as well as land issues: many people contacted us about how to move properties off speculation. We organised a workshop and came to the conclusion that the best format to work on would be a foundation. As a non-profit foundation, you can just collect land and buildings, pile them up as assets, and use the revenue of these assets to support new projects. This was the idea: we collected 70.000 euros from our network and started this small, non-profit, idealistic organisation. The foundation is growing. We started with only 70.000 euros and we now have 7.5 million of our own capital: people trust us and we are getting bigger. We have also collected a lot of knowledge. We have also become aware that a good reputation resulting from all the projects we previously completed helps us as well.

WHAT DOES TRIAS MEAN?

Trias is taken from the Greek language. It means we have three aims: the three columns of our foundation are community-oriented living (participation and self-organisation), a different way of handling land (no speculation and no building on agricultural land) and sustainability. These core values did not change in the last 15 years.

WHAT IS THE FOUNDATION'S MAIN OBJECTIVE AND HOW DOES IT WORK?

Foundations usually work with their revenues, but we soon came to realise that we have to work with our assets as well. We discuss more about how to invest in our assets than what to do with our revenues. We invest all the money we receive in land and building sites – or we purchase an old building needing restoration, together with groups. When we buy properties, our goal is to secure spaces of freedom, because the prices are getting higher, international capital looks for good investments and finds it in real estate. So they buy everything they can get, and there will be not much left for initiatives. On top of that, municipalities – not only in Germany – are running

out of money, and with their budget cuts, they cannot or do not want to provide space for artists, social initiatives and people with low income.

WHO ARE THE INITIATIVES YOU SUPPORT?

One of the most important things is that the groups we deal with are not profit-oriented: they belong a certain segment of society that is convinced that making as much profit as possible is not the right way to run a society. We usually do not have to search for nice projects because so many projects approach us themselves and ask us if we could help buy land for them. They have to speak with all the people in their group to receive confirmation that it is all right to work with us. Nowadays, it is possible to get a loan with an interest rate of 2% plus repayment of another 2 %. So commercially speaking, it is not so attractive to pay us a land lease fee of 4%. Many initiatives prefer to take a loan and buy a building themselves. To work with us is an act of solidarity: after 30 years, when they repaid all their bank loans and do not have any debts anymore, they continue paying the land lease fee into a solidarity fund. It is an idealistic step: not only do we help projects, but projects also help us by building up a structure for the next project. With each project that comes into the foundation, we are getting stronger and we increase our ability to do more.

HOW DO YOU START WORKING TOGETHER?

It usually starts with a phone call or an encounter at an event, like the Experiment Days. If the project sounds honest, I always suggest them to look into our profile, if they really want to belong to our network and like the way we work. If they agree, first, we ask for information about the initiative, ask around people who know them, and usually visit them to get the full picture. During these visits, I rely on the experience of all my previous loan conversations as a banker: I do not only talk to them but also inquire about who the people who manage the project are, do they have enough own capital, how many people support them. As a former banker, I am trained to ask such investigative questions. If I really do check them, it is not only because I am responsible for the donation, but it is also a question of their economic sustainability.

Second, we usually only purchase the land when the project can prove to have bank financing, so the bank checks the economic sustainability as well. Sometimes the people who run the initiative allow us to talk directly to their bank, and this allows us to exchange our knowledge and help each other figure out the best options. But the most important is to have a friendly feeling for the project. We cannot look into the heads of people, so we just have to go by our feeling, if they are really honest, non-profit and engaged in the topic. Usually it takes between 6 months and 2 years until the whole process, including the purchase, is done.

If we decide to join a project, if it comes into the “trias family”, we can then invest personnel capacity: we can join them in crucial situations, such as meetings with the municipality or the mayor, we can join them in conversations with a bank, help them with their financing sheet, help find their legal form, and assist in defining the financial instruments. We look at the evolution

Eiswerder, Berlin. Photo © Stiftung trias



of their finances and if possible, adjust our land lease fee to their abilities, to make their initial years easier. In turn, once they have more possibilities to make payments, we will ask for their help. It is really about working together.

WHAT LEGAL FORMS DO YOU USE TO SECURE LAND FROM SPECULATION?

Usually, we keep only the land, and the project takes over the building. We use a very well-known land lease contract from England, but not only: German churches use it often as well. The land lease contract is our preferred form to work with. This is because we advocate the idea that land is common, and should not be the property of private persons, not even a cooperative; and the land lease fee or the profit you get out of the land should be given back to the society. The land lease contract has two effects: first, we get a land lease fee and that enables us to do our work. Since we are not able to purchase the land solely with donation revenue, we have to take loans, and we repay the loans from the land lease fee. What remains, covers the costs of our work. Second, with a land lease contract, we have a kind of security-contract with the group. If they are telling us that they plan a housing project with handicapped and non-handicapped people, or ateliers for artists, we can give them the land for that purpose only, and if they want to change the use, they have to speak with us first. It is not that the use cannot be changed, if it does not work, but we have to go into a conversation with you, what else could we do, it must be something social, useful, helpful and idealistic. Due to the fact that so many people aided in the construction of your house, we feel that we have to protect their original ideas and all the monetary assistance, efforts, work and knowledge they put into your project; so we are the watchdog for idealistic aims.

HOW MUCH INFLUENCE CAN YOU HAVE ON WHAT IS HAPPENING IN THE BUILDINGS?

The building itself should be run by the people who live in it or who use it. So I do not think that our foundation should give directives to the building to be green, blue or white: these are all the matters concerning the people living there. I think the freedom provided is that there is no owner who could tell you what you have to do. You can decide how much you will you renovate, how high your rents will be, how you are going to use that building and things like that. In each situation, you have two different paths: the project



Exrotaprint, Berlin. Photo © Stiftung trias

on one side and the donation on the other. There is a polarity of interest: people of cooperatives care for themselves and for working "in their quarter;" we, on the other hand, have the responsibility of looking much further ahead, looking into the scene, and maintaining the theme itself. This polarity creates a certain tension between the two partners that is inspiring, and enables us to help in conflicts.

BESIDES OWNING LAND, DO YOU ALSO OWN SOME OF THE BUILDINGS YOU WORK WITH?

Once in a while we do have constructions other than land lease contracts, when we receive a building or land as a gift. In Berlin, for instance, we received a building site and the donor suggested that we build a building on it, since everything was prepared for this undertaking. We decided to seek financing, asked GLS Bank in Bochum, and developed a social building for mentally handicapped and ill people, with a kindergarten and a repair café. In this case, we are simply owners of the building, where we create social content and also earn a modest revenue. To receive a yearly revenue of 10.000 euros from

a building that cost us 4 million, is very little. Nevertheless, we are very satisfied with it because of the social use of the building. But in the long term, of course, as we obtain more assets, it will also gives us more opportunities to donate. In this sense, there are always exemptions from the regular way we work, we just have to be creative. Like when we receive a piano or a violin as a donation and have to look for the best way to make use of it.

WHO ARE YOUR PARTNERS IN RAISING MONEY?

We have a quite a widespread partnership. Some banks, like the GLS Bank in Bochum where I used to work, have been partners from the beginning. But after 10 years, we realised that we had very few bank loans, and much more with other foundations and private people. Many people support us with friendly interest rates. We conducted a considerate amount of marketing in the past years, and people in the co-housing field got to know us just through our work and activities. We received many requests to buy land for co-housing projects, but we rarely have freely available money. Instead, we suggest them to talk to project participants, friends and people around their project, and ask for loans or donations: it usually brings together a lot of small amounts, 3-4000 euros, and sometimes there are people who are able to give dozens or hundreds of thousands of euros. But donations almost always come from people within the scene: they already have a basic understanding of our work. Some people with inheritance or shares in cooperatives come to us and offer us a donation: all the 70-80 large donors we had, have a very specific story, a personal reason why they give us money or property. People see us as an independent institution, and that often helps in creating the necessary trust. There are also tax advantages involved in donating, but I think this is not the main motivation. At the same time, with all the advertising, we do not receive much money from ordinary people, because our targets are too complex, the way we work is complicated to explain and co-housing does not sound like a public goal for them.

HOW DO YOU KEEP TRACK WITH ALL THE PROJECTS YOU SUPPORTED IN THE LONG TERM?

With land lease contracts, we are the watchdogs of the initiatives: we regularly check if they keep the functions agreed on in the contract. When we do not check them, we lose the right to press on fulfilling the contract. We try to visit them once in a while, and of course with so many projects, it is getting complicated, and turning into a lot of work. If I wanted to visit all of them once a year, I would always be on the train. Of course, the cause and the scene is very closely connected, so sometimes we just get updates through others. And we have many phone calls, everyday communication, when they have little problems. Our board also offered to help us in taking over a few of the projects, and they would keep contact with them. We also now have somebody working for us in Munich, it is a first step into a regional way of working. This helps us travel less when we try to keep contact with the initiatives. We are also considering opening other offices in Germany, at least another one in Berlin and one in Hamburg, in the medium term.

Karlshorst, Berlin. Photo © Stiftung trias



IS THERE ANYTHING THAT CONNECTS THE INITIATIVES YOU WORK WITH, WITH EACH OTHER?

We ask all projects if they are interested in establishing a network among themselves and having an exchange with each other. We were very surprised when they said "oh, no". We do have so many networks, not another one on top of them!" And it is puzzling, as the Miethäuser Syndikat, for instance, is just the opposite: it is a very grassroots, basic democratic organisation. People consider us in a more entrepreneurial context: they expect us to do the job for them, to be a service institution for them. But it also means that there is enough room for two very different organisations.

DO YOU SEE ALL THESE INITIATIVES GRADUALLY UPSCALE AND GROW INTO A PARALLEL REAL-ESTATE NETWORK?

I think we will be confronted with other questions. The Syndikat has a quite democratic structure and regional organisational structure. With us and with Stiftung Edith Maryon, I feel we need a more democratic structure. We already think about what happens if, let's say, a project in Berlin fails and goes bankrupt. Who decides what would happen in the future on that building site: would it be only us, the Stiftung trias in Hattingen, or is it a matter for the Berlin projects as well. In the next years, we will have to take up this question and found a form of organisation to ask the neighbourhood projects, experts we know, and people even from the municipality, if they have ideas on how to reactivate a building or land following a failed project. They should make decisions with us. I think we must go this way, otherwise people will not accept the question of commons in connection with trias.

IN A SENSE, YOU PLAY A PUBLIC ROLE BY PROVIDING SPACE OR FINANCE FOR COMMUNITY INITIATIVES; WHAT IS YOUR RELATIONSHIP WITH THE PUBLIC SECTOR THAT INCREASINGLY FAILS TO PLAY THIS ROLE?

I think we established ourselves because of the example we set for others. It is one thing to talk about commons and talk about land-lease contracts, but there is a real difference when you do it. Because you convince people much easier, if you say "Look at the ExRotaprint, the Alte Schule Karlshorst, the Kunstwohnwerk in München." It does convince politicians, universities, people from the co-housing field. The same with public administrations: for example, the Internationale Bauaustellung in Thüringen asked us for solutions for their organisation and development scheme. And that is happening elsewhere, too: the town of Metzingen, in Southern Germany, asked us to help them with a land lease contract to secure their buildings for centuries to be available for low-rent tenants only. Because in Germany one can erect a building and designate it for low-income tenants or people who can only pay, let's say, 5-6 Euros per m2 for rent, and then one gets very interesting loans. But after twenty years this contract is over and then one can raise the rent up to market level. And for this mayor, this was not satisfying because twenty years is not long enough. She asked if we could do it in a different way, for a hundred years instead of twenty. We began to think about the land lease contract together. So we are on our way to become consultants also for the public sector. But we are too small to just to be consultants all over Germany and we do not really consider it as our main job, but it happens, and our publications, of course, are very often ordered by municipalities as well.



Summer festival at Blankenfelde, Berlin. Photo © Stiftung trias

YOU HAVE A SAFER METHOD TO PRESERVE SOCIAL INCLUSIVE PROJECTS THAN THE PUBLIC SECTOR ITSELF: THEY ASK YOUR HELP TO SECURE BUILDINGS OR LAND.

We do not consider the public sector as competitors: of course, we would like to see that piece of land in our foundation, because it gives us more possibilities in the economic field, but if a city supports a co-housing project by giving a favourable land-lease contract to them, that is fine and we are no longer needed. The problem is that people working in municipalities often do not have the right understanding of civic groups and I sometimes describe them as cold partners because they do not think in the same way. In the town halls, usually you find people with their small one-family building, driving a nice car and going to Mallorca for vacation, so having a very bourgeois life, and if you come there and say, we live as 40 people together in one house and we share things and so on, it is a question of understanding, and it sometimes makes cooperation difficult. But on the other hand, it is learning, bringing the ideas into the heads of people, who are far away from us, so I think it is a job as well. Sometimes I say our projects are like art, because people are standing in front of our houses and wonder why the hell they live that way. And it is like looking at art and asking what it tells me. This forces people into thinking.

HOW COULD THIS WORK BE UPSCALED ONTO A EUROPEAN SCALE?

It needs money and time. We are interested in the possibility of a Europe-wide platform, and meeting European partners. The problem is that the legal instruments in all our countries are very different: even between Germany, Switzerland and Austria, the land lease contract is quite different. This means that we cannot do the same just going over the border. It is hard work to have an exchange of knowledge and it is the way of thinking we must transport. It could be that our work in Germany is used to just explain how we do it, and then people have to translate it to their own countries, to their own possibilities within their limits. I realise that many projects and initiatives are in the situation we were in the 1990s: I hope we can help them with our model, showing the way we work. In Austria, there is a little foundation that is just being founded and they try to do the same job we do in Germany. We supported them with knowledge to help them doing it in the Austrian way. At the same time, we constantly have to learn from other countries, finding new questions, answers and knowledge that help us rethink certain standpoints. Gathering knowledge is an important part of our daily work. We must be in a permanent development stage, otherwise we will fail, I am quite sure; and as our work is atypical and not in the mainstream, we will always need to have more input.



ROLF NOVY-HUY is a banker and has worked at the GLS Bank in Germany for twelve years, where his main responsibilities included the evaluation and financing of housing projects. He is on one of the founders and now the director of Stiftung trias. The Stiftung trias was established in response to the difficulties seen with community groups and housing projects trying to obtain financing from conventional as well as ethical banks. The Stiftung trias works on solving such fundamental problems, which helps incubate and sustain new CoHousing projects. Thanks to his long-standing experiences both as in the financial sector and at the Stiftung trias, where he is in constant dialogue with the projects Rolf Novy-Huy has an extensive and detailed knowledge on local community-led housing initiatives, particularly in the Ruhr-region, and the mechanisms on which they are built (financing, legal structure, management processes).



Unternehmen Mitte, Basel. Photo © Stiftung Edith Maryon

STIFTUNG EDITH MARYON

Buildings for socially relevant uses

> ***Maximising the yield from land makes properties very expensive: once you take speculation away, it suddenly makes many things feasible.***

ULRICH KRIESE

STIFTUNG EDITH MARYON

Stiftung Edith Maryon was created in 1990. The foundation's mission is to secure socially responsible places of residence and work, and to promote transparent land use, mixed-use development and green building. By acquiring real estate and signing long-term building leases, it moves properties out of speculation and makes them available for self-administered and self-accountable socially relevant uses. Besides providing affordable housing, it also owns properties that are in socio-cultural uses. The foundation supports social, cultural and housing initiatives by offering assistance in project development, in the use of alternative legal forms and financing models.

PLEASE GIVE AN EXAMPLE FOR A TYPICAL PROPERTY PROJECT OF YOUR FOUNDATION.

In Basel, we have a very typical project, the Unternehmen Mitte or Mitte Enterprise. This is also where we are based; our office is there. It is a cultural centre: it has a coffee house where you are not obliged to place an order, you can just sit, read or look around and relax, meet with others, use the free Wi-Fi. It also functions as a venue, a place for events of almost all kinds. The upper floor is used by various tenants working in the cultural fields. The space speaks for itself: it is run differently from the conventional property operations in the centre of Basel. Speculation and maximising the yield from land makes properties very expensive: once you take speculation away, it suddenly makes many things feasible. This is our approach.

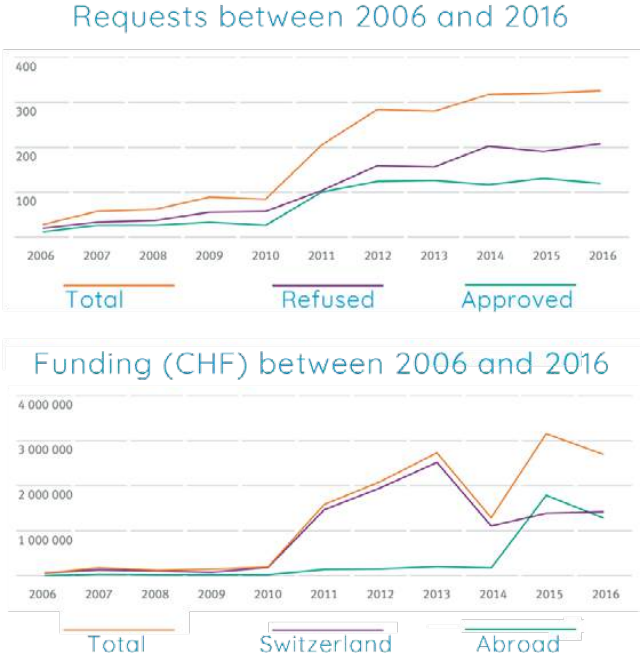
WHAT ARE THE MOTIVATIONS AND CORE VALUES THAT BROUGHT TOGETHER STIFTUNG EDITH MARYON?

The foundation was founded in 1990. What makes it unique is that there wasn't a lot of capital available to help fund the foundation's establishment. It started off with only 12.000 Swiss Francs, this is basically nothing for a foundation of this type. It was founded by three people who had the vision: the idea to create a foundation that can take land out of speculation and that one can contribute to with land. One of them was a banker, and he is still active in the foundation. The second person was an architect and the third, a carpenter. They had some important knowledge for this kind of foundation. They hoped that land would be offered to the foundation as gift and as inheritance, and that they could also raise zero interest loans. This is what happened: they met people who gave them money and gifts to support the idea. Perhaps this was possible mainly because in Basel and in its surroundings, there is a strong tradition of patronage. In fact, there were several people over

Nyitott Műhely in Budapest. Photo © Stiftung Edith Maryon



Edith Maryon in numbers



Source: Stiftung Edith Maryon

the years who decided to support the idea. The foundation began to grow step-by-step, obtaining revenue from the land and recycling it into new projects.

WHEN WAS THE MOMENT THE FOUNDATION BEGAN HAVING ENOUGH CAPITAL TO INVEST IN BUILDINGS?

It was actually quite early, already in the first years. The foundation could raise cheap interest loans from the state for social housing. With all the loans put together, it was possible to build four apartment buildings. It was one of the first projects of the foundation. Later on of course, once you have a land and some private equity, you can go to the bank and say "please give us a loan for the next project." So it grew over the years.

HOW DID YOU IDENTIFY THE FIELD THE FOUNDATION WANTS TO WORK IN, AND HOW DID YOU START SELECTING THE INITIATIVES YOU WERE SUPPORTING OR INVESTING IN?

That is one of the questions that are not easy to answer because we have no real strategy for investment. This is because in our foundation, we do not have large amounts of money just waiting for investment. We do not have a strategy such as the kind typical commercial investors would have, in which they know that they want to invest a certain sum of money in a certain region, or certain kind of housing, over the next five years – this we do not have. This is because the projects themselves come to us; a group of people, a family, somebody who wants to make a legacy, they come to us and we meet and discuss the project, the building or whatever is needed. And then we start a new project. Practically, this could be everywhere, but of course, it started in the area around Basel, where the foundation was founded, and where the founders knew people. This is a typical networking effect. Later on, other people with projects came to the foundation from other places. Berlin started to be one of these places. Our first project in Berlin came to us because a lady who knew the foundation inherited an apartment building, but did not want to hold it by herself. It is all about networking and chances taken.

CAN YOU ALSO IMAGINE WORKING IN NON-GERMAN SPEAKING COUNTRIES?

In fact we concentrate on German-speaking countries: just a few years ago we had a first project in Austria, because legal traditions are similar. We have one project in France, but this is not so easy for us, the legal tradition and the legal culture is very different from Switzerland or Germany. We have, in fact, even one project in Budapest, Nyitott M·hely. It is not a really big project, it is only two apartments. It is a very special arrangement, but as such, still a very typical case for us. We received a gift to support this small cultural initiative that does an important job within a difficult political environment. There was a person who knew this initiative and what kind of work they do: they talked to her and said "we have problems staying there, and it would be great if somebody could give us the money or could buy this part of the house, so we can be safe and stay there." And this person made us a gift so that we could buy the space. It worked out.

WHEN YOU WANT TO BUY A BIGGER BUILDING OR COMPLEX, AND THEREFORE YOU NEED MORE MONEY, DO YOU WORK WITH REGULAR FINANCIAL PARTNERS? WHAT ARE YOUR CRITERIA OF WORKING WITH THEM?

Our foundation in part works and thinks entrepreneurially, so we need good financial conditions, but of course, we also look at how the selected financial institution works: we usually go to financial institutions that have social and ethical background, but we do not exclusively go to ethical banks.

WHAT ARE THE CONDITIONS FOR THE INITIATIVES YOU SUPPORT OR WORK WITH?

It depends very much on the social ideal, the social strengths or weaknesses of the project, so the conditions vary from a little bit below market conditions down to very supportive conditions, particularly, if it is a non-profit institution whom we support with good conditions.

HOW CAN YOUR EXPERIENCE BE SCALED UP AND BE CONNECTED WITH OTHER INITIATIVES TO TAKE LAND OUT OF SPECULATION?

I think the prospects are quite good and awareness is on the rise. Especially the acknowledgement of the role of the land in our economy and for raising money from it. Increased awareness allows room for many experiments: for instance, the Community Land Trust Movement, that is very strong in the US and in Britain, now comes over to continental Europe. In France, they start creating community land trusts, in Belgium they already have some, and I think it is only a question of time until it also happens in Germany or in Switzerland. In Switzerland we have a strong cooperative movement and of course foundations, so maybe the need for a new legal structure is not so large, but as awareness increases, several new initiatives pop up almost throughout Europe. There is Mietshäuser Syndikat in Germany for example, and they are growing as well: they just founded a Mietshäuser Cooperative last year in Basel, and they now have two houses with them. We have some smaller foundations in Switzerland, such as ours, and trias in Germany, and I think it is very good and important that more initiatives like these are being created. As awareness grows, the chances and prospects of this movement increase. This is also shown by the success of the Bodeninitiative (land initiative) here in Basel, where a people's referendum decided with a 2/3 majority to prohibit the selling of public land in the future. Of course, Basel is a special case, it is a small canton and a very densely built and populated area, but it was still interesting to see how many people were aware of the importance of land ownership.

Schokoladen, Berlin.
Photo © Stiftung Edith Maryon



WHAT IS YOUR RELATIONSHIP WITH THE PUBLIC SPHERE, WHICH NORMALLY SHOULD BE UNDERTAKING THESE TASKS BUT DO NOT?

Well, we do not really work together much. Sometimes there is some contact, in Basel we had the possibility of buying a small piece of land owned by the canton, but the treaty has not been signed for other reasons, connected to the initiative that wanted to run project. In Berlin in fact, we already bought land that was owned by the local government's Real Estate Fund. The cultural administration came to us and asked if we could help: the Real Estate Fund had the task to sell that piece of land, but the cultural department did not want this land to go just to anybody. They asked us to buy it. We said that we could buy it for a fair price and guarantee cultural use for at least 15 years. We agreed on this and the contract was signed.

IT MEANS THAT THE PUBLIC ADMINISTRATION NEEDED YOU TO CREATE A GUARANTEE? IT FEELS LIKE YOU FILL THE GAP BETWEEN PARTS OF THE PUBLIC ADMINISTRATION AND CITIZEN INITIATIVES.

Yes, it is really funny, but also a bit tragic. It is because Berlin is in need of money, liquidity. Of course they should do the job themselves. In the long run, keeping the land would be financially better for the state and for the public. But politics



Lolibach housing near Basel. Photo © Stiftung Edith Maryon

are different, and their priorities are to raise money now, and then see. Future generations must see what to do. In another case, also in Berlin, there was a very strong conflict between tenants and the private landholder, so they could not come together to find a solution for their conflict. And there again, the local administration came to us and asked if we could solve this conflict. We found a solution and made a deal together with the private landholder and the Berlin local administration, so everybody was happy at the end. The private landholder received another piece of land, it was from the public land, and in exchange we bought his piece of land and made a long-term building lease with the tenants.

WHERE DO YOU SEE YOUR ORGANISATION IN 10–20 YEARS? COULD SCALING UP MIGHT CHANGE THE VERY NATURE OF THE FOUNDATION, LOSING PERSONAL RELATIONSHIP WITH ALL THE INITIATIVES?

Of course it could happen, and therefore it is probably the best if hopefully more initiatives like ours grow and find their own approach and own way. Diversity, I think, can be very helpful. At one point there is a point where you have to decentralise structures. In fact, recently both in Switzerland and in Germany, we started to create and work within sub-structures. They help us in being really in touch with all projects.



ULRICH KRIESE Environmental scientist and planner and scientist for public administration, works for the Edith Maryon Foundation, Basel, where he is responsible inter alia for public relations and research, since 2009. Besides, he is in the board of trustees of Trias Foundation, Hattingen (Ruhr), serves as Spokesman for Building an Urban Policy of Naturschutzbund Deutschland (NABU) e.V., Germany's largest environmental NGO, and initiated the federal campaign to reform the German property tax system.



ExRotaprint Initiative 2007. Photo © Michael Kuchinke-Hofer

EXROTAPRINT

Community ownership against speculation

> *If you have space, you should do something directly for the people who make up the area.*



ExRotaprint was founded in 2007 by tenants of the Rotaprint industrial complex in Wedding, a traditional working class district in Northwest Berlin. When the complex was put up for sale by the Berlin Municipality's Real Estate Fund, members of the ExRotaprint began to look into the possibility of buying the area. Teaming up with two anti-speculation foundations, the non-profit company established by the tenants became owner of the 10,000 m2 complex, setting a precedent in Berlin that inspired many experiments in cooperative ownership, and a campaign to change the city's privatisation policy.

HOW WOULD YOU DESCRIBE THE AREA WHERE YOU ESTABLISHED EXROTAPRINT?

The Rotaprint Company used to be well known for their offset printing machines. The Rotaprint manufacturing site was located in Berlin-Wedding for more than 80 years, and the company shaped the area in the long term. Apart from the expanded premises they even had a guesthouse in the next street and a workers' holiday home in Berlin-Wannsee. We felt that the spirit of Rotaprint was still here, which is why we named the compound ExRotaprint. It is also to honour the architectural achievement, because we think they left fantastic buildings.

The complex was largely destroyed during the Second World War; the reconstruction took place in the post-war years and Rotaprint hired architect Klaus Kirsten[1] to design the new buildings. They all reflect the post-war modernist style of the late 1950s. The concrete tower building at the corner, built in 1958, became a kind of a sign for our project. It is visible from the street, and there is nothing similar in Berlin. With its rough façade and cubic shape, it represents a very untypical style for this city. It was not meant to be a brutalist building, it is simply unfinished. We found out that the architect's plan was to add two more stories and then to have a final façade – probably plaster – but that never happened. It is already a special story that the building has been listed as a monument the way it rather happened to be. We like the idea that something can be very good which is unfinished. We always use this kind of interpretation also for the way we work with ExRotaprint.

DID THE STATUS OF A LISTED MONUMENT CREATE ANY DIFFICULTIES FOR YOU?

The entire Rotaprint compound is a listed monument since 1991, and this status is what probably saved the buildings from demolition. From our perspective, this was the best thing that could happen, and the official status of being listed as a monument is still positive for our project. A lot of people are afraid of this status because you have to find agreements with the authority on what you do and what to change. Mainly, we wanted to keep it as it is. We do the renovations on the compound step by step, and the renovations we take on are based on the needs of the buildings. The architecture was and still is an important aspect and a motivation for the ExRotaprint project. We want to keep its visual appearance as best as possible. Now that Wedding is not completely out of focus anymore, people wander around here, taking photographs.

HOW DID YOU GET INVOLVED IN RETHINKING THE COMPLEX?

From 2000 on, we were tenants in one of the former Rotaprint buildings, at the time owned by the City of Berlin, when they put it up for sale. In 2002 the City of Berlin decided to change its real estate policy and put all the properties it owned but did not need for its own uses up for sale: this was a policy to fill the empty pockets of an indebted municipality. Looking back, this policy

1 The architect Klaus Kirsten remained completely unknown to the public until the recent publication of a book about his work: Daniela Brahm and Les Schliesser (eds.) "Kirsten & Nather - Wohn- und Fabrikationsgebäude zweier West-Berliner Architekten" Hatje Cantz, Berlin, 2015



ExRotaprint, Berlin.
Photo © Eutropian

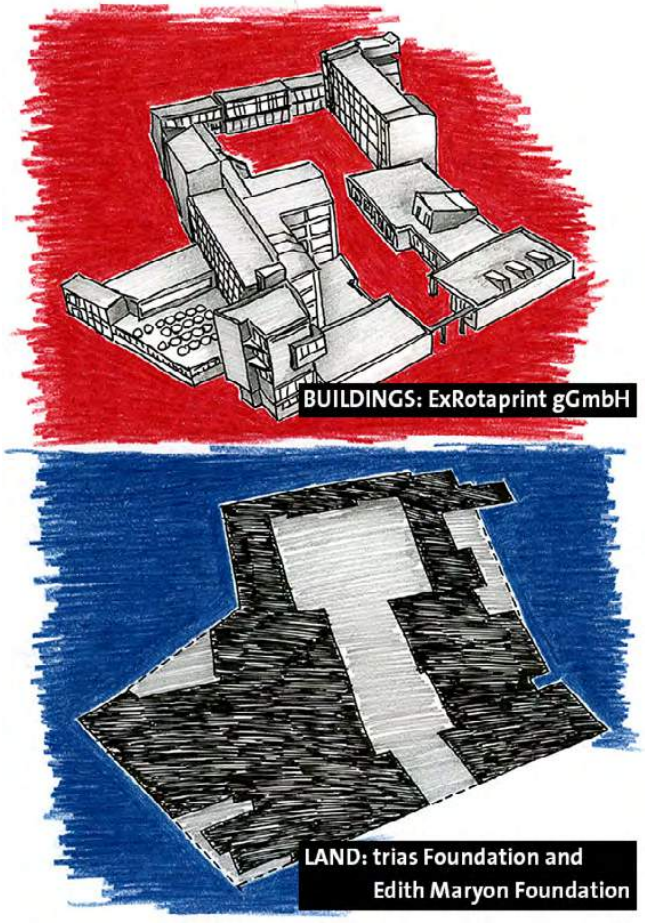
obviously changed Berlin a lot. The only criterion for selling buildings was the highest bid, the highest amount of money, and no criteria of urban development or social and cultural concepts were taken into account. We were confronted with this new policy right at its introduction, and we knew that we had to do something instead of waiting for the investor who would finally buy the buildings and push us out. At the time investors were all over the place in Berlin, but the Wedding district, a former working class district, was not yet attractive for them. This gave us a timeframe to develop our concept without much competition.

HOW DID YOU ORGANISE YOURSELF?

At the very beginning, we took photographs of the workshops and everything that was already on the compound. We also made interviews with the people about how much they had already invested in their space, what they were doing, if they had employees etc. In the end, we had a little folder presenting the idea of keeping the local structure, taking it as a starting point and promoting and expanding it. Then, we started the ExRotaprint project with the people who were already renters on site, a very heterogeneous group. Only half of the compound was rented out, quite some empty space was still available. The first step was to involve others on the compound in the idea of organising ourselves. At the time, people did not know each other despite working within one complex; it was a very anonymous space. We decided to found the association of tenants at the former Rotaprint premises: the association was called ExRotaprint. This was in 2005, and it was our first platform. Step by step, we educated ourselves and became project developers. At the same time we took up negotiations with the city about the purchase price.

HOW DID THESE NEGOTIATIONS GO?

After we founded the association we arranged an appointment with the officials from the Liegenschaftsfonds[2], the city-owned company that was in charge of selling publicly owned land. The Liegenschaftsfonds had the task to fill the city's empty pockets by selling off properties. Today this policy is considered to be a mistake because there is a new need for housing but the city will never get back the land sold. Our community-



Heritable Building Right © Exrotaprint

based project development concept was of no interest for them. Unfortunately, our negotiations did not go anywhere. In the meanwhile, the Liegenschaftsfonds worked behind our back to involve an Icelandic investor who was willing to buy 45 properties at once, and the Rotaprint site became part of that package. This was just the opposite of our idea of local development for the area, and it took us one and a half years to fight against the investor. In the end, he did not buy anything and the Liegenschaftsfonds called us again and said: "Now make another bid, please." Luckily, we knew that as a part of the package, the Icelandic investor would have paid only 600,000 euros. We simply offered 600,000 euros as well, which was nothing for the premises, but under the political pressure we organised they accepted it.

HOW DID THE TENANTS CONCEIVE THE POSSIBILITY OF BUYING THE PROPERTY?

We had substantial as well as controversial discussions among the tenants and in the association. People are very different, and as different were their ideas about how to deal with the property. Someone said, "I have some

2 The Real Estate Fund, a company owned by the Berlin Municipality was responsible for selling public properties

EXROTAPRINT



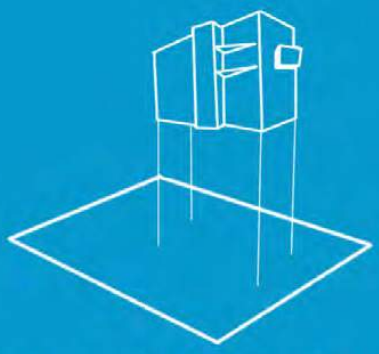
Former printer manufacturing industry in the Wedding neighbourhood in Berlin. The brutalist building is listed and has a surface 10.000m2.

1/3 Culture: artistic studios, graphic designers, architects, musicians
1/3 Social: German for foreigners, projects with unemployed or school drop-out
1/3 Businesses: electrician, carpenter, guest apartments

To respond to the City of Berlin's sale of the building, tenants made an association to run for the purchase. The association was then turned into a Non-Profit Limited Liability Company composed by 11 partners and a management team made by 4 people. Partners meet once a month and the management team, which is remunerated, once a week.

ExRotaprint's impact can be assessed under many aspects, as it supports arts and culture, creates jobs and supports the inclusion of marginalised groups. Furthermore, it contributes to the amelioration of life quality in the neighbourhood, prevents real estate speculation and take care of the maintenance and renovations of a listed heritage building.

Purchase: The site was bought for 600.000 euros by the trias and Edith Maryon Foundations who own the surface rights and granted a 99 year heritable building rights to the Exrotaprint community who pay a 5.5% interest rate for 25 years on the purchase price each yea, after that it goes down to 3% forever.
Renovations: The ExRotaprint community took a loan of 2.3 million euro with 4% interest rate with the CoOpera Sammelstiftung PUK.



Division between the building and the surface

ACQUISITION

600.000	Purchase from trias and Edith Maryon Foundations
30.000	5% yearly interest rate on purchase for 25 years
18.000	3% yearly interest rate on purchase after 25 years

RENOVATIONS

3.200.000	Loan from CoOpera Sammelstiftung PUK
92.000	4% yearly interest rate for 25 years

friends who can give us the money." This was a big warning for us because whoever brings the money in, decides in the end. Most artists said, "This is very interesting but I have no money at all." Others thought that we should set up a cooperative. A social worker who worked with unemployed people said, "We cannot sign anything in conflict with politics because our projects are funded by politics." Everybody had a different situation, a different perspective and different individual interests.

The most difficult thing was money: none of us really had any. We were facing a 10,000 m2 complex and we needed an overall solution. We could only buy everything together; it was not possible to buy just this or that workshop. We also knew that some of the buildings only needed a little bit of maintenance while others need a significant amount of money to be invested for extensive renovations. We knew that it would not work out if people only think about their own units. To buy the premises was one hurdle, but renovation costs would be even much higher. There was a kind of pragmatism rising among the group. People were concerned that it would take 25 or 30 years to pay the investment back and by that time they would be old and their businesses might not exist anymore.

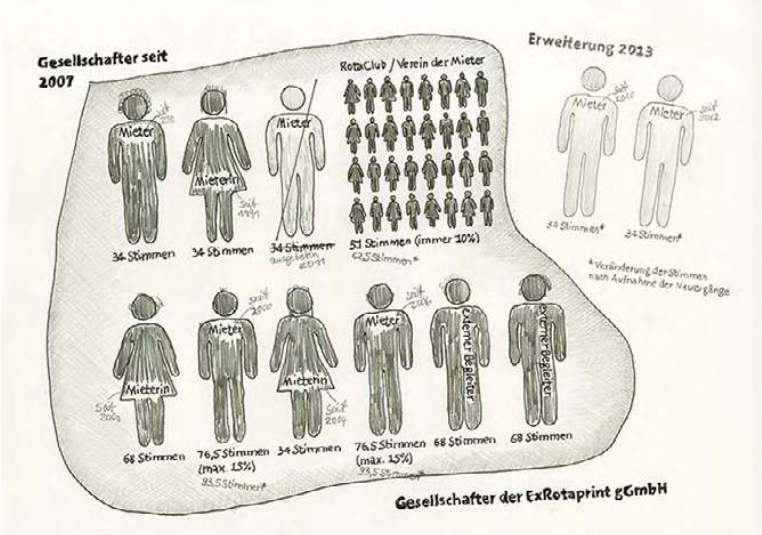
HOW DID TENANTS RELATE TO THE IDEA OF BECOMING OWNERS THEMSELVES?

As soon as the idea of buying the Rotaprint area emerged, the thought of owning the compound in any kind of constellation was immediately connected to the idea of profit. We realised that in the future, when the compound is renovated, its value would increase immensely. While we were able to buy it for 600,000 euros in 2007, we could already predict that in 5 or 10 years, the compound would be worth ten times more. Right at the beginning, even before the project really had started, the idea of personal profit, of individual investment return became a huge threat for the project. The danger was that the group falls apart because of individual interests. At that point we decided to think about a non-profit limited company[3] in order to exclude the possibility of individual profit and speculation, and to ensure that we will never have the same problem again with the compound being sold.

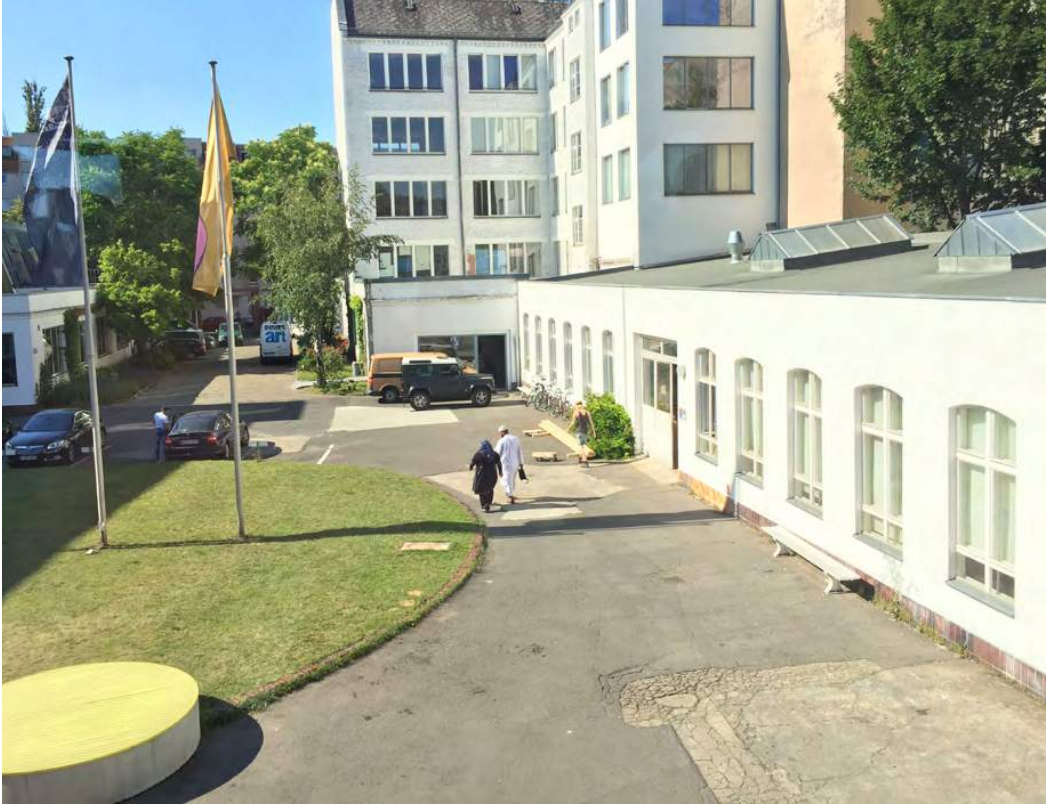
We would have been able to buy the compound privately, nobody forced us to come up with a non-profit solution. The Liegenschaftsfonds did not care, they did not expect a locally sustainable development. But it was important for us to show that a new and different way of dealing with property is possible, and to make sure that the people who made up the district could continue to use the space. Finally, ExRotaprint became reality as an open and inclusive project development that finances itself and does not rely on external funding.

Most of the members of the association became partners in the non-profit company ExRotaprint. We had to collect some money among the partners to set up the company, for legal costs and to bridge the time until we could rely on the rental income. Some members questioned the idea of a non-profit company as they were business people, such as this old-fashioned electrician who had always lived and worked in the district. We thought that people like him have to stay here and

3 A gemeinnützige GmbH or gGmbH



Organisational structure.
Image © Exrotaprint



ExRotaprint, Berlin.
Photo © Eutropian

remain part of the project, although he does not play an active part. Some people stepped out, while others showed interest in the project and joined. In the end, we all remained renters on the compound, regardless of being a partner in the company and active in the project or not.

HOW DID YOU MANAGE TO RAISE MONEY TO PAY THE PURCHASE PRICE?

Our negotiations with the Liegenschaftsfonds on the purchase of the compound were concluded when we brought in the two foundations, Stiftung trias[4] and Stiftung Edith Maryon[5]. Both foundations have similar agendas to prevent speculation with land, and to install alternative models that take land completely off the market in a way that it could never be sold again. This was a very convincing concept to us. On the other hand, tenants founding a non-profit company for project development and, never the less, the cheap purchase were convincing to the foundations.

When we began to negotiate with Stiftung trias, the foundation was still quite small and they were not able to pay the entire purchase price of 640,000 euros (including acquisition costs). In the end, they brought in Stiftung Edith Maryon, and together they shared the sum. We signed a long-term land lease (heritable building right[6]) contract for 99 years with them and agreed on paying a 5,5% annual interest rate. The purchase price was so low that the 5,5% does not create difficulties for us. Today ExRotaprint even pays 10% of the net rental income to the foundations, making it a 6% investment return on the purchase price. It is a business relationship, not sponsoring. In the long run, ExRotaprint contributes to the financial means of the foundations.

WHY DID YOU NEED THE HERITABLE BUILDING RIGHT CONTRACT?

The heritable building right is a kind of long-term lease. The instrument was established in Germany more than 100 years ago to lease land to cooperatives to build affordable housing or to enable poor families to build a house. Instead of buying the land in the beginning, which would necessitate a lot of capital, they pay an annual interest or lease fee. This fee is not paid off within 25-30 years, like a mortgage to a bank, but permanently, for 99 years to the landowner. In our case, instead of paying a mortgage, we pay the fee to foundations that use their revenue to move further land off speculation.

The heritable building right is a legal instrument that separates the land from the buildings and thus splits ownership. ExRotaprint gGmbH owns the buildings, and the foundations own the land. This secures the land from being sold again because

4 See page 69

5 See page 76

6 Erbbaurecht is a form of transferable and heritable long-term lease that allows development without the ownership of the land.

to exclude selling of land is the very reason of existence of these foundations. Our objectives for the project and its development—the renting of equal space for "work, art, and community," the project's socially integrative nature, and its non-profit status—were formalised in the heritable building right contract which makes them obligatory for the duration of the contract.

HOW DID YOU START THE PROCESS OF RENOVATIONS?

When we took over the premises, the outer shells of the buildings were in a very bad shape. Step by step we renovated the facades, roofs and windows. From the perspective of the renters, the most important thing is to keep the rents low, so the whole calculation of the renovations is different from an investor's perspective. It is based on what is really needed. It is very important that the project is directed completely from the viewpoint of the renters. All aspects, like the amount and the kind of construction works that we are doing, and how far the renovation goes, are decided by the people who are on-site. For example, we kept all the metal windows from the 1950s, which is much cheaper than replacing them – and they look cooler... In the interior, we only made improvement based on fire safety regulations, and fixed the water and heating supplies when necessary. Further improvements inside the units are organised mostly by the tenants in the way they want it to be.

When we took over the compound and signed the contracts, we made a calculation for the minimum amount of renovations that we would have to do. We estimated the costs to be under 500,000 euros, but we knew that we would need to have a complete overview of our revenues to calculate how much money we would be able to invest. In the end, in 2009, we took out a mortgage of 2.3 million euros, and we also permanently reinvested the surplus from rental income for the renovations. Today, we calculate that we will spend altogether around 4.2 million euros for the restoration of the compound. We took out the building mortgage from the CoOpera Sammelstiftung PUK, a Swiss

ExRotaprint, Eckturmensemble. Photo © Martin Eberle





ExRotaprint, Berlin.
Photo © Eutropian

pension trust that invests its pension payments mainly in sustainable real estate projects. We pay an interest rate of 4%. For a normal bank in 2009, ExRotaprint would have been a high-risk project. CoOpera met us and said, "For us, meeting you and seeing your determination to ensure this project gets through is the best guarantee."

HOW DOES EXROTAPRINT AS A NON-PROFIT COMPANY AND ASSOCIATION FUNCTION TODAY?

The ExRotaprint gGmbH company has ten partners. We are all renters and we also have the association of all renters, the RotaClub e.V. (which was formerly the ExRotaprint e.V. as the first platform) as the eleventh partner. The partners and the board of the association meet once a month. The planning team consists of 4 people and meets once a week (the two architects Oliver Clemens and Bernhard Hummel and us). Work is paid, although it is not a well-paid job. Our financial construction relies completely on the income from rents. The official status of a non-profit company goes along with the obligation to invest our gains in declared non-profit goals. ExRotaprint gGmbH has the goals of supporting monument conservation and arts and culture. This enables us to maintain the listed heritage buildings on the compound, and prevents the project from divesting the capital outflow into private pockets.

WHO ARE YOUR TENANTS?

We rent spaces for various uses; we wanted to have a heterogeneous group of renters here, and not only the creative class, which is what usually happens in Berlin and other places. We have this fantastic architecture, a very inspiring place, but we think it should not be for the sole use of artists and creatives alone. From the very outset, we had the idea for the ExRotaprint project to do something that makes sense to people that live in the neighbourhood. In the beginning, we decided that we were going to have community outreach projects and normal workers at ExRotaprint. Workspaces and production unites that give regular jobs to people. The whole compound is a mixture: one third of the available space is for arts and culture, one third is for social projects, and one third is for production and regular work. We have local businesses working, we have art studios and graphic designers, and many community outreach organisations, such as German classes and services for the unemployed, that are of great need here in the Wedding district. About 200 people come to ExRotaprint every day to learn German. We also have a school that works with dropout teenagers who left school or who already have a criminal record, a typical phenomenon in the area. This school is their last chance to return to a social consensus, and next door or on the street they see their buddies who do not have this choice. If you have space, you should do something directly for the people who constitute the area.

HOW DO DIFFERENT TENANTS COEXIST ON THE SITE?

The way how people act is very different and depends on their social background. The client of a social institution that supports unemployed people, can be seen in a way similar to an artist who is in a comparable financial situation but self-employed. It is just the opportunities and the self-perception that are different. We think it

is essential for diverse realities and identities to come together in the same location. People from Bulgaria or Romania in German classes are next to entrepreneurs, designers and workers – they are not separated. The chance of interaction, or at least of notice exists. That makes the city more open for needs and realities. Running a project from the perspective of the locals is almost like curating. We permanently look at what makes sense here and today. With our utilisation concept there is a higher need for moderation to find solutions and understanding.

WHAT IS YOUR LONG-TERM GOAL WITH EXROTAPRINT?

The obvious objective is to consolidate the buildings for the next at least 30 years. ExRotaprint will stay an open space for the people in Wedding and their needs and occupations. With what they do and produce at ExRotaprint, they generate the important social, economic and cultural capital.

The city of Berlin has changed a lot in the past decade. The free and easy accessibility of space with low rent in Berlin came to an end, the city is "normalising"; it is becoming a regular capital with fast raising land prices. Today ExRotaprint functions as an example for successful community development. That makes it easier to start similar non-profit – and hopefully diverse – projects in the city. We interfere on different levels politically to spread our ideas of an open city with chances for all inhabitants.



DANIELA BRAHM was born in Düsseldorf, and is based in Berlin, Germany. 1988 – 95 studies at Hochschule der Künste Berlin. Her artistic practice focuses on the built environment and its social complexity. Selected exhibitions include: Künstlerhaus Bethanien Berlin / Museo Tamayo Mexico City / "Ideal City - Invisible Cities" Zamosc, Poland and Potsdam, Germany / Kitchener-Waterloo Art Gallery, Canada / Museum of Modern Art Warsaw / 0047 Oslo, Norway. In 2004 together with artist Les Schliesser she initiated the social sculpture ExRotaprint on the former Rotaprint premises in Berlin-Wedding. 2007 co-founder of the non-profit ExRotaprint gGmbH, since then member of its planning team. Initiated by artists the ExRotaprint project is a model for an inclusive and non-profit approach to urban development. Daniela Brahm is a member of the initiative Stadt Neudenken and of the Round Table for Land and Real Estate Policy in Berlin.

www.exrotaprint.de *www.danielabrahm.de*



LES SCHLIESSER was born in Nürtingen, and is based in Berlin, Germany. 1985 – 93 studies at the Art Academy Stuttgart. His artistic practice focuses on the chaos of individual experience within a tenuous cultural consensus. Selected exhibitions include: Tirana Biennale Albanien / "Ideal City - Invisible Cities"" Zamosc, Poland and Potsdam, Germany / Postmoskau Berlin / Galerie du Bellay Rouen, France / 0047 Oslo, Norway. In 2004 together with artist Daniela Brahm he initiated the social sculpture ExRotaprint on the former Rotaprint premises in Berlin-Wedding. 2007 co-founder of the non-profit ExRotaprint gGmbH, since then member of its planning team. Initiated by artists the ExRotaprint project is a model for an inclusive and non-profit approach to urban development.

www.exrotaprint.de *www.lesschliesser.de*

Regulating crowdfunding and crowdinvesting

International resources for local communities?

JAN MAZUR

In the past years, civic crowdfunding has become an increasingly used tool by communities to help finance their urban infrastructure projects. However, while some legal contexts encourage experiments around community finance, other national regulations categorically exclude the possibility of peer-to-peer lending or crowdinvesting, thus limiting the impact crowdfunding can have in the built environment. Jan vv looks at the legal frameworks that regulate crowdfunding and crowdinvesting, asking how platforms can operate beyond national borders and create opportunities for various parts of Europe.

Crowdfunding has emerged as a relatively innovative, Internet-enabled way of financing projects, startups and small and medium enterprises (SMEs), especially in their early-stages. In the EU, where most of the financing for companies comes primarily from banks and not capital markets, it has been burdensome and limiting to seek bank financing for startups and SMEs. Most startups and many SMEs lack relevant operating history and track record, cash flow or collateral to secure bank loans. Angel investors and venture capital funds[1] are an option, but they usually cover specific segments of the startup and SME market. Nevertheless, any finance provider may strongly benefit from the risk reduction based on crowd validation, as the product or service information becomes distributed to large amounts of people who may "crowd validate" them by backing their crowdfunding campaigns. Contrary to their inability to raise required capital, the economic significance and impact of SMEs is greater than their size; they are one of the main vehicles for the creation and dissemination of innovation, and their potential to exploit synergies is usually very strong[2].

Crowdfunding, defined as "a collective effort of many individuals who network and pool their resources to support efforts initiated by other people or organisations"[3], belongs

1 Angel investors are typically high net worth individuals typically investing tens of thousands to over million euros for 5-10% of equity while offering strong networking and reputational advantages to companies. Venture capital funds (VCF) represent a form of early private equity usually offering more mature companies higher investments than angel investors for higher portions of equity while also strongly supporting the company with networking and reputation benefits. VCF finance usually follows angel investments and not vice versa.

2 G. N. Pes, P. Porretta. Microfinance, EU Structural Funds and Capacity Building for Managing Authorities. A Comparative Analysis of European Convergence Regions. Palgrave. 2015. P. 11.

3 K. De Buysere, O. Gajda, R. Kleverlaan, D. Marom. A Framework for European Crowdfunding. 2012. < http://eurocrowd.winball2.de/wp-content/blogs.dir/

to the domain of finance-providing activities. Its specific mutations can be unregulated, regulated, or exempted from the regulation, depending on multiple criteria and elements of these activities. Crowdfunding is typically performed on online crowdfunding platforms, which offers intermediate support for projects or companies by individuals (crowd) who wish to support them. On a more general level, we typically recognise (i) donation-based, (ii) reward-based, and (iii) investment-based (including equity-based and lending-based)[4] crowdfunding platforms, whereas the level of regulatory attention naturally increases with the increase of risks and the amount of money provided individually and sought cumulatively. However, the regulation tailor-made for crowdfunding does not exist on the EU level, though some EU legislation may apply to financial relations within equity-based and lending-based crowdfunding. National legislations of certain countries specifically regulating crowdfunding do exist, yet the industry significantly lacks the authority that would provide EU-wide standards and fortify the public trust towards the platforms, which would allow especially investment-based crowdfunding to go mainstream.

When it comes to donation-based crowdfunding, from the legal point of view, we typically understand the relations between projects/companies seeking finance and their backers who provide finance for certain non-monetary rewards as a donor contract without any material reward (other than "a good feeling"). Donor-based crowdfunding platforms nowadays enable fundraising for non-profit and charity contributions and projects, but also for education and scientific research. Reward-based crowdfunding is more complex, though the applicable regulation is also quite unrestrictive. Under the reward-based crowdfunding scheme, financial contribution is exchanged for current or future (conditional) goods or services on a platform, which supports and enables the exchange. The business model of these platforms is based on charging a fee in the amount of a few percentage points of the crowdfunded amount[5]. Reward-based crowdfunding normally does not fall within specific financial regulations as the relationships established by the crowdfunding system are usually considered to be basic civil and business-to-consumer relationships. The regulatory requirements are typically low for these platforms and no special approvals are required, except for the regular trade/business licensing.

There are two main models of investment-based crowdfunding: (i) equity-based, and (ii) lending-based crowdfunding, whereas there are also hybrid forms of crowdfunding models based on revenue sharing, profit-sharing or subordinated loans, just as there are hybrid forms of finance[6]. To generalise the regulatory patterns of these crowdfunding models is not an easy task, as the models vary significantly from country to country where national legislations apply. Moreover, these models are also strongly dependent on the corporate structure and the underlying security or instrument[7] that is being traded or issued against the financial investment. However, certain broad generalisations may be drawn; equity-based crowdfunding may fall within the scope of several EU directives. Each of the investment-based models involve monetary motivation, be it an interest, share of profit/revenue, or exit value, but can also involve other motivations, especially in more locally-oriented and social entrepreneurship-oriented crowdfunding platforms. In equity-based crowdfunding, investors invest money into projects or companies in return for a part of their existing or newly issued equity, which may take different forms, such as stocks (securities), or shares, depending on the corporate form of the target company. It is also permissible to issue various classes of stocks,

sites/85/2013/06/FRAMEWORK_EU_CROWDFUNDING.pdf >. Alternative definition by European Securities and Markets Authority (ESMA): Crowdfunding "is a means of raising finance for projects from 'the crowd' often by means of an internet-based platform through which project owners 'pitch' their idea to potential backers, who are typically not professional investors". European Securities and Markets Authority. Opinion. Investment-based crowdfunding. ESMA/2014/1378. 2014. P. 4.

4 Also known as loan-based or peer-to-peer lending, but also peer-to-business lending.

5 For instance, Kickstarter earns 5% from each successful campaign. Kickstarter has recently become a public benefit corporation. < https://www.kickstarter.com/blog/kickstarter-is-now-a-benefit-corporation >.

6 For instance, Austrian Conda offers specific forms of debt instruments with profit sharing rights. < https://www.conda.eu/en/ >.

7 Security is a tradable financial asset. There are many particular forms of securities, with the most common securities being stocks (equity-based), which represent participation on the company's profits, voting and other rights, or bonds (debt-based). Instrument is a broader category and normally includes securities.

so the stocks may not always possess typical shareholder's rights, such as voting rights, but only a share on profits.

Crowdfunding companies are typically startups and small and medium sized companies, which tend to choose private capital company forms or even partnerships. Private limited companies[8] are usually cheaper to run, offer flexibility and shield shareholders with limited liability, which makes them a top choice for starting companies. However, these company forms may not be permitted to raise funds from a large amount of investors and are in general not suited to do so. Transferability of shares may also be limiting and limited in the case of private companies, so it disincentives potential investors.

Investment-based crowdfunding campaigns are regulated by national regulations and the Prospectus Directive[9] that requires that Member States shall not allow any offer of securities to be made to the public without prior publication of the prospectus[10]. The obligation for companies to publish a prospectus is related to offers of securities with the total amount of investments of at least 5 million EUR (over a period of 12 months), with specific exemptions depending on the number and qualifications of investors and the size of securities[11].

Crowdfunding campaigns are typically not aimed at qualified investors only. On the contrary, crowdfunding targets large amounts of mostly unqualified investors for individually smaller considerations, often in thousands of euros per investor, yet the typical campaigns run from hundreds of thousands to several millions of euros in total. Empirical evidence suggests that most of these exceptions would not exempt the company from publishing a prospectus based on the Prospectus Directive[12]. Yet, some Member States choose a specific form of regulation of this obligation, as the publishing of a full prospectus may be quite burdensome for startups and small (medium) enterprises: in France small-scale transactions only require a light-prospectus[13], in Germany, all authorised crowdfunding offerings with a maximum of 10.000 EUR individual investor contribution and a maximum 1 million EUR total investment are exempt from prospectus publishing. On the other hand, in Slovakia the same regime applies for offers between 100.000 EUR to 5 million EUR as for the large offers of 5 million EUR and above. It is advisable to create a specific, crowdfunding- and SMEs-friendly legal regime for middle-range offers, if not directly harmonised on the EU level, than at least on the national level.

If we consider the case of Tudigo (ex Bulb In Town) crowdfunding platform, we find that the platform is an investment or crowdfunding advisor, or conseiller en investissement financier, with permission from the French regulatory agency Autorité des Marchés Financiers. Permission is required in order to conduct offerings through crowdfunding platforms. Most of the investments offered by the platform are within the range of 200.000 EUR to 1 million EUR. This implies that the EU regime would not be applicable on their crowdfunding campaigns, however the national legislation of France would apply[14]. The law requires a "light-prospectus" for small-scale transactions of up to 1 million EUR over a 12 month period, which must contain simple, clear and balanced information on the specific features of the project and the type of offering (such as the activities of the offered company, risks attached with the investment, details on the issued shares to be subscribed, related costs, and

8 Such as German GmbH, UK private limited company, or French SARL.

9 Directive 2003/71/EC of The European Parliament And of The Council On The Prospectus To Be Published When Securities Are Offered To The Public Or Admitted To Trading.

10 Prospectus is a basic but usually rather elaborated and complex legal document describing the security and issuer of the security.

11 Moreover, the offerings of securities for considerations of less than 100.000 EUR over 12 months are not required to publish a prospectus within the EU.

12 Financial Conduct Authority. A review of the regulatory regime for crowdfunding and the promotion of non-readily realisable securities by other media. 2015.

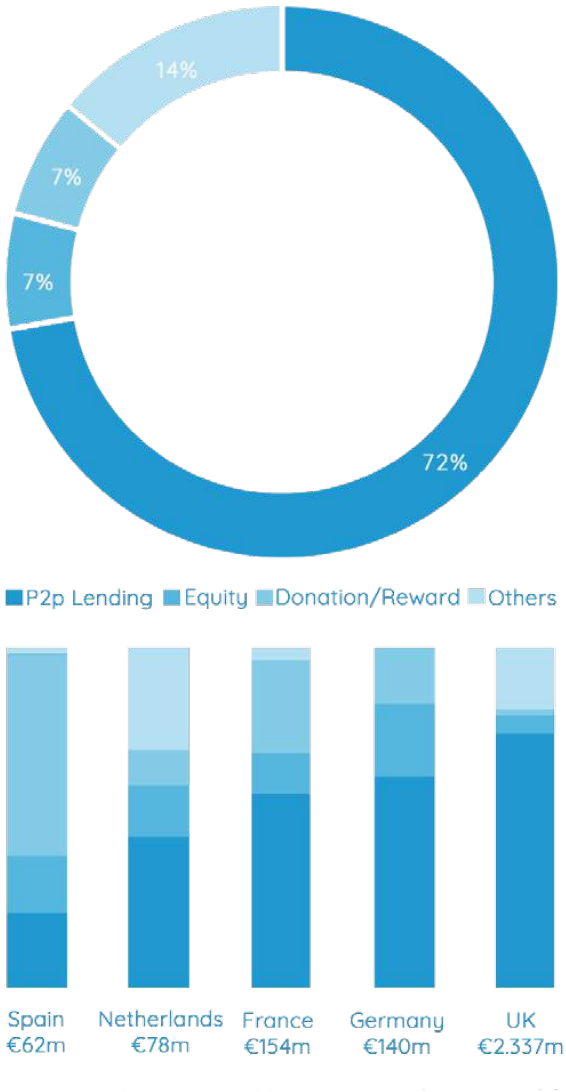
13 D. Brüntje, O. Gajda (Ed.), Crowdfunding in Europe. State of the Art in Theory and Practice. Springer. 2016. P. 151.

14 The French regulatory framework is based on a "light" company form, société par actions simplifiée, which appears to be a suitable company for small-scale crowdfunding transactions allowing limited public offerings and simple governance structure.

other details)[15]. Equity investments are relatively complex investments and the investors ought to be well-informed. To achieve this, Tudigo, similar to dozens of other platforms around the world, performs a certain kind of analysis of the crowdfunded company, also known as due diligence. This in-depth process, though often not legally required, is very desirable and important, since it reviews and verifies the statements and hypotheses of the company, its state, debts and other liabilities, contracts, risks, business plan, strategy, operations, production plan, but also opportunities and potential. Due diligence does not make the investments risk-free, but it certainly decreases uncertainty and the risks attached with the investment. It often helps companies a great deal as well. It must be stressed here, that nowhere is the integrity and independence of the crowdfunding platform at greater risk than when conducting due diligence; because of the (potential) conflict of interest, it is imperative that the due diligence process remains independent on the desire of the platform to receive fees for a successful campaign.

Some of the services of crowdfunding platforms (the sale and purchase of the financial instruments on behalf of investors) could be regulated by the Markets in financial instruments directive (MiFID)[16], which harmonises the provision of investment services to professional and non-professional clients[17] by investment firms. In the meanwhile, some of the instruments issued by the crowdfunding companies (such as shares in privately held companies) may not be considered financial instruments under MiFID, i.e. transferable

Breakdown of the European alternative finance market by model, 2014



Source: EU Commission, 2017

securities[18], and thereby should not be affected by the directive[19]. From the perspective of the platform, it may be beneficial to be a regulated investment services provider, as the MiFID-authorised platform can benefit from the EU passport rule, which allows them to offer services

15 AMF instruction on investor information to be provided by the issuer and crowdfunding investment advisers or investment services providers within the framework of a crowdfunding offering (DOC-2014-12). Various AMF decrees, orders, instructions and ordinances regulate this; the list can be found on the AMF webpage: < http://www.amf-france.org/en_US/Acteurs-et-produits/Prestataires-financiers/Financement-participatif---crowdfunding/Cadre-reglementaire.html >.

16 Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (so-called MiFID II).

17 Professional clients are a similar category as qualified investors, whereas non-professional clients are all the other clients.

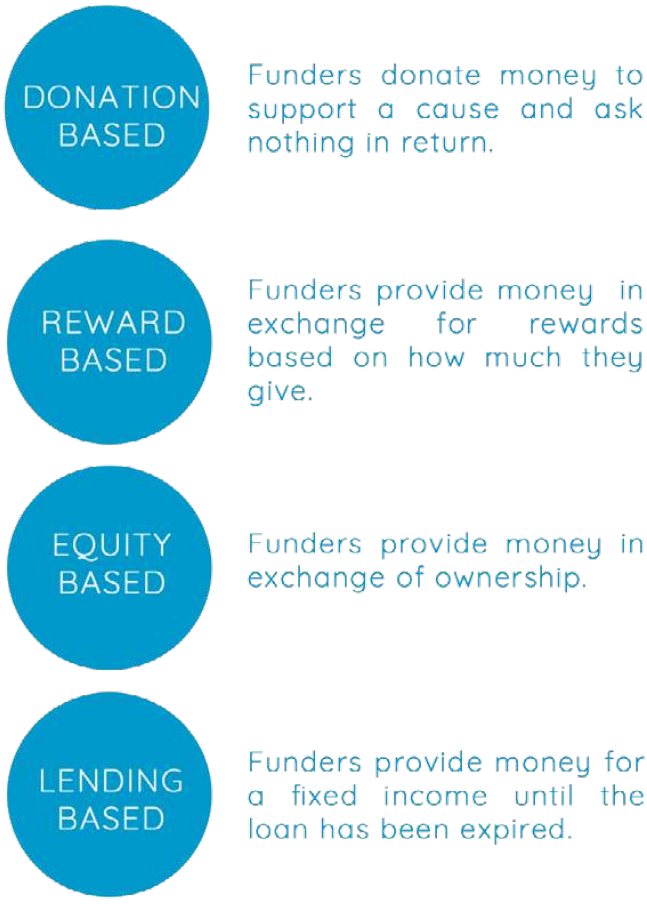
18 Transferable securities are securities negotiable on the capital markets, such as shares in companies and other similar securities, bonds or other forms of securitised debt, and similar securities.

19 This applies to certain Member States, such as Austria, Germany, Belgium or Sweden. See: European Securities and Markets Authority. Opinion. Investment-based crowdfunding. ESMA/2014/1378. 2014. P. 14.

in other Member States. However, this may be very much dependent on the various national company law regimes, which classify the shares of these companies as transferable securities or not. Once authorised, the platform may not be able to conduct any other business than the authorised and regulated[20]. This may lead to unserviced segments of the market with companies issuing different classes of shares, which is hardly desirable. Moreover, being a MiFID-authorised platform poses a relatively large regulatory burden with subsequent costs, which may be impossible to bear by platforms with campaign traffic below a certain threshold.

Lending-based crowdfunding tends to have a looser regulation than the equity-based one, even though it is more relevant in terms of the market size[21]. In certain jurisdictions, authorisation to provide the platform services may be required. The regulation involves information obligations to investors, clear risk representation, but also minimum capital requirements of platforms and resolution plans. Lending-based crowdfunding represents basically two major groups of unsecured loans: (i) peer-to-peer, where consumers offer each other consumer loans, and (ii) peer-to-business, where businesses borrow from multiple lenders. Interestingly, new forms of secured loans start to develop, such as real estate mortgages and developments[22].

From the viewpoint of community-led urban development projects, the most important sector of crowdfunding is civic crowdfunding. Typical legal structures of civic initiatives tend to be either non-formal or loosely associated around non-profit civic associations (associating persons) and foundations (associating funds), or mixed for- and non-profit legal forms of social enterprises or cooperatives[23]. All types of crowdfunding can be used to some extent by civic initiatives. Non-profit associations and foundations have historically drawn from wide amounts of donors through charity campaigns or collections, which have



Typologies of crowdfunding. Image © Eutropian

fared well in the Internet-enabled environment of donation-based crowdfunding. Interestingly, some platforms, such as Spacehive, have been able to cooperate with municipalities, which matching funds to successful crowdfunding campaigns[24]. Yet investment-based crowdfunding requires a revenue-generating activity, which is to be crowdfunded for and which either pays back the loan with interest or generates profit for investors. Moreover, equity-based crowdfunding requires a legal form, which is allowed to issue subscribable shares; therefore non-profit associations or foundations would not be a well-functioning legal form for typical equity-based crowdfunding[25].

20 European Securities and Markets Authority. Advice. Investment-based crowdfunding. ESMA/2014/1560. 2014. P. 15.

21 See the numbers for the United Kingdom: Financial Conduct Authority. A review of the regulatory regime for crowdfunding and the promotion of non-readily realisable securities by other media. 2015. P. 3.

22 Ibid. P. 4.

23 Naturally, particular legal forms are highly dependent on respective countries.

24 See for instance the case of London: < http://about.spacehive.com/case-studies/mayor-of-london/ >.

25 Yet these forms may use peer-to-peer lending without any major issues or experiment with hybrid reward-based or profit-sharing crowdfunding; alternatively they may offer membership instead of equity for an investment of certain amount, although the profit distribution is challenging. Note that there are other important distinctions between these legal forms that we do

Various legal forms have different features and governance structures, for instance cooperatives may favour a more democratic approach to decision-making and profit distribution. On the other hand certain forms put the amount of capital contributions of shareholders first when it comes to decision-making. Nevertheless, traditional company forms can usually be adjusted to fit the needs of civic-oriented crowdfunding, i.e. "civic-adjusted company"[26].

Investment-based crowdfunding may be a good form of finance for social enterprises and cooperatives, as, in the absence of social banking, regular banking may pose barriers too high in accessing finance. However, banks may perceive crowdfunded companies positively, as they increase their equity, as is also evidenced by the Tudigo case[27]. From a business perspective, local crowdfunding campaigns may also draw substantial benefits from the fact that shareholders are potentially significant stakeholders (and vice versa) and consumers of goods and services of the crowdfunded project; the interests of shareholders and stakeholders are aligned.

Crowdfunding for real estate developments for urban environments may be quite a viable option to either support banking finance or bypass it completely, depending on the financial strength of the crowdfunding community in a particular area. It is important to note that the crowdfunding real estate itself usually only provides the physical infrastructure to activities taking place inside. Therefore, most of the real estate-related campaigns would be either crowdfunding for specific real estate managers or real estate projects. A real estate manager, be it a company or non-profit organisation, owns the real estate and lets it to tenants, whereas a real estate project has a specific plan on how to exploit the potential of the building while being an important creator of its program. Both of these approaches require a solid business plan to keep the project financially sustainable and a legal entity, other than the crowd, that owns the real estate. Typically, businesses and non-profit initiatives use legal entities to limit the liability of their founders, but also to create reliable and predictable governance structures. For non-profit and civic real estate crowdfunding actions, a cooperative form may be an optimal structure, depending on the circumstances, as it combines the membership and capital elements. Lenders and shareholders participate on the real estate indirectly via the legal entity, which later uses the crowdfunded proceeds to purchase the real estate and monetise and utilise it according to the plan presented in the campaign. Crowdfunding may also be a viable option to fund infrastructure projects or provide matching funds, as it reduces demand risk, since the crowd may validate the project's viability, and increases the political will due to the nature of the crowd[28]. Yet, crowdfunding a real estate may not be as straightforward as it sounds according to Boyer and Hill[29]. First, the costs of real estate and infrastructure investments and development are typically significantly higher than costs for regular reward-based crowdfunding campaigns, though minor real estate investments are comparable with equity campaigns investing into startups and early stage small companies. Real estate has a smaller catchment area than standard crowdfunded projects attempting to generate global products. This leads to smaller leverage, but also higher localised impact, which turn to be advantageous. It requires construction permits and overcoming other regulatory hurdles, which increase costs. Finally, the projects are truly long-term ones and require a dedicated team. None of these obstacles are insurmountable, but they need accounting for within the business plan and campaign documents.

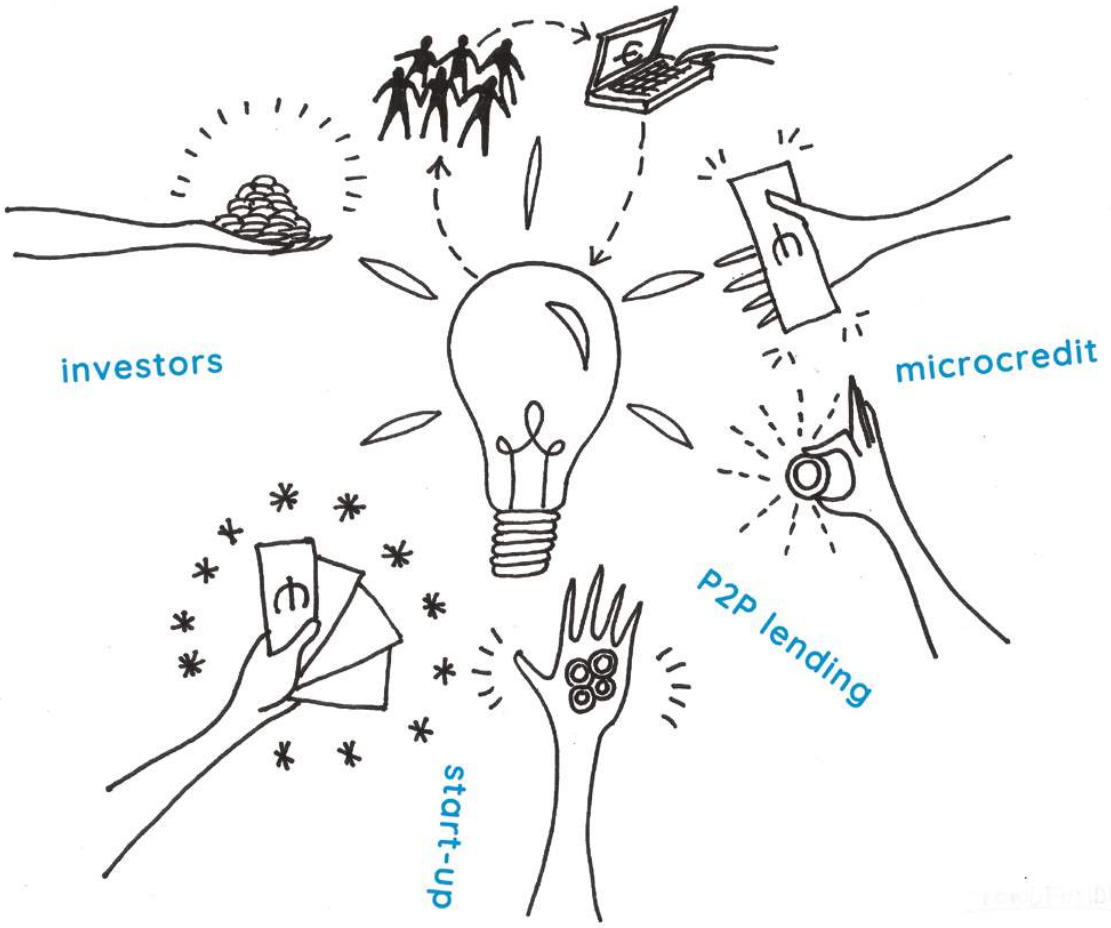
not have space to go into details here. It is important to consult a lawyer prior to selecting a legal form.

26 Such company can be a regular limited liability company, which in its bylaws or articles of association adjusts its mission statement from pure profit-seeking objectives to more mission-oriented objectives, while taking into account social and/or environmental aspects. This approach is allowed in many countries. Social enterprises may also opt for hybrid models of chaining together two legal forms: one purpose-driven, such as a foundation or civic association, second business-driven, such as a limited liability company owned by the foundation or civic association. Another interesting corporate legal form is so-called B-corp, or public benefit corporation in the USA. Companies may also become certified B-corps.

27 See page 102

28 K. Gasparro, Funding Municipal Infrastructure: Integrating Project Finance and Crowdfunding. Stanford University. Online: < https://gpc.stanford.edu/sites/default/files/wp87.pdf >.

29 B. Boyer, D. Hill, Brickstarter. Sitra. 2013. Brickstarer. P. 24. Online: < http://www.brickstarter.org/Brickstarter.pdf >.



Crowdfunding possibilities. Image © Eutropian

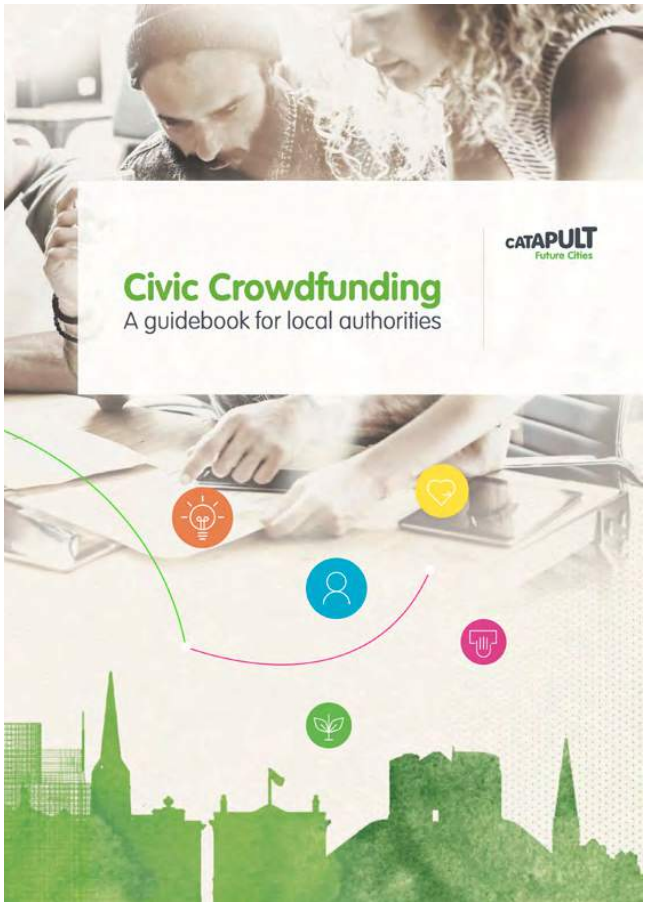
In conclusion, any regulation must take into consideration elementary risks that investors or lenders face. They need to have access to clear and accurate information on the borrowers or invested companies. Regulators advise crowdfunding platforms to maintain strong engagement of investors and allow them to exchange opinions and discuss the projects openly on the platform[30]. The investors must be well-informed on the project or company they consider investing in and the risks they face: risk of capital loss, risk of dilution, limited possibilities of liquidating an investment and limited information and track record to base the decision on. The platforms may be prone to conflicts of interest due to their business model, which is based mostly on charging fees for successful campaigns. Investors may also over-estimate the due diligence carried out by the platform. It is in the long-term interest of the platforms to make sure and review whether their investors understand the risks of the crowdfunding investments and restrain their investments into a well-built portfolio.

Even though the crowdfunding is a very promising source of alternative finance, the regulation currently available is clearly not suited for it yet. Crowdfunding regulation, currently at the EU and many Member States level as a by-product of existing legislation, should acknowledge that crowdfunding is not defined by a specific form of company shares (securities), but rather by its specific nature. The overall amount of crowdfunding campaigns usually does not exceed a few million euros. Investors are usually dozens of individual and mostly non-professional investors investing thousands or tens of thousands of euros. As crowdfunding in general does not pose a systemic risk, it poses a consumer finance risk, especially the risks of frauds, deceptive campaigns, or embezzlement of finance from the company etc. These risks must be addressed in order to set a level playing field for the platforms and set professional standards. Thorough due diligence of campaigning companies serves the

30 For instance Spacehive platform uses a Facebook plugin to allow discussions of the backers and interested persons on individual campaigns.

investors, companies, platforms and the market and society equally, as it safeguards against frauds and unsound business plans. It is advisable that countries adopt rules for crowdfunding platforms in order to better manage the expectations of all the parties.

Some proposals could include a lighter regime of prospectus obligations for companies publicly offering stocks worth 100.000 to 5 million euros, specifically if individual investments do not exceed larger amounts; requirements on transparency of the platforms regarding individual campaigns (including investors' discussions on these campaigns), platform rules, legal terms and conditions of individual campaigns, conflicts of interest; requirements on information obligations of the platforms regarding the risks of the investments in general and advisory to mitigate them (including obligation to limit individual investments into a single company and investor's portfolio rules), risks of individual campaigns, minimal due diligence requirements for platforms; specific EU-wide rules to allow platforms offer shares of companies to non-professional investors for limited investments regardless of the legal form of companies; guidance on solving conflicts of interest of platforms.



Civic Crowdfunding guidebook published by Spacehive. Image © Spacehive



JAN MAZUR has over 9 years of legal practice experience, both in private and non-profit spheres, with expertise on financial and commercial law. Jan graduated from Faculty of Law, Comenius University, where he is currently finishing his PhD studies and as a researcher solving the H2020 project SMART, in Policy Coherence for Development. He worked as a compliance officer and lawyer (MiFID, UCITS) for an asset management company managing funds with over 100 M EUR. Later he worked for one of the largest donors in Slovakia, Open Society Foundations. As an advisor he has been involved in several IT & Law projects. In the Old Market Hall Alliance, Jan is the head of development team responsible for development and exploitation of AST operations and business model, and leads the Alliance's project Shared Cities: Creative Momentum, under Creative Europe programme. Meanwhile, he is also an advisor of the private crowdinvesting club Crowdberry.



Homepage, Brickstarter. Image © Brickstarter

BRICKSTARTER

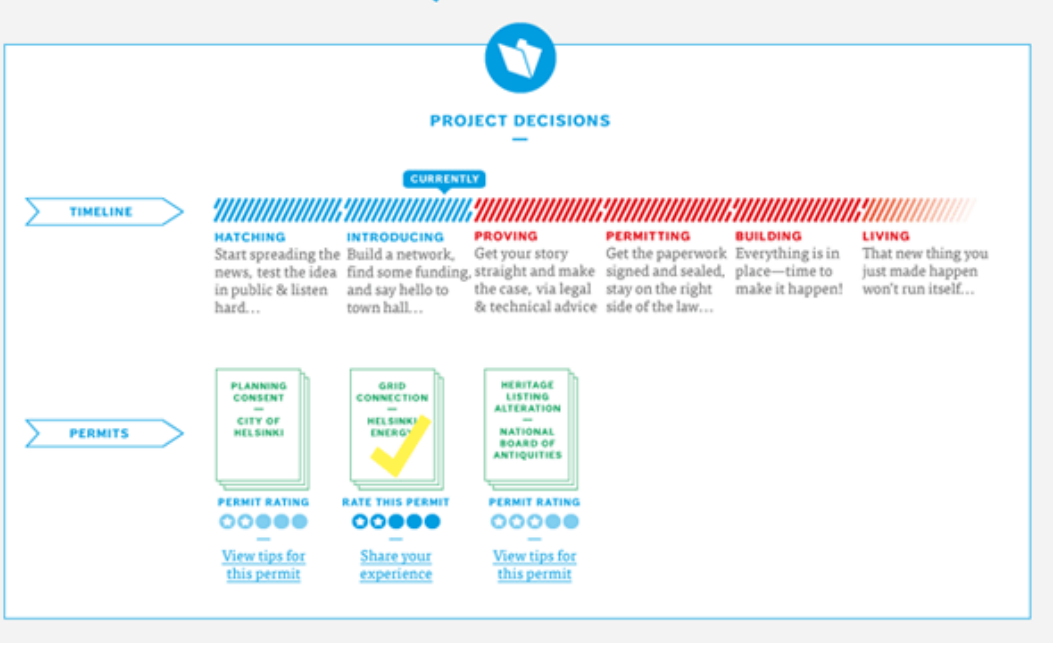
Crowdfunding for the provision of urban services

> *We were looking at using crowdfunding as a way to effectively vote with your tax dollars.*

BRYAN BOYER

BRICK STARTER

Brickstarter is a platform for crowdfunding and crowdsourcing architectural projects, initiated by Bryan Boyer and Dan Hill, and realised within the Finnish Innovation Fund, Sitra. Brickstarter was conceived as an experiment to test the possibilities of opening the design and development of urban environments, to reduce the opacity of urban development processes and to create communication between various urban stakeholders. At the time of the launch of its combined research and prototype in 2012, Brickstarter generated passionate debates about the role and possibilities of crowdfunding in urban service provision, and its relationship with traditional public infrastructure funding.



Project decisions.
Image © Brickstarter

WHAT GAVE BIRTH TO THE IDEA OF BRICKSTARTER?

Brickstarter began at the intersection of a couple of threads, but it was primarily a recognition that an increasing number of people had a desire to be involved in shaping the city, and that a growing number of platforms were emerging that were experimenting with crowdfunding and crowdsourcing. We saw an opportunity to find a way to test those out in the built environment. So we began Brickstarter really as a provocation. We did do some experiments with a small city in Finland. But the bulk of the work was in exploring the issues related to taking a crowd-funding model and using it in the built environment. The big motivation for us was to try to expose some of the difficulties in that translation: we were concerned that taking a system that works well for products and projecting it directly onto the questions of building or city making would expose a number of potential issues or pitfalls, and we wanted to get ahead of those.

WHAT ISSUES WERE YOU PRECISELY LOOKING AT?

We were looking at the limits of crowdfunding. What is appropriate, what is likely, what is plausible? An important aspect attached to this is the fact that a piece of architecture necessarily, or let's say, in 99 percent of the cases, exists in one place. Which means that the people who are capable of, or likely to fund it, probably also exist in close proximity to the location where the building is meant to be. Also, if you are lucky enough to be in a city like London, New York or Tokyo, with a sizeable population in its own right and capable of drawing a significant number of people for business travel and tourism, you can imagine that a project in such a city could attract enough attention by people who live there, or hope to live there, to conceivably attract funding. But what about Manchester or San Jose, California or any one of a number of cities that are large in size, but not megacities.It then immediately becomes more questionable that you have a large enough population to draw from in the first place to obtain a small percentage of which, end up contributing to any given project. So the scale question is not so much the scale of the buildings – it is the scale of the funds. And finding a way to attract enough funds to actually pay for an entire construction project is no easy feat, regardless of how you are funding it.

DOES THE SCALE OF A CROWDFUNDABLE BUILDING ALSO CORRESPOND TO ITS LEVEL OF COMPLEXITY?

The question about complexity was actually the more important discovery in the Brickstarter work. On that issue, what we found is that the financial costs of building something new and interesting in the city are in reality, probably not the most significant element. The more difficult aspect is that there is an opacity to the process of getting something new built. So when you look at the example of the Kulttuurisauna, which is a project in Helsinki that we spent some time analysing, they were doing something that had never been done in exactly that way before in Helsinki. It was because of that, that it was an exploratory process both for the architect/client, (in this case, a couple who played both roles) as well as for the city. Both sides were exploring the implications of this idea and how to make it happen. Midway through the project, the city reversed an earlier decision

and this team suddenly found themselves being required to switch from a simple foundation to pylons, which required a significant investment to pay for. The city demanded the more expensive pylons be installed, and this decision came after it was too late to turn back.

Through processes like this, we were finding that even if you have a mechanism to gather those funds, the bigger issue is that it is very difficult at the outset to predict what you will likely have to deal with, what you are going to need to pay for, and how long that process is going take. The bureaucracy and opacity of such systems that architecture and buildings have to participate in or have to be processed by, just makes it incredibly difficult – if not impossible – to predict everything in advance.

And so ultimately, one of the issues that Brickstarter was pressing was, how do we remove some of the opacity of these systems, and by doing so, drop the cost of development. Which is kind of the inverse, actually, of crowdfunding. Crowdfunding is to say, "ok, let's find a way to gather up what money we have and throw it at a problem!" We can do that, and that was certainly an interest in the project, but there was a flip side as well, to say: "how do we engage directly with the machinery of government and find a way to reduce the hidden costs that are implied by the way that we currently structure decision making?"

HOW CAN CROWDFUNDING COMPLEMENT TRADITIONAL PUBLIC FUNDING?

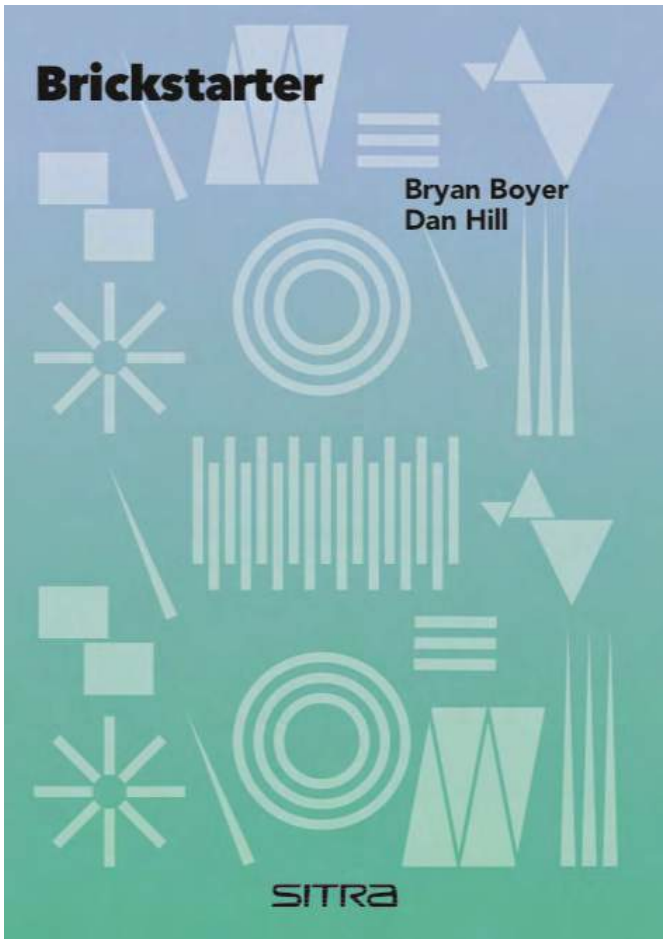
Even in Helsinki, the capital of Finland, the population is relatively small, at around eight hundred thousand. When you go to the second largest city in Finland, you immediately have a much smaller population with even more limited funding possibilities, so this implies that leaving it purely to the market will only work in particular places with larger populations. Smaller cities need to look for ways to invite the will of the crowd, but multiply, leverage, or augment their individual resources.

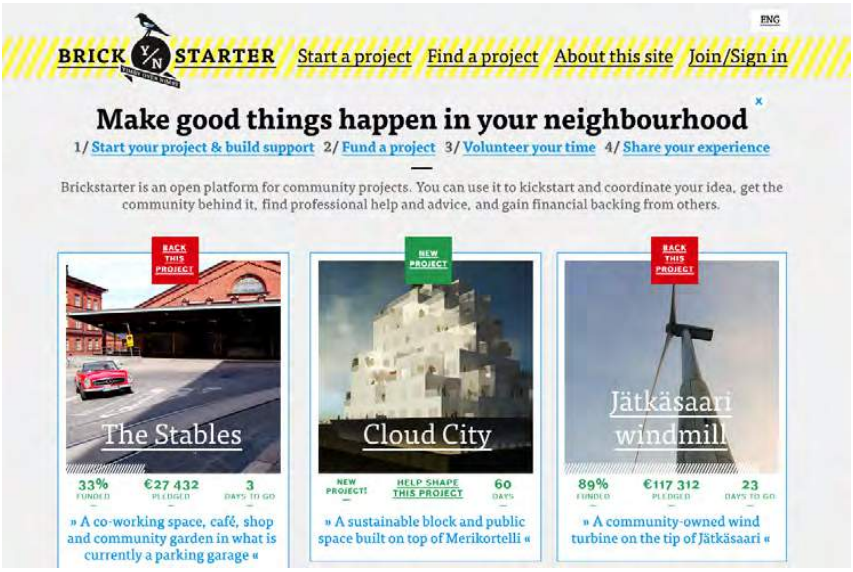
We were looking at using crowdfunding as a way to effectively vote by allocating some portion of your tax dollars: is there a way for a platform that is run by a municipality or potentially by a central government, to be used as a participatory budgeting mechanism to give people a means to have a more direct impact on the way that a portion of their tax money is being utilised or distributed? If you imagine something like that happening, it can slot very well into existing structures of open competitions, it might even actually increase the attention such competitions get because now people will have more of a direct vested interest in their outcomes. It is something that goes back to the question of how we engage with the machinery itself, with the mechanisms of decision-making and ultimately give ourselves as a population or as a citizenry the courage to experiment with that.

WHAT ABOUT CONNECTIONS WITH PRIVATE OR CORPORATE FUNDING?

When thinking about how crowdfunding could work compatibly with private funding, one of our starting points was an observation. My neighbourhood in Helsinki, Punavuori, had a tremendous amount of hair salons for some reason. The space on the ground floor of my apartment building was previously some kind of a store and one day it became empty. It sat there for a little while, and I found myself in a position where I wanted to send a message to all of the potential occupants of that space, anybody who could take it over for development. I wanted to give them feedback about what I wanted to see

Brickstarter, the book. Image © Brickstarter





Adhocracy exhibition panel.
Image © Brickstarter

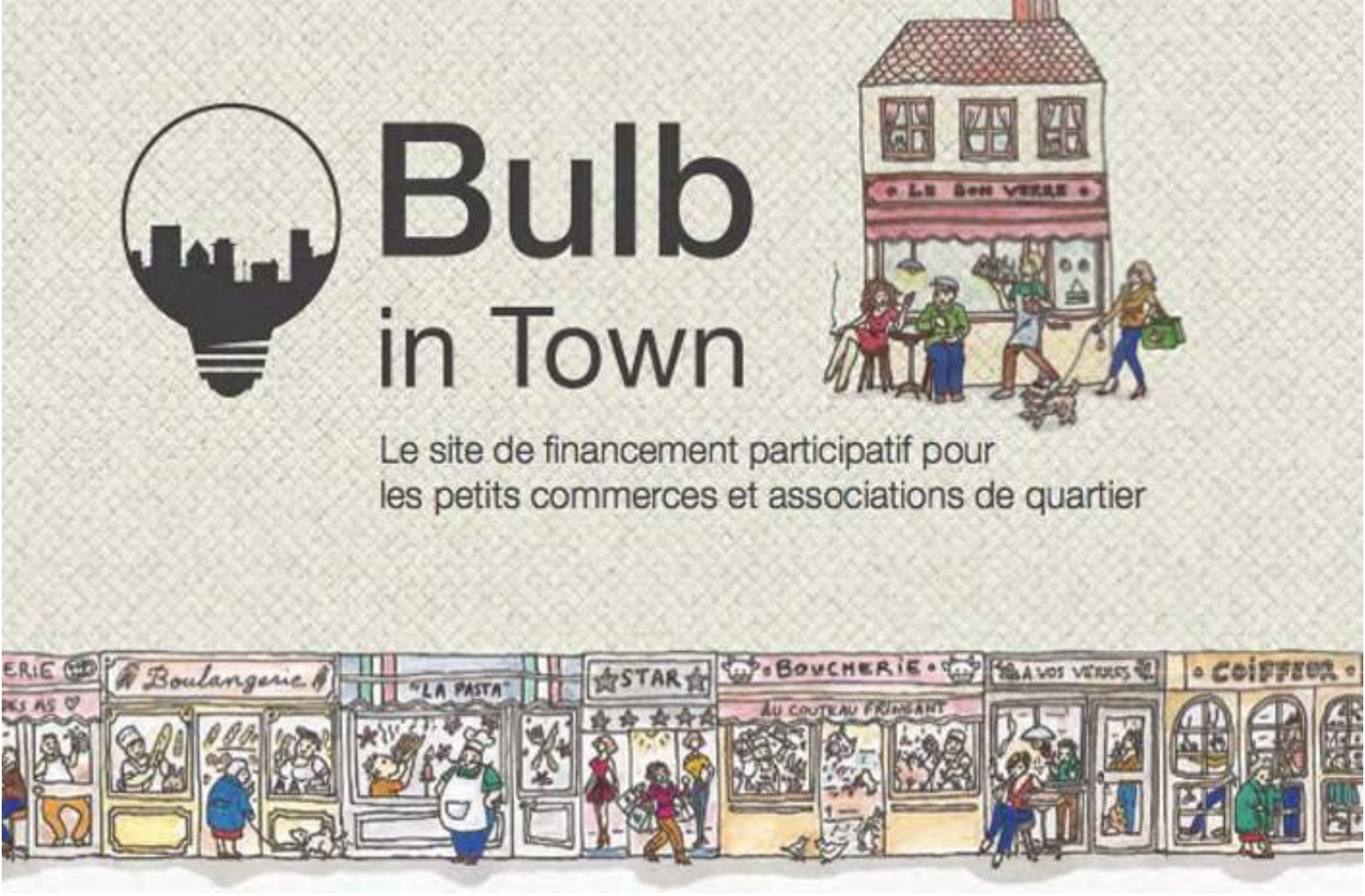
in the neighbourhood. And by extension, it is an interesting question to imagine would happen if all of us had a way to express what we wanted to see in our neighbourhood?

Of course, there is some personal satisfaction that comes out of the ability to say "I don't want another hair salon, I want a bar!" or something like that, but it also brings up this possibility of giving feedback to people who are in a position to take a financial risk. Imagine that you are McDonald's and you are considering opening a new location. You have resources to pay for analytics and research about the demographics of that area, about the real estate trends, about your competitive landscape – and you can get to some degree of certainty as to whether it is a good investment of your time and money or not to open a store at a given location. By contrast, if you are a local business, it is very likely that you don't have access to the kinds of resources needed to do the same research. And so, if we have a platform that allows people to express their desires for the city around them, it becomes an interesting opportunity to level the playing field between a mega-developer or corporation and actors on a much smaller scale.

Of course, what I'm describing now is a very quick and naïve interpretation, there are all sorts of complexities to it and opportunities for capture by large interests. But again, I think it points to the necessity of finding ways to experiment here, because the deck is already stacked against the small and interesting initiatives and developments in cities. The complexity of developing anything in the city means that large actors are the ones who have an advantage because they have more 'fat.' They have more money in the coffers and it helps them weather the ups and downs the process. Anything, in my view, that we can do to make it easier or cheaper or more plausible for smaller entities to propose and literally build parts of the city is a positive outcome.



BRYAN BOYER is cofounder and partner at Dash Marshall, where he runs the studio's strategic design projects. With clients such as Google, the Knight Foundation, and the Museum of Modern Art, Bryan's work is focused on reinventing urban environments and institutions, ideally at the same time. Previously he was a founding member of Helsinki Design Lab at the Finnish Innovation Fund, a pioneering organization working under the auspices of Parliament. He serves on the board of directors for Public Policy Lab in New York City and is based in Detroit, MI.



Tudigo (ex Bulb in Town) graphic. Image © Tudigo

TUDIGO (EX BULB IN TOWN)

Crowdfunding for local enterprises

> *Attachment to a territory is very important in these processes.*

ALEXANDRE LAING

Tudigo (ex Bulb in Town) is a French crowdfunding platform established in 2012 by Alexandre Laing and Stéphane Vromman. Labelled as the first "local crowdfunding" site, it supports initiatives ranging from the creation of local shops and small businesses to the revitalisation of factories and the construction of energy plants, focusing on projects that have an important territorial impact. Since 2015, the platform also offers equity-based crowdfunding services that allow the mobilisation of larger funds to make local development projects possible.

HOW DID YOU GET INVOLVED WITH CROWDFUNDING?

I discovered crowdfunding five years ago when I was a consultant of innovation, working for a bank and trying to help them conceive the bank of the future. I realised that people wanted to give me their money and see the results of their savings and investments. They were not satisfied with their usual investments in the stock market or with their bank accounts where one does not know where the money is going. The idea started then.

There was another inspiration. My mother emigrated to France from Italy and my father from Cambodia, and one of the few options available to them was the restaurant business because they could not get into the companies. So they became entrepreneurs by default when they arrived in France, but it was very hard to find a bank loan. My father went around the Asian community that had a traditional loan system called Tontine: through friends and people of the community he raised the funds they needed to start the business. The experience of my parents combined with the power of Internet demonstrated by the platform Kickstarter gave me the idea of Tudigo.

WHAT IS TUDIGO?

It is a platform where small businesses can find the fund they need to start and grow their business through the support of the local crowd, through people who have a direct interest in these businesses. Existing crowdfunding platforms were optimised for immaterial projects or ones with a worldwide audience, and were not at all adapted for small businesses that did not have the skills to make a crowdfunding campaign happen. This is how we developed the platform and became the first locally referenced crowdfunding site. We realised very quickly that it wasn't just a funding tool, but also a very powerful engagement platform, because all the local people who were backing and funding projects were becoming the ambassadors of the projects. They started to help and advocate on behalf of the businesses, bringing more customers in, turning crowdfunding into a very powerful communication tool.

WHAT DO YOU MEAN EXACTLY WHEN YOU SAY THAT YOU WORK LOCALLY?

Until today we funded about 660 projects, and we work with 60.000 people from all over France. We have local partners like chambers of commerce, banks, various associations and federations who help businesses with loan warranties, and we also work with a number of regional banks through partnerships: many actors already working with entrepreneurs who want to grow their business and who can now add crowdfunding as one of their funding options. Attachment to a territory is very important in these processes. Everybody always wanted to have a piece of the local restaurant, that's why it works.

WHAT KIND OF CROWDFUNDING MODELS DO YOU WORK WITH?

The particularity of the Tudigo platform is that we have two different types of funding options. One is called reward-based funding, a Kickstarter-like crowdfunding process where people fund a particular business in exchange for a product or a service this business can provide. We help projects that are of an important size that need significant financing where we imagine that there are people who could give money in exchange for nothing, because they like the project. It's not a financial action in this case, people support the project because it has a beneficial impact for them.

The second model is equity-based crowdfunding where people become investors in the selected business. We started this new offering in May-June 2015 and we have seen 100% of the campaigns succeeding in less than two months, while the rest of the equity-based crowdfunding sector has campaigns that last for six months or more, and are mostly supporting digital or pharmaceutical start-ups, very R&D-based projects and businesses that had just been founded. But nobody was supporting local businesses that you see walking down the street, and we realised that people were actually very interested in that.

We also do hybrid campaigns, a mix of reward- and equity-based crowdfunding, where people can give money in exchange for a space, different products or services that a project can give – but can also choose to give a bit more money, and buy shares of the project and get paid back later or sell their shares to other people if they need money.



Brasserie La Mercière. Photo © Tudigo

WHAT IS THE RANGE OF FUNDING YOU CAN HELP WITH?

We raise funds ranging from 1000 euros for small businesses that need to change a machine or for those that have very small needs to 1 million euros. In equity-based crowdfunding, we raised capital for 7 projects between June 2015 and 2017, collecting between 200.000 and 1 million euros. And we see that banks usually have a very positive reaction to that because they are often willing to add an additional bank loan to the funding, usually 2 or 3 times the funding the initiatives raised through crowdfunding. Banks don't want to finance something at 100%, they need collateral. In May 2016, our crowd equity target was increased to 2.5 millions.

WHAT IS THE REVENUE FOR INVESTORS IN THIS CASE?

We have two main reasons why people invest in the businesses we support: first, they believe they are good, they want to help a specific business, they are attached to an area. The second reason is that some of the projects are quite profitable: for example a hydro-energy plant we supported had a significant return on investment. It provided an annual return of 7% over 7 years, so if you had invested 10,000 euros, you received 16,000 euros guaranteed in seven years. Guaranteed, because here, for example, the production was sold to the largest electricity group in France for the next 20 years, with the bank ensuring the liquidity of the investors, ensuring that they can buy back their investments over the upcoming years.

For equity-based crowdfunding, we can create bonds or shares, it depends on the project's cashflow. If there is not enough short term cash flow to pay interests, we cannot make bonds, but we are able to make shares. With bonds, we have to define an annual interest and a payment period. If we create bonds for 1000 euros at 5%, people give 1000 euros for 5 years, and we have to pay them a reimbursement of 50 euros each year, for five years. In the fifth year, we reimburse the 1000 euros in full, beyond the annual 5%. With shares, sometimes no exit conditions are defined for the investors. In 5-7 years, they can sell their shares, or we can also define at the beginning that if they pay 1000 euros, the exit will be in 7 years with a yearly profit of 10%. In this case, for 7 years, we don't reimburse them anything, but at the end of the 7th year we have to reimburse them with an accumulated yearly 10%, that adds up to 1600 euros.

When people invest in equity, they are basically making a bet, but we have a defined return on investment for some of the investments. Because of this guarantee, some of these investments are very secure, with others, we make sure that people understand the risks associated with the investment. The difference we have with other equity-based crowdfunding platforms is that we focus on projects that are more concrete, with a much lower chance of basically ending up at zero. We support restaurants, businesses, factories; projects that are more stable, with a smaller growth potential, but people understand it. And the people investing in our projects come from all different backgrounds, not only the professional investors, business angels that know everything about investments, but also people from just around the corner who have never invested in a business. We try to make them understand this business thoroughly and also the risks: we put an emphasis on that.

WHAT WERE THE MOST MEMORABLE PROJECTS YOU HELPED IN FUNDRAISING?

One of the projects we did, that has become well known was a surprise company in the crowdfunding world, called the Jeannette Madeleine Factory in Normandy. The company was closing down with all the employees losing their jobs. Our crowdfunding campaign not only mobilised people in the local region but throughout France. We had 2000 people backing the project in exchange for madeleines, and 150 people investing in the company, enabling the company to create 10-15 jobs and start with a new plan. We did the same again with a cheese factory that had 25 employees and 100 farmers living off the factory. We realised that many people were interested in having an impact, they were very attached to their territory whether they were from the area, or grew up there but left.

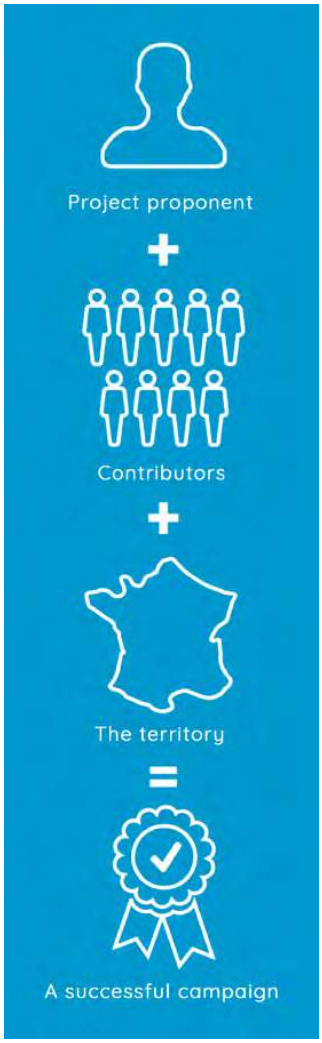
Our largest crowdfunding campaign was in Ariège where we collected a million euros for a renewable energy plant that generates hydro-electricity. In the case of Ariège, 60% of the investors came from the area, including many people who were employees of the plant, as well as people from nearby villages. 40% were from elsewhere in France and we also had some large investors. The crowdfunding campaign took only 40 days.

WHAT IS THE PROCESS FOR EQUITY-BASED CROWDFUNDING? HOW DO YOU LAUNCH A CAMPAIGN?

Once a project is submitted to our platform, we have three days to give them a feedback. Then we start to collect documents and obtain the relevant information. We have a meeting and within a week, when we have all the documents, the applicants get an answer from our committee. If we agree to the project, then we basically prepare the campaign within three to four weeks and we aim to launch and close it within 30-45 days. The longest campaign we had lasted for two and a half months.

For the campaign, we prepare everything that is associated with the process of raising capital. We prepare the shareholder agreements and pay all the necessary due diligence. So what takes us three to four weeks is that we analyse the business very thoroughly and produce an investment document. This covers strategy, operations, finance, valorisation, everything related to the business that can help an investor understand the project, and helps us spot the risks too. We really try to present the risks associated with the investment as well, and only put the projects that we believe in on the platform: each week we receive about a hundred project proposals. Out of this hundred, we say no to 95% immediately. We go ahead with the remaining ones in which we see the potential. As our model is success-based, we need strong projects.

We offer many services to the projects with support. We create a financing plan for the project, deliberate on the kind of crowdfunding we will be doing etc. Together with the project holders, we mutually define an interest rate that is attractive, but that also functions with the project, calculated in connection with the business plan. For big projects, we make a website, integrating different formats, combining reward-based and equity-based crowdfunding. Alongside our platform, we also install our crowdfunding technology on other websites. For instance, we have 10 crowdfunding platforms functioning today on the websites of



Project diagram.
Image © Tudigo

chambers of commerce in various regions. Some companies ask this arrangement when they have a project or different projects to be financed during a longer period: then they don't make a single campaign, but collect funds in two, three or four rounds, because the project is very big, or they want to open different companies or sale points. To support the campaign, we create a communication plan to have a maximal visibility for the project.

DO YOU FOLLOW THE PROCESS AFTER THE PROJECTS GET FUNDED?

After a project gets funded, we produce a quarterly report for the investors. Project owners have to give us concrete figures so we often have regular meetings with them. We also gather all the questions and remarks of the investors every three months, and give them to the project owners, and then give their feedbacks to the investors. We also have the project owner send questions or demands every month to the community of

investors, so that they can take part in helping the businesses. This is something investors want: they want to participate in the adventure, it's not just about money.

The platform assures the management of the payments as well. In the case of interest payments, we regularly collect the payments from the project and distribute it among the shareholders. Everything is automatised, it is not a manual operation, that would be difficult with a larger group of people. The same case goes for the yearly general assembly, we organise it in an electronic way. We do not manually send out thousands of mails. If people cannot join reunions, they can also vote electronically.

DO YOU HAVE ANY EXAMPLES OF REAL ESTATE INVESTMENT, FOR EXAMPLE PEOPLE COMING TOGETHER AND BUYING A BUILDING?

We don't deal with real estate investment per se, because we see a very high risk in that and it is not our mission. There is also a limitation with the financial authority that only allows for equity crowdfunding investment in SAS (Société par actions simplifiées) and SA (Société anonyme), two different company structures that are for businesses. The usual structure for real estate operations is SCI (Société civile immobilière) that cannot be the purpose of crowdfunding: when crowdfunding platforms work with real estate, it's usually not about buying properties.

But some of our projects do involve real estate, for instance a restaurant and hotel around Lascaux. Typically, in the case of restaurants or hotels, the real estate is financed by the rent that the restaurant of hotel pays to the SCI. In the end, real estate is part of these operations; it is in the shareholders' agreement that the real-estate part backs the commercial component.

Biscuiterie Jeannette. Photo © Tudigo



HOW DO YOU HELP BUSINESSES COMMUNICATE THEIR GOALS AND REFINE THEIR STRATEGIES?

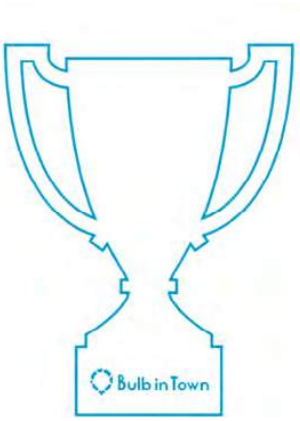
We have project mentors and coaches who help project owners to communicate about the project. We also do PR, newsletters, Facebook-publicity, and we work with our partners on the communication. If we work with a city, for instance, the city would also communicate about the project, but we would provide the entire communication plan because crowdfunding requires a specific kind of communication. We would help them create the messages, and then they would communicate on their usual channels as well. So the project owner communicates, we communicate, and the partners also communicate.

Aside from basically doing crowdfunding, we can also build a crowdfunding tool for an organisation's existing website, thus providing a crowdfunding platform that has all the colours, name, visual identity of the city or region. Crowdfunding also becomes a tool of territorial marketing, because authorities can use it to showcase the businesses in their area. For the city of Paris for example, we can show that Paris is dynamic, with a lot of projects, local shops and small businesses that are being established and are mobilising the community: it is an interesting tool to attract more businesses as well.

BESIDES COLLECTING FUNDS, HOW ELSE CAN YOU HELP NEW SERVICES RESPOND BETTER TO LOCAL NEEDS?

The other part of our vision, at the core of local crowdfunding, is citizen engagement: people engaging with their territory and connecting with its businesses. Crowdfunding begins when you already have a project. But before that, there is another kind of crowdsourcing. We developed another application connected to Tudigo, a tool called "Reveal" that helps launching challenges and questions to the community such as: "What do you want to see in this neighbourhood, what services and shops do you want?" If you have an empty shop, you can ask people around about their needs. The tool can also be used for allocating money from a city's budget, or as a digital tool for participatory budgeting.

The results of Tudigo (ex Bulb in Town). Image © Tudigo



1st site of lcal participatory financing

3rd in terms of collected funds

310 funded projects

4,2 millions euros collected

75% of campaigns reached their goal

This allows people to say "I would like to have a restaurant that does this" or "a commerce that does that." Everybody can add their ideas and people can vote or comment on ideas. So the interesting thing here is that before choosing the project and funding it, you actually have people telling you what they want to see, which can help entrepreneurs position themselves. Then of course, the Tudigo platform can combine that with crowdfunding, whether with people who will buy your products or services in advance, or with others who will actually co-invest with you.

So if you are a future cheese shop owner but you don't have enough money to start this business; well, you already have 50% that is provided by the local population who also happens to be your clients, so everything is very virtuous because the people will come to your shop to help your business succeed. This is what we try to do with the CoSto [1] programme of Semaest [2] in Paris. And this solution can be used not only for choosing a business, but also afterwards. Once it's funded, once it's operating, thanks to this application, you can have people continuously telling you what they would want or how you could improve. You can ask your customers questions about your services, your menus, everything you provide and go on in a collaborative, continuous improvement stage.

1 http://www.costo.paris/
2 http://www.semaest.fr/



ALEXANDRE LAING is the son of restaurant owners, that is how he came up with the idea of local crowdfunding. The subject has intrigued him for a long time, having been raised with an emphasis on local sustainability. While at school at the ESCP School of Commerce in Paris, he met Stéphane Vromman. As the son of an agricultural entrepreneur, Stéphane grew up with an understanding of the unique challenges faced by rural initiatives and of the importance of local enterprise. Together, they created Tudigo (ex Bulb in Town) in 2012, which quickly racked up a multitude of prizes, including the prestigious Innovation Scholarship Prize from the city of Paris.



Goteo guide for crowdfunding. Image © Goteo

GOTEO

Crowsourcing for open communities

> ***The more open your project becomes, the more people it attracts and the bigger it grows.***



Goteo is a platform for civil crowdfunding founded by Platoniq, a Catalan association of culture producers and software developers. Goteo helps citizen initiatives as well as social, cultural and technological projects that produce open source results and community benefits, with crowdfunding and crowdsourcing resources. Since its launch in 2011, Goteo's crowdfunding campaigns have mobilised more than 90,000 people, collecting over 4,5 million euros and successfully funding initiatives in more than 70% of the cases. Beyond collecting funds, Goteo also helps initiatives gather non-monetary contributions and establish partnerships that can advance their work. Through the projects it enables, Goteo promotes transparency, open source information, knowledge exchange and cooperation among citizen initiatives and public authorities.

GOTEO IS A COMPLEX ENTITY, HOW WOULD YOU DESCRIBE YOURSELVES?

Goteo is a collective that tries to promote participation and collaboration between institutions and citizens. With the Goteo platform, we help create stories through tools, merge them together and grow them; on the other hand, we also generate communities around initiatives. We work on bringing together individuals and public institutions to "collaborate forward," for example, by opening up the institutional processes of participation or distributing funding evenly and in a more participatory way. We also track different organisational and development systems, including new funding models. More precisely, Goteo is a platform for crowdfunding campaigns, but it is not limited to funding: it also involves crowdsourcing. We do not only help our partners in acquiring the funds to carry a project on, but also in collecting non-economic contributions that a community can help with, and in sharing open-sourced collective benefits for the community, allowing projects to be replicated, reused, disseminated, or even improved or copied for further uses.

WHAT MAKES THE PLATFORM SPECIFIC?

What is unique about Goteo is that we push for open source resources, collective initiatives, and we promote sharing collective benefits after a project passes through our crowdfunding campaign. We ask campaign promoters to publish their digital resources in an open source way once the campaign is over. It means sharing open source licenses, whether it's a code or a design, a manual or any kind of file that shows the project. It is important for us to think of how this process contributes to the city and to the urban movement of gathering collective resources: we believe that it is an interesting way of putting clusters in movement.

WHY SO MUCH EMPHASIS ON OPEN-SOURCE?

We think that when you ask for support from a community, you should give something back.

If you are an artist asking for funding for a CD, you should publish your CD with a creative common license or other free licenses afterwards, and give it back to the community. By doing so, we are also helping expand knowledge and provide access to free knowledge at a time when many forces are trying to enclose knowledge. The pressure on knowledge is similar to the pressure on social centres that are trying to resist enclosure.



Campaign illustration. Image © Goteo

ISN'T OPEN SOURCE A CONSTRAINT FOR THE PROJECTS THAT RUN CAMPAIGNS ON YOUR PLATFORM?

We really trust that the more open your project becomes, the more it attracts, the more it creates and the bigger it grows. That's why we always push for the open licensing of the products and projects we support, and their outcomes – and that's also why our platform itself is open source. You can download and copy the code of our platform, and have your own crowdfunding platform, use it, share it, improve it. We call this crowdfunding with crowd impact and crowd benefits. Goteo in Spanish means "leak", and that's how a campaign grows successful, drop by drop. Like the way you irrigate a garden: we understand that a way of funding collectively means that every drop adds to whatever you need to complete the watering of your garden.

WHAT ARE YOUR ACTIVITIES BESIDES HELPING CROWDFUNDING CAMPAIGNS? HOW DO THE EVENTS YOU ORGANISE CONNECT TO THE CROWDFUNDING ACTIVITIES?

We believe that open knowledge creates more open knowledge, this is why we conduct workshops and bring together communities to cross-feed each other. Over 2000 people have come to our workshops, from many different countries and contexts: some apply the new ideas they gathered to urbanism, some to culture management, others to technology as well as many other fields. When you add layers to a project or invite different ideas to engage in dialogue with their counterparts, you can grow together and create more successful projects.

HOW DO YOU DEFINE CROWD BENEFITS?

We always ask if crowdfunding is compatible with crowd benefits. People who prepare crowdfunding campaigns, ask us, "Do you think this is viable, do you think this feasible, do you think I can go through with it or is it something that is not going to be successful?" When we assess the project, we look for two ways of rewarding, not only the individuals who support the project, but also the community.

We divide rewards into two different groups: one consists of individual rewards, referring to when a person supports the project with 20 euros, and receives a postcard, a copy of your disk or participation in your workshop. The other refers to collective incentives that are more important for us, to push the community to support a project and add social importance to it. When something feels important and adds value to society, it is likely that more people will support and engage with it.

When we consider a project, we always ask promoters about their own experience, details, facts and issues of their projects that can help them conduct their projects in a better way. We ask about their needs. Of course, all projects in the fields of culture, urbanism and architecture need money. If there are no financial resources available, we look for alternative ways to support the project. We also ask about the tasks to be carried out, the infrastructures that they own, can count on or need and an outline of the materials needed for the project. Based on these, we assess what rewards one is able to give back to the community. Collective benefits can be digital archives, manual guides, codes, apps, websites or designs that can be downloaded, copied and adapted to the needs.

HOW CAN YOU HELP PROJECTS?

When gathering a group of people around a project, some might donate money while others might have important contributions that are not of a monetary nature. We promote our partners to also share their non-monetary needs in their communities. Projects often need a van to move things, or a translation. We have a feature on our platform to exchange these possible means of cooperation. We feel that when people get together and get to know each other and their projects, it is also easier to engage them and create community through social networks.

On average, around 200 people support each project, with contributions that range from 20 euros to 1500 or with their skills. 70% of our crowdfunding campaigns are successful, and one of every three donors does not want anything in return, they are donating because they value the project. We believe it is possible to talk about the culture of generosity in a world where we are constantly told that we have to be individuals, and we have to make it ourselves, be self-made men. We believe instead that the culture of generosity is really at our core, in our heart.

Smart Citizen Kit - campaign run on Goteo.
Image © Goteo



HOW DO YOU DEFINE HOW MUCH MONEY IS OBTAINABLE WITH A CROWDFUNDING CAMPAIGN?

We always establish two different budget goals for campaigns: there is a minimum which we consider the project needs just to kickstart, and then there is an optimum budget that could take the project further. We do respect the numbers identified by the promoters themselves, because they know more than anyone else about their needs and the costs in their local contexts, but we keep an eye on budget requests to make sure that what they ask for is clear and the plan is coherent. We suggest to keep the projected budgets at the right scale and advise initiators to make their budgets transparent and modular: if a project needs 10.000 euros, what budget categories does it include? Once initiators understand their own budget better, they often realise that some their needs can be covered with existing infrastructure or non-monetary contributions. Another criteria for projecting budget is an initiative's capacity of social outreach: if an organisation has never disseminated anything in social media, or the initiator is an individual with limited online engagement, it might be better to keep the projected budget low. To this, we add another specific layer of knowledge about what different people from random places can do in areas that are not necessarily on our minds, for instance, in rural areas. We are generally very much focused on cities, but there are interesting initiatives in rural areas that contribute to the commons.



From crowdfunding to crowdadvocacy guidebook. Image © Goteo

WHAT IS YOUR EXPERIENCE ABOUT CAMPAIGNS THAT ADDRESSED DEVELOPMENT OR CONSTRUCTION PROJECTS?

We had several campaigns in the fields of urbanism and architecture: they give us insights on how to facilitate different behaviours in urban and rural areas and how to share knowledge among communities that were previously not in touch. For instance, La Fabrika de Toda la Vida is an initiative using a former cement factory in Estremadura, not far from the Portuguese border: they financed their start-up phase, the rebuilding of a part of an enormous factory, with a successful crowdfunding campaign through Goteo, they raised 133% of their minimum budget. Their offer to give back to society was the building itself: they turned it into an open space that anyone can use and suggest activities for.

Another example is the Instituto Do It Yourself: it is a knowledge hub, an infrastructure that helps people exchange knowledge in a peripheral neighbourhood of Madrid. The Institute was started in 2013; it is a nice example of a free knowledge resource, established with the help of a campaign we launched together. There are also journalism projects we supported that are closely linked with urbanism. For instance, Goteo supported a campaign for a research on land use in Galicia, Northern Spain, where wildfires are closely connected to speculation: the devastation caused by wildfires usually opens the way for changing land use and building more profitable buildings on formerly agricultural land. Another project is the Smart Citizen Kit, built with open-source Arduino hardware to be installed in your home. The kit monitors air quality and sends data to a centralised device that collects data from different parts of a city.

HOW DO YOUR CAMPAIGNS CONTRIBUTE TO THE CREATION OF A MORE COLLABORATIVE TISSUE OF COMMUNITY INITIATIVES?

Processes through our platform turn out to be barometers of what a more collaborative and ethical society could become through implementing more open source collaborative processes and programs. For instance, some projects deal with cooperation in a larger sense. One of the initiatives produced a set of coins, kind of tokens, for collectives, companies of big groups to measure their collaborations: a way to visualise a chain of favours, to highlight how non-monetary contributions and collaborations function within a team or among several teams.

WHAT ARE THE OVERALL RESULTS OF THE PLATFORM?

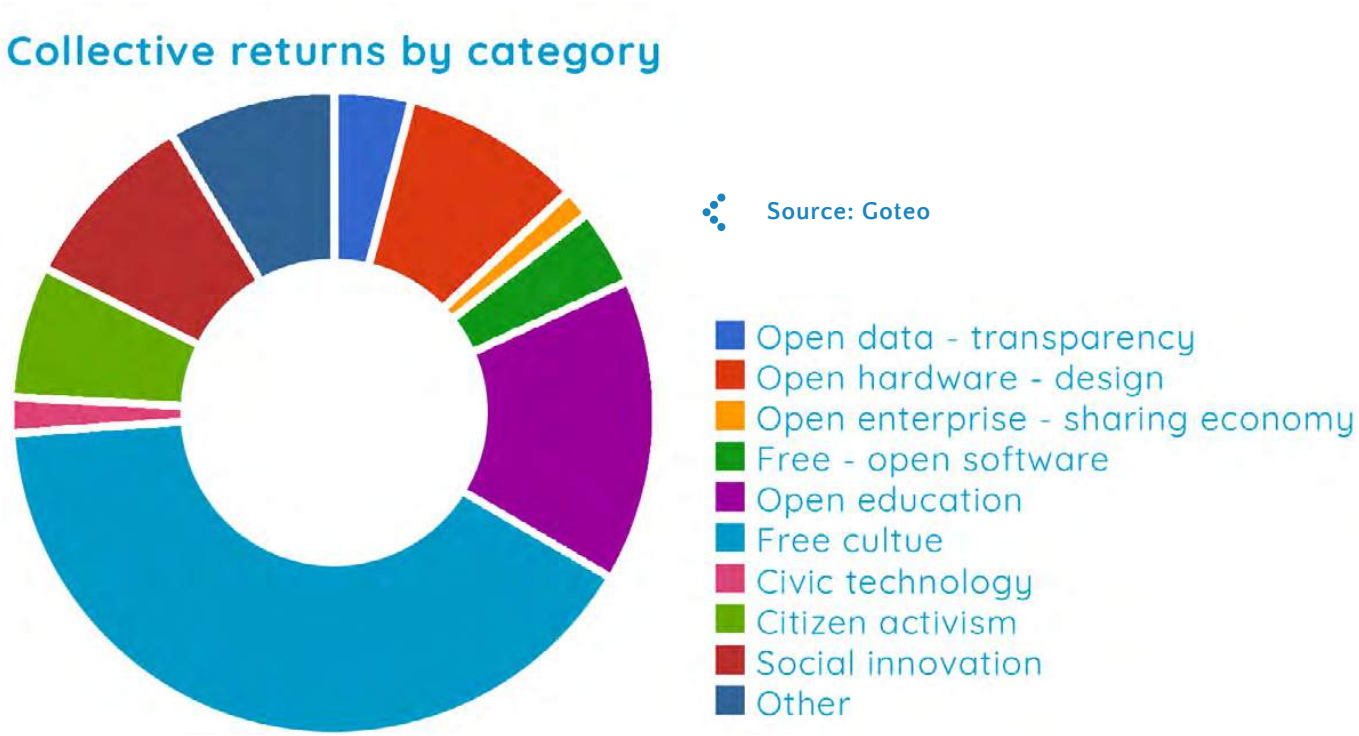
In five years, we collected over 4,5 million euros altogether, with an average contribution of 48 euros, and with over 200,000 euros in match funding. At stats.goteo.org, the platform has open data about our campaigns: it shows tendencies, categories, money collected for each project, and the time it takes a project to collect the necessary funding. We also developed an app with which people can freely use the data. Tracking accountability is very important for us: the more we know about a project we support, the more vigilant we can be in what they do, and also receive better outcomes from them.

DO PUBLIC INSTITUTIONS PLAY ANY ROLE IN YOUR CAMPAIGNS?

It is an important issue. Some people would say, "All right, crowdfunding is nice, and so are the collective benefits, but we are exploiting our families, our friends, communities and ourselves just to extract more money from them for our projects. Isn't it a bit contradictory, doesn't it promote the notion of 'Big Society' advocated by conservative ideologues?" We're aware of this and work on attracting private and public money, to balance contributions to the projects we support: we work on many of our funding processes with private companies as well as with different local and regional public administrations and universities.

In the past years, we have been working with various public administrations, and they would agree to add some budget to specific calls, match funding a set of campaigns selected by an open panel including public officials and our team with 10,000 or 12,000 euros. These are projects that go through crowdfunding campaigns, but public institutions double the amount given by citizens; so for each euro made through crowdfunding, the administration offers another euro. It is a way to open the process of decision-making: there are initiatives that institutions would not fund without collective support.

La Fabrika de Toda la Vida for instance, was also supported by the regional government's match funding. At the time, the conservative government





The Social Coin - campaign run on Goteo.
Image © Goteo

of the Estremadura region would probably have not understood what it meant to restore a former factory in a village; but with the support shown to the project by other institutions, the citizens and us, they realised that it was intelligent to invest in a project like this.

Our cooperation with public institutions is not exclusively monetary. Lately we have been working with public institutions, for instance with different municipalities in Barcelona and elsewhere, on how they are developing their participatory processes, their policy-making, and on how they can engage their citizens and promote more open and meaningful decision-making processes. This is a horizon that we have: we are looking for growing alliances between public and private actors to raise funding for citizen projects, soon at a much larger scale than today.



CARMEN LOZANO BRIGHT is a journalist, cultural researcher and agitator, she joined the team at Platoniq (and its crowdfunding platform Goteo.org) in 2015, a co-laboratory that incentives the growth of the commons through co-creation and crowdfunding. Also during 2015, she developed a research on peer-to-peer initiatives that are transforming public space through Southern Europe: 'P2P Plazas: a Southern European Network'. During 2017, she coordinated the production of Idea Camp 2017 in Madrid, a co-production between the European Cultural Foundation, Platoniq and the City of Madrid. In the past, she's coordinated EU funded projects from the 7th Frame Programme in the Complutense University of Madrid fostering reuse of scientific data and citizen science data for education. Born in Colombia of Spanish and British background, since 2012 she has lived in Madrid where she experiences and researches the rising transformation of citizen laboratories and P2P practices.



Installation in the courtyard. Photo © LFdTV

LAFABRIKA DETODALAVIDA

New resources for rural areas

> *We chose Goteo because they work with our same philosophy, with open data and open knowledge.*

CARLOS MUÑOZ SÁNCHEZ

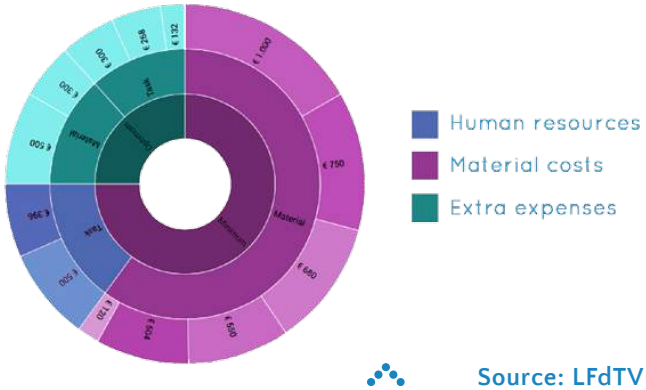
LFDTV

LaFabrika detodalavida is a multifunctional community centre in Los Santos de Maimona in Extremadura (ES), that offers a series of local services to its rural community, such as cultural events, music, construction spaces and most importantly gathering venues. For renovating a derelict industrial site, the crowdfunding campaign of LaFabrika detodalavida on the Goteo platform reached the target of 6.000 euros, of which 2.630 euros were co-financed by the Regional Government of Extremadura through an agreement of match-funding with the crowdfunding platform.



LaFabrika detodalavida before and after.
Photo © LFdTV

LaFabrika detodalavida's crowdfunding campaign



Source: LFdTV

WHAT IS LAFABRIKA DETODALAVIDA?

Extremadura is historically one of the poorest regions of Spain, with a great agricultural tradition and a region mainly of migrants; the majority of young people leave to study and typically do not return to the region. As a group of young people we wanted to try doing something in our local context, in our land, and began the project in 2010 with a group of Extremadura artists, who were living in Granada. They began to do projects in this space, and after two or three years, in 2013, there was a change from an artistic realm to something more related to the commons, to the social management of the territory, to promoting self-employment for the people of Extremadura. So the team changed.

At first there were only artists, but new people came, involved in civil rights and law: lawyers and architects began to negotiate with the Town Hall for the right to use the land, which would allow us to be inhabit the space legally. In 2013 we managed to sign the agreement, and began a crowdfunding campaign with Goteo[1] to raise money.

1 Crowdfunding campaign on Goteo: https://en.goteo.org/project/lafabrika-detodalavida)

WHAT WAS YOUR CROWDFUNDING EXPERIENCE LIKE?

It was important for us to have Goteo, because they helped us with different things, like estimating how much we could probably get, through the campaign from our community, our followers and the network that we work with. For example they helped us with the video, identifying the right film duration, and during the entire campaign they shared it in the medias, like Twitter or Facebook. We chose Goteo because they work with our same philosophy, with open data and open knowledge.

At the beginning of 2014, we began to rehabilitate the building through self-construction and finally in 2015 we inaugurated the space and began working in it. During the first year we focused on organising within the venue a program related to our philosophy and values: open-mindedness, the commons and how these can be implemented in a rural context.



CARLOS MUÑOZ SÁNCHEZ is an architect, he graduated in 2014 in the Universidad de Sevilla (Spain) and complemented his studies in Universidad Federal Fluminense (Brazil). He is co-founder of cAnicca, an architecture, design and urbanism office where he currently develops his work. He also is co-driver of LaFábrika detodalavida (Extremadura) since 2013. He is member of Wikitoki (Euskadi) since 2015 which is a research and development laboratory. He has developed and coordinated several projects for the creation and strengthening of citizens networks such as Arrejuntándonos; a network of innovation and social economy in Extremadura, and RIEbilbao; a network for sharing spaces and resources in Bilbao.



Scene from Shuffle Festival. Photo © Shuffle Festival

SHUFFLE FESTIVAL

Crowdfunding for legitimacy

> *We have all these people behind us and we can raise this capital, so you need to take us seriously.*

LIZZY DAISH

Shuffle Festival is an annual event that exhibits creativity through films, science, performance, architectural installations, food and music; providing an important gathering point for the local community of Mile End in London. In April 2015 Shuffle Festival reached 57.527 pounds through a crowd-funding campaign on the Spacehive platform to redevelop a lodge in the Tower Hamlets Cemetery Park into a community café'. With the support of 322 backers, the Shuffle team, together with the Friends of Tower Hamlets Cemetery Park could collect part of the money necessary for the transformation of the space.

YOU LAUNCHED A CROWDFUNDING CAMPAIGN TO TURN A LODGE INTO A COMMUNITY SPACE. WHAT IS THE STORY OF THE BUILDING?

The Lodge was originally built as a records office, but there is little knowledge of its use and it has been empty for 2.5 years. It is owned by the Tower Hamlets Council, and the Friends of Tower Hamlets Cemetery Park really want to turn it into a base for their visitor-centre and their office but also a café and an exciting workshops space. We have been working with The Friends and are hoping that the Council will grant a long lease, although currently no decision has been taken and it is a very long process. There is going to be a café with a decking and a ramp to make it wheelchair accessible. Upstairs, there will be a meeting place and the offices of the Friends.

HOW DID THE CAMPAIGN WORK?

I was quite sceptical about it because people are always doing it; people are always sending a million things: "Can you fund the watch that I'm making?". So we did not know if it would work. But we had an inkling because we had such a big audience for the festival. Trying to find interesting spaces, and then trying to programme really interesting artists, rather just doing it in a haphazard way, we tried to make it as good as possible. It meant that we had an idea of how many people would be willing to give to the project and how much money, so we made an estimate.

Cost breakdown of Shuffle crowdfunding campaign

12%	Lawyers fees (contracts)	£7,000
12%	Timber stud frame	£6,800
9%	Foundation works	£5,000
8%	Cladding	£4,500
5%	Chairs + events equipment	£3,000
12%	Contingency	£7,000
12%	Builders/ contractors	£6,700
8%	Mechanical + Electrical	£4,800
6%	Windows	£3,500
5%	Finishings + Furnishings	£2,800
12%	Other	£6,717

Source: spacehive.com

Open air cinema at Shuffle Festival. Photo © Shuffle Festival





The Lodge.
Photo © Eutropian

We did not estimate how much the building would cost, but how much we would get, so it was not too much to ask for. We did it and it was really successful, much more than we could have hoped for. We just made a short video, put it online with upbeat music, and the local paper played a great role in its spread. We reached the target without any problems. I think, if you invest in building up a crowd at the beginning and have constant engagement with them, then the second bit about asking for money is less hard than you think. We also had people's trust because we built temporary buildings during the festival.

Another important thing is that we did it not just do it to raise money, but also to legitimise us as an organisation that wanted to do a permanent community space. We were a festival wanting to build a permanent space in a building that is owned by the Tower Hamlets Council, so this meant: "We have all these people behind us and we can raise this capital, so you need to take us seriously."



LIZZY DAISH (BA Geography, MSc Urban Studies) and **KATE MACTIERNAN** (Ma Architecture & Built Environment) cofounded Shuffle Festival, a grassroots, not-for-profit organisation based in Mile End, London, that evolved from local activism and is supported by film director and Mile End resident of 35 years, Danny Boyle. Shuffle Festival is an annual event in Mile End, currently held in Tower Hamlets Cemetery Park. The festival exhibits creativity through film, science, performance, architectural installations, walks, food, and music. Its aim is to open up and animate under-used public spaces to local people. It is run on a small budget and uses local talent to attract a majority local audience (over 70% of visitors are from the locality).

Complementary currencies

Citizens' money for a commons-based economy

MICHAŁ AUGUSTYN

Responses to the economic crisis of 2007-2008, and ambitions to create autonomous systems of exchange generated hundreds of complementary currencies in the past decade. Created to connect local actors, help local businesses or assure financial transparency, mutual credit systems, convertible local currencies and cryptocurrencies have evolved into mechanisms used not only in socio-economic experiments, but also by local municipalities and networks of civic society and social and solidarity economy. In this article, Michał Augustyn looks into the ways these financial instruments can strengthen community-provided services and civic spaces, as well as local economic networks.

For many decades, money has been perceived as an abstract, objective measure in an economy shaped by rational actors; an apolitical device seamlessly operating in the background, providing undistorted information on the value of good and services in a free market. Yet, as the series of monetary and financial crisis clearly undermined this idealised vision, there is a growing understanding that money is in fact a social phenomenon, deeply embedded in the established power relations. People, even in countries that claim themselves to be democratic, have very little (if any) control over the monetary system. The fact that this fundamental domain escapes public supervision despite being the basis of every registered economic activity becomes even more striking with realisation of the fact of how subordinate it actually is, to the private interests of commercial banks[1].

Considering gross failures of the monetary system (following the Eurozone crisis occupying headlines since the end of 2009), with both the ailing economy and the autocratic rule of financial institutions, it should not be surprising that people all over the world are exploring alternatives and small-scale remedies to the current money regime through creation of autonomous systems of exchange. If money is a social construct – a shared information system on the exchange value of things, activities and ideas – then society is in power to design a whole ecosystem of different exchange schemes that suits its needs; and with the advent of the IT revolution, creating and managing currencies has become much easier and cheaper. Currently, there are hundreds of various complementary currencies at different stages of development, many of them poorly documented and known only locally. The crisis of 2007-2008 has fuelled many of the projects, particularly in Spain and Greece, but there are also many functioning currencies in countries less affected by economic downturn, like Germany, France or Great Britain. While

1 For more information on this topic, see: Mary Mellor (2010). The Future of Money. From Financial Crisis to Public Resource. Pluto Press



Wymiennik. Photo © Michał Augustyn

complementary currencies, by definition, are not designed to replace the global monetary system, they hold potential for businesses and communities interested in pursuing values other than purely monetary based ones, such as environmental and social sustainability, solidarity, or equity.

This paper focuses on three types of complementary currencies: mutual credit systems, convertible local currencies and cryptocurrencies, and their capacities to enable the creation of civic spaces and the provision of community-based services. A mutual credit system is basically a form of agreement, within a group of people, to use a certain unit of account for measuring value of goods and services. It is accompanied by a bookkeeping system for recording all the transactions made by members of the group. These types of currencies provide the most basic function of money, i.e. a mutually guaranteed credit that enables deferred payment and encourages free exchange without need for direct trade (barter). The unit of account can be the equivalent in national currency, time or any other collectively determined measure. The credit created with mutual currencies, due to its non-monetary nature and inconvertibility, in most cases relies solely on the promise to pay back, and thus requires a high level of trust in the community, together with an administrator to resolve possible conflicts. Indeed, building trust and strengthening community are often mentioned explicitly as goals by creators of mutual currencies. Using currency created by users make transactions much more intimate, less anonymous and also encourages responsible consumption. Mutual credit systems present an opportunity to connect different sectors – NGOs, businesses, individuals, public institutions and municipalities – in the act of reciprocal sharing of unused resources, bringing both economic and social benefits.

One attempt of this kind is Wymiennik[2], a mutual credit system based in Warsaw (Poland), which started as a grassroots initiative in 2012. The year after, it hosted a community centre with a cafe and library, where users of the system could organise events, workshops and money free markets using only the mutual currency called alterka. Even the renovation effort of the Finnish house that hosted the community centre, (located in Jazdów Quarter), was supported mostly by Wymiennik users, via a common alterka-based fund. After successfully building a critical mass of individual users, the main focus shifted towards broadening the network by inviting institutions. For NGOs, mutual currency can be a means to build more reciprocal relations with volunteers (i.e. rewarding them with social currency), share unused resources (such as electronic equipment or conference rooms), save money spent on services and create stronger ties with the community. Public institutions could provide impulse for community-based public services. Local businesses would enjoy more positive image, possibly new customers and gradually, as more firms join the network, improved liquidity (by using complementary currency in B2B[3] transactions alongside national

2 Wymiennik (www.wymiennik.org) is based on a platform provided by the Community Exchange System. As of April 2017 is has more than 3900 registered users and 1646 offers, and 7048 transactions which makes it one of the most successful application of mutual credit system on CES platform. The service is free of charge.

3 B2B or business to business mutual credit systems are based on the same basic idea as P2P (peer to peer) systems, but they are designed and often dedicated specifically to serve businesses operating on a particular area (city, region or an entire country, as in the case of Swiss WIR).

currency at times when supply of the latter decreases, e.g. during economic crisis, or to bypass delays in cash flow). Growing trust and the rising number of direct, peer-to-peer relations would presumably pave the way for more cooperation across sectors, also leading to more efficient use of resources. Due to insufficient funding and short duration of the project, with little support from local government, this objective was only partially met.

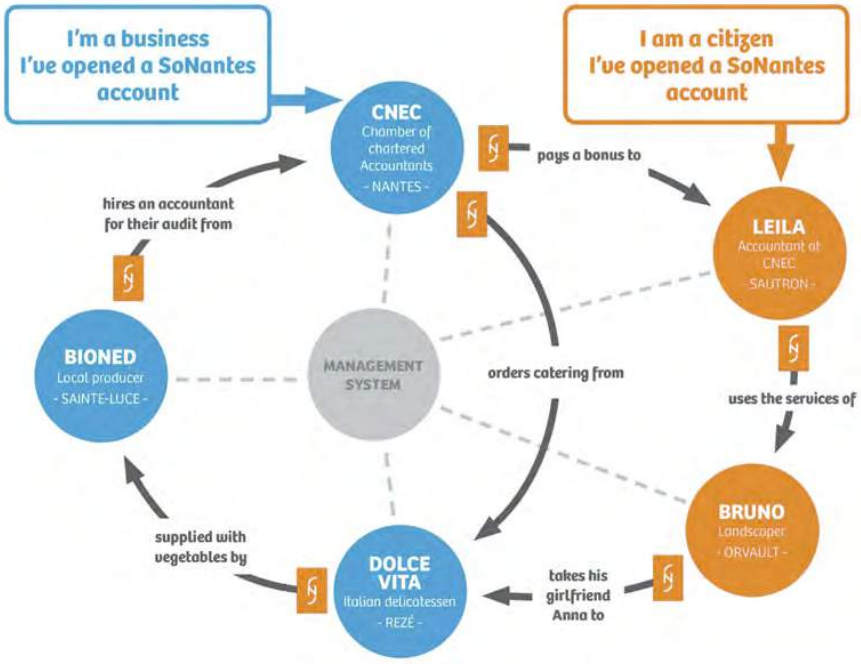
These kinds of ambitious projects, utilising mutual credit that is not backed by any tangible asset or established currency, requires long-term public support and an adaptive legal framework to navigate risk-averse businesses and NGOs through the uncharted territory of monetary innovation. This is the case of SoNantes, a digital mutual currency launched by a multi-stakeholder partnership in 2015 as part of Community Currencies in Action[4] project. The initiative involved representatives of the city of Nantes, Nantes Métropole and the Chambers of Commerce, Trades and Crafts and Social and



The SoNantes card. Image © SoNantes

Solidarity Economy. However, the purpose for introducing SoNantes was much more modest; it serves merely as support for small and medium enterprises based in Nantes. The potential of mutual credit currency continuously supported by the municipality and aimed directly at fostering community-led initiatives, or supporting a citizen-based social safety net is imaginable but remains to be fully realised. On the other hand, difficult economic conditions can accelerate development of new financial instruments, despite the absence of state support, as many cases from Southern Europe show. The economic crisis has led to the development of many mutual currencies, some of which facilitate exchange within autonomous communities and networks,

4 Community Currencies in Action was a EU-funded project (2011-2015) aimed at cross-sectoral currency innovations. It provided know-how and implementation support to develop new currencies across North West Europe (including SoNantes, in France, Makkie in Netherlands or Spice Time Credits in the UK) and promoted community currencies as a tool for achieving positive social, environmental and local economic outcomes. Resources for community currencies activists are available at the CCA website: http://communitycurrenciesinaction.eu.



SoNantes functioning. Image © SoNantes



Wymiennik. Photo © Katarzyna Zolich

like Cooperativa Integral Catalana[5], a regional web of small entrepreneurs, workers' cooperatives and individuals (more than 2700 registered ECO currency users).

Convertible currencies, like the Brixton Pound[6], are exchangeable to and backed by national currencies which makes them essentially electronic and/or paper vouchers for national currency. Participants exchange national currency (in this case – British Pound) to a local equivalent, usually with a discount, and use it to purchase goods and services at local shops. The business owners accepting local tokens can exchange it back to national currency, in some cases with a fee that finances the consumers' discount. The difference between local and national currencies lies usually in the geographical scope and sometimes other criteria of inclusion of businesses, entities and individuals that may use local vouchers.

The rationale behind using these types of currencies usually comes to supporting businesses operating in a given city or neighbourhood by increasing local circulation of money, but there are also examples of more targeted value-based initiatives. One of the most interesting examples of this approach is SOL-Violette[7], a currency that has been developing rapidly since 2011, and is now accepted by more than 2150 users including 150 shops, enterprises and associations in and near the city of Toulouse (France). With 42.000+ Sols in circulation, it is one of the fastest growing local

5 Cooperativa Integral Catalana, a "grassroots initiative for transformation through self-management, self-organisation and networking", founded in 2010, ideologically originates from radical autogestió (self-management / autonomist) movements. In 2014 CIC had about 300 individual or collective productive enterprises, about 30 local centres and 15 community projects summing up to 4,000-5,000 people involved. Among the most significant CIC projects are Calafou, an environmentally and socially oriented Fablab; Aurea Social, a self-managed space for education and alternative medicine, and the ECO currency, a tool for exchange within the network.

6 See https://brixtonpound.org

7 See http://www.sol-violette.fr

currencies in the EU[8]. It all started with a group of community activists and small business owners who decided to design a new currency in the spirit of participatory democracy. The process took three years of collaborative effort, which engaged many people in discussions and decision-making regarding virtually everything: from the charter of principles, to the design of the paper voucher. The participants decided to invite only cooperatives, associations, mutuals and businesses that respect principles of social and solidarity economy. This limitation is in line with objectives stated explicitly in the charter: the "citizens' currency" (as it is called) was established to promote economy based on ecological and social values, and create mechanisms of solidarity and cooperation between different actors to support sustainable human development. Toulouse complementary currency also serves as an indirect tool for financing a fairer economy. The pool of euros backing the SOL-Violette is used as a microcredit fund dedicated to supporting ethical and green businesses. The project, co-funded by local authorities for an initial 3-year stage, also contributes to a social assistance program by adding a certain amount of SOL-Violette to the monthly allowance of poor residents of the city.

The Toulouse project is still in the stage of development, but it already shows that there is much potential for novel complementary currency projects that support not-for-profit organisations in a cooperative process driven by a wide group of socially engaged citizens – provided that local authorities understand and actively support such initiatives. Local government can support complementary currencies by becoming a part of the monetary ecosystem, e.g. paying city employees partly in local currency (like in the case of Cocais, a Brazilian social currency adopted in São João do Arraial), accepting it in local taxes payments (Bristol Pound) or rent paid by businesses and NGOs leasing public buildings. This can also be applied to mutual currencies (though there are more legal and bookkeeping issues with non-convertible currencies). Cooperation between citizen groups and city officials can be hindered by power imbalance, especially in turbulent times of economic hardship, as the "law and order" logic of the slimmed state stands in conflict with the autonomist ambitions of many of the complementary currency creators. Possible resolution would be trading a certain degree of monetary independence for some savings on the part of local government, for example in public services spending. In any case, support from the government is voluntary and may wither as the political wind changes direction, so it is crucial for such projects to seek financial sustainability.

Other challenges for currency projects include a low level of public recognition of the benefits brought by complementary currencies. The "localism" narrative accompanied with financial incentive (in the form of small discount) does not seem enough for mass adoption of local money by citizens and businesses. With modest funding at the initial stage and relatively high administrative costs, reaching critical mass is often difficult. The number of users generally ranges from several hundreds to a few thousand, so the impact of complementary currencies on the whole economy still seems marginal. The potentially transformative power of the local multiplier effect (which takes place when money is continuously spent in the local economy rather than being extracted by multinational corporations) has yet to emerge. Nevertheless, it would be premature to dismiss

We accept Bristol Pounds.
Image © Bristol Pound



8 See SOL-Violette Bilan Annuel 2015 at https://goo.gl/FdbgPU



Bristol Pound. Image © Bristol Pound

the whole concept considering its social benefits such as building a sense of community or creating stronger ties between local businesses and consumers. As they develop, complementary currencies also have immense awareness-building potential. It is vital for people to understand the nature of money and the impact it has on the economy, environment and social relations. In many countries, the legal framework for adopting both mutual and convertible currencies is obscure or non-existent. Harmonisation of laws at the European Union level could clarify legality issues and enable cooperation, or even facilitate "complementary trade" between EU countries, regions and cities.

Finally, there is a growing number of entirely digital cryptocurrencies[9] that enable secure transaction recording and currency creation via an encrypted, distributed database (or ledger). This feature makes cryptocurrencies like bitcoin unique: versatile and less vulnerable to state or private intervention. It is hardly surprising that the cryptocurrency enthusiasts generally fall into two categories: right-leaning libertarians lured by the perspective of creating unlimited free market and autonomist left exploring possibilities of designing a fair measure of value that enable networked peer-to-peer collaboration and fair distribution of wealth. Both these groups are attracted by cryptocurrencies' ability to bypass state regulations and disrupt the dominant monetary order shaped by autocratic institutions.

One interesting example of altcoin (cryptocurrency alternative to bitcoin) started by Enric Duran, founder of Cooperativa Integral Catalana, is FairCoin, intended as a building block of alternative global economic and financial system based on solidarity, cooperation and equity. FairCoin, available to buy for Euro or Bitcoin on a digital exchange market, is intended to serve mainly as a store of value and financial support for mutual credit system called FairCredit. While FairCoin can be bought and spent by anyone, the mutual currency is available only to members of the networked collectives named, foreseeably, FairCoop. Some of the FairCoin volume has been bought at reduced price and redistributed to provide capital to underfunded Global South projects. The use of cryptocurrency for a project like FairCoin results in the surpassing of the logic of localism and small-scale solutions towards building a global network of collaborators enabled by technology. For this scenario to come true however, a market of diverse products and services priced in the new currency need to emerge i.e. thousands of people (consumers, producers and sellers) have to perceive it as having

9 For explanation how cryptocurrencies work, see online resources like http://cryptocurrencyfacts.com/how-does-cryptocurrency-work-2/



Wymiennik.
Photo © Michał Augustyn

certain and preferably stable exchange value. Without state protection, central and commercial banks, and last but not least "legal tender" status (ability to meet financial obligations like taxes or debt that is explicitly secured by law), it is difficult and takes time. Even Bitcoin, the most successful global cryptocurrency so far, is extremely volatile, which makes it suitable for speculators but not for ordinary people and certainly not for a sustainable economy. It seems that the old, centralised currencies will continue to be used in the near future (alongside dynamically developing cryptocurrencies), perhaps in novel ways, more supportive to the emerging cooperative models of production, work and cultural creation.

Allowing democratic ownership and management of money by citizens is worth pursuing; indeed, it is difficult to imagine future commons-based societies and resilient community-led urban spaces without an independent medium of exchange, with a set of non-monetary values attached to it by design.

REFERENCES

Charte de fonctionnement entre le Mouvement Sol et le Clas SOL-Violette (https://goo.gl/1FfuxC)

Camille Meyer (2013). Social currency for common goods. The United Nations Non-Governmental Liaison Service

William O. Ruddick, Lucero Mariani (2013). Complementary Currencies Strengthening the Social and Solidarity Economy. The United Nations Non-Governmental Liaison Service

Brett Scott (2016). How Can Cryptocurrency and Blockchain Technology Play a Role in Building Social and Solidarity Finance? United Nations Research Institute for Social Development



MICHAŁ AUGUSTYN is a social activist, co-creator of several peer-to-peer projects operating outside the state-market dichotomy. Founder of Wymiennik, the biggest mutual credit system in Poland (2012), one of the initiators and members of Motyka i Slonce Community Garden located in the centre of Warsaw (2015), member of The Commons Lab (Pracownia Dóbr Wspólnych), a Warsaw-based NGO which serves as a platform for building and supporting new models of living, working, sharing, public participation and protection of life-supporting systems.



Paralelní Polis. Photo © Eutropian

PARALELNÍ POLIS

Virtual economy for community spaces

> *In tools like bitcoin we see a big potential for social change.*

MARTIN LESKOVJAN

Paralelní Polis is a community space organised around the notions of bitcoin and blockchain technology. Located in Prague's upcoming Holesovice neighbourhood, it opened its doors in 2014 to provide a physical space for discussions and activities investigating the relationship between technology and self-organisation. Decidedly "state-free," the organisation operates with private membership fees and donations, and manages a cafeteria, a co-working space, a 3D printing workshop and an event venue.

WHAT IS THE ORIGIN OF PARALELNÍ POLIS?

Paralelní Polis is a non-profit organisation that grew out of an idea of the Czech art collective Ztohoven, and since 2012 it has also included hackers from Progressbar in Slovakia, a crypto anarchist collective that worked on strong polemical themes and issues about the state and new technologies. Since the influence of hackers, their ideas and new technologies came into the collective's spotlight, we decided that we had to create our own hacker space in Prague. We opened our building in 2014.

WHAT DOES THE BUILDING CONTAIN?

We wanted to give it a broader concept than just being a hacker space where people can meet and work. The cafeteria at the entrance of the building is to provide first contact with decentralised technologies, represented here by bitcoin. We call it Bitcoin Café: we try to provide our customers with as good a cup of coffee as possible to motivate them to use bitcoin, have their first experience with it, and perhaps gain interest and dive deeper into other parts of Paralelní Polis. Many people think that bitcoin is only for geeks and individuals with technology skills; we want to show them that it is not something difficult at all.

We base everything on the ideas of hackers, so this bar is quite unusual because it is inspired by open source ideas. It means that we did not want to bring any barriers between customers and the baristas, everything is open, you can stand next to the barista and see how the procedure works, and how the coffee is made. So, the bar is not a barrier but the centre of the cafeteria. At the same time, the café also works as a kind of filter, so people who are not open minded in this way, usually do not continue to other parts of Paralelní Polis, which makes our lives much more easier.

The interior of the whole house is based on paper and honeycomb cardboards that also represent the hackers' ideas to use various technologies and material in different ways. We are also interested in decentralised production, which is represented in the building with a 3D printing lab that makes us independent from the international network of distributors, and from the ineffective transport of objects from one part of the world to another. We also have a co-working space, which is a place for people who want to work here every day, and a hacker space where our members can work and develop projects.

Upstairs, we have the Institute of Cryptoanarchy, also connected to the idea of decentralisation: here we host a critical discussions about the potential and future use of tools like bitcoin and torrent networks that give us anonymity and freedom to do whatever is possible on the Internet. This is the heart of Paralelní Polis, where we organise workshops, lectures, hackathons, screenings, discussions and other educational programs almost every workday.

HOW DO YOU MAINTAIN THE BUILDING?

The whole house is state-free, which means that we do not accept any public funding, because the main purpose here is to initiate a polemic discussion about the role of the state in the future. Therefore, we are completely based on private funding, similar to American NGOs: most of our income comes from the membership fees of our approximately one hundred members, as well as through donations from our donor members, people from various backgrounds, philanthropists and professionals who fight for freedom on the Internet, who pay about 15.000 CZK (€560) a month. Most of our donors are very well known, they are opinion makers and trend-setters who help us in spreading the influence of crypto-technology on top levels as well. In a few years, we want to become independent from their funding and establish a special fund with their money to support projects that flourished here, and further develop the ideas and technologies we are talking about.

We also have a special heating system: the first in the world based on bitcoin. The chips bitcoin miners – computers that make mathematical operations for the network necessary for bitcoin transactions – heat up very quickly and are usually cooled by air, wasting all the heat. Instead of air, we cool the chips with water and use the heat for the whole building.

HOW DOES BITCOIN IMPACT THE MANAGEMENT OF THE HOUSE?

The whole house is based on bitcoin, which is quite a big obstacle from the economic and business point of view: we have to persuade people to start using it and the currency is quite volatile. But it also makes us exceptional, even internationally: when we opened, the Washington Post and the BBC referred to us as the first bitcoin only café in the world. This crazy concept to make it completely based on bitcoins is very good for PR.



Inside Bitcoin Café. Photo ⓒ Eutropian

WHY DO YOU NEED A BUILDING WHILE YOU ARE LARGELY DEALING WITH VIRTUAL ECONOMY?

The house is community-focused and it originates from hacker spaces that were physical places where people interested in new technologies and their unusual use and modification could gather. Inspired by this idea, we also wanted to have our own physical space to gather and organise: physical meetings are still irreplaceable as the safest way to communicate.

In the long term, we do not think about Paralelní Polis as a building, a physical place, but as a medium: we would like to be more active in public, in medias and social networks. We established an organisation with good programming and content, and now we want to turn the building inside out, and be more influential with the public. We have a lot of connections all around the world, people who support us, who come to our congress every year, and help us promote these ideas and connect with others.

BEING CONNECTED THROUGH BITCOIN TO A GLOBAL NETWORK, WHAT IS YOUR RELATIONSHIP WITH THE LOCAL ECONOMY?

There are no obstacles for using bitcoin in the local economy. You can use bitcoin globally for making transactions with whatever part of the world in seconds, but you can do it in the same way here. For example, we organised flea markets to show that bitcoin is also very useful for small transactions, because when you use traditional money, you always have to have change and banknotes and so. Bitcoin is just a mathematical operation, so you can always choose the sum you really want to send. It is very practical in comparison to traditional money. In our neighbourhood, we persuaded the nearby Oko cinema to accept bitcoins, so we exchange people, we send our customers there to spend their bitcoins. And our bitcoin group is very active in convincing more and more places and e-commerce shops to accept bitcoin. We also work closely with the nearby cultural centre La Fabrica (that shares the same building owner with Paralelní Polis) and the art centre Dox that frequently touches our themes.



Offices in Paralelní Polis.
Photo © Eutropian

WHAT IS THE POLITICAL VISION OF PARALELNÍ POLIS?

The value of bitcoin is the principle of the decentralisation: that there is no central authority to set the value of a currency. Decentralisation as a theme is important for us, because we see a big potential for social change in tools like bitcoin. We talk about and brainstorm on concepts that could make services – that are only provided by states today– operate based on totally different principles.

Blockchain technology enables many interesting projects like smart contracts that are not written on paper but encoded in the blockchain system. It brings totally new ways of understanding the law and the contract between people, where you do not have to meet physically at some place and agree on a jurisdiction anymore, but can automatise the process or agree on a third party who decides in case of conflict.

The name "Paralelní Polis" also comes from a political idea, from Vaclav Benda who was a dissident during the communist era. He used this notion to describe techniques of emancipation from the authoritarian regime and ways to self-organise, to create the Paralelní Polis, a parallel social structure which would exist next to the state structure, without the primary goal of changing it. When Václav Havel commented on it, he said that wherever the private sector is able to organise itself, the state should take a step back, because the people are always better in organising their things than officers. I really like this idea.



MARTIN LESKOVJAN graduated at the Faculty of Humanities and later at the Faculty of Law of Charles University. During his studies, he co-founded the non-profit organisation called Fair Art (legal help for artists) and initiated events at the edge of art and law. His activities in art have brought him to hackers and topics related to cryptotechnologies and new visions of decentralised societies. In 2014 he started to work for an IT security company and recently he has become the company's executive director for Czech republic. Ethical hacking and cryptotechnologies are important topics of the non-profit organisation Paralelní Polis he co-founded with his friends in 2014. The organisation's mission is to educate and experiment with cryptotechnologies and increase awareness about their potential for social change.

Organising Communities

Ensuring the financial sustainability and economic stability of a community project is not only a matter of accessing capital that makes the purchasing and renovation of a building or starting an activity possible. While as the previous chapter demonstrated the important role ethical financial actors and platforms play in helping community initiatives access spaces, a key aspect for successful civic spaces is the way in which these spaces are managed, organised and governed, in order to ensure inclusiveness and the production of values. As Bea Varnai's article claims, much can be learned in this respect from housing organisations that have developed a variety of innovative and sustainable models for developing community-led housing over the past few decades. In this chapter, interviews collected from around Europe show us that the principles of shared ownership, commoning, community building, crowdsourcing and placemaking have been applied to a great variety of experiences such as combining housing and retail in the Granby Four Streets Community Land Trust and Homebaked, via workshop spaces such as Stad in de Maak, De Besturing, the Wijk Coop and Nod Makerspace, through cultural venues like Müszi, Stará Tržnica, Jurányi House or Carozzerie n.o.t. or offices like in ZOHO. The ways in which communities organise their decision-making structures and manage their human and economic resources are fundamental in making these communities democratic and inclusive, as well as resilient, stable and durable.

131 LEARNING FROM HOUSING

139 MÜSZI

145 CARROZZERIE N.O.T

148 NOD

151 AFRIKAANDERWIJK

158 COMMUNITY LAND TRUSTS

160 GRANBY

167 HOMEBAKED

171 DE BESTURING

174 JURÁNYI

181 STARA TRZNICA

186 STAD IN DE MAAK

192 ZOHO

Innovative funding and organisational models in the housing sector

Lessons from community-led housing for city-makers across Europe

BEA VARNAI

During the past few decades, housing has been at the forefront of community-led initiatives to guarantee the right to an affordable city. As a consequence, housing, in many respects, has been leading the way for experiments with innovative financial and organisation models for community-led urban infrastructure and development projects. Solidarity funds, shared ownership models, organisational formats and decision-making mechanisms elaborated by housing activists and policy advocates however, are not applicable exclusively for residential developments. As Bea Varnai shows in this article, they have a lot to offer to civic spaces with limited or no housing component.

Community-led housing (CLH) is increasingly being established as a viable and sustainable response to the challenges of providing affordable housing in the context of state withdrawal, spatial and social segregation and climate change. A diversity of CLH models have emerged across Europe: the Danish co-housing model focuses on shared spaces and environmental sustainability; the traditional cooperative housing model in Germany, Switzerland and France is undergoing a renewal with a focus on democratic governance and anti-speculation; the Anglophone Community Land Trust model, which aims to pull land out of the property market, is progressively gaining a foothold in continental Europe. In parallel, Southern European countries successfully experiment and adapt existing models, merging Northern European traditions with local experiences of self-organisation; while Eastern European initiatives seek to build new democratic alternatives for the provision of housing and social services.

Whatever their model, CLH projects are costly and require investments exceeding the financial capacity of most inhabitants, and particularly low-income households. To be viable and to leverage sufficient economic resources, community-driven habitat initiatives need to organise a wide range of actors around their project and attract external funders. The challenge is to do so sustainably, while conserving ownership over the process. The strategies of CLH initiatives to provide adequate and affordable housing in a context of austerity, land speculation and increasing social disparities provide valuable lessons for other types of civic initiatives. In fact, some strategies and tools that have initially emerged in the housing sector are being adapted to a broad range of civic initiatives: cultural and public spaces, temporary use, and co-working spaces. This is the case, for instance, of the organisations trias Stiftung and Edith Maryon Stiftung. Both acquire land for non-profit purposes and provide long-term leaseholds to civic actors with the aim of

enabling non-speculative housing developments (AlteSchuleKarlshorst[1]), civic spaces (ExRotaPrint[2]) or developments that combine both (Zentralwerk[3]).

CLH projects usually start by aggregating their economic capacities and financial means in the form of savings. Resources that were put in common are then used to leverage further public and private funding. In fact, the success and replicability of CLH models depend largely on the capacity of inhabitants to negotiate external funding at favourable conditions (at low interest rates, for instance) and to advocate for public support mechanisms, such as public guarantees or enabling public policies.

AGGREGATE COMMUNITY CAPITAL...

Individual savings added up to community savings, whether it be partially or entirely, are the basic building block for any CLH project. The example of the Belgian social housing project L'Espoir[4] shows that community savings provide not only the necessary seed capital to launch a project, but also constitute the fundaments for sustainable and strong communities. In 2004, at the initiative of a local NGO, the future inhabitants of the project established a collective savings group. In the following years, the 14 households contributed with a monthly rate of 50 euros to the scheme, building trust and solidarity by doing so, before acquiring and moving into their homes in 2010.

Federations and umbrella organisations also contribute to the seed capital of CLH projects. An example for this is the solidarity fund foundation, created by the Swiss Federation

1 Alte Schule Karlshorst is an integrative multi-generational rental housing initiative established in 2006 in Berlin. At least one third of the flats are reserved for seniors, disabled or people in need of care. The project furthermore includes a children's house with 10 children.

2 The non-profit ExRotaprint GmbH was founded in 2007 with the objective of taking over the former Rotaprint site, to disrupt the speculation-spiral of the real estate market in Berlin and to own the buildings through a heritable building right. Working on site are businesses, community outreach organizations, and independent creatives.

3 Zentralwerk in Dresden, Germany, re-uses an old factory to combine living, working, art-making and art-showing on its grounds. One third of the premises' 7.000 square meters is rented out to the cooperative's members as apartments, while the remaining two thirds are used as studios and other creatively used commercial or non-commercial spaces. An old ballroom is used as a window to the neighbourhood and the city, offering performances, exhibitions, art and socio-cultural projects developed by members, tenants, guests and partners.

4 The L'Espoir project is an affordable 'passive house' project for low-income families in the Molenbeek area in Brussels. The innovation of the project lies in the focus on environmental sustainability (wooden construction, green roof, thermal solar energy) and community financing mechanisms (saving groups) that are combined with public subsidies. Since 2014, 14 families from 11 nations live in the building and share a publicly accessible community garden.



Community space at Spreefeld, Berlin. Photo © Eutropian



Spreefeld Housing Cooperative, Berlin. Photo ©Eutropian

of Housing Cooperatives that administers 41.2 million CHF (2015). The fund was initially constituted in 1966 with the contributions of the Swiss Confederation, and is now sustained by the voluntary contributions of cooperative members (households), fiscal returns, returns on interest rates, and donations. The solidarity fund promotes housing development by public utility organisations, among which come housing cooperatives (although not exclusively). Concretely, it provides long-term loans (20-25 years) at low interest rate (currently 1%) to Swiss Housing Cooperatives and other types of non-profit housing developers (in 2015, a total of 112 loans were issued).

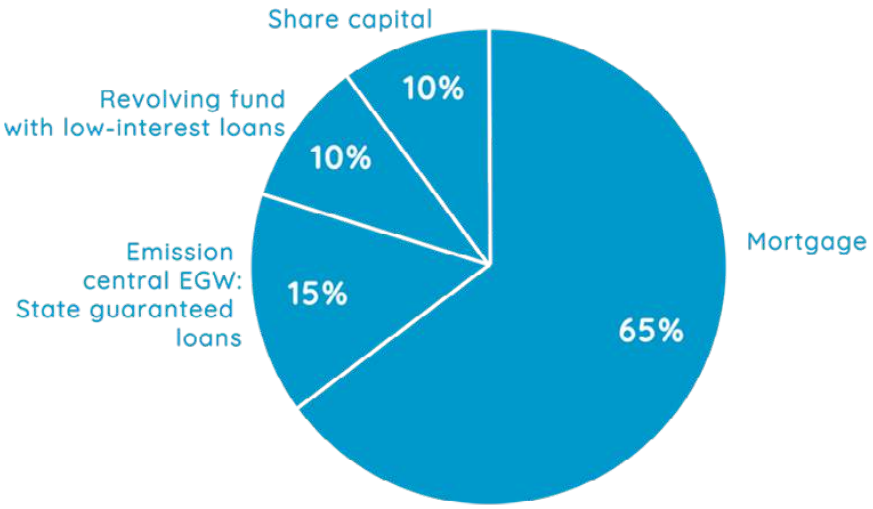
The monetary and non-monetary support (technical assistance, advocacy, network building) of umbrella organisations is of crucial importance for kick-starting pilot initiatives and innovative projects. The Granby4Streets CLT in Liverpool for instance, benefited on several occasions from the support of Locality, the national network of community-led organisations in the UK.

The process of putting resources in common creates solidarity and a sense of belonging to a group with similar goals and interests. It is a means rather than an end in itself; a basic building block for federating a group of individuals around a project, and for community building. Furthermore, community capital enhances the negotiation capacity of the inhabitants when dealing with public and private actors: by aggregating their capital, inhabitant groups increase their agency and are considered actors rather than clients or beneficiaries.

...TO LEVERAGE EXTERNAL FUNDING

Because of its long-term character, and the amounts required to launch a Habitat Project, no CLH initiative can be sustained with private equity (savings) only. The community will negotiate public or private loan schemes at affordable prices. Hence, the negotiating power of the community determines both the accessibility and affordability of external funding. Additionally, the existence of an enabling legal framework and the level of

Financing model of Mehr als Wohnen



recognition of CLH models in a given context will considerably influence both factors.

In the case of Mehr als Wohnen[5] and Spreefeld[6], the institutional trust in the cooperative model drives down the risk, as perceived by the lenders, and therefore the cost of the loans: Spreefeld members had access to loans from the public bank for reconstruction (KfW) at preferential conditions (2.2% interest rate) to acquire the social shares of the cooperative. Additionally, the cooperative assets were recognised as a guarantee for individual loans, enabling the members of the cooperative to negotiate favourable conditions. In Switzerland, another mechanism helps decreasing financial barriers: the issuing of public guarantees. The loans levied by the 'Emissionszentrale EGW' (a cooperative itself) for non-profit housing developers are guaranteed by the Confederation,

5 Mehr als Wohnen is an association of 60 housing cooperatives built the Mehr als Wohnen (more than housing) project in Zurich that developed and manages a neighbourhood with 400 housing units for 1,1000 residents, commercial and public spaces providing 150 jobs.

6 Spreefeld is a registered German cooperative created to democratically build and manage a mixed-use housing project for 140 residents in the heart of Berlin. The project furthermore provides 70 working spaces, as well as social infrastructure (Children Day Care center) and a wide range of public and semi-public spaces for the wider community.



Field visit to Community Land Trust Brussels. Photo © UrbaMonde

Project name	Legal form	Type of project	Private equity / savings	Peer-to-peer finance*	Crowd-funding	Private loans	Donors, philantropy	Alternative finance**	Public subsidies	Public loans***	Public guarantees
Mehr als Wohnen	Housing Cooperative	New development	■	■		■			■		■
La Borda	Housing Cooperative	New development	■	■	■	■		■		■	
Spreefeld	Housing Cooperative	New development	■			■			■		
Granby Four Streets	Community Land Trust	Refurbishment	■			■	■	■	■		
AlteSchule Karlshorst	Mixed	Refurbishment	■			■			■	■	
L'Espoir	Housing Association	New development	■	■		■			■	■	

* Revolving funds, solidarity funds, etc.
** Ethical / cooperative banks, financial services cooperatives, social impact investors, community shares
*** Including mortgage loans

and therefore receive the highest rating on the financial market (AAA), representing technically no risk for lenders. This example shows that public support and trust in community-driven development can considerably enhance the affordability of external funding.

On the other hand, some CLH projects reach out to public subsidies in order to complement loans and community capital. Subsidies decrease the financial barriers in favour of low-income groups and marginalised populations. This is the case for L'Espoir, where all of the 14 low-income households have received public subsidies for developing one of the first 'passive houses' in Belgium. Another approach consists of demonstrating the added social value of the project, for instance by integrating certain social services in order to access public subsidies, and establish partnerships with the private sector. An intergenerational approach, as practiced by the housing cooperative LaBorda[7] in Barcelona, is an example for this. In fact, the care for the elderly constitutes a true opportunity for accessing public subsidies in ageing societies.

In the case of the Granby4Streets CLT, the social investor Steinbeck Studios put its faith in the community – driven revitalisation of the Toxteth area played a crucial role in the funding of community facilities and refurbishing homes,

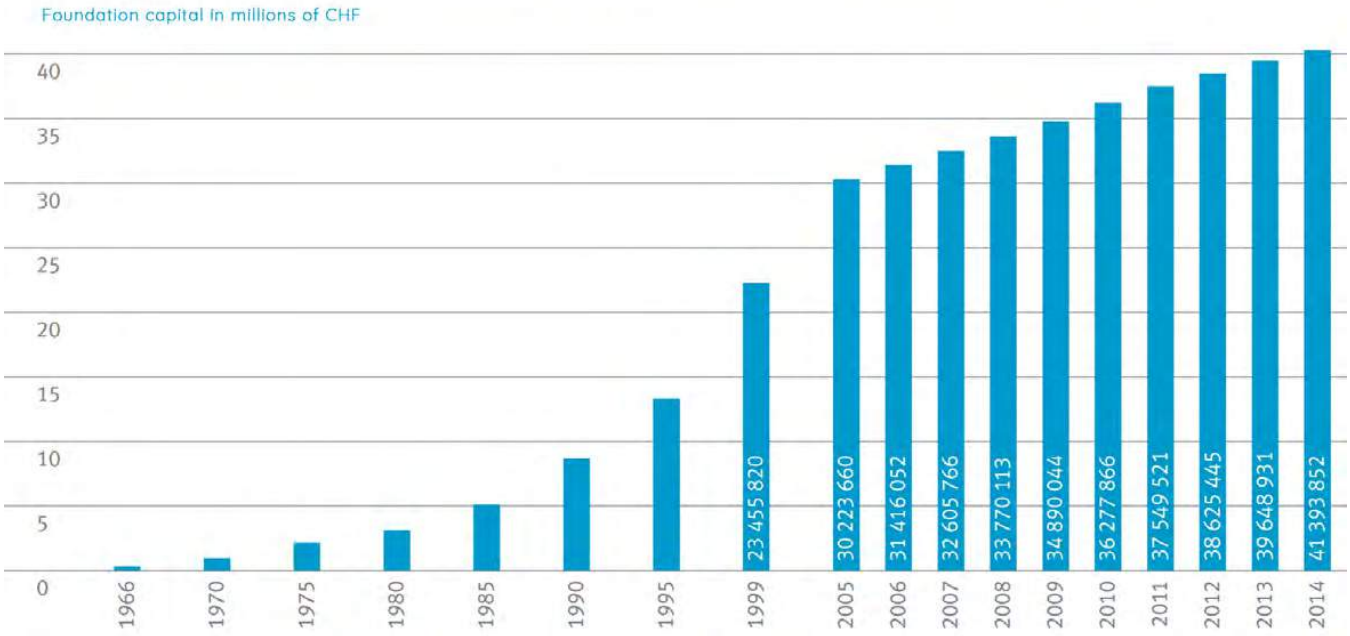
7 The Housing Cooperative La Borda originated from an activist movement in Sants, a working-class neighbourhood in Barcelona. La Borda seeks to integrate housing with the social economy and the Care economy, and to encourage new models of living in community. It constitutes the first experience of collective property in the city of Barcelona.

Field visit to Mehr als Wohnen in Zurich. Photo © Urbamonde



The development of the Solidarity Fund

In 1966, the Swiss Federation of Housing Cooperatives launched a solidarity fund. In Autumn 1999, the fund was transformed into a foundation, benefiting from tax exemption. By the end of the accounting year 2014, for the first time, the fund surpassed 40 million Swiss Francs.



investing £500,000 in the project at a 0% interest rate over two years.

Apart from social investors (impact investors), donors and philanthropic organisations – whether local or international – are also approached. While these may help kick-start CLH initiatives, and particularly pilot projects that receive little or no institutional support, CLH projects need to think of sustainable and organically-sourced funding solutions in order to develop models that are replicable and viable in the long-term.

EMERGING FUNDING SOLUTIONS: ALTERNATIVE AND SOCIAL FINANCE

Particularly in the absence of an enabling institutional framework and public support, CLH initiatives build a broad network of alliances among the like-minded and synergies within the social and solidarity economy and social finance sector. In the case of LaBorda, the share of the financial support provided by ethical and solidarity funding institutions amounts to 40% of the total costs (2.6 million euros) of the housing development. The financial services cooperative Coop57 issues 800 participatory titles of 1,000 euros each to the project. The titles have a time of span of 3 years, and an associated interest rate of 2.75%. LaBorda and Coop57 offer an example of a successful collaboration between a housing initiative and a cooperative financing institution, based on common values and a shared interest to reinforce the social and solidarity economy in Spain. Additionally, in order to lower the project costs, LaBorda issues capital participations (participatory loans), offering a small financial reward for subscribers. This is part of its strategy as a pilot project to create a critical mass around a cooperative, non-speculative, affordable and collective property housing project.

Plans for La Borda, Barcelona.
Image © La Borda





Spreefeld Housing Cooperative, Berlin. Photo ©Eutropian

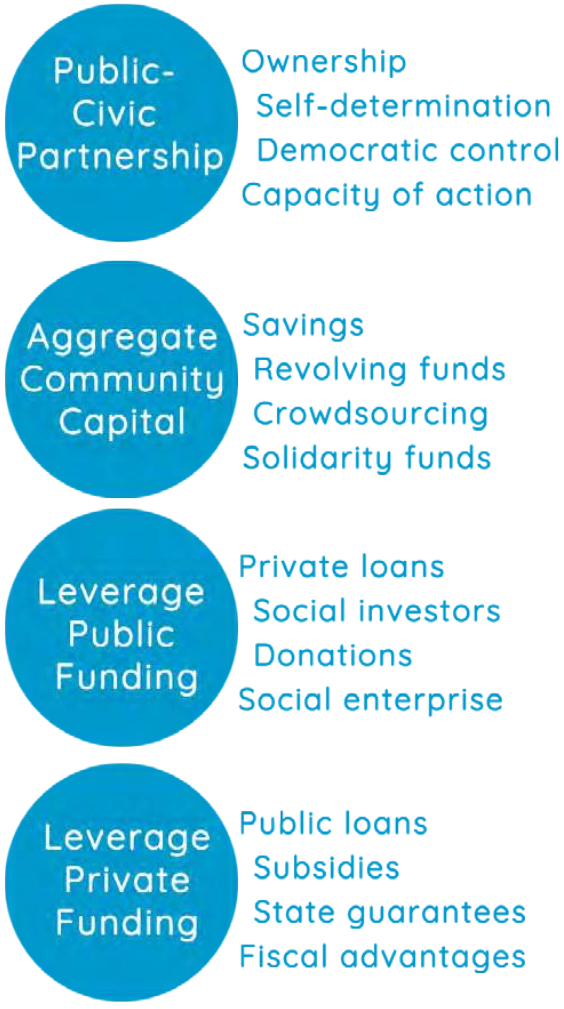
Crowdfunding, another emerging example of community-based finance, has so far been less relevant for CLH projects, given the difficulty to gather a large interest group around a housing project. However, crowdfunding has proven successful in the case of other types of civic initiatives, such as projects for public spaces or cultural centres.

LESSONS FOR CITY-MAKERS

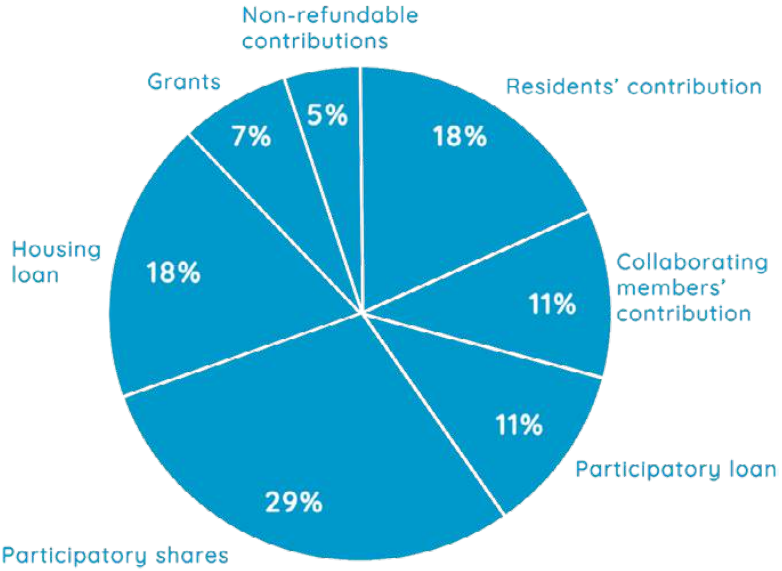
Leverage funding for a habitat project is both a means for community-building and for establishing synergies with a wide range of actors. The table above illustrates that each project mobilises funding and support from a variety of sources according to the given local economic, institutional and cultural context and the scope of the project itself. Along their lifecycle, community-driven projects will constantly renew and forge new alliances with civic, public and private actors.

The challenge for CLH initiatives and civic developments likewise lies in scale: today, the coproduction of our cities – beyond public consultations as a form of minimal participation in decision-making – is still limited, and financial, socio-economic and cultural barriers tend to exclude certain populations from adopting a proactive role in city-making.

However, in an increasingly complex and decentralised urban world, and in a context of budget constraints, civil society is progressively being recognised as a partner in urban development and in the provision of housing, public spaces and social services. Rather than outsourcing state responsibilities to civic actors, the challenge is to establish sustainable civic-public partnerships for coproducing European cities. In other words, there is a need to collectively rethink how our cities are built in order to establish an enabling environment for community-driven



Financing model of La Borda



Source: La Borda

development: involving the final users at all stages, establishing collaborations across sectors and perceiving city-making as a multi-actor and continuous process.

The FundingTheCooperativeCity initiative is a valuable contribution to federating these efforts, sharing knowledge and disseminating successful experiences of inclusive and cooperative city-making across Europe in order to raise awareness on the value of community-led area development.

REFERENCES:

"Production Sociale de l'Habitat", urbaMonde, 2015: https://issuu.com/urbamonde and https://goo.gl/NhZB4S

"Co-housing cultures", id22, 2012: http://cohousing-cultures.net/

"Profiles of a movement: co-operative housing around the world", ICA housing, Cecodhas, 2012: http://www.cooperativehousing.ie and https://goo.gl/NGfHP3

Video presentation – Mehr als Wohnen: https://vimeo.com/178678534

Video presentation – La Borda: https://vimeo.com/178460598

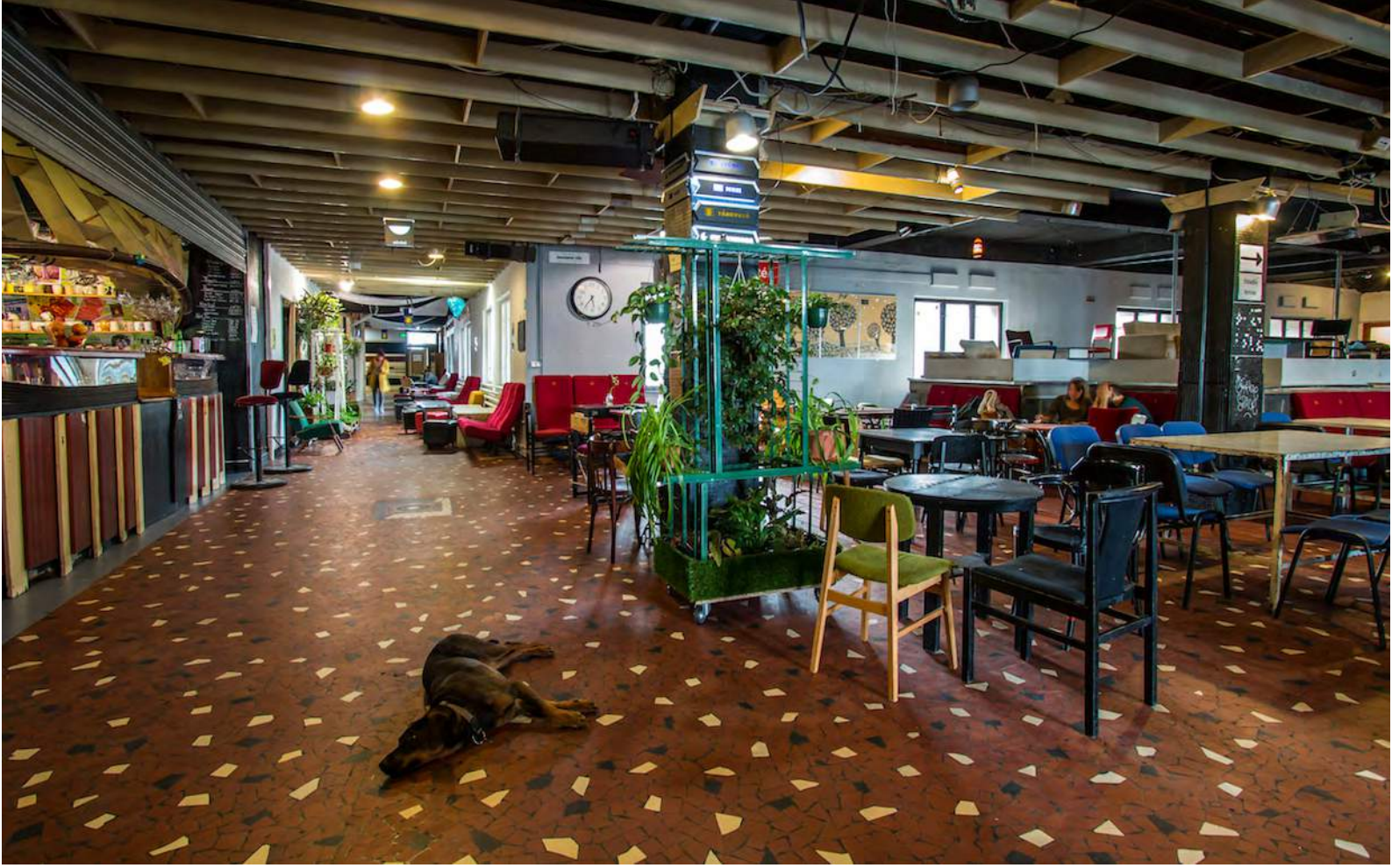
Video presentation – Spreefeld: https://vimeo.com/178635745

Video presentation – Granby 4 Streets Community Land Trust: https://vimeo.com/178456543

Presentation of the Social Production of Habitat Platform: https://vimeo.com/142355996



BEA VARNAI is project manager of the Social Production of Habitat Platform, urbaMonde-France. The Platform seeks to enhance experience exchange between community-led housing projects, foster the cooperation between their umbrella organisations, raise public awareness on community-driven housing development and promote supportive public policies worldwide. To learn more visit: www.urbamonde.org and psh.urbamonde.org!



Müszi. Photo © Kiripolszky Csongor

MÜSZI

Public functions in private spaces

> *Members of the community are responsible for the development of this place.*

JÚLIA BÁRSONY

Művelődési Szint (MÜSZI Art & Community Centre) is a cultural space operating on the 3rd floor of a socialist-style department store. Besides hosting events ranging from concerts to theatre performances and film screenings, Müszi also offers studios for artists, NGOs and start-up companies. Müszi stands as an unprecedented venture in Budapest, a venue that positions itself as an independent, self-sustaining "house of culture," and offers affordable space and activities to a wide range of age groups, while combining its artistic and social mission with business principles in a sustainable manner. In September 2017, Müszi's landlord terminated their rental contract: the organisation is now looking for a new building, with the help of its supporters and community.

IN WHAT CIRCUMSTANCES DID YOU LAUNCH THE MŰVELŐDÉSI SZINT?

Müszi was born from the ambition to revive the tradition of the 'house of culture', a community space giving room to a variety of activities, an open-for-all public space where consumption is not required. In the winter of 2011, the most important alternative cultural institutions of Budapest were shut down, those that not only provided space for entertainment, but also for creation and artistic work. At the same time, we also lost our building, which we had been using for 5 years as artist studios and for wood workshops. I was teaching a theatre class at the Moholy-Nagy University of Arts and Design; we were approaching the end of a seminar, before the rehearsals in December and the performance in January, when we found ourselves on the street

MÜSZI IS LOCATED AT A VERY UNUSUAL SITE: THE FORMERLY VACANT THIRD FLOOR OF A SOCIALIST-STYLE DEPARTMENT STORE, RIGHT AT ONE OF THE BUSIEST SQUARES OF BUDAPEST'S HISTORICAL CENTRE. HOW DID YOU FIND THIS PLACE?

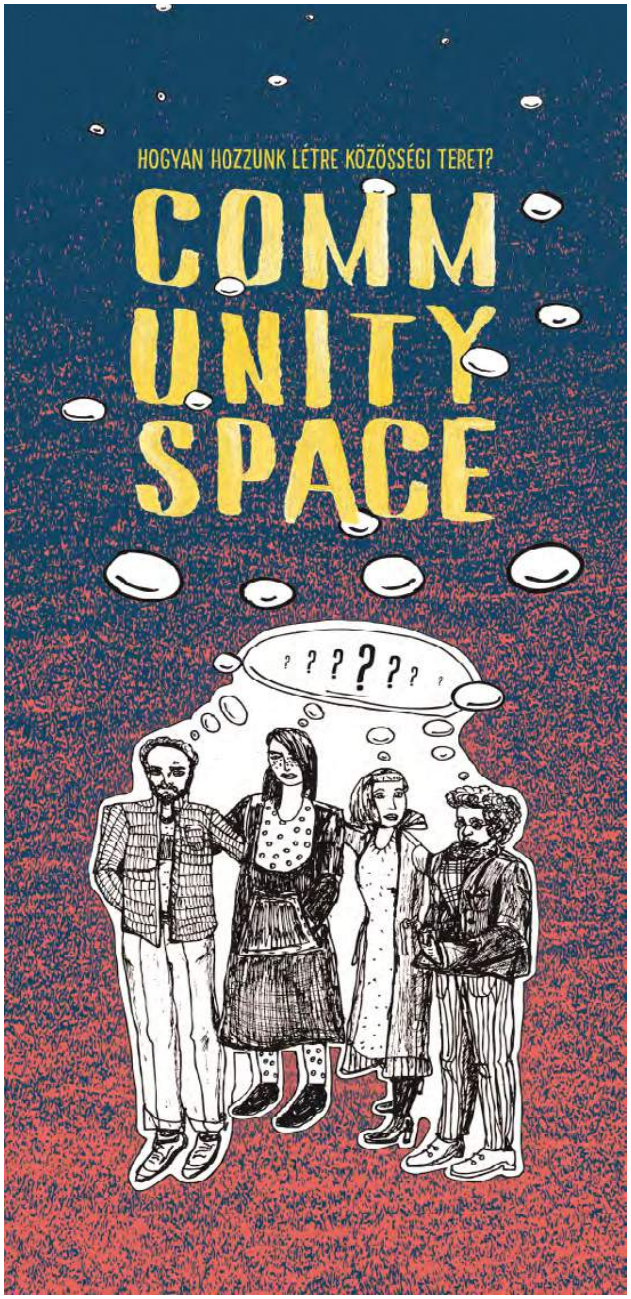
We found this space when it had already been empty for 6 years. The owner did not really want to rent it out: it was complicated to adjust the building's infrastructures and provide a staircase to the floor, especially since the rooftop bar occupied all of them. I got in touch with the owner and told him that we would like to use the space for 6 weeks, but we have no money. He told me that we could use it if we cleaned it up. We moved in, cleaned up in 3 days and began to work. Following the preparations in December, the performance took place in January 2012, lasted 5 days and attracted over a thousand spectators. It brought a lot of visibility to the floor: suddenly everyone discovered this space, everyone felt that something was beginning here. Following the event, the owner of the building, who liked our presence, offered us a rental price. We decided to move ahead with renting the entire space of 2800 m2. We realised that we had nothing to lose, and we negotiated a progressive rental agreement, starting with only the utility costs for a half year, then half-price for another 6 months, then full price. It was essential for us to find a privately owned space to avoid political pressure.

WAS PRIVATE OWNERSHIP REALLY NECESSARY FOR THIS PROJECT?

From the beginning, we were in a political situation where we decided to go ahead with developing Müszi because we did not see the possibility of receiving any subventions in the coming years for the kind of theatre we are doing. We had to create the circumstances within which we could work.

Interior in Müszi. Photo © Regina Szodorai





Building a Community space guidebook. Image © Művelődési Szint

We wanted to build a theatre for ourselves, and we built it, even if we have not really been able to harness it. When we came here, we decided to stop applying for grants, in order to avoid supporting the system by paying application fees, and to avoid time limits as well as accountancy and reporting obligations towards the institutions. In this way, the whole project can develop at its natural pace. It was important to reassure ourselves, because we wanted to create long-term possibilities. For instance, we installed an intercom in order to oblige the authorities to announce their visit. We knew from the beginning that we needed to create an independent and safe place, by all definitions.

HOW DID YOU ASSESS WHAT SPACES YOU WOULD NEED IN MÜSZI?

Our business model is based on the recognition of the large demand for affordable workspaces, both within the fields of art as well as in activism. Looking for tenants, we made a call for applications, where the criteria for selection included the candidates' activity, their willingness to contribute to the community, and their capacity to pay rents. Through the application process, we familiarised ourselves with the precise needs of prospective tenants, and this influenced and provided information for the design of the whole floor. The structure of Müszi was constantly changing. We knew we needed to create as many studios and offices as we could. And these had to be small because today's NGOs cannot afford larger spaces. But we also wanted to have event venues: a theatre hall, a lecture hall, a room for dancing – we definitely wanted to have mobile spaces. In the beginning, we had a community space that we could let, and we began building the first studio spaces that people could rent. We had a small bar, the size of a table, selling cold and hot meals, which could support itself, so that at least we would not have to use the money from our program revenues.

HOW DID YOU ORGANISE THE RENOVATION WORKS?

We began by collecting all available materials from the recently closed venues (Tűzraktér, Merlin, Sirály, Gödör, Kossuth Mozi), as well as from a nearby Chinese restaurant. In parallel, we left flyers everywhere announcing that we are looking for furniture, and we received many items. Besides this, we had all the sceneries of our previous theatre pieces, the collection of 8 years'

Interior in Müszi. Photo © Regina Szodorai



work. And there was a double ceiling, made of wood, covering the entire floor area. We used these to build walls later. To a large extent, the first phases of the construction work were done by prospective tenants. To motivate the volunteers, we accommodated many of their ideas in the organisation of the new spaces. This is how many originally unplanned services, like the children's room, took shape.

Everybody was working for free at first. We did the construction slowly and gradually; we received all the construction materials for free, everybody worked for free, but at least we shared a meal everyday and we could take on outside jobs as a team to generate some revenue. It would have cost us a fortune to get a new fire safety classification, as this was formerly a showroom floor of the department store, so we adapted to this function; we divided the showroom area into different parts. Everything was built in a way that allowed mobility through it, and could be taken apart with a screwdriver, because everything is built as a stage set. Nothing reaches the ceiling so we do not have rooms with separate airspaces. We had to pay attention to this, to comply with the strictly compulsory fire safety directives.

HOW DID YOU ESTABLISH MÜSZI'S FINANCIAL SUSTAINABILITY?

We wanted to create a community space, not through grants but with a self-sustaining economic basis. This is also related to the redefinition of cultural centres, raising awareness that the members of the community are responsible for the existence, maintenance and development of this place, and they can contribute either by volunteering or donating. We primarily asked for a contribution to our utility bills: we asked people to give us the equivalent of the time they spend at Müszi, when they are not at home using heating and water. The goal was to provide several pillars for Müszi's operations and financial background. This is one of the pillars that works well, because most programs pay rent for the space, or we ask for a utility contribution of 200–300 forints per person, or ensembles pay for rehearsal spaces – in one way or another, we ask for contribution from the people who use the space. This is a mission because we had been spoiled: for forty years, cultural centres operated free of charge, and the state paid folk dance companies to perform twice a week.

The other pillar was the pub, but we did not want alcohol to sustain Müszi. We did not want to establish a nightclub, we wanted to focus on daytime activities, to be able to open at 10 a.m. and have people drink their coffee and work here. We achieved this goal, on some days our daytime revenues equal that of the night income of other places. But it is important to realise that the café is a very small segment of Művelődési Szint, it is rather like a café in a theatre. It is a supplementary pillar; it cannot sustain a 2,800 square metre venue, nor is it its purpose to do so. Our capacity is limited to 300 people due to fire safety concerns, but that is not a problem. In the meantime, we developed the café, we selected suppliers carefully, we worked on the design, we got our first coffee machine. The café grew in proportion with the way people started using the space.

Our third economic pillar consists of the studios; they are the fixed basis of Müszi because tenants pay a fixed fee per square metre, well below market prices. The rent for spaces on the sunnier



The Exterior of Müszi.
Photo © Regina Szodorai



Interior in Müszi Photo © Regina Szodorai

side differs from that of darker spaces. The rent covers approximately 60% of our maintenance costs. Some tenants have been here for three years in the same studio, which makes us feel that they did something for themselves, and they are happy to pay the rent because they gladly contribute to an environment like this.

We also have four event halls: the large auditorium can accommodate approximately 120–180 people, and is suitable for conferences, screenings, cultural and NGO programs, and workshops. There is a studio that specialises in exhibitions, but it also hosts daytime programs. There is a large cinema hall in the back, we usually have theatre and cinema events there, as well as loud concerts at night. We also have a workshop room; the smallest with 63 square metres, and people love to rent it for more intimate gatherings of 20–30 people. In addition, we have the large café area. We can have simultaneous events in these spaces, for example, they are all full on Friday and Saturday afternoons. We call these community spaces, they have fixed rental prices as well, but there are also individual agreements through which we support NGOs. On the other hand, from those who can afford to pay more we accept more, so we basically have separate agreements with each group. This is important because it means a constant, personal relationship with them, and we feel like we are working together, for example we help them with the press of their events.

In addition, we have several smaller economic pillars, for example we established a Müszi shop where we sell products made in in-house workshops or craft studios, and we organise market days, which also generates a minimal revenue. We also have a co-working office where people can rent desks. We have various small-scale activities that also contribute to Müszi's revenues.

WHEN DID MÜSZI BECOME SELF-SUSTAINING?

The normal operations of Müszi cost approximately five million forints (approx. 16,000 euros) monthly. This amount includes rent, utilities, the employee's wages and occasional renovations. We do the renovations gradually because we do not have sufficient capital to pay even the most pressing renovations at once. Müszi became self-sustaining after two and a half years. During this time the news of our mission reached many people, we are getting more and more guests who first found us through programs, and are now actively spending time here, they come in to work at Müszi. This makes our programs increasingly colourful, and we have more opportunities to support civic programs because our situation is easier than a few years ago. By now, we have a 70% full house on a daily basis. At the same time, the more Müszi is developing, the more demands and costs increase.



Workspace and café in Müszi. Photo © Eutropian

WHAT ARE THE NEXT STEPS FOR MÜSZI?

We have an unexploited economic pillar: we founded Müszipolisz and we issued our own currency, the Müszi Lujza. We want to try a monetary but not economy-based cultural barter system. We also divided Müszi into squares and streets, we adopted the street names replaced between 1989 and 2014, for example Moszkva tér and Felszabadulás tér. We are already using the Müszi Lujza within Művelődési Szint, you can use it in the shop, in the café, at the entrance, to buy tickets for our programs, for various services, for studio rent. The point of the donation system is that we do not give back change when you use 1000 and 5000 bills so you can support the person whose services you are paying for.

Our long-term ambition is to become a node in an emerging network of independent cultural and welfare providers. The next task is to create our social net. Not only to expand the services of Müszi, but also to be able to direct people to the services present in the neighbourhood, to distribute clothes to the homeless, as well as hot tea in wintertime. We envision this as part of an independent social welfare network, as part of an independent reality.



JÚLIA BÁRSONY is a theatre director, film producer, actor and cultural organiser. She studied theatre, film, dance and music in Budapest, Berlin, Wuppertal and Groningen. Since 1993, she has acted in various theatre and film pieces and was founding member of the theatre collective Mozgó Ház Társulás. Since the mid-1990s, she has been producing TV and radio programmes. In 2006-2012, she was teaching the the Moholy-Nagy University of Arts. In 2008, she was a founding member of the Harmadik Hang Háza theatre company, and in 2011 she founded Művelődési Szint that she has been managing since then. Since 2015, she has been working on various international TV film productions.



Rehearsal space in Carrozzeria n.o.t. Photo © Eutropian

CARROZZERIE N.O.T

Where the theatrical workspace is ours

> *Culture needs public support for some activities, but it does not need to be based on public subsidies or on illegality.*

MAURA TEOFILI

FRANCESCO MONTAGNA

Carrozzerie n.o.t is an ex-car repair workshop in Rome that has been transformed into an inde-pendent cultural and performing arts centre focusing on theatre and dance. The space accom-modates both rehearsals and shows, and organises workshops conceived for teenagers and non-professionals, as well as for professional actors.

WHAT IS CARROZZERIE N.O.T.?

Carrozzeria means garage, the former function of this space, and n.o.t. stands for Nostra Officina Teatrale (Our theatrical Workspace). It is a historical reference to when Mazzini addressed the recently unified Italy as being 'ours'. In Carrozzerie n.o.t. we want to realise something that demonstrates that theatre and the arts are not forbidden to the wider public. The gap between the intellectuals and artists (the ones attending shows and going to exhibitions) and the "normal people," who do other things, results in them not being stimulated by, or interested in the arts. But theatre is many things, it is not just the final product. The show is also the path to get to it, this can also give a lot to people who are not actors or professionals. We support and take care of emerging young performers and authors, with a special attention on what is coming out of this new generation of artists. We wanted to take care of this field, which is currently not recognised by official culture organisations, like the Ministry of Culture.

Theatre program with photo of neighbourhood protagonist. Image © Carrozzerie not





Francesco Montagna and Maura Teofili
Photo © Emanuela Liverani

WHAT IS THE THEATRE'S BUSINESS MODEL?

The point is that here in Italy, and particularly in Rome, we have two main ways of running cultural spaces, which are based either on public subsidies or on rent-free squatted spaces. Our point was to demonstrate that culture needs public support for some activities, but it does not need to be based on public subsidies or on illegality. So we tried to realise a project where the economical aspects were taken into consideration just as much as the cultural ones. Changing the perspective on the way theatres are run also impacts the way in which cultural spaces should be used.

We do not make use of any public grants because this would impact much of our pro-gramming and cultural proposals: subsidies would impose us to have a quota of under 35 year olds in dance productions, or a certain amount of classical theatrical projects... We would not be free in developing the relationship between artists and the public.

The economic sustainability of the space is granted by the daily activities that we have, like the workshops for non-professionals. They pay a monthly fee for participating in the activities, and this covers the basic expenses of the space, the bills, the rent, and the fee for teachers and so on. We then can take a risk with the shows, with the cultural proposal, by having a revenue from these or not, depending on the attendance to the performances. Currently our space has a capacity of 99 people, but it could reach 150 if we made some renovations. Having this stable base means that when we make sufficient revenue, we can also offer for free the space to artists for rehearsals. For example, we are collecting funds to support a grant for emerging artists that will help cover

Theatre program with photo
of neighbourhood protagonist.
Photo © Chiara Ernandes



their production costs. Being a cultural association, this is part of our cultural offer. So the people participating in our work contribute by helping Carrozzerie work and stay open, they are our base. Our public support does not come from the administration but from the actual public.

WHO CONSTITUTES THE COMMUNITY OF CARROZZERIE N.O.T.?

We normally see theatres opening at 18:00 and closing at 23:00, they run shows and only address people who are supposed to come and attend them. But they do not take care about having a real relationship with people outside, students, old women, and "normal people," the people who live in the building just in front of the theatre. And this is an issue because normally, when you try to open a show or to present an artist, you do not have anyone to speak to, except for the professionals of the cultural sector. This is why we decided to open the space from 10:00 am to 11:00 pm every day, and to divide the week into two different sections: one addressing professionals and the other targeting the wider public, made of non-professionals and especially teenagers.

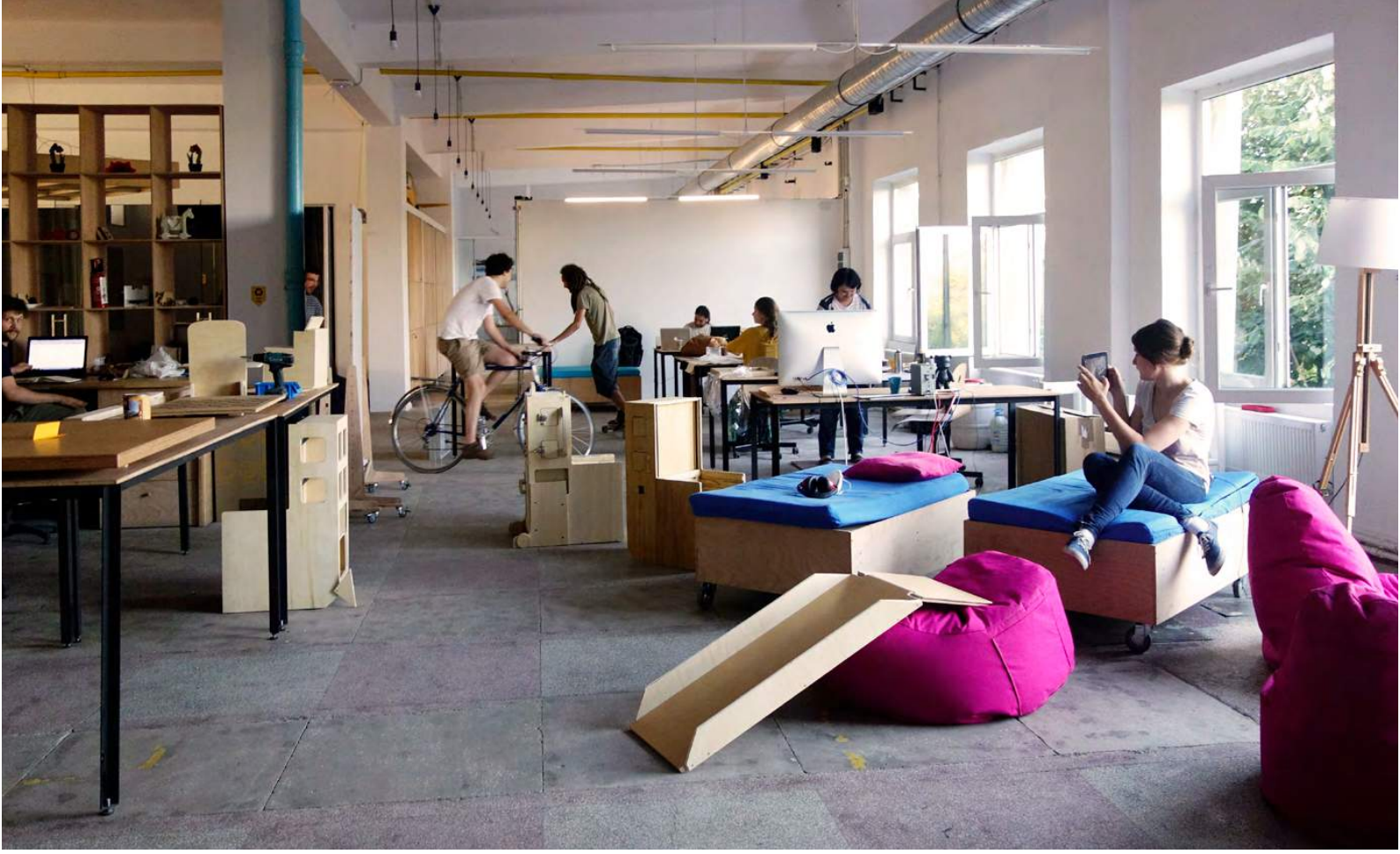
We spend a lot of time talking with people, each day we talk to everybody, really every-body: from the artists to old women in the neighbourhood, who walk in front of the theatre. I love this method of story-telling! You have to consider that one of the main opinion leaders in the neighbourhood is Fernanda, she is an old woman, 91 years old, who lives in the building in front, on the 6th floor. She comes to see everything we do here, and after each show, we conduct an interview with Fernanda.



MAURA TEOFILI After having started her professional carrier working with small independent organisations, in 2008 she started working with Romaeuropa Festival taking care of the artistic production and project management. In 2011 she started curating the tour management for Italian productions performing internationally and in 2013 she was one of the co-founders of Carrozzerie | n.o.t. Currently she also teaches at the Master in Arts Management of the Ied – European Institute of Design and continues her collaboration with Romaeuropa Festival, curating the Anni Luce program on emerging Italian artists.



FRANCESCO MONTAGNA He started working as an actor both in theatre and television. In 2008 he started focusing on teaching adolescents and in parallel he organised cultural events in independent theatre spaces in Rome by involving young theatre companies. In 2013 he co-founded Carrozzerie | n.o.t and since 2017 he is a co-organiser of the AllezEnfants! festival, which organises theatre workshops in highschools in collaboration with the Teatro di Roma.



Common space. Photo © Nod

NOD MAKERSPACE

Where peopleand competences bind together

> *Anyone who has an idea finds at Nod makerspace the tools and a community for advice and assistance.*



Nod makerspace is a creative workshop of 1000m2, located in an industrial area of Bucharest, that hosts an open co-working space, 150m2 manufacturing workshop stations and 15 creative studios. Since beginning operations in 2015, the maker community has managed to engage with many actors from the private sector to donate materials and resources that were necessary for the development of the space.

WHAT IS NOD MAKERSPACE?

Nod makerspace is the answer we found to an existing need in our multidisciplinary group: the need for space and tools to build projects together. That is why Nod is a "working playground" that provides access to a wide palette of tools and equipment for digital fabrication and fast prototyping. Also, Nod (knot, in Romanian) means a place where people and projects meet and tightly bind together. We address designers, artist, engineers, inventors and entrepreneurs. Anyone who has an idea, an invention, a prototype, and wants to design it beyond theory, finds the necessary tools, the equipment and a community for advice and assistance at Nod makerspace.

We occupy 1000m2 – the main building's 2nd floor, in the former Cotton Factory, in central Bucharest, overlooking the Dambovita river. The space layout is made of a 300m2 open-space area for co-working; 15 private studios for young designers and their teams; 150m2 of prototyping, manufacturing and digital fabrication workshops; and 150m2 of bricolage and design workshops for children.

The workshops include a wood working area, a metal working area, a ceramics room and a painting room. The open-space is equipped with a 3D printing area, an integrated kitchen with a chill-out area, and a conference room with a large ping-pong table.



Nod prototype building. Photo © Nod

There are a lot of projects developing at the same time inside Nod: the makers' own projects, competitions for designers and the production of their prototypes (financed by different actors – for example, the Peroni design competition). We are also building the prototypes for different exhibits in a small science centre in Bucharest, and working on the transformation of another industrial space into a debate and public initiatives centre and so on. During 2015, Nod hosted dozens of public events, such as public debates related to good governance, seminars, thematic workshops, career guidance conferences for young people, creative workshops with children and adults, and design fairs with local products.

Renovations of the Nod space. Photo © Nod





Nod studios. Photo © Nod

HOW DID YOU FINANCE THE ESTABLISHMENT OF NOD AND WHAT IS YOUR ECONOMIC MODEL?

Nod makerspace is a for-profit company with a strong social component. In November 2014, we rented the 650m2 of unused space in the former industrial site. We presented the project to several companies in the design and construction field, asking for support. We managed to obtain construction material and equipment from them. The transformation of the industrial space was realised in 6 months, with a team of 15 volunteers and an investment of 120.000 euros: 40% of the total amount was garnered through in-kind contributions by partner companies and the remaining 60% came from our private investment. The objective in the first 2 years is to become a self-sustaining makerspace, thanks to memberships and to the services provided.

WHO ARE YOUR MOST IMPORTANT PARTNERS?

First of all, the Makers and the Doers are the most important partners of our community as well as the companies interested in design, DYI and the new life-style promoted by a makerspace. Secondly, a very good partner to connect us with the media and the corporate world is PR agency – MSL Group The Practice. Another organisation that had a great impact in our community's development is The Institute for Public Policies - they keep promoting us as a good practice example to the local administration and to the government. This way we get to connect with local authorities and we look forward to their future support. For Nod makerspace's future big project – MATER, the material library - we also found a series of important partners in the construction industry.



TAMINA LOLEV grew professionally with her experiences in Belgium and Shanghai. In Bucharest, she started taking care of valuable buildings and also founded the hands-on-creativity Nod makerspace project. Partner @Wolfhouse Productions - architecture studio, she is focused lately on new industrial conversions with innovative architectural programs, such as: a debate center (La Firul Ierbii) and a material library (Mater)



Centre of Cooperative. Photo © Afrikaanderwijk Coöperatie

AFRIKAANDERWIJK COÖPERATIE

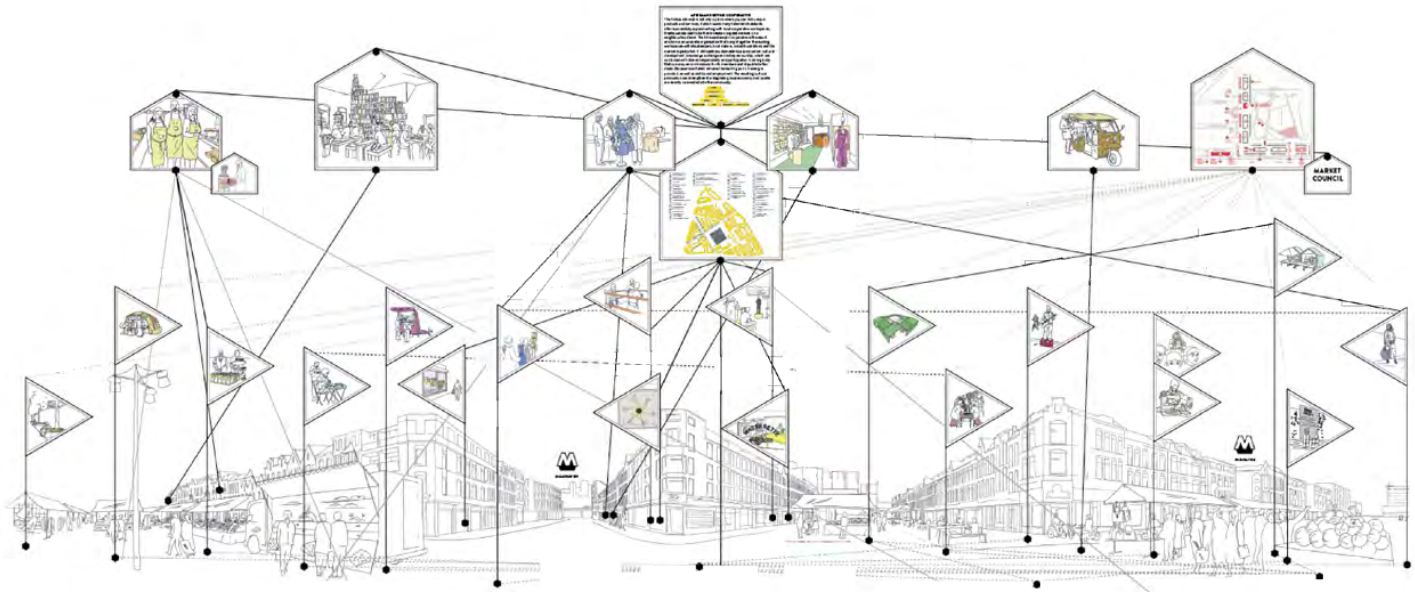
Reactivating the local economy

> *We allow individuals to pool resources and legitimise their informal businesses.*

ANNET VAN OTTERLOO

AFRI KAANDER WIJK CO-OP

Afrikaanderwijk Cooperative operates in South Rotterdam's Feijenoord area. Evolved from an art project conducted in the area by the Freehouse Foundation, the Cooperative works on bringing together existing workspaces, entrepreneurs, producers, social organisations and the market. The Cooperative began its work by mapping the unrecognised skills and competences of residents in the Afrikaanderwijk neighbourhood, suffering from problems of low education, unemployment and a bad reputation. Based on these skills, the Cooperative created a number of organisations to help residents use their competences through establishing a neighbourhood kitchen and catering company, a textile workshop and a cleaning company, offering services on the market and bidding for municipal commissions, in order to keep revenues in the area and create jobs for locals.



Afrikaanderwijk Cooperative's impact on the neighbourhood. Diagram © Afrikaanderwijk Cooperative

WHAT IS THE ORIGIN OF THE COOPERATIVE?

We started with the Freehouse Foundation, initiated by visual artist Jeanne Van Heeswijk. We became really active in 2008, in the Afrikaanderwijk neighbourhood within the Feijenoord district of South Rotterdam, an area with many problems such as unemployment and many people being dependent on social benefits. But there are also a lot of values, a significant youth population, skills, craftsmanship and creativity. We wanted to see if we can make use of those values by regenerating the area from within, together with the people living there. Also, many areas around the neighbourhood were undergoing urban renewal but not Afrikaanderwijk: we wanted the area to benefit from all this surrounding development instead of being left out. Our research question was: How to revitalise the area in such a way that local inhabitants and entrepreneurs will not be displaced?

Catering Cooperative.
Photo © Afrikaanderwijk Cooperative



WHERE DID YOU START?

We started a series of projects around the questions of production and public space. Our first focus was the local market, held twice a week, on Wednesdays and Saturdays. We expected that it could be an added value to the area, attracting people from outside the area to taste local culinary products. The market has a big potential, with its 300 stalls and 15.000 visitors. But it also had a lot of problems: there was little diversity among the stalls. Of the 300 stalls, around 100 were selling food and vegetables, and there were lot of empty stalls. Sellers were making little profits because it did not attract enough people: 15.000 sounds like a lot, but many of these people were from the area, did not have much to spend. What is more, the market's image was not attractive enough for the neighbouring areas.

HOW DID YOU INTERVENE?

Because the area is very rich in cultural diversity, we thought this market could be represented in a way that makes it as attractive as markets in other countries. We called our initiative "De Markt van Morgen" (tomorrow's market) and we aimed at creating an image of what we saw this market could look like in the future. We organised a live 1:1 maquette of how this market could look to feel better and work better. We created 300 small-scale interventions within the existing market, and we also organised five markets ourselves. The interventions were based on a match between an artist or designer and a market seller: their form could vary from the restyling of a stand to making prototypes of new market stalls as well as



Afrikaanderwijk Cooperative's activities.
Image © Afrikaanderwijk Cooperative

prototypes of new products. The market sellers did not have the knowledge to present their valuable goods, and designers could really add something to that. We also introduced new typologies for the market because a market is more than just a place where you buy goods. It is also a place where you exchange ideas and where you experience things. If you look at the classical agora, it was a place where people met each other, and we wanted to bring that back to the market today. So we organised some entertainment, music and theatre events, fashion shows, and all kinds of activities to make people surprised when they visit the Afrikaanderwijk Market, hoping they would stay longer, buy more and want to keep coming back.

WHAT EMERGED FROM YOUR INTERVENTIONS?

We found out that a lot of our interventions were beneficent in our eyes, but were in fact forbidden, prohibited within the existing legislation. So we started to call these interventions acts of civil disobedience. For instance, just singing at the market is not allowed, because you would attract more than three people and you are not allowed to form a crowd at the market (there is a ban on assembly). There are very strange regulations like that, but because we were doing all this in an art context, we could deal with them flexibly. They even strengthened the outcome of our project since they stressed an urgency. But if you are a real market seller, then all these legislations really limit you in your entrepreneurship, and also prevent the market from flourishing.

Neighbourhood studio.
Photo © Afrikaanderwijk Cooperative



For example, when we made orange juice from ripe oranges, this was not allowed because we had a permit to just sell fruits but not drinks. All such obstacles we came across were incorporated into our project. At the end, we made a new layout for the market, in which many of these limitations were undermined: for instance, if you create a "presentation space" where you present products, you no longer have a legal problem with creating a crowd. Also, it was not allowed to have a terrace in front of your stall because then the fire department could not pass: therefore we created a food court with the fire department.

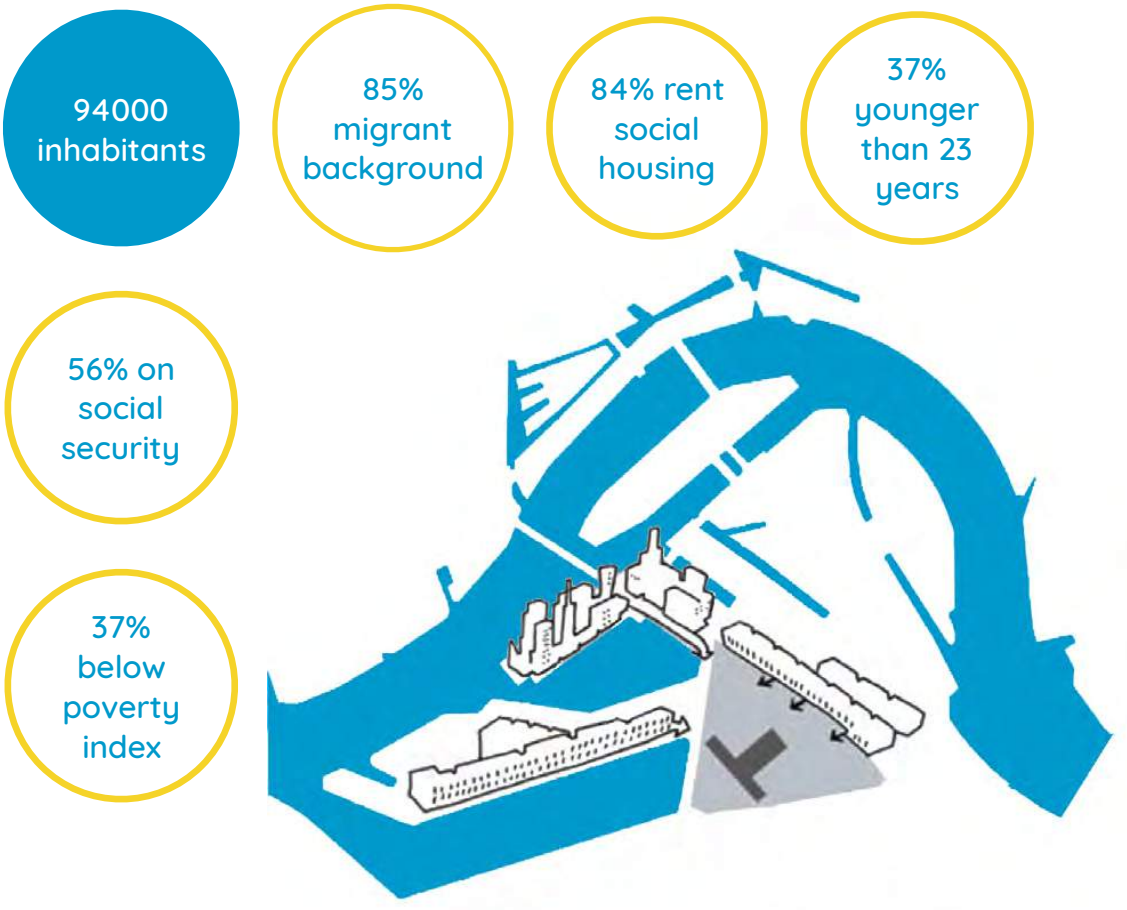


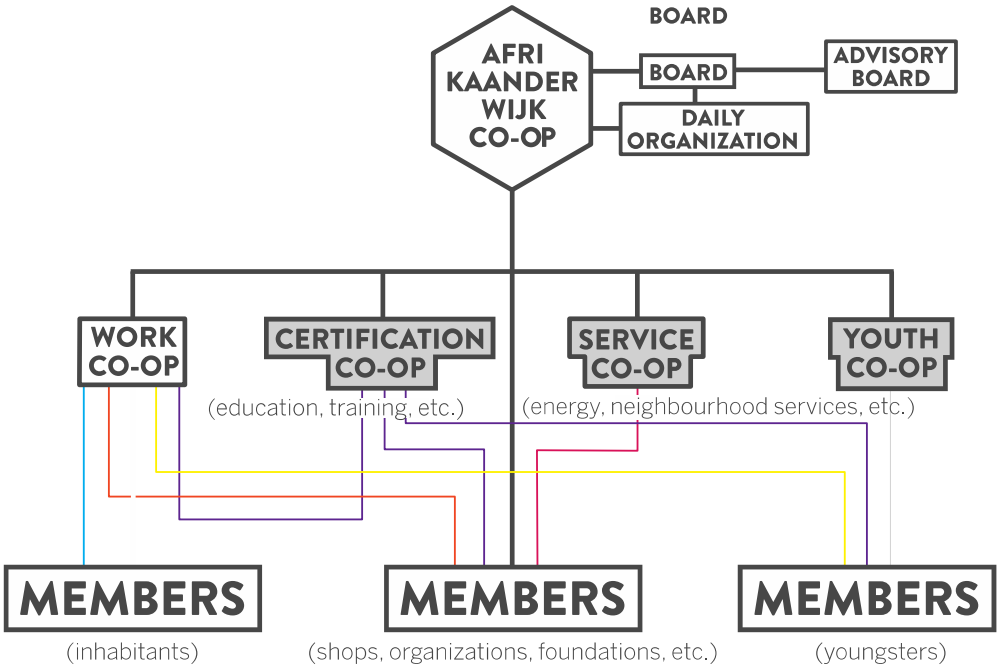
Jean Paul Gautier corpet
made by Afrikaanderwijk Cooperative.
Photo © Afrikaanderwijk Cooperative

WHAT WAS THE IMPACT OF THESE CHANGES ON THE NEIGHBOURHOOD?

Once we started with the market we began to zoom out into the wider area. We came across a lot of people who were part of strong informal networks. Many people were working in food production, but they could not really sell or earn money with their skills because they did not have professional kitchens. There was an empty kitchen in the neighbourhood, so we created access for these home cooks to the kitchen so that they could start organising a catering service together. We have now twelve different nationalities in the Neighbourhood Kitchen and they run a catering business together; we started out with an art funding initially for two years, and then for three years, but now the kitchen is independent from

Afrikaanderwijk's socio-economic context. image © Eutropian





Afrikaanderwijk Cooperative's organisational model. image © Afrikaanderwijk Cooperative

funding. Working together in this cooperative kitchen made it easier for people to use their skills and earn money.

Besides the kitchen, we have another cooperative space for textile production that works in the same way, it creates room for people to meet, and involves people into what is going on in the area, contributing to the local economy. There are many people here with specific skills and talents in knitting, embroidery or stitching which designers could benefit from. Therefore, we bring them together in the sewing studio that works for fashion designers and other commissions: for example, we made a corset for Jean-Paul Gaultier. This made everyone very proud: while this neighbourhood is often seen with a negative optic, a designer like Jean-Paul Gaultier just looks at the products that come from here and the craftsmanship of these women, without this negative sentiment.

We see the whole neighbourhood as one big department store, so we work with all the local shopkeepers that can be a part of this. Just like we did at the market, we try to match these shopkeepers with designers and artists to work on a better presentation of the area as a shopping area. We organise a lot of events in the neighbourhood to attract people from the outside and connect them with the local networks we have. Our central location is a neighbourhood common called het Gemaal op Zuid: it is a former water pumping station that is now transformed into a public place for the neighbourhood, where meeting, presentation and production comes together.

Prime Minister Mark Rutte visits the sewing workshop. Photo © Afrikaanderwijk Cooperative



HOW DID YOU FORMALISE YOUR WORK IN THE NEIGHBOURHOOD?

Although we started out as a non-profit artist initiative, we found that this structure really did not suit the activities that we were doing anymore; and because we had good experience with the



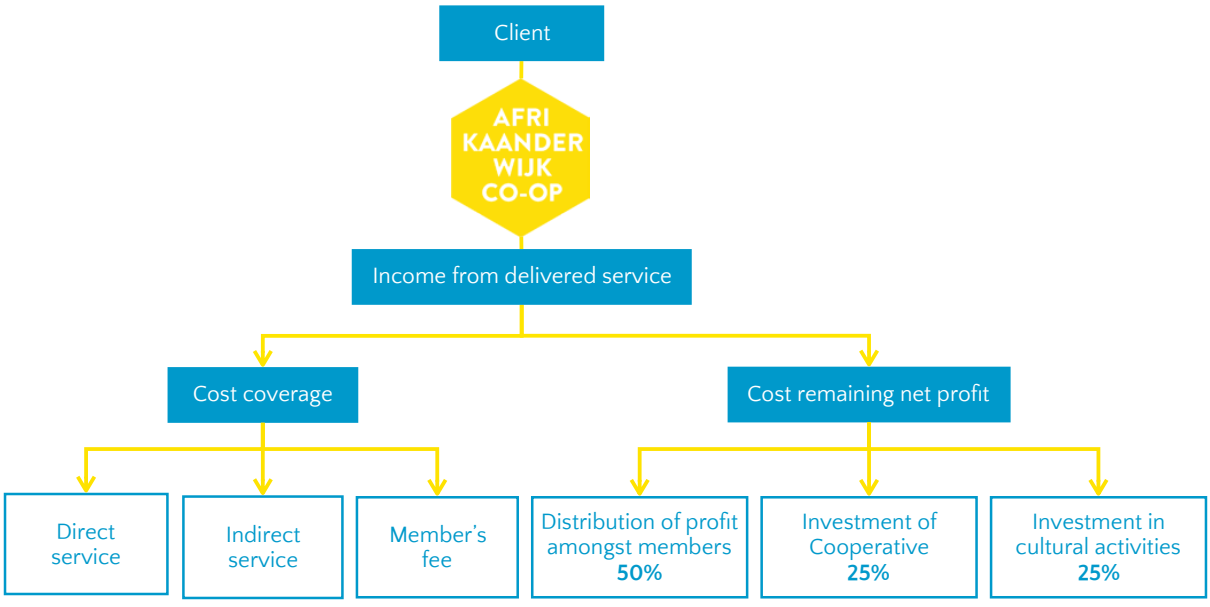
Tomorrows Market Catwalk.
Photo © Afrikaanderwijk Cooperative

cooperative model that we had previously utilised in cooperative workspaces, we decided to create a cooperative on a neighbourhood scale. In 2013, we set up the Afrikaanderwijk Cooperative, an umbrella organisation, and handed over all our activities and the cooperative workspaces to the cooperative. The goal of this neighbourhood cooperative is to stimulate sustainable local production and entrepreneurship, by developing local skills and setting up chains of collective production. We aim at producing economic opportunities, leveraging political power to shift policy, and negotiating economic advantages by reinvesting profits in the area: to look at all the money that is going around in the city and see if we can change the flows of money and channel it towards the people in the area. While it is often seen as a poor and deprived area, there is a lot of work done and a lot of money spent here: it does not stay here but is brought out of the area by bigger companies that work here. We want to lock this money in the neighbourhood by creating local jobs. We are now part of the Freehouse cooperative, as a member together with many shopkeepers, inhabitants and the cooperative workspaces we initiated. There are several "sub coops," we have a board and a daily organisation. The cooperative allows individuals to pool resources and legitimise their informal businesses. For instance, we created an energy collective that made it possible to buy energy collectively, realising substantial savings for businesses in the neighbourhood, and also looking into the possibility of helping households with our collective buying power.

WHAT IS THE ECONOMIC MODEL BEHIND THE COOPERATIVE?

We do not just focus on the production of culture with the cooperative anymore, but also start up new businesses. We started a cleaning company called SCHOON, which ensures that cleaning work, normally outsourced to companies elsewhere, is "insourced" and carried out by members of the Afrikaanderwijk Workers Co-op. Now, people living in the area clean 80% of the buildings owned by the area's main housing agency. Similarly, with

Income redistribution within the Afrikaanderwijk Cooperative. image © Afrikaanderwijk Cooperative





Tomorrows Market initiative.
Photo © Afrikaanderwijk Cooperative

the Neighbourhood Kitchen, we set up Home Cooks Feijenoord, a meal service for elderly, sick, and disabled people, where professionals and volunteers prepare meals in people's homes. We also rent out the Gemaal op Zuid to commercial, governmental and private parties. This allows us to financially share the space with locally based co-op members and inhabitants as a space for presentations, exhibitions, meetings, dinners, workshops, knowledge exchange and so on.

From all these different flows of revenue, 50% goes to our members, 25% goes back to the cooperative and 25% goes into a fund for social and cultural projects. At least twice a year, we organise a general assembly for the cooperative, where we decide what to do with this fund: what processes we want to initiate, and what projects we want to put on the map. We can also spend the money from this fund on events: this can be a music event or cultural promotion for the neighbourhood as a shopping area.

HOW DO YOU COOPERATE WITH LOCAL GOVERNMENTS, INSTITUTIONS AND POLICIES?

What we are doing is that we challenge the government and local organisations to spend their money locally. Instead of hiring services from outside the neighbourhood, we look inside and ask the cooperative if it can fulfil a job, thus creating new jobs that were not local before. I think the biggest issue is gaining the trust of governments and organisations, proving to them that you do not lack the knowledge necessary because you are local, and that it is not because you are local that you are not able to work in the network. By spending it locally, you have a bigger range of benefits than only the job.

For instance, we now work together with the municipality on a pilot program for the cleaning of the market, because the market is a big mess maker, and by cleaning it with local people, we can create many jobs. We will not be able to do that for less money, but people who are doing the job know the vendors, know the people in the neighbourhood, it is a bigger responsibility that you are creating because nobody will spit in their own house, or throw trash in their own garden. We are organising it differently, and we expect that we can create a cleaner market than the way they are organising it now. It goes further than only the market, it goes through the whole neighbourhood, the cooperative creates jobs, we strengthen the local economy.

This sums up what we are, what a neighbourhood cooperative can be. We focus on the skills of the neighbourhood and to work as an economic, social and cultural engine. We know that in order to lock money flows in the neighbourhood, you do not really have to scale up, but strengthen local networks and connect them to networks outside the area. We can make a stronger city without losing people. We can be inclusive: small scale organising at the neighbourhood level is the future.



ANNET VAN OTTERLOO is a projectmanager for Freehouse in Rotterdam. Freehouse is a foundation initiated by visual artis Jeanne van Heeswijk that investigates the relationship between production and public spaces. With a series of projects Freehouse works on an inclusive, integral development of an area in the south part of Rotterdam (NL). It tests and creates new forms, new models for organizing a neighborhood and the city. Annet van Otterloo has a background in (social) history and has a broad experience in (art) projects in public space.



Homebaked CLT, Liverpool. Photo © Eutropian

COMMUNITY LAND TRUSTS

A model to secure community access to land

> ***Community land trusts can cover any kind of real estate.***

LIZZY DAISH

AFRI KAANDER WIJK CO-OP

Community Land Trusts (CLTs) are a model of community-led development, where local organisations develop and manage homes and other assets important to their communities, such as community enterprises, food growing or workspaces. The CLT's main goal is to ensure that these spaces are affordable, based on the income level of the locals living in the area. CLTs are not a legal form in themselves, like a company would be, but they are defined in law. In fact, a CLT must be set up to benefit a specific community; members of the local community must have the opportunity to join the CLT and control it, for example through an elected board. Furthermore, CLTs must be not-for-private-profit, which means that they can make a surplus as a community business, but that such surplus must be used to benefit the community. 250.000 new homes are needed every year in the UK alone, and in 2016, the CLTs managed to deliver 119.000 new homes.

HOW WOULD YOU DESCRIBE THE COMMUNITY LAND TRUST MODEL?

A Community Land Trust is an organisational form in which communities come together to address housing issues. It might be in the middle of London, where property prices are extremely high, where no-one can afford to live, and where there is a lot of overcrowding; it might be in a place like Liverpool, where there has been no investment and there are lots of boarded-up properties; it might be in a rural area where housing prices have increased a lot, with families having to move out and many people with second houses.

Perceiving a need, a group comes together to find land. This can be in the form of raising capital from an ethical lender, buying land, being gifted land (which does not happen very often), or through private negotiations with a farmer, and then building houses or developing houses into affordable homes.

ARE CLTS LIMITED TO HOUSING ISSUES?

CLTs are predominantly involved in delivering housing, but community land trusts can cover any kind of real estate: they can create or secure community gardens, community pubs, community shops, bakeries, any kind of community facilities besides housing. When the community owns the land, that means they can make it affordable. They can sell homes or properties, at about half the market rate. It might be a shared ownership model, it might be a socially rented model. There have been some issues around community land trusts and the right to buy: if as a community land trust, you rent out affordable houses with the 'right to buy,' people might buy the houses and bring them back to the market. Therefore at the moment, community land trusts are exempt from the 'right to buy' scheme.

WHAT DOES THE NATIONAL CLT NETWORK DO FOR ITS MEMBERS?

The Network organises a yearly national conference which brings together CLTs from around the UK. At the conference ethical lenders, architects, developers, councillors and MPs discuss the Community Land Trust movement. It is an important discussion at the moment, as the Tory government's policy includes the 'Right to Buy' scheme, rent reduction, and all of these changes in the housing sector noticeably impact on CLTs. At the moment there are 225 CLTs in the UK and we lobby the government to make the environment better for CLTs. We support CLTs by giving them advice, we link them up with lenders, with technical advisors, help with funding, and we also raise awareness among CLTs in general. We have got relatively small grants at the moment. We have the CLT Start-Up Fund, which is for people who want to start a CLT. They get technical advice and £4000 for legal advice. And we have the Urban CLT project, which is a £10,000 grant. Hopefully we are moving towards being able to provide CLTs with funding and support from the minute they decide to form, moving them towards sustainability. Currently, there are a few ethical lenders such as Triodos Bank, Ecology Building Society, Charity Bank who are working with Community Land Trusts in order to create loans in capital finance. There is not that many of them, but it is happening.



LIZZY DAISH has a background in Geography and Urban Studies. Lizzy's work is devoted to projects related to social justice and public ownership of space in East London. After becoming involved with local housing organisation East London Community Land Trust and having worked with the National CLT Network, she co-founded Shuffle Festival with Kate MacTiernan.



Granby Four Streets CLT. Photo © Eutropian

GRANBY FOUR STREETS COMMUNITY LAND TRUST

From demolition to regeneration with the community

> ***What the area needed was people living here, not the commodification of buildings.***

MICHAEL SIMON

GRANBY FOUR STREETS CLT

Granby Four Streets Community Land Trust was created in 2011 to address housing issues within Liverpool's Eighth District. With the help of local activists, architects and social investors, the or-ganisation managed to engage the Liverpool City Council as well as housing associations and co-operatives in a Community Land Trust scheme. In this scheme, the local community owns land and leases some parcels and buildings for various uses and development projects, keeping control over prices and ensuring long-term affordability and community benefit.

WHAT IS THE ORIGIN OF THE GRANBY FOUR STREETS CLT?

Granby Four Streets Community Land Trust grew out of a need for affordable housing and a response to dysfunctional housing policies. The Toxteth area of Liverpool was beset with particular problems like the lack of investment and unemployment. In the 1980s, Toxteth was a very politicised area, with a conflict between the state, the police and the community, which was exasperated by unemployment problems due to the decline of the industry around the Liverpool area and exploded with the 1981 riots.

The development of the area was led by housing associations that began as small organisations but later they grew into massive institutions: there was a widening disconnect between the community and what the housing associations were trying to achieve. At that time, housing associations felt that there was no money for them in property refurbishments because of years of low to no investment in properties alongside the loss of subsidies from the Central Government to support less profitable properties and bedroom sizes. Another reason was the construction market being stacked towards new builds because of a raft of incentives including no VAT on new constructions, making demolition and new build a more cheaper and feasible option. This led to a proliferation of new builds, instead of renovations. Housing associations and the City Council thought they could cure the community's ills, poverty and unemployment by building new homes, and they always saw the Toxteth area as a few streets that stand in their way. This "managed decline" led to a gradual devastation of the area, with 180 houses boarded up, with maybe five people remaining in each street. National housing policies did not help much either: the Housing Market Renewal Programme of the Blair years, a large top-down approach to urban regeneration ran in Merseyside in Liverpool worth of £650 million, whose aim was to rebalance the housing market through restructuring the housing stock in areas of high deprivation, worked essentially as a demolition programme.

HOW DID LOCAL COMMUNITIES REACT TO THIS PROCESS?

Some areas were more responsive and accepted this decision. But some areas like Lodge Lane fought back against the demolition plans. In the Granby area this fight was not so successful: Granby started getting demolished street by street. People were poor here and when owner occupiers were offered money to move out through Compulsory Purchase Orders issued by the Local Authority as part of the Pathfinder Programme, many of them took the opportunity. As for private rented tenants and Housing Association tenants, their landlords would have received the money, but it was not passed on. Street by street, many houses in the Granby area began to close down. Plenty of people from the neighbourhood had moved on or had been pushed out.

Fortunately, within the four streets around Granby Street, there were enough home owners to stick their ground and stop the process. There was a group of activists, predominantly women, who fought the demolition programme and saved the buildings of these streets from demolition. They moved away from the usual processes with the local authority at Liverpool council and began to take control of the area with very small-scale interventions. This meant gorilla gardening, taking care of the immediate environment themselves, playing about with the urban landscape with creative approaches. They cleaned alleyways that the council had not cleaned for years. They were tidying up and beautifying the area, simply for themselves. But people began to engage in conversations with them, and discuss about what was happening in the area. More and more small scale interventions followed: they started a market and began to bring out tables and throw street parties. One of the women said, "what is the point of sitting in your house?" They began to spend more and more time outside, and using the streets more solidified the community.

This activism grew over about two decades. Over this period, these engaged residents and activists became aware about the other organisations in the area, and slowly but surely their skill base rose. It was just a set of volunteers, maybe 40 engaged residents creating spaces within the area, organising direct action such as guerrilla gardening, street parties and markets, painting tinned up properties, creating potential projects, which would prove that the area was vibrant and strategically important for Liverpool with regards to future regeneration projects.

HOW DID THESE ACTIVITIES INFLUENCE OFFICIAL PLANS FOR THE NEIGHBOURHOOD?

These small interventions led to a more concerted approach to how they visualised their dream. While the vehicle for local self-organisation was initially the Granby Residents Association, originally set up by the housing associations in 1993, it ceased its activities in 2007. In 2011, some residents understood the opportunity created by the closing of the Housing Market Renewal Programme: they formed the Granby Four Streets Community Land Trust in November 2011. They met up with a few partners and began to draw plans together for an urban regeneration process with very small incremental stages, working on solutions that could work better than the large-scale interventions which had obviously failed. We approached some developers and the council to make sure our perspective was taken into account during any development.

In 2012, the association won a small urban garden competition,this got noticed by the Steinbeck Studio[1] and they came down to visit them. They saw what was happening in the neighbourhood, liked the idea of citizens being active in the community and Steinbeck offered a £500k loan. It is a loan facility at a very low rate, about 0% for the first five years and then 4% for four years, moving onto banking terms. This money allowed us enter into negotiations and raise match funding. From that moment, the Liverpool City Council began to take notice because we attracted private investment, but they had no money to do anything. The perspective of investment ensured that the Council had to sit down and begin discussions with us over the empty properties of which there were about 200 in the area. We finally convinced them to transfer 10 properties over to the Granby 4 Streets CLT and this was an important basis to take development in our hands.

1 Steinbeck Studio is a social investment organisation that helps restoring neighbourhoods through affordable loans, suitable financial instruments and technical advice to grassroots communities. http://steinbeckstudio.com/

WHY DID YOU CHOSE THE FORMAT OF THE COMMUNITY LAND TRUST TO PURSUE YOUR GOALS?

Community Land Trusts mechanisms came out of the Tory government's Localism Act which was meant for village halls, rural places. They saw these mechanisms as a way to solve issues in predominantly rural areas in the south of England. We were the first of urban Community Land Trusts. As housing associations and cooperatives did fail to develop the area differently, we were looking for other formats. A member of ours went to a cooperative meeting and came back with the idea of a community land trust. Because of the community's problems of ownership, the idea of land trusts, of the community owning the land started to resonate and we set up the CLT in 2011. We received a lot of help from the National CLT Network: they gave us £10,000 to set up the organisation and we contributed to their learning and case studies.



Renovation of housing units at Granby Four Streets CLT. Photo © Eutropian

The Community Land Trust structure gives us a lot of flexibility: it allows us to create spaces that are applicable to the community, to be creative with the urban spaces, to approach development in a completely different way. It allows us to own land but also to bring other partners in, to lease out our buildings and parts of the land for fixed terms, to choose different types of tenure and attract further commercial and creative activity to the area. Within a cooperative structure it would only be the members of the cooperative who would be allowed to use commercial facilities, but with the Land Trust the entire community can use these buildings.

There are now CLTs all across the country: there has been a re-invigoration of the format because of the alternative models developed in London. London is in a very different situation: the value of the CLT properties is in the tens of millions. They just try to cling on to their properties whereas we try to build as well.

HOW CAN YOU GUARANTEE THE AFFORDABILITY OF THE SPACES?

CLTs can protect land from the fluctuations of land value: they lock their assets in a way that it can only be developed in a manner that benefits the community. The CLT holds the land in trust, separating its value from the building on it, and it can fix the price the buildings can be sold later: any value increase is locked in by the CLT for community benefit. The buildings we sell now for £99,500 are restricted on resale and are linked to the median wage level for Liverpool. Even if we are very successful in the next five years and the market in L8 increase, the sale value will only grow by 2 or 3%. In essence we cut out the profit motive. You cannot come to this street thinking that you can live here for five years and then sell and make a healthy profit. It will be up to you to ensure that this community stays this way. You would think, who would go for that? But as mentioned we had hundred expressions of interest. People do want

Vacant properties. Photo © Eutropian





Construction works. Photo © Eutropian

to live in this way. Actually what the area needed was people living here, not the commodification of buildings.

WHAT PARTNERS DO YOU WORK WITH IN THE GRANBY AREA?

We convinced the Council to work with a variety of developers instead of a single one: we got on board the housing associations Plus Dane and Liverpool Mutual Homes and the housing cooperative Terrace 21. The ethos was that one large solution had failed to regenerate the area so a number of smaller solutions and partners could work together to provide a variety of options. It was essential that we brought other people in to manage the projects: these cooperations assured a diverse program for the area and also helped us attract funding from a variety of sources like from the empty homes grants scheme of the Nationwide Foundation. Now we share responsibility among housing associations, private homes dotted around, the cooperative, affordable homes and the CLT: this is a good mix of tenure, it gives us many options. Sharing the risks and responsibilities as well as sharing the funds, skills and opportunities is a better approach in designing the immediate urban spaces and the refurbishments of the properties.

HOW DO YOU CONCEIVE THE REFURBISHMENTS: WHAT IS THE FUTURE DESTINATION OF THE BUILDINGS YOU MANAGE?

We went on site and began to renovate buildings at the end of 2014, and we should be done by the end of 2017. We are renovating 11 Victorian terrace houses on Cairns Street, six of them for low cost ownership (£99,500, well under the market rate) and five for affordable rent. Other two buildings will host our Winter Garden, a community-run indoor garden with artist studio, community meeting space and Air BnB. We are also in the early stages of planning a Four Corners project, which will bring derelict retail space back into use,

commercial space that has been abandoned for essentially 20 years. We have occupied one of the spaces and we will be consulting the community further on this.

Some units will be for the people to use in the area in whatever way. We want to continue with a different approach. That allows us to draw in as many people as possible so you are not seen as an island of elites or exclusives. There are still massive social problems here. We cannot solve all those problems, but we can draw in young people. We need to have a strategy to use the shops. What is in them for the community? It cannot just be simply someone renting a shop. It would be nice to use these units on a multiple occupancy basis. They should be used as a springboard for young people, whether to do with arts or creativity or training and education. It might sound snobbish, but we did not want a pound shop over there, we wanted the community to aim higher. That means creating the space and the assets for people in the community to benefit from, and our community street market is key to providing the users of these shop units.

THE TURNER PRIZE NOMINATION IN 2015 GAVE YOU A LOT OF VISIBILITY. HOW DID IT CHANGE YOUR PROJECT?

It was a big turning point: after Assemble[(2)] received the prize for their work in Granby, they only accepted it if it was shared with the CLT. The Liverpool City Council enjoyed the attention, they eased their fears and began to speak to us as equals. The prize and the cooperation with Assemble also allowed us to develop new ideas, to widen our ambitions, to be more creative with urban space.

The ideas they came up with were simple. No glass facades, no demolitions but things the community could understand. Many buildings were in really bad condition. Assemble produced drawings about what they could do with the empty homes. The original designs were absolutely fantastic, we worked with what the community liked. People said 'these are the first people who listen to us'. Assemble were key in the initial kick-start of the whole process.

Their designs were exciting for the community but also for other investors, so we could tap into a grant called Empty Homes with which the government was trying to get people back into their homes. The concrete offshoot of the prize was a social enterprise, the Granby Workshop initiated by Assemble, which started off as an idea to produce bespoke items to make the homes unique. We created a space for them to work within the community: it grew into a very successful social enterprise within three months.

HOW DID THESE EVOLUTIONS TRANSFORM THE CLT?

We met many people during the years and we learned from them a lot. While a third of the board is made up of people who live in the area and another third from the wider Liverpool area, a third are people who we think can enhance our organisation such as council officers, members of Assemble, members of the creative industries. Through encounters with them and others, and by

2 Assemble is a London-based architecture, art and design collective founded in 2010. http://assemblestudio.co.uk/



Revitalised properties. Photo © Eutropian

osmosis, we took on many skills. For the people in the area who do not think they have the skills, it is a good way to underline the fact that that of course you will learn competencies, of course you have the capacity to engage with this. As a group of essentially non-professional activists, we learned to varying degrees about housing and regeneration. I remember seeing one of our members going into a meeting, not knowing much about it and not having a lot of competencies in leading a development group but three months later she knew everything about it. People who are in charge think communities do not know enough about the complexities of development, but that is not true.

HOW DO YOU EVALUATE THE IMPACT OF YOUR ACTIVITIES IN THE AREA?

This area has now become more visible within the public eye in the wider Liverpool area, so we can see people constantly streaming through, people who want to live here. It is nice to draw people into the community, or for people to come back who have been forced out. We have not just attracted financial investment but also attracted people who would never have thought to move here and see its potential. Liverpool had a brain drain towards the south but now we are attracting people back.

WHAT IS THE SCALE OF THE CLT AT THE MOMENT AND WHAT ARE YOUR PERSPECTIVES OF GROWTH?

The Community Land Trust currently owns 14 properties: the idea is that being a landlord and owning the land in the area, no decision can be made by the council without us anymore and most decisions will have to flow through the CLT, and we will not be represented by housing associations and social landlords but will be at the table. We feel this set up provides more equal terms with Liverpool City Council and housing associations. Hopefully it will make the process more democratic.

We never wanted to be a housing association or a registered social landlord. We see ourselves utilising a network of assets within the community. We proved ourselves to be a viable organisation that seems to be working at this point, but we have to solidify our relationships. We do not want to go beyond this area. It would be nice to have a network of similar groups around Liverpool and extend that to similar cities in Europe. I think this is the way forward, but there are many risks in the process. In the gap between the initial stages and realising a project, between when a community identifies with a land or property and when it gets organised and puts finance in place, costs arise exponentially. There needs to be a mechanism, even if it is just a sort of a bridging mechanism, to ensure that community can secure building rights or land rights immediately and then they can build their business plan towards it. This is the most important thing.



MICHAEL SIMON is sociologist. He grew up in Liverpool and was involved in anti-demolition activism in the Toxteth area. Until January 2017, he had been working for the Granby Four Streets Community Land Trust, disseminating knowledge and learning via lectures and workshops. By working closely with grassroots organisations and advocating a very 'public sociology', Michael has been focusing on forging greater links between academic learning and grassroots organisations to challenge and foment change for deprived communities and disenfranchised groups. He is currently conducting post-doctoral research at the Liverpool University.



Homebaked, Liverpool. Photo © Eutropian

HOMEBAKED

Anchoring the community through small businesses

> *We have to move quickly to keep ownership in community hands.*

SAM JONES

HOMEBAKED

Homebaked is a cooperative bakery in Anfield, close to the famous stadium of Liverpool FC. The bakery was set up as an alternative to the clearance of the neighbourhood by the Housing Market Renewal Initiative. The bakery is the result of an intervention of the Liverpool Biennial that gained great international visibility thanks to the artist Jeanne Van Heeswijk's commitment to the initial stages of Homebaked. Today, the bakery is part of a Community Land Trust that aims at creating a community-owned system for social housing, cooperative retail and common spaces in the Anfield area.

WHAT WAS THE ORIGIN OF THE PROJECT?

Homebaked was initiated by the Liverpool Biennial in 2010, they invited Jeanne van Heeswijk, a Dutch artist renowned for her social projects, to develop a project in the city. She originally had decided to work with young people, to help them take matters into their own hands, and build custom made houses. The goal was to take control of the housing market, because since 1999 the houses had started being bought up by the Liverpool Football Club or the City Council. Because of the Housing Market Renewal programme, people were under threat of Compulsive Purchase Order, which forced them to move out in exchange for monetary compensation. People were loosing their homes and getting into even more debt because of the housing clearance. In practice, the Housing Market Renewal programme was not about revitalisation, but about creating a stimuli for the market. Over a period of 18 months, Jeanne worked with the local community and a Manchester-based architecture group Urbed, focusing on co-production processes, to develop a customised, client-based housing model. But the Biennial could not get hold of any house to work on, because of the Compulsory Purchase Order. Jeanne decided to lease the bakery instead, which seemed to be a force that brought people together, because it was a historical reference point.

WHY DID YOU DECIDE TO ORGANISE THE COMMUNITY AROUND A BAKERY?

The football fans always went there, my parents used to come here...the Mitchell's bakery was a small family business and has been there for 100 years! When we realised that the bakery was



Homebaked staff. Photo © Homebaked

shut down like many other small businesses in the neighbourhood because of the disappearing local market, we decided to go into the bakery, open it to the community and start to use it as a workshop space. The community did some workshops around baking and then decided they wanted to set up a bakery themselves.. Jeanne and the Liverpool Biennial supported the idea: they put their staff behind it, they rented the space out, they built up



Community baking. Photo © Homebaked

people's capacities, and helped the community to set up a cooperative system for the bakery and to establish the Community Land Trust. Although the project was about housing, this bakery somehow took over, as the source of people's will to get this project done. The Biennale and various media outlets also helped the community share its own narrative about the neighbourhood with the world, and this brought us a lot of support from a variety of places. The bakery first opened on a trial period during the football matches and was a success. We ran a crowdfunding campaign over a period of 28 days to support the bakery staying open all week: it is now the only shop to be open every day within a mile and a half radius, in the middle of a food desert. We crowdfunded 18.500 pounds, which we received from around 495 donors. Recently the bakery has received a grant from "Power to Change"[1] to buy a new pie machine, because we make the best pies in the city and recently won gold for our local specialty 'scouse' pie at the British Pie Awards. These pies bring in over 1000 pounds each time when there is a football match around the corner and this revenue goes into the CLT. By buying our pies, people are buying 'more than a pie': they are actually contributing to the community-led development of the area. And with the bakery, the community literally started to build itself back together again.

1 www.powertochange.org.uk

WHY DID YOU CHOOSE THE FORMAT OF THE COMMUNITY LAND TRUST?

The reason why we chose the setup of the CLT is because it is a constituted organisation that allows the community to hold the land: this format allows us to have the lease of land, so it is not about the buildings but about the land, on which we can then build on. Although the original artist is still on the CLT's board, it is now an autonomous organisation, the lease was handed from the Biennial to the land trust. The CLT originally rented out the space from the Mitchell family and then they rented it out to the cooperative bakery that is the CLT's sister organisation. Finally after years of waiting, the council purchased the bakery form the Mitchell family and with all the refurbishments we did, they got a good price, as it is now a viable business. The CLT currently rents from the council but soon we will own the property. The bakery now employs over 11 people, many local residents. The bakery pays the staff a living wage and the rental fee to the CLT, and any profit goes back into training, capacity-building, mentoring and community events. The structure will not allow any profit to leave the organisation.

HAT IS THE PERSPECTIVE FOR THE FUTURE OF HOMEBAKED?

Currently we are refurbishing the shared flat above the bakery for young people in the community, we have 3 paid local young apprentices designing

Demolitions next to Liverpool FC's stadium in Anfield. Photo © Eutropian





Artwork by Fred Brown.
Photo © Homebaked

and building with us and excited to move in. Once the flat is refurbished the council will give us the lease to the bakery and flat for one pound and it will go into community ownership. The bakery is on the corner of a block of 10 houses and through this negotiation we have managed to have the Compulsive Purchase Order taken off the bakery, but at the moment it is still on the rest of the block and the land in the back. Nevertheless, we led a community design process to create an alternative scheme for the houses and land. We developed a scheme to include cooperative high street with a mix of social housing. We also plan to take ownership of the land behind us and turn it into a common space. Myself and local residents are currently developing Home Farm to cross finance affordable fresh food produce for local people that would be sold on our high street by making the neighbourhood of Anfield the specialist in A la carte produce and micro-green growing for the North West. Right now, we are testing out ideas and designing our small civic square, to find out what facilities people want around food production, around play, around public space, because it has to work for quite a lot of members that live in the community. These are exciting times, we have been included in the new master plan for the area, things are changing and moving very quickly and we have to change and move quickly with them to keep ownership in community hands



SAMANTHA JONES lives in Anfield, is a co-director of Homebaked Community Land Trust. Samantha was Homebakeds' embedded PhD researcher during the projects initiation as a Liverpool Biennial commission and she is a practicing artist working in the area of food anthropology, technology and alternative economics. She has been pie ambassador, led training and hosted community celebration public food events at Homebaked co-operative bakery. She is currently developing Home Farm to cross finance affordable fresh food produce for local residents by making the neighbourhood of Anfield the specialist in A la carte produce and microgreen growing for the North West. She recently took her research team to Connecting Cities Urban Media Lab in Brussels where they cooked and prototyped technology to engage communities with alternative urban foraged food sources. Samantha recently took part in 'In Transit – Urban Development and Placemaking' research exchange led by the Goethe-Instituts and has presented at 'Food and Sustainability for the 21st Century' Oxford Brookes, 'Responsible agriculture and sustainable food production' International Green Conference, 'Geographies of Co-production Conference' Royal Geographic Society, 'Creative Citizens Conference' Royal College of Art and 'The City in Co-Creation Symposium ' Denmark.



De Besturing. Photo © De Besturing

DE BESTURING

From tenancy to collective ownership

> *Since we took care of our cash flow, the bank was keen on providing us the loan.*

MARTINE ZOETEMAN

De Besturing was founded in 2006 in an industrial area of The Hague, and over the years, it has been transformed from a temporary studio complex into a sustainable collective of artists and designers. Initially rented out for free on a temporary basis from the Municipality, the community nevertheless collected rent from tenants, constituting a capital that made possible the building's purchase in 2017.

WHAT IS DE BESTURING?

De Besturing is a collective space for artist and designers, and it is based in The Hague, in an industrial area that was previously owned by the municipality. It was established by eight people in 2006, when there were big plans to demolish all the buildings and create new houses. People rented for free from the municipality, but rent was still collected from the tenants in order to raise some money for maintenance. After a few years, the crisis came and all the big plans were suddenly gone, so the municipality decided to sell the building, but there were not many people interested in buying it. Instead, the collective was there and interested in staying, it slowly grew in number of people and plans got more serious. Ten years later, De Besturing is made of 40 people coming from different professional backgrounds. About three and half years ago, we decided to do some research on whether we could really buy the building or not, developing an organisational, economic and business model to make it more sustainable. De Besturing grew into a place where people share space, knowledge and machines because we think it is an added value for society.

WHY DID YOU START THINKING OF BUYING THE BUILDING?

Originally, our plan was not to buy the building, we had a contract with the municipality that allowed us to use the building for free, but would give us two weeks' notice before we would have had to leave. Luckily, our relationship with the municipality is quite good so we were not too worried about it. When the municipality decided to sell the building, we started negotiating with them to secure a low rental fee. Their message was that we could either buy the building or stay here, but with someone else buying it. We were not so naïve to think that the new owner would give us the building for a low rental fee, so we started making plans to buy it. It started out as a joke, we never thought we would be able to do it.

HOW DID YOU EVENTUALLY MANAGE TO BUY THE BUILDING?

Since 2006, the collective could use the building for free from the municipality in form of a loan agreement (in Dutch: bruikleenovereenkomst). Even though we did not have to pay rent to the municipality, every tenant paid rent from day one to the De Besturing Foundation. In ten years, the amount accrued, and this created substantial savings in the foundation's bank account. We increased our own capital even more by creating additional studios and by having already raised the rent two years prior, to a level that we estimated necessary to maintain the space as owners. For the missing capital, we managed to get a loan from the Triodos Bank. This bank is very much interested in creative hubs because of the strong social relations that such groups of people build; they believe hubs are a very reliable investment. For the last part, the tenants themselves, and their friends and families provided De Besturing Foundation a loan for 10 years. We also needed to finance deferred maintenance and we managed to do this with funding by the Stroom Den Haag Foundation and the Municipality. Another 'trick' was to buy only the building and to lease the land. Since the lease contract is eternal (in Dutch: eeuwigdurend), this means in practice that we can act as the owners.



De Besturing, building.
Photo © Eutropian



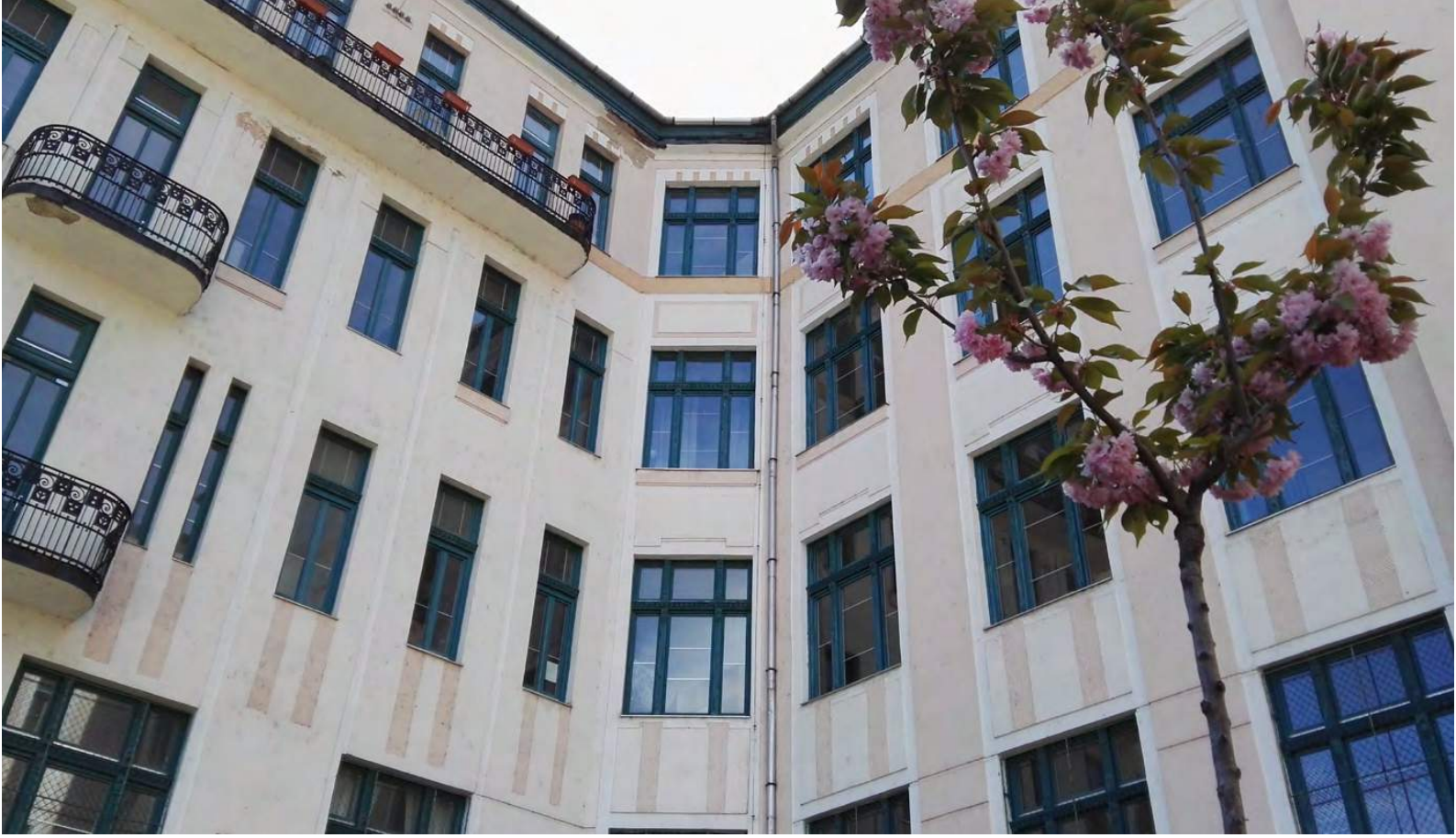
Workshop space in De Besturing. Photo © Eutropian

HOW DID YOU ADAPT YOUR INTERNAL BUSINESS MODEL TO ENSURE THE NECESSARY CASH-FLOW TO REPAY THE LOANS?

We calculated how many studios we would need to cover all the costs, taking into account the maximum rent our target group can afford. The result was: in the first ten years we would need at least forty studios, but at the time we only had around 25 studios. All tenants worked hard to create the extra studios with their own money and to find interesting new people. By the time we actually bought the building, we were already up and running, and completely full. Since we already took care of our cash flow, the bank was even keener on providing us the loan.



MARTINE ZOETEMAN runs STAD/vogels, a studio for research and design, with a fascination for the interrelation between the design and the use of (public) space. Besides being part of makers collective De Besturing that after ten years of temporary use became owner of their studio complex in The Hague. Currently she is working on a book about 'broedplaatsen' and other creative hubs in relation to urban development. She has been coordinator of several experimental master programs at the Sandberg Instituut in Amsterdam, amongst others Studio Vacant NL (2011-2013), School of Missing Studies (2013-2015) en Fashion Matters (2015-2017).



Jurányi Incubator House. Photo © Dóra Gulyás

JURÁNYI INCUBATOR HOUSE

A home for performance arts

> ***Only a few organisations and individuals have the courage to really commit to realising these ideas.***

VIKTÓRIA KULCSÁR

The Jurányi Incubator House brings together dozens of theatre groups, associations and creative companies in a former school building owned by the Budapest Municipality. The Incubator House opened in 2012 after FÜGE, the association running the Incubator House, renovated the building and turned it into a complex of affordable theatre stages, rehearsal rooms, offices, galleries and a cafeteria. Jurányi did not only create an unprecedented venue and umbrella organisation for the independent theatre scene, it also brought a cultural and community centre in an area with no cultural activities before. Since its opening, Jurányi's 5 floors are fully booked, with a long waiting list; it demonstrates the great need for the spaces and services the organisation provides.

HOW DID YOU BEGIN WORKING WITH FÜGE, AND WHAT IS YOUR ROLE IN THE ORGANISATION?

2010 brought huge changes to the independent theatre scene, when the new Theatre (Performing Arts) Act came into effect. This act is an attempt at regulating the financing structure, operation, state subsidies and employment structures of all performance venues, from stone theatres to creative workshops that no longer operate informally. As a result, a managerial circle was quickly established within the independent theatre scene, which was unprecedented. Creative groups used to form around certain artists, but these individuals and workshops could not handle the overwhelming burden of bureaucratic paperwork necessary to even stay alive and be eligible for state subsidies – without which it is extremely difficult to have performances. At my urging, we came together with other managers to found an umbrella organisation with the goal of providing a management background for the numerous independent creative groups, so that they can focus on art, and we can help them deal with the red tape and apply for grants. The other goal was to give this organisation a production role as well, so that we can also support certain artists if they cannot apply for grants themselves, so we would be able as a production organisation to help them create larger projects, apply for grants or find other resources. Thus we founded FÜGE (Függetlenül Egymással – Independently Together), operating as a public benefit association. It was immediately clear that there was great demand for such an organisation.

HOW DID THIS TURN INTO A NEED FOR YOUR OWN SPACE?

A couple of years passed, and I saw that it would be very beneficial to find a roof for this operation because there were tons of things created in the field of independent performance arts, but the infrastructure was insufficient. There were not enough available performance and rehearsal spaces. There were more and more performances, and rehearsal slots became scarce at certain venues such as Trafó, and we did not feel as confident about our performances. It occurred to us then that we should establish a production house type of background where everybody has their own rehearsal space and office, with a large shared storage space, potentially a workshop where we can work on stage sets, maybe a space where we can iron or just store costumes and share them among ourselves. We wanted to establish a base, a home for contemporary performing arts, similar to an office or tenement building.

HOW DID YOU START LOOKING FOR THE RIGHT BUILDING?

Over the following couple of years, I kept thinking about this and preparing business models to see how such a basis could function. Afterwards, I began searching for a property. I knew that a school building would be ideal. A good example for this is T·zraktér, which was located in Heged· utca long before our time. They also took a school building and used it for cultural activities. It was evident there that the gymnasium is an ideal option for a performance space, that the school cafeteria can be used as a café, that classrooms are ideally sized to serve as rehearsal spaces. The only



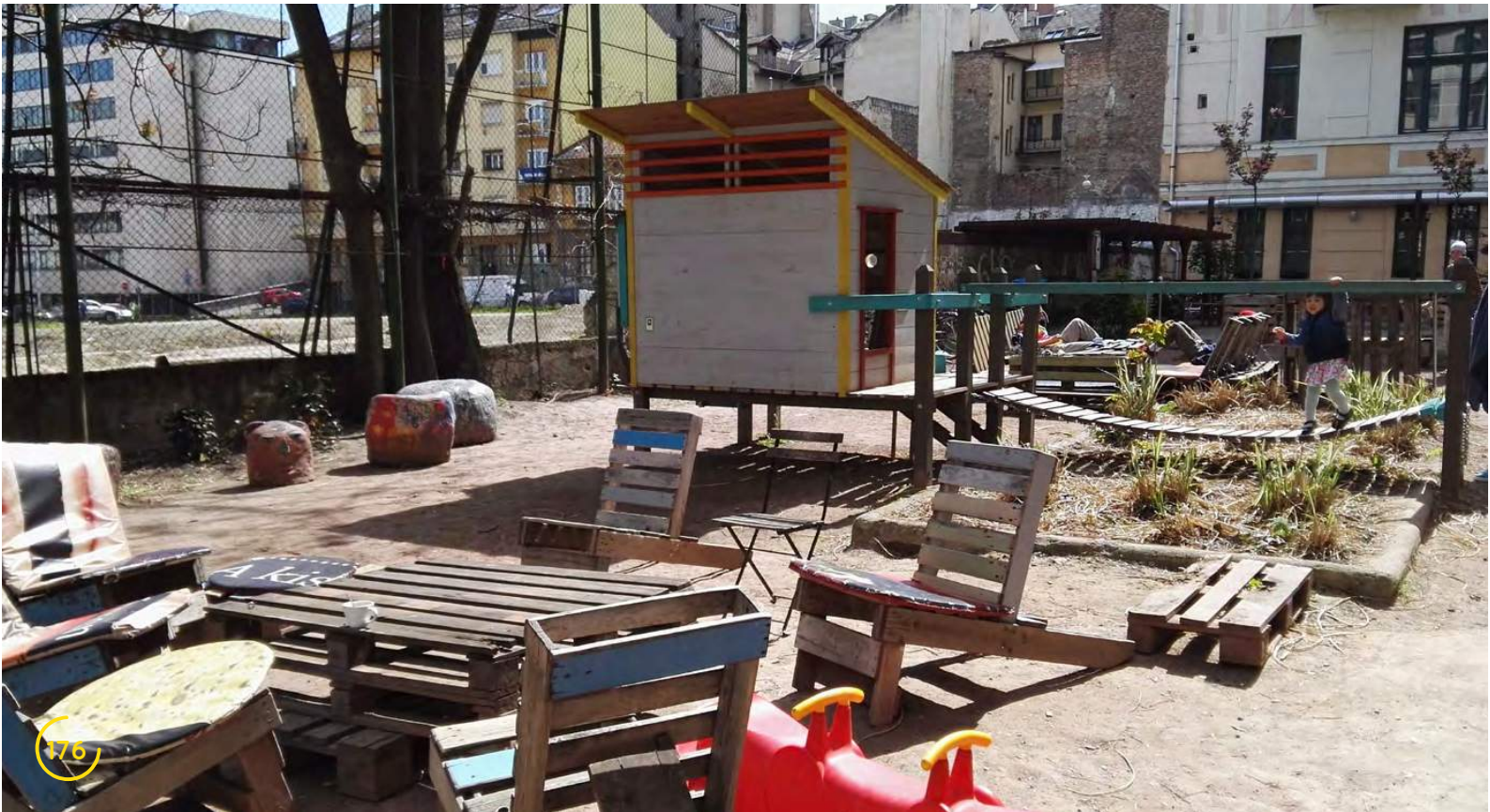
Theatrical costumes.
Photo © Dóra Gulyás

shortcoming of a school building is that there are a lot of spaces that are community areas, and not individual units that we could sublet to anybody.

So I was sure I wanted to find a school building, and unfortunately there are many unused schools in Budapest. We also wanted to be in Buda, but in a rather central location, because we already knew we wanted it to include a performance space, or at least a place where we can host our audiences, thus it would have been disadvantageous to move to the outskirts. In my experience it is hard to get people to go further outside of the city centre. This narrowed down our list, we looked in districts I, II and XII. I asked the Municipality of Budapest to give me a list of available properties they would like to repurpose. Eventually, we excluded several buildings due to their state, size and location, and selected the school building in Jurányi utca. This is an incredibly large building. We wanted a 1500 square metre building where 10-12 groups can have relatively large spaces and we would still have room for communal areas, but this is a 6700 square metre building. Two schools used to function in this building, but it had been vacant since 2009. It was in a relatively good state, a portion of its windows were renovated a few years before the schools closed down. The heaters were still in place, which was lucky as we had seen several places in much worse states of disrepair. The size of the building scared me at first, but we had no other option, and the building itself is very charming. Then we created the current operational model, which goes beyond the modern contemporary performing arts function. We invited other NGOs and creative artists as well, everybody who could somehow be connected to our operations and this progressive, innovative contemporary art function. And then we began communications with the Municipality of Budapest.

I tried to approach them by showing them why this would be beneficial to the Municipality. I calculated that they are spending between 500,000 and 1,000,000 Forints monthly just to have a doorman, to operate the elevators and have the chimneys swept. There were numerous negotiations about the state of the building, our options, our vision about the operation. In the end we got to the point where we could submit an application, because there are tons of vacant properties on the BFVK (Budapest Property Management Ltd.) website, and if somebody makes an offer on one, they issue a call for applications. Eventually they told us our application was successful and we could use it all... I mean the three floors we wanted. In the meantime I was constantly bringing artists and ensembles there, I had six to eight "building tours" every day. By the time we received the stamped and signed agreement for the three floors, we had tenants for the whole building.

Courtyard. Photo © Dóra Gulyás





Rehearsal room. Photo © Dóra Gulyás

We received the keys in early July of 2012, the day before our wedding, and we immediately began renovations. This was a Friday, and the following Monday the groups I had signed contracts with were already there. We opened our gates in late October, by then we had completely renovated the whole building of over 6,000 square metres: we laid down a parquet floor, we painted, and we arranged running water, heating. The plumbing was also very worn-down. We undertook the renovations for the whole building, therefore we received a little discount from the price and we did not have to pay rent until we actually started to operate.

HOW MUCH DID YOU SPEND ON THE RENOVATION? DID YOU PURCHASE EVERYTHING FROM THE MARKET, FROM COMPANIES, OR DID YOU INVOLVE FRIENDS?

We spoke with three companies at the beginning, all three were related to somebody from us, and we eventually selected the best price quote and the most reliable team. This was a team from Székesfehérvár who commuted daily, but they still worked cheaper than any of the offers from Budapest. We did an initial calculation of our budget for this, we had to strictly keep it, there was absolutely no room for going over the budget or the timeline. The renovation cost approximately 50 million Forints gross.

HOW DID YOU GET THE MONEY TOGETHER? I ASSUME YOU DID NOT HAVE IT IN CASH.

We did not. We had some savings as we already received subsidies from companies (deductible from their corporate tax) after our ticket sales. We also tried to find grants for renovations; at the time we had won an operative subsidy from the OSI. MasterCard had already been our main sponsor for three years, and we asked them to focus their support on this complex, on this headquarters instead of our productions. We could also use a proportional part of the subsidies from the municipality for the renovation. We also took out loans from companies with very reasonable interests; we were able to pay back all of these loans within a year. In addition, we had a private Maecenas as well who did not give specific donations but served as an assurance that enabled me to start all this. This person said that if there were any problem, he would be there to

help. At one point a much-awaited subsidy did not arrive on time, and I called him to say "I have to pay the team the next day but I have no money on my account." He immediately wired us the money, which was practically an interest-free loan. This was the assurance. We have paid everything back to him, but at the time it felt great to be able to rely on him, and to this day he is standing behind us like a rock.

DO YOU THINK THIS MODEL CAN BE REPRODUCED ELSEWHERE?

I definitely think it can be reproduced, and I also see that there is still a great demand that we cannot satisfy. Since December 2012, we have accumulated a waiting list of several hundred groups. Some may have given up since then, and are probably not waiting for our response with their bags packed. But there is a constant flow of applications, and not just from performing artists but also filmmakers, independent artists, painters, and creative minds from a relatively wide spectrum. This is due to the fact that the incubator house's message is very positive and draws people in. If somebody started a similar, quality initiative, it would certainly be filled up within seconds, before the ink could dry on their contract. But I can also see that this is crazy work. Over the one-year period when we were searching for potential projects, my experience was that there are ideas but only a few organisations and individuals have the courage to really commit to realising these ideas. Without such commitment, it is very difficult to do anything, and it cannot be imposed from higher levels.

DID THE BUILDING ITSELF DETERMINE WHAT PROJECTS COULD WORK HERE AND WHAT COULD NOT?

It did because we did not want to break down walls unless we had to, but we still did in several places. On one of the floors, we actually took down the walls separating the corridor from the classrooms: it was for a team of architects who had quite specific ideas about their operations, and this corridor became a large living area. It is used by just a handful of organisations, but sometimes we also organise meetings there. Other than this, we mostly adjusted the functions to the characteristics of the space. Initially, we had several ideas such as creating communal kitchens in certain rooms on every floor. But the demand for studios became so great that we gradually gave up on these ideas. The individual triumphed over the community. But we realised that the corridors are quite wide, so we set up kitchen boxes there, which demonstrate that there is always a solution. We initially adjusted everything to the space, but then we adapted the space to our needs. The school has a pretty good layout. I saw from the beginning that it has the advantage of being very two-faceted: if you enter the building and descend the stairs, you will find a large community space, a big cultural complex with a café, a ticket booth, a theatre, a courtyard, a terrace. But if you go up the stairs, you will find an apartment building, and only those who have business there go up. This was also important in terms of security, there is actually a metallic door that separates the people working there and renting studios from the civilian audience.

HOW DID YOU DETERMINE RENTS AND WHAT COMPRISES YOUR BUDGET?

I made a preliminary assessment of expenses: I prepared a calculation to see what utility costs can be expected in a building of this size, I asked for figures from similar, still operating schools as well as theatres and other facilities, I calculated the



Rehearsal room.
Photo © Dóra Gulyás

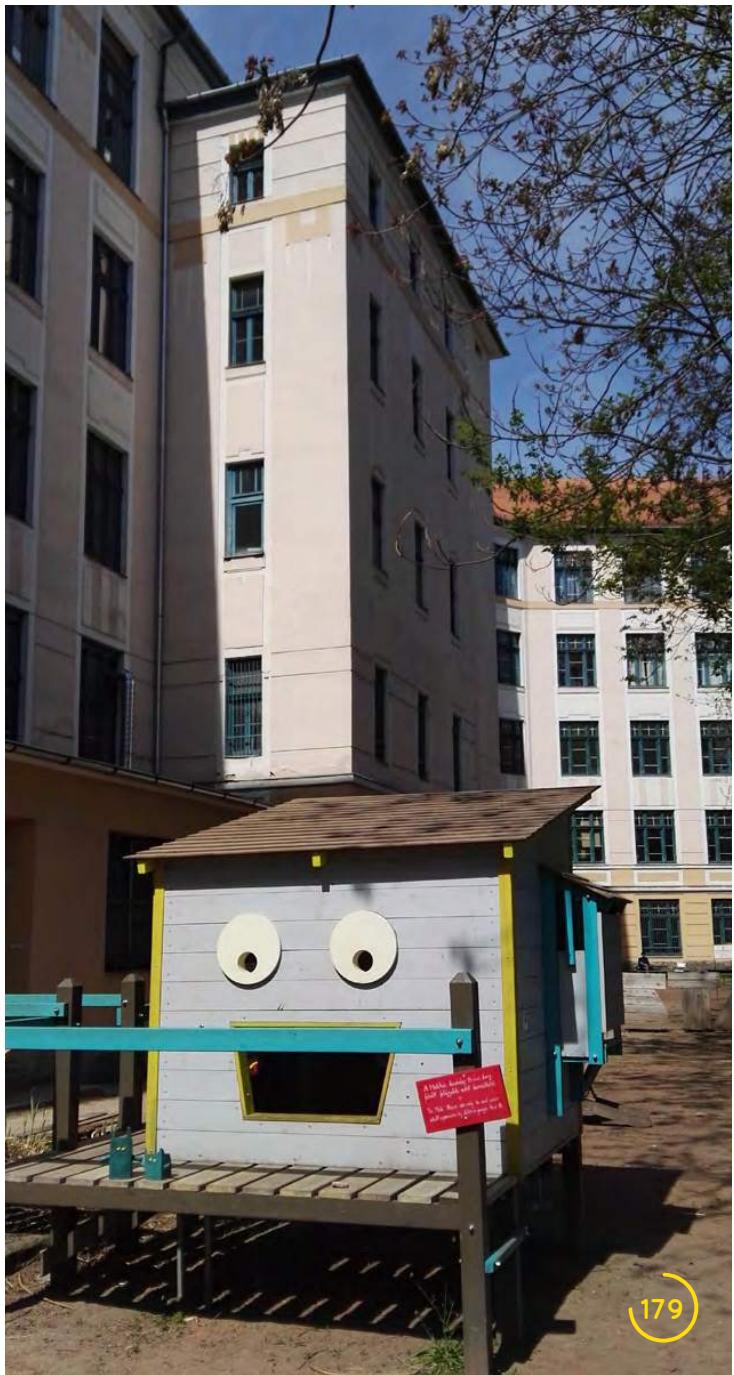
costs of the doorman service, the daily cleaning. And we had to pay rent, by then I knew that we would only have to pay 30% of the total rent with the municipal subsidies. I added all these expenses and divided the result by the area of useful rentable space, thus all spaces gained a price tag. Another important aspect is that the rent varies according to function. 80% of our expenses are utility bills, therefore it was important to me that somebody renting a storage space and only turning the lights on once a week for moving furniture should pay less than somebody renting a rehearsal space where they regularly use theatre lights. We established three rental categories: storage spaces for 1000 Forints, offices for 1200 Forints and rehearsal spaces for 1500 Forints. This includes all utility and internet costs. This is a quite favourable price per square metres.

It was important to us that the incubator house should break even, meaning that the costs of cleaning, infrastructure and rental expenses should be balanced out by the rent received from subletters. This was the basis of our business model. We could not afford to support this organisational model, to be sponsors, so we do not put extra money into the project, but we also do not generate profits from it. So the amount we have to pay is the minimum we have to receive. This way, we managed to break even, and we can still keep it like that, while obviously we have to raise rents if the Municipality of Budapest does. Our rental prices are stable, in the three years since we opened we only increased the prices per square metre by 5%. In addition to this, we also serve as a production house and community space organizing approximately 30 programs for the public per month, which is a considerable amount. It is important for us to have revenues from these programs that we can reinvest into renovations and other expenses: for example, if we want to display posters on the corridors we can afford to buy poster holders. We receive a certain percentage of the ticket revenues of performances held here, but we also have a crew of 12 people, so we have significant personnel and tax expenses, which we finance by applying for funds from operative programs. 10% of our total revenues come from such state subsidies, while our infrastructural expenses amount to 6–7 million Forints per months. If we add everything up that is a little less than our total operational costs, about 40% of our revenues.

HOW DO YOU IMAGINE JURÁNYI IN THREE OR FIVE YEARS? HOW MUCH RISK DO YOU THINK IT MEANS THAT YOU ARE NOT PROPERTY OWNERS?

We are actually close to reaching a milestone now because our contract is for 5+5 years, and we have been operating for three years. This autumn, we will have to confirm whether we want to use the additional five years. Obviously, nobody invests fifty million Forints into a building if they feel like they do not have a written contract and they can be evicted at any moment. I have seen bad examples around me in terms of cultural venues and local governments. I felt that we should rather pay more money rather than be subject to eviction on a whim. In this sense, I do not think it is

Garden. Photo © Dóra Gulyás





Entrance. Photo © Dóra Gulyás

a disadvantage that we are not owners, although in my opinion many tasks, such as maintenance, should be the responsibility of the owners. The big issue is always what we want to achieve next and what the next development should be. Anybody running such an institution knows that the big plan is being able to carry on: it is more than enough if we can continue our work and maintain this level, even under worse conditions. Of course there are always smaller projects. We would like to develop international communications: we are continuously seeking infrastructures and institutional models that are similar, with whom we could create joint projects, find out what we could do that would benefit both or several organisations or even the creative artists or workshops. We also work on enhancing the community function: both within the house, among the many organisations; and with the public, to show civilian spectators that this is a contemporary community space, a new contemporary cultural centre with new contents.



VIKTÓRIA ROZGONYI-KULCSÁR is a theatre historian and manager. Between 2008 and 2014, she worked as production director of several independent theatre companies, including Táp Színház, Természetes Vészek Kollektíva, Ágens Társulat and KOMA. Based on these experiences, in 2010 she founded Függetlenül Egymással Közhasznú Egyesület (FÜGE) that has by now become a major umbrella organisation to support contemporary theatre, with 10-15 annual productions as well as over 250 performances nationwide. In Autumn 2012, FÜGE opened the Jurányi Productive Community Incubator House by reusing a vacant school building owned by the Budapest Municipality. In more than 6700 m2, Jurányi currently hosts 57 creative and performing arts organisations, and hundreds of artists who daily visit the House for rehearsals, meetings and performances. Jurányi also has three scenes, with over 300 annual performances, and 30,000 yearly visitors.



Market square. Photo © Stará Tržnica

STARÁ TRŽNICA

New purpose for a public building

> *What works is the blend of functions, to combine activities without revenue with ones that can subsidise them.*



Alianca Stará Tržnica is an NGO managing the Old Market Hall, a historic building in the centre of Bratislava. The building closed down after years of unsuccessful attempts by the municipality to keep the market alive. Years later, the market hall reopened with a redevelopment plan proposed by the Alianca, combining a food market every Saturday with cultural events on other days, as well as two cafés, a grocery shop, a cooking school and a soda water manufacturer. Rethinking the opportunities of the Old Market Hall allows the organisation to run the building in an economically sustainable way, while gradually renovating it and creating a new event venue and meeting space in the heart of the city.

HOW DID YOU START WORKING WITH THE MARKET HALL?

We are a civic association, the Old Market Hall Alliance, and we have been running the old market hall as a non-profit project since 2013. We addressed the issue of an empty market hall that was closed for years, before we proposed a new kind of redevelopment project to the City. Previously, the City tried to run it as a mono-functional market, but there was only about 6 stalls left inside, and all the others were closed down, so it was not a real market. The tenants were there the whole week, not competing with prices, probably even having the same owner, and they did not really generate revenue for the market hall, as the market only had losses, about 30.000 euros a year, without undergoing a reconstruction. The reason this happened was because those managing it had a very narrow focus: a market hall had to be a market hall. But there is no market for a market hall in Bratislava any more. We were thinking we could invent a special program for it. If there is no market for a market hall for seven days a week, we can have a market there one day a week, and can have six days of new programming which could subsidise the market.

We brought in a team of experts, eleven people from different disciplines to cooperate on elaborating a new program for the building: it was really important to build a team of people with real hands-on experience, not just one or two leaders. As part of our team for instance, we have someone who has been running concerts for 20 years and knows everyone in the music business and everything to do with running concerts. This way, we do not run into traps. We created a special programme with a flexible forum where you can put any content you want according to your needs and functions: during the week, when there is simply not enough critical mass to attend markets, we use the building as a concert hall, or a ballroom for companies, a conference hall, or a workshop space. So we have the market on Saturdays when people have time, and it is always full of people. On Saturday, the most precious day, we have the market from 8am, always full of people, and therefore Friday night we have no events, because there would not be enough time to clean up. This is a really strong message, that the most precious day is given to the public as a gift. What works is the blend of activities, multi-functionality, to combine functions of those activities that do not generate solid revenue with those that can generate revenue for you: this way you can subsidise the former.

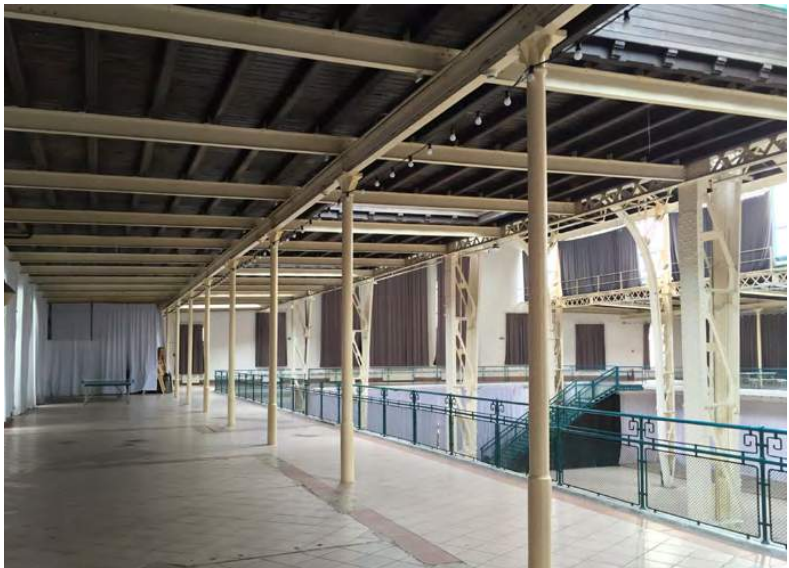
HOW DID YOU COME TO AN AGREEMENT WITH THE CITY HALL?

We were lucky, because the municipal assembly voted in favour of our proposal: there were hundreds of people watching the assembly online so there was a kind of public pressure on politicians as well. An important part of our legitimacy was that we managed to communicate this project well: the public understood that this is a project that will serve their purpose. At the same time, we showed the public sector what the value of the project was for them: it was important to show that there is public support, and that it will be perceived in the coming elections.

WHAT ARE THE MAIN FEATURES OF YOUR CONTRACT WITH THE MUNICIPALITY?

The whole project was introduced as a sustainable and financially separate project from the Municipality. So we do not receive any subsidies or financing from the city, but pay a symbolic one euro rent per year for the building, and have to invest in the renovation of the market hall. This amount comes to a total of 120.000 euros every year, for the 15 years of the contract's duration: that amounts to 10.000 euros a month. It is quite a lot of money, especially since we cannot contribute in-kind. On the other hand, we can factor in investments undertaken by our tenants. This constellation brings a direct benefit for the City, as it basically gets 10.000 euros of new investment into the building every month. Another benefit for the City is that we created space for seven new businesses inside the Market Hall, and several more entrepreneurs benefit from the building in one way or another. We cooperate closely with the Municipality. Since the city representatives

The building's interior. Photo © Eutropian





Historical postcard of the market

serve as a kind of a supervisory board, they always check where we can or cannot invest: they have a kind of authority over us.

WHAT ARE YOUR REVENUE STREAMS TO COVER THE INVESTMENTS?

A large portion of our revenue comes from about 16 solely private events per year, which, combined with privately-organised public events, adds up to 60-70%, but this revenue is distributed in a year quite unevenly: the top season is October to December, with plenty of Christmas events, and we have practically no events in July and August. The rent for a private event can run up to several thousands of euros, up to 6.000 euros for a day – for this we provide many services, set up the space, etc. The great demand is due to a specific situation in Bratislava, that there really are not many event spaces of this kind, maybe this is the only one in the centre that is so large and well-positioned, with an easy access for cars. So if you search for a concert hall in the city centre, this would be one of the top choices for you, if you want to make a conference, it is probably the best place in the city centre, especially if you would like to have some kind of community feeling, and do not want to go to a hotel, the market hall would really be your choice – practically you are left with no other choices.

HOW DID YOUR ECONOMIC PLAN WORK OUT?

It has been working out well so far. Since we had more revenue than expected, we have already invested 6 or 7 years upfront. It is also because we cannot invest in the building evenly throughout the years: we have to invest more in the beginning. We still have a lot to do in terms of renovation; for instance, we will take a bank loan now to reconstruct the floor that is in the worst condition in the building and will be the most expensive to renovate. Then, we will continue with all the windows, and as the building is a protected monument, it will also be very expensive. We already bought plenty of sound and light equipment, tables for the market and a podium to build the stage, these things are all tied to the construction. Once we have to invest less in

the building, and we will have surplus money, we will probably make less and less of those private events that we do not really want to do and make more public ones. And we will have less people working in the market, as we can go down from eleven people working on the building to three people to run the space, the financial person, the event manager and an administrator of the building.

WHAT IS THE FUNCTION OF THE SMALLER SPACES OF THE MARKET HALL BUILDING?

We also use the spaces of the market hall that face the outside, looking at the neighbouring square and streets. The Lab is a fabrication lab, where you can do digital fabrication, use laser cutters, and use the 3D printer. It has a public area and a downstairs workshop with woodcutters and other tools. It works on a prepaid membership basis and contributes to an emerging community around the Lab. There is also a small cafeteria here where anyone can work the whole day by just buying a coffee. We have a restaurant, a sort of a canteen, and they compost all their organic waste. Hopefully, it will emerge into a waste system for the whole market and the neighbourhood. There is also a grocery shop: the idea was to create a locally sourced store where you can find food and products as local as possible. On the other side, there is another café, a social enterprise that has homeless employees as well. Originally, we also had a kids' centre, for families. It did not work very well, because if you come with kids, usually you do not spend much, and the place was just going down economically. Inside the market hall, there are three more businesses: a cooking school that also makes food for kindergartens, sells to the neighbouring restaurants and works with refugees; a soda producer, in which we are also a small shareholder; and a beer manufacturer. We also organise a bazaar where people can donate things, and the revenue goes for the reconstruction of the building: it does not generate much income but what is important is that it ties the community together.

HOW DID YOU SELECT THE TENANTS? DID YOU GIVE ANY PRIORITY TO SOCIAL ENTERPRISES?

We selected the tenants through an open call. The proportion between market and social projects depends on the price you charge per square meters. If you run a market price, then non-market participants obviously cannot take it if they do not receive subsidies. If there is no grant that could help them operate with market rents, then you have to go down, if you want to create social value.

WHAT IS THE RELATIONSHIP BETWEEN THE TENANTS? DO THEY PURELY COMPETE OR IS THERE ANY KIND OF COMMUNICATION?

I do not think there is any strong competition at the moment because they all do something different. There are some synergies, but I do not think they cooperate as well as they could. And even the sourcing is as strong as it could be, but what works quite well, is the grocery store sourcing from our market vendors. There is also a small place for bike delivery service. The concept behind Stará Tržnica is that we reduce the price a little, because we do not do it for profit, and therefore we can have these businesses of social value here. One way of supporting them is to lower the rent, another is that we allow them to deduct certain investments they did, from the rent over the course of ten years.

WHAT IS YOUR IMPACT ON THE SURROUNDINGS?

The neighbouring streets have changed dramatically in the last couple of years. Many shops were closed, and the buildings created dead facades. The bars around were only serving elderly men, and now they have become very popular for younger people as well. Aside from the spontaneous effects, we are quite unhappy about some of the squares near the market hall, and created proposals to the City about how they could develop those areas, program, manage and administer them. We already helped revitalise

Source: Stará Tržnica





Market inside the Stara Trznica. Photo © Stará Tržnica

some premises in the neighbouring streets, bringing in new tenants – shops for design, bikes and books – in the ground floor of a quite ruined building adjacent to the market hall. There, we used the same principle as in the market: they invested themselves in the reconstruction, and that was deducted from their rent. We had a concept for the whole building but it was not realised in the end. But it was a model for us to move towards a kind of a niche development: if there is a building where you need to put strong social value, community value, not only economic value, we can provide this.



JAN MAZUR has over 9 years of legal practice experience, both in private and non-profit spheres, with expertise on financial and commercial law. Jan graduated from Faculty of Law, Comenius University, where he is currently finishing his PhD studies and as a researcher solving the H2020 project SMART, in Policy Coherence for Development. He worked as a compliance officer and lawyer (MiFID, UCITS) for an asset management company managing funds with over 100 M EUR. Later he worked for one of the largest donors in Slovakia, Open Society Foundations. As an advisor he has been involved in several IT & Law projects. In the Old Market Hall Alliance, Jan is the head of development team responsible for development and exploitation of AST operations and business model, and leads the Alliance's project Shared Cities: Creative Momentum, under Creative Europe programme. Meanwhile, he is also an advisor of the private crowdinvesting club Crowdberry.



Building the commons. Photo © Stad in de Maak

STAD IN DE MAAK

From the crisis to new property models

"Our ambition is to take the properties out of the market, to bring them into the collective ownership and use."

MARC NEELEN

Stad in de Maak is an association set up to take on the redevelopment of vacant properties in Rotterdam, together with its local community for a period of ten years. It aims at going beyond temporary vacancy management,by reaching permanence in affordable housing and working spaces through collective ownership and management.

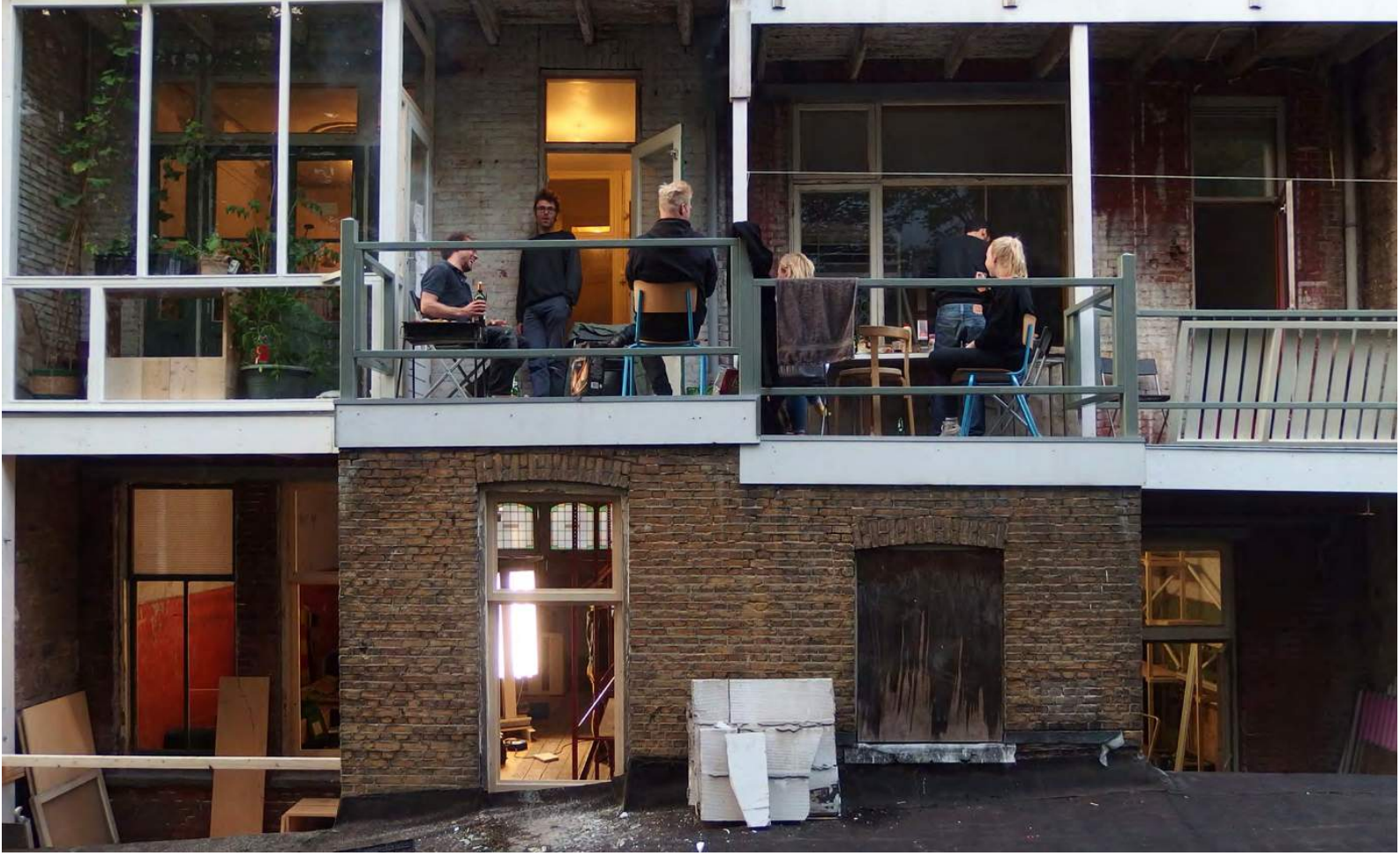
IN WHAT CONTEXT DID YOU BEGIN TO WORK ON STAD IN DE MAAK?

This is an initiative that started from – and currently thrives in – the afterlife of the current financial crisis. A crisis that started out with toxic debts and real-estate speculations, emblematically bringing down Lehman Brothers on September 15, 2008. Amidst the unfolding of this crisis, the non-for profit housing developer Havensteder bought these two buildings where we are today with the idea of demolishing and redeveloping them. At that time, in 2009, this probably still looked like a viable plan but that did not last very long. When the mortgage crisis hit the market in the Netherlands a little bit later in 2010, for real-estate owners, the world in which they operated suddenly changed.

For instance, the value of real-estate started to drop. As a result, they had buildings that in their accounting books were still listed at the pre-crisis value, while their actual value in the real-estate market had diminished significantly, which brought them into financial trouble. At the same time, during the years leading up to this financial crisis, the group of non-for-profit developers, to which Havensteder belongs, would move away from their core mission of providing affordable housing towards other products with a higher return on investment. The government also encouraged them to experiment to yield more return, which could then be invested into housing. During the crisis however, these risky operations started turning against them, resulting in financial deficiencies of billions of Euros. For instance, one of these non-for-profit housing developers, Vestia in Rotterdam, embarked in derivatives for almost 10 billion Euros, something that went terribly wrong. All the non-for-profit housing developers had to come together to rescue the ones which were about to go bust, which made a huge dent in their financial reserves. To add insult to injury, they were subsequently forced to make contributions to the state budget, because the government also found itself in trouble due to the financial crisis. As a result, the investment budget of these developers withered away.

Entrance of Stad in de Maak premises. Photo © Eutropian





Stad in de Maak. Photo © Stad in de Maak

HOW DID HOUSING DEVELOPERS REACT TO THIS SITUATION?

At that moment Havensteder found itself in a situation in which it could not any longer sustain part of its real-estate portfolio, so it had to focus on keeping the healthy parts. This means that there was suddenly no budget anymore for troublesome locations such as this one. In 2010, Havensteder made a quick-scan of the two buildings, with the help of two collectives from Rotterdam, Superuse Studio and Observatorium, to see what to do with these locations. It must be understood that within Havensteder this is seen as a controversial idea: why would they start investing in derelict places in times of crisis? There are other priorities. But there were also people within the organisation, who challenged this idea and wanted to protect the quality of the street and maintain the value of the assets, as they owned the majority of the buildings on the street. The commissioned quick-scan revealed that if Havensteder wanted to keep the buildings up and running, they would have to accept a loss of 60,000 Euros in the coming 8-10 years. That is actually not so much, even though it is in a period of crisis.

Following this, things slowed down, and it looked as if the study to revive the buildings would end up in a drawer. One of the people involved in the study, the artist Erik Jutten, took the initiative to push things further. He came up with an unconventional proposal: if Havensteder is willing to take the loss of 60.000 euros anyway over the period to come, why not take that loss entirely in day one instead? In this way, it can be handed over as an investment budget to a group of people that would take care of the two buildings and any remaining risks. In a certain way, this would allow us to 'common' the buildings with this group of people for a period of ten years, after which the properties would go back to the owner, if it was still there.

WHAT ROLE DID YOU TAKE IN THIS PROCESS?

Ana Džoki·, Piet Vollaard and myself joined Erik and put this proposition together. Our common motivation in the beginning was mainly curiosity: to see if we could do things differently. We spent a lot of time going through the details, like the economic model we had to get in place. The big challenge was of course finding a way to manage the buildings for ten years without us defaulting

on it. We figured that, if Havensteder was ready to put in 60,000 Euros, around 75% of it would have gone into contractor costs, therefore we proposed to execute half of that work ourselves instead of outsourcing it. By doing so, we could free up a substantial part of the budget – because we could do things ourselves cheaper than a contractor, but it would also allow us to schedule and prioritise works differently, as we needed to urgently divert money to make some of the spaces inhabitable and create a cash-flow through renting them out. This is because we have to pay the bills, we have to pay the insurances, we have to pay the taxes... And we basically had no money ourselves, so to prioritise works to create an economically sustainable cash-flow was very urgent for us.

HOW DID THE HOUSING DEVELOPER LIKE THESE IDEAS?

For Havensteder it was a deal with an untested partner: we had never worked with them before. But it was interesting for them because they hardly had any financial risks, no contingencies, and no management costs any longer. We would take all of this upon us for the next 10 years. After that, we just give back the property with no further economic loss than the 60.000 they had already booked. And while we negotiated over a period of many months, some level of trust began to develop amongst all the parties involved.

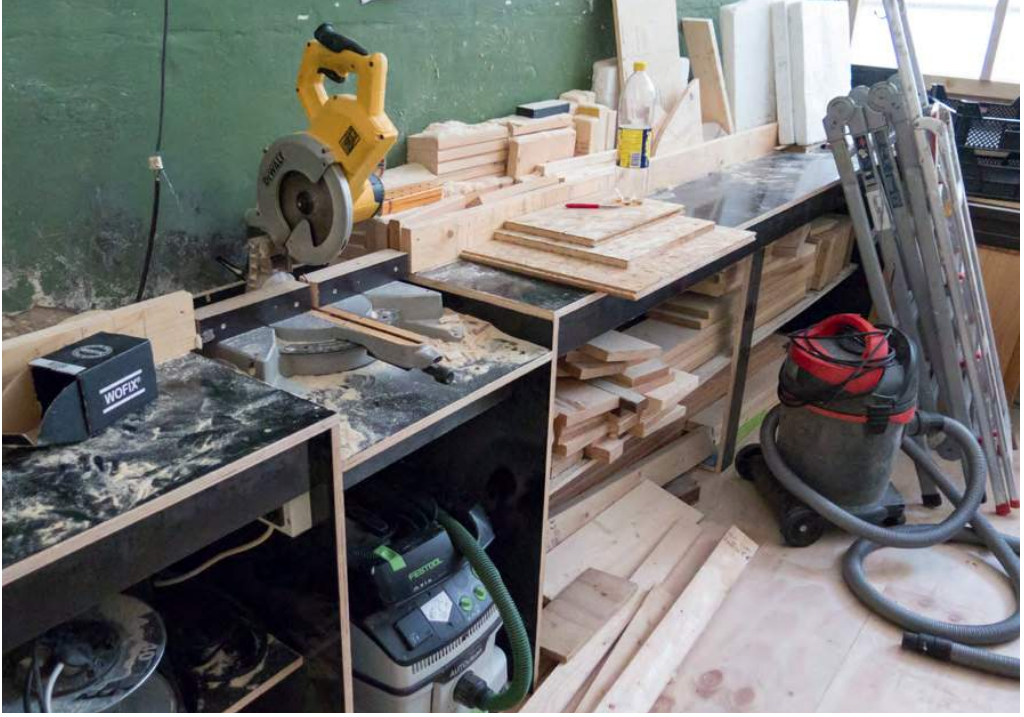
In October of 2013, we signed the agreement. A month later, work on site began: the buildings were in ruin and we had to quickly make them inhabitable. We had gone through a huge excel sheet for months and months, but we did not have much experience with doing these sorts of things, so we took on things quite intuitively. Meanwhile, we have grown a handful of buildings, and a few principles have emerged.

HOW DO THE BUILDINGS FUNCTION ECONOMICALLY?

First of all, we try to make each building a self-sustaining node (in economic, social and environmental terms) within a network. This is done to foster a more robust network, in which difficulties (or even the 'collapse' of one node) do not pose a threat to the viability of the

Community meeting. Photo © Stad in de Maak





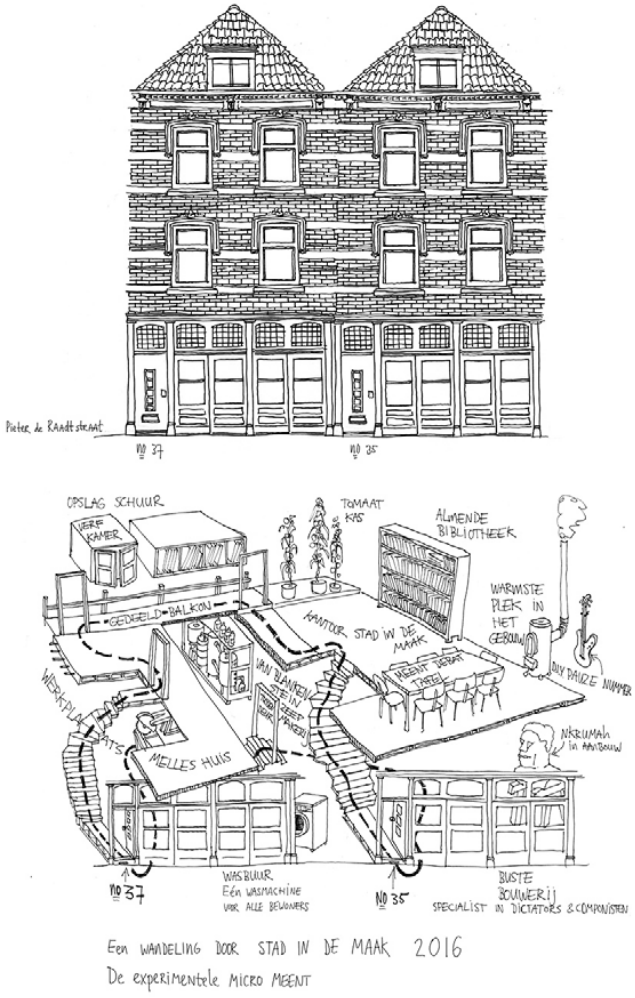
Workshop space.
Photo © Stad in de Maak

overall network of buildings. In economic terms, this means that each building should generate enough resources to cover its own costs. In social terms, each building should take care of its own governance and use. In environmental terms, it should aim to become resource flow neutral (energy, water, etc.). We aim to create a common finance pool for the maintenance and expansion of this platform. All the inhabitants and users of the buildings, through payment for the right of usage, generate a (modest) flow of finance that contributes to this common finance pool. From this, the activities to sustain the platform (a baseline income for those responsible) are being financed. Given enough nodes in the network (scale), a revolving investment fund to expand the network could be created.

From the very beginning on, we have maintained a minimalist (or no-nonsense) approach to investments. If affordability is at the core, invest what is minimally necessary. For instance, by putting functional, rather than aesthetic concerns at the core. By re-using, upcycling, or working with donated materials. By improvising if the use span of a building is limited, as long as safety is not compromised. And by being prepared to lower the comfort threshold in exchange for lower existential pressures (usage fee).

While working on the first buildings, we discovered that it would be important to replace monetary flows with non-monetary alternatives, where possible. As both the inhabitants and users of buildings and the platform itself face a lack of mainstream money, part of the financial pressure can be diverted by conducting transactions in other 'currencies': worktime or materials, for instance.

Stad in de Maak drawing
Image © Stad in de Maak





Interior space. Photo © Stad in de Maak

HOW DO THE ACTIVITIES TAKING PLACE IN THE BUILDINGS IMPACT THE NEIGHBOURHOOD?

We try to bring community activity, but also production back into the buildings, into the streets, and into the neighbourhood. Some things are being tested right now, like a workshop. There is a community brewery starting up, a micro-cinema, a launderette, even some production of detergent … In the coming months there we will have a number of trials to see how we can create a neighbourhood economy. It is crucial to keep space open for such uses and experiments. Each building therefore, has a commons ("meent" in Dutch), accessible for social or productive undertakings.

We decided to keep financial pressures away from these common spaces, and cover the costs to keep them open through a contribution from all the users.

We said straight from the beginning that City in the Making – with its current temporary use of buildings – is a sort of training condition for what is yet to come. For us, the next step is to go beyond this temporary exploitation of vacant properties. Now we can do this because there has been an economic crisis but this is not sustainable in the future. Our ambition is to take the properties out of the market, to make them available for affordable housing and work, and to bring them into collective ownership and use.



MARC NEELEN is one of the initiators of Stad in de Maak ("City in the Making") in Rotterdam. As part of the collaborative practice STEALTH.unlimited (which he set up with Ana Džokić) he spends his time between Belgrade and the endeavours Rotterdam. Stad in de Maak has been set up in 2012 in Rotterdam, in response to an inquiry by real-estate developer Havensteder to come up with an approach to some of its 'toxic' buildings. After an initial investigation by Superuse Studios and Observatorium, this challenge was finally picked up by Erik Jutten, who – determined to find a breakthrough – started charting a 'business model' based on a set of out-of-the-ordinary propositions, in a close collaboration with STEALTH and Piet Vollaard, and later joined by Daan den Houter. As of Spring 2017, Stad in de Maak comprises of eight premises, housing 16 inhabitants and 21 people (permanently) using working spaces – plus a number of 'displaced workers' irregularly using the spaces.



A street in ZOHO. Photo © Eutropian

ZOHO

Development with a hundred investors

> ***The most sustainable model is making tenants responsible for the building.***

HANS KARSSENBERG

JEROEN LAVEN

stipo

ZOHO or the Zomerhofkwartier near Rotterdam's Central Station has witnessed a significant revival in the past years. The area is composed of office buildings constructed after the war, buildings that gradually witnessed a loss of attractiveness as well as tenants over the past few decades. Even though a housing corporation had purchased many properties in the area with the plan of demolishing them and building new housing, the oncoming crisis brought this plan to a halt. These were the conditions inherited by Stipo, an Amsterdam/Rotterdam-based urban regeneration office. Cooperating with the area's owner and various creative and social companies, Stipo and their partners redeveloped the area step-by-step, through rethinking its empty buildings and public spaces.

HOW DID YOU GET ENGAGED IN THE ZOHO AREA?

Zomerhofkwartier or ZOHO is a former inner city business area in Rotterdam, right next to the Central Station, at the border of the WWII bombardment area: most of the buildings in the area were built in the decades following the war. By the time we started working there, it had gradually become a dead zone with a lot of vacancy; about 12,000 square meters of empty, lifeless ground floors, with real safety problems. People did not dare to cycle through. Havensteder, the housing corporation that bought most of the buildings in the area as well as the surrounding neighbourhood, believed that the area should be demolished, that it was out of date, old-fashioned, and that there was no use for it anymore. But then came the crisis and demolition never happened. For us, the crisis provided a great opportunity to reinvent what should be happening in this area. When the housing corporation decided to not demolish the area but rather create some sort of change over the next 10 years, they called for 'slow urbanism', inviting us to help them with our ideas. We accepted the invitation on the condition that we could help determine who would come there. Together, we decided that it should be a makers' area: it is not only about the creative economy, we should not only have people who think, but also people who work with their hands, who make noise, who create objects. It is a wonderful area for this because it is right in the heart of the city, but there are very few people living there. We set ourselves to revive the place, create a new economy, create spaces for makers, and open the ground floor places to bring more life to the streets. Havensteder gave us the opportunity – together with some of the other first tenants – to select other tenants moving into the building.

HOW DID YOU FIND TENANTS FOR THE BUILDINGS?

There was not a big queue of people who wanted to move in the building, but people were vaguely interested. We were looking for tenants who wanted to move to ZOHO because they wanted to be part of the area, and because the community was there. We were very selective about who can rent here. We invented a system of pitches: people had to come in front of a jury, pitch their idea and explain why they wanted to rent here. We said "no" to half of the candidates, which sounds like a crazy idea in Rotterdam, full of vacant offices. But we wanted to create a community, not only a renter here and a renter there.

HOW DID YOU MAKE THE BUILDINGS ATTRACTIVE FOR PROSPECTIVE TENANTS?

Part of being a tenant means that you are also a member of the Association of the Yellow Building, which has financial consequences because you pay five euros per square meter that you rent each year. So for 3500 square meters, we can get close to 20,000 euros if the building is relatively full. And this money is used by the whole building to help programme it. So we invite people for lectures, improve the internet connection in the building, we write articles about it, so we have a working budget to tell the world about the things that are happening in the building. That was really important for the success of the Yellow Building. It creates really active tenants. This is the most sustainable model we have in the area, as you keep feeling responsible for the building.

We also made sure that some of the rent we collect from our tenants is reinvested in the buildings. For example, when we moved in, the Yellow Building looked really bad, carrying traces



Event in the Yellow Building. Photo © Eutropian



Event in ZOHO. Photo
Photo © Stipo

of 20 years of pollution. We thought, as tenants, that if this were a financially successful building, the owner would be more than happy to invest in this building because it would make it financially more sustainable. In our case the owner never did that because it was a building in an empty area, so we went to the owner and asked them: "Can we make a deal that you invest part of the rent back in the building?" Havensteder said yes and they put 25% of the rent we collected in the building back into the building, into any construction work that we would find appropriate. So the first 25,000 euros we invested into opening up the plinths on ground floor, which gave us the opportunity to attract a café there, something that is really important for the area. That café gives another meaning to the ZOHO district.

The area quickly increased in notoriety. For instance, we got an upcoming artists' platform here, and on their opening night they had 2000 people standing in the ZOHO streets. From that moment on, we did not have to do a lot of marketing anymore. It all developed slowly and organically, following our shared vision, but without any master plan or design. After half a year of working with people from the government and active groups in the area, as well as people who wanted to be in the area, it felt like we had 100 owners. We like to think of this area as a place with 100 investors, rather than one central investor: it is a networked idea. After a year, all the 12,000 square meters were full. We never anticipated this; it went much faster than we thought.

WHAT IS THE ECONOMIC RATIONALE OF YOUR INVOLVEMENT IN ZOHO?

We did all this with many "passion hours": we learned this expression at a government meeting. We took on the whole process because we wanted to invest in the area. As the housing corporation could not just hire us for all of our hours, we agreed on getting entering the concept of 'the economics of sharing' with them. We suggested they rent some of their vacant property to us, so that we can sublet them and make money through this process, to finance our work. Our building, for instance, a 3000 square meter building, is completely full now. We were actually so successful that the owner reinvests 25% in the area from the rent we collected for him. Except that we never made a deal that we would get paid for making the owner financially sustainable. The challenge we have now is to develop a model where we still invest in the area while benefitting and being rewarded.

HOW DID THE SUCCESS OF YOUR EXPERIMENT CHANGE THE STATUS OF THE BUILDINGS?

Our mistake is that we made the area so successful that the housing corporation will have to sell the buildings: they were basically forced by the national government to start thinking about selling the area. The government's view is that housing corporations are semi-public-private organisations and their job is to provide housing, or sell their non-housing properties to private organisations. We began to think about buying the building and started talking about it with Havensteder. Then we discovered that we should have done this two years ago. The value of the property is not only calculated by the amount of rent that it collects (the rule is that a building's value equals 6 times the annual rent of the building). If there are more renters in the building, the building becomes more expensive. But there is a double effect: as the building is occupied even more, this multiplier goes up as well, and it becomes 8 or 9 times the value of the annual rent. We should have said two years ago, "Ok, we will do this, but we will measure the value of the property and we will measure it again 3 years from now, and let's agree that we split the value gain in half." One of the problems is that many building owners bought their properties for high prices when times were really good, and have these prices in their books, which is not always a realistic market value anymore. A housing corporation would always tell us that "you can buy the building, but you have to buy it for the price we bought it for."



The Yellow Building.
Photo © Eutropian

Our quest now, is to find a way to keep on doing what we are doing. That can be by buying the area ourselves, or by finding investors who want to buy the area, or we can build such as strong coalition that whoever wants to come in would be crazy to kick us out. Maybe this is an unrealistic plan. But we were very successful at getting powerful people to come over here, and we now have a strong coalition in the city who say it would be crazy to destroy this space in ZOHO. This place allows financiers, building coalitions, a mixture of systems with rules and unofficial systems to work together.

HOW DID YOUR WORK IMPACT THE NEIGHBOURHOOD?

We are very proud that within all this voluntary work, we managed to get a start in the area for small businesses. We managed to give a business case to people living around ZOHO, an opportunity for the people who were formally unemployed and are now making money by being here. For example, we had small companies in ZOHO that started a bar, which is difficult in a deprived area, but since all the people made themselves responsible for this bar, we managed to speed up this process and make it work. Combining the top down and bottom up, and making yourself responsible for the area makes really interesting things happen.

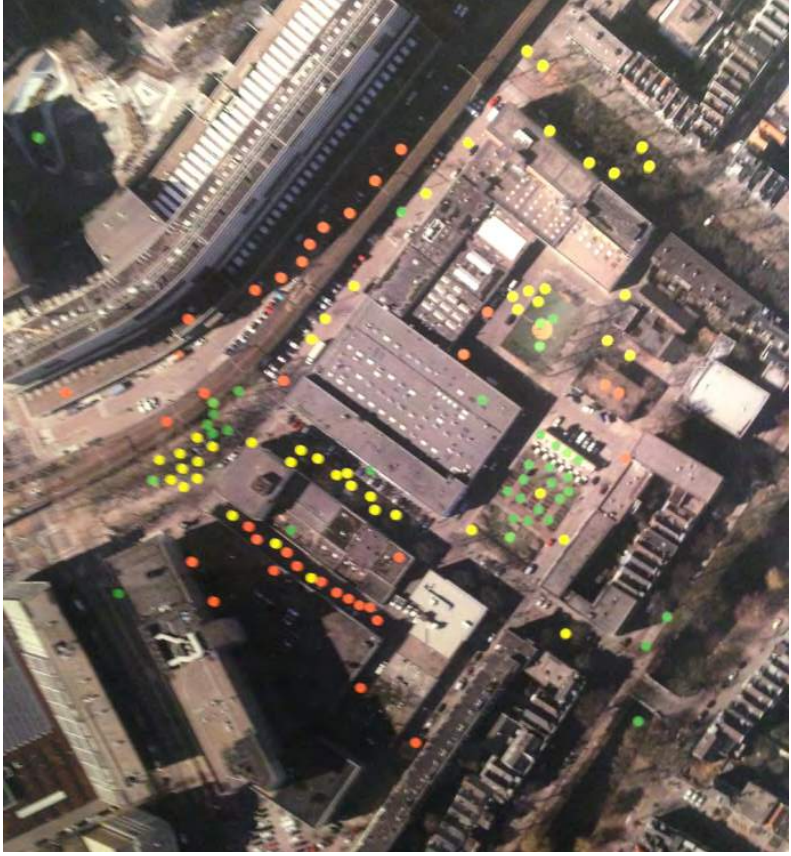
HOW DO YOU SEE THE ROLE OF THIS KIND OF DEVELOPMENT PROCESS IN TODAY'S URBAN PLANNING?

For decades after the war, we were all brought up with this idea that urban development means that we are building houses in a green field area, that we buy cheap land from farmers and we develop it. This is what urban development was called, something that is done by people on the physical side of the planning spectrum, without social or economic competences, because they complicate the process. This is what we had been doing for 40 years after the war. When reinventing areas like ZOHO, you cannot work like this anymore. It is so networked, so split up between different property owners and existing parties, that you are not dealing with five people, but with a hundred people. Because it is so networked, there is no one party that has a big enough role to be the leader of change. This is why many of these areas remain untouched. We need a new role, what we call the 'public developer', the role we decided to take on: the person who takes the initiative, who manages to mobilise the network and start actual change, combining different interests in the area. In ZOHO, we can really work fast because we do not have one public developer, but we have three: the housing corporation and the city district both have the attitude of public developers.

HOW DO YOU SEE ZOHO IN AN INTERNATIONAL CONTEXT?

We see that the experience of ZOHO can also be found in other cities in Europe. It is good to know that it is not just an incident, not something we invented, but it is happening everywhere. For me, city makers are those who mediate between top-down and bottom-up, and make it work both for the small innovative parties who work at the ground level (they have to have business case), as well as for the people working on the governmental level, who are desperate to make these exceptions work and are looking for ways to change the system. If you can change the system in a way that you can also give small businesses a chance, then something is happening.

With Stipo, it is important for us to be part of this international network of people who do similar things. Not only to exchange knowledge but more, because we feel that we are inventing a new profession. We make a lot of mistakes, and we meet a lot of people who make exactly the same mistakes. These are mistakes like when you start a project, you make something successful and you establish the financial model too late. You are never part of the financial success you achieved yourself. Or you created a community but the community is still too much centred around the first people who were active there. And so how can you move onto the next phase? It is very important to share questions like these and look



Interventions in the ZOHO area.
Image © Stipo

for solutions together. This is why we are trying to bring these initiatives together with the Re:Kreators network and also presented them at the occasion of the Dutch presidency of the EU in 2016. All cities should begin to consider this the new way of urban development.



JEROEN LAVEN AND HANS KARSSENBERG are partners at Stipo and the City at Eye Level. They have had 25 years of experience, creating better cities. Their roles vary from project management and process management to strategic advice and training. Two of the focus areas in recent years are public development and the City at Eye Level. As public developers, building on the experiences in ZOHO, they have worked in many projects. Examples are the redevelopment of old offices areas in new towns in the Netherlands, the creation of innovation hubs in Rotterdam and Breda. Internationally the Re:Kreators network brings together public developers from all over Europe. The City at Eye Level focuses on great public space and great building plinths. The City at Eye Level brings together the knowledge from practitioners from all over the world. Jeroen and Hans both work on implementing City at Eye Level projects in the Netherlands and internationally and the growth of the knowledge network. They play a leading role in the European Placemaking Leadership Council.

Working with Institutions

198 POLICIES SUPPORTING CIVIC INITIATIVES

206 BIP/ZIP

213 LARGO

217 LOCALITY

222 PEISSNITZHAUS

225 CASCINA ROCCAFRANCA

228 VIC

Even though many local communities and citizen initiatives take responsibility in providing welfare services that were formerly run by the public sector, public institutions still play an important role in enabling or hindering these services by defining the legal context in which communities operate, owning the buildings in which they run their activities or disposing of a public budget available for the delivery of given services. As Mauro Baioni's article unveils, public administrations increasingly recognise the importance of supporting local communities through the development of instruments and frameworks in which these stakeholders may operate safely and legally – in the public interest. The Lisbon Municipality's BIP/ZIP programme provides the network and funding structure that helps the operations of Largo Residências. In another context, the implementation of enabling regulations is assisted through intermediary organisations like Locality. Public properties and guarantees can be a key feature of cooperative development processes like in the case of the Peissnitzhaus – and they can also form the basis of co-management models of spaces like Cascina Roccafranca in Turin. Finally, besides municipal schemes, European public funding can also play an important role in generating civic spaces and services, as illustrated by the Mares in Madrid project, which is currently funded by the EU's Urban Innovative Actions programme to strengthen its city-wide social and solidarity economy network.

Framing the Cooperative City

Public policies in support of civic initiatives

MAURO BAIONI

Civic initiatives regenerating urban areas emerged all over Europe as an answer to the crisis of traditional urban policies. Sometimes they share a conflicting attitude towards the public, on other occasions their aim is to extend their independence. In the following chapter, we will make some considerations on a demand for coopera-tion with the public administration. Firstly, we will describe some opportunities for people engaged in social initiatives. Then we will underline some benefits that can be achieved by the public administration, with specific regards to local development and urban regeneration. In the end, we will make some consideration about the possibility that cooperation between civic initiatives and the public sector could be assumed as a common perspective at European scale.

1. ACTIVE CITIZENSHIP AND INSTITUTIONS: FROM CONFLICT TO COOPERATION

The notion of urban regeneration, in the Anglo-American context where it was adopted in the late eighties, is strictly connected to tackling environmental, cultural and social issues in urban policies. In this perspective, the city of the future is seen as a place where creativity and solidarity are linked to economic competitiveness. As observed by many authors, this rhetoric was adopted in the transition to the post-fordist city, to justify a weak regulation of business-oriented projects and the reduction of the perimeter of public administration. As a result, social and spatial imbalance often has increased. Hence, it is not surprising that today the city is still conceived as a battleground.

In a perspective of change, nonviolent expressions of conflict can be regarded as positive. Hamburg is a good example. Its historical centre has been transformed into a real business district, with the almost complete substitution of residential buildings and the absence of inhabitants. The Gängeviertel is a shred of the historical city that escaped the war's destruction, as well as the following renewal made in the name of real estate development. A group of young activists occupied the old buildings in 2009. They started refurbishing and running the spaces to transform them into a place for living, working and providing services in a way different from the market and from the State.

The Gängeviertel is not an isolated example. In many European cities, when the demand for social justice does not meet answers, conflicts arise. The economic crisis, the regulatory capture, the excesses of the neo-liberal paradigm are pushing a greater number of people to react. Due to the industrial crisis and the contraction of public investments, the number and dimensions of urban fringes, and decommissioned buildings are increasing day by day. The reuse of these empty spaces is deemed as a right and at the same time, as an opportunity to demonstrate that it is possible to run urban spaces, placing social and environmental issues at the heart of the initiatives.



Casa del Quartiere Via Aglie in Turin. Photo © Eutropian

In Hamburg, activists claim the possibility of setting a new model of economy and coexistence. At the same time, in a more pragmatic and progressive way, they look for dialogue with public institutions. Their short-term aim is to produce a change in urban policies and persuade the municipality to give more credit to citizen-run initiatives.

Similar requests are expressed in another initiative, in Rotterdam. As Sue Bell Yank describes the work of the Afrikaanderwijk Cooperative, "It is not overtly seeking to be a political adversary of the city government. Rather, the Wijk Co-op addresses gaps in governmental thinking about the wellbeing of the residents of the Afrikaanderwijk, and adheres to a wider-ranging set of values. These values primarily concern quantifying the capabilities of its residents rather than the tiresome logic of using economic indicators to measure social well-being."[1] It can be said, that citizen initiatives claim the possibility of retrieving the original meaning of urban regeneration, ensuring that real estate interests do not sacrifice environmental, cultural and social resources.

Furthermore, there is something more specific: people running community initiatives consider themselves capable of pursuing social purposes at the same level as, or even better than institutions. In their opinion, the talents and knowledge, the entrepreneurial spirit, the organisational and practical capacities, and the sincere and deep engagement of citizen groups allow being more efficient in driving urban change, much better than through public policies conducted by bureaucratic structures. In some contexts, this claim leads to a radical critique of public institutions, seen as unreliable partners. "Step back and let us act, please"– this is the implicit request of some city makers. Seen from another angle, this vision implies that the cooperation between citizens, companies, and property owners can produce more positive results, even in unexpected ways, than codified public policies.

Conflicting or self-standing civic initiatives are spreading all around Europe, as shown in the context of the Funding the Cooperative City research. We can speak about them in

1 Sue Bell Yank, From Freehouse to Neighborhood Co-op: The Birth of a New Organizational Form, p.2

terms of pioneering initiatives that are capable of breaking barriers, finding new paths and producing relevant innovation. Yet, is there a real interest in establishing positive relationships between community initiatives and the public administration? Why should those initiatives not remain stand-alone and seek to become part of a formalised plan or public strategy?

Firstly, assuming the point of view of citizens engaged in promoting social initiatives, we could make some considerations about their direct convenience in cooperating with the public sector.

All people interviewed in our research enlightened obstacles with the existing regulation, especially when they decided to take care of public spaces, recovering and reusing - temporarily or not - abandoned buildings, or activating new economies with a mix of for-profit and non-profit activities. Sometimes, the existing regulation prevented them from doing those activities. Other times, problems arose from a lack of regulation.

We can observe that, in order to let civic initiatives produce tangible social effects, some local authorities tolerate stretching the existing set of rules. Yet with time, a new set of rules has to be established. A good relationship with local and regional administrations can speed up the approval process of proper regulations, addressing the specific questions raised from the experiences: agreements and pacts between the public as owner and the initiatives, regarding the activities allowed, the criteria and the term of granting rights of use; authorisations and permits required in case of temporary or long-term uses; transitional arrangements, to drive gradually informal activities into the ordinary set of rules.

Secondly, as confirmed by many people interviewed in the context of FCC, transforming ideas in deliverable projects, collecting adequate funds, making a plan and establishing the right organisational model may prove to be challenging. Furthermore, the social composition of civic initiatives could reflect the social and spatial imbalance. In a way, we can observe that usually, social innovators acting as leaders or pioneers are well-educated people, with a high level of entrepreneurial spirit. But, what if some of these qualities are missing, or are weaker? A good cooperation with the public sector can play a crucial role in removing obstacles, explicit or hidden, that undermine the capacities of citizen initiatives. Finally, at a more general level, the importance of relational capital has to be underlined. Relational capital is specifically based on interpersonal trust and habit of participation in networking. A good level of social cohesion and "civic culture" is helpful for citizen-led initiatives. Public administration can play a crucial role in creating the conditions to reinforce relational capital, shaping its structure and addressing public policies for making the city an enabling infrastructure. From the social innovators' point of view, it is obviously easier to develop initiatives in a favourable environment, where they can easily get in touch with people sharing the same aims, skills, and attitudes and where some public spaces and organisations are dedicated to spreading ideas and to creating networks.

2. WHEN THE PUBLIC ADMINISTRATION TAKES THE FIRST STEP: FROM OPERATIONAL SUPPORT...

What if we assume the public administrations' point of view? Some local administrations appear to be keen to give their support to innovative community-led initiatives. In simple terms, they recognise the value of working for the community, with the community. Hence, local groups and associations are involved from the early stages and play an active role in designing urban regeneration policies and in the deliberation process, as well as in the implementation phase. During Funding the Cooperative City workshop series, different models of operational cooperation promoted by local administrations were examined. Some of them are well established for a long time, others have to be still considered as experimental.

Some local administrations have recognised the public interest in active citizenship and capable communities: therefore they support the commitment of residents and other stakeholders to develop pioneering social initiatives. The start-up phase of civic initiatives is particularly fragile. Operational support can be crucial to encourage people to engage themselves and convert their ideas into concrete projects with adequate funding and management. Two examples can be mentioned, to enlighten the large variety of instruments disposed by cities.

In 2015, the municipality of Ghent developed a crowdfunding platform where citizens can submit their ideas of new facilities in their neighbourhood or in the city, seeking finance for them, from a few hundred to several thousand euros. The city of Ghent co-finances non-profit projects with 75% of the costs, up to 5.000 €. The platform is not only technological support to help collect money, but it also provides assistance in project

management and communication. Citizens can give their support in terms of skills and time, in order to help with accounting, creating a marketing plan, raising funds or executing the projects. Among the financed projects, Gastvrij Gent (Hospitable Ghent) collected more than 6.000 € to ensure welcoming to refugees; Leefstrasse Gent (Livable streets) raised 7.000 € to buy the furniture, seeds, and plants for the rehabilitation of small stretches of streets as liveable places.

Decades earlier, the City of Vienna established a specific municipal agency, operating in the most problematic districts to promote and facilitate civic engagement in municipal projects and community initiatives. The Gebietsbetreuung acts like an information office: it gives guidance on how to start a new activity, it supports civic initiatives in public spaces and ensures a more direct relationship between citizens and all the municipality departments.

While in Turin[2] and Lisbon[3], decentralised offices have been set up with a specific task, related to the implementation of an urban policy, in Vienna the Gb* operates in all relevant aspects for the liveability of the neighbourhoods in question, such as housing projects, the rehabilitation of public spaces, citizen participation, public debates, support to local enterprises, and organisation of temporary events. "Your idea has a place" – a notice published at the agency's website invites citizens to submit proposals offering all the needed support.

2 See page 225
3 See page 206

… TO A NEW SHAPE OF URBAN POLICIES

The economic and financial crisis of Southern European countries has been reflected, above all, in severe cuts to public policies. To turn scarcity into virtue, some local administrations have reshaped their policies, resisting the privatisation of their welfare sector, and focusing instead on creating a positive impact on their citizens' lives through the creation and growth of social enterprises[4] and co-operatives providing services for public welfare. Significant changes are concerning two relevant urban policy areas: the rehabilitation of abandoned assets and the improvement of deprived neighbourhoods.

Firstly, civic engagement in the reusing of dismissed spaces could represent an opportunity to face the crisis in large urban areas where the industrial crisis has caused a huge decommissioning process, involving a large amount of areas, whose redevelopment has drained considerable public funds. The availability of a space, for free or at a cheap rent, is a pre-condition for the start-up of many activities whose main objective is to have a social impact. The public administration can give civic initiatives crucial support, both for operating in

4 "Social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders", Proposed Approaches to Social Impact Measurement in European Commission legislation and in practice relating to: EuSEFs and the EaSI GECES Sub-group on Impact Measurement, Adopted by the GECES - June 2014.



Cozinha Popular da Mouraria in Lisbon. Photo © Eutropian

publicly owned spaces (by giving in concession its abandoned properties in return for the reduction of maintenance costs and a small or symbolic rent) or in the private market (by guaranteeing a loan or giving a small financial support to cover the start-up costs). In the case of the city of Turin for instance, where due to the industrial production crisis, some relevant problems also spread towards the city's residential neighbourhoods, causing social conflicts, provoking protests against the lack of maintenance, and creating an increasing demand for security and surveillance. Since 1997, the public council promoted a strategy (Suburbs Special Program - Programma speciale periferie), based on local actions, carried on with the direct involvement of local associations and organisations[5]. The public administration provided its support trough "Local development agencies," established to act both in the physical and the social dimensions of sensitive neighbourhoods. The refurbishment of abandoned buildings made spaces available for social activities, and the involvement of many individuals and organisations in social activities created an environment favourable for a stable network of activists. In the following chapters, we will look deeper into the successful example of Cascina Roccafranca as a node of the network of the Case del Quartiere (Neighbourhood Houses), set up by the administration to drive the regeneration of the city's outskirts.

Decommissioned assets can also be used as a lever for urban development, especially in regions with a weak socio-economic structure, as proven through the experience of the programme titled "Bollenti Spiriti" (Boiling Spirits) by the Regione Puglia, in Southern Italy. The regional administration launched a call in order to support the employment of younger people. The specific target of the proposal was the reuse of public abandoned spaces for creating so-called "urban laboratories," to be granted to young local activists. 20% of the regional financing was dedicated to supporting the start-up phase. The public call "Laboratori urbani" launched in 2007, was financed with 44 million euros by Regione Puglia and with an additional 10 million euros by local administrations. Each proposal could be funded up to 700.000 euros. Eight years after the call was launched, some 150 buildings have been restored, and local companies and associations actively manage two-thirds of them. The social value of urban-labs goes beyond the strict perimeter of the initial call: using the words of the well-known Italian architect Giancarlo De Carlo, they can be described as condensers capable of extracting energy, socially speaking, and at the same time as nodes of the urban structure, capable of spreading regeneration effects in their surroundings[6].

In traditional urban policies, funds are focussed on the renovation of buildings and infrastructures. A weaker attention is dedicated to social aspects and more specifically, to the direct engagement of citizens, considering them as the main player of the local development.

The Lisbon Municipality abandoned this attitude and conceived its program of intervention for deprived neighbourhoods in a very different way. Being aware that austerity policies prevent major investments, the municipality gave priority to small projects with a specific attention to citizen involvement. In 2011, the municipality launched the BIP-ZIP program (Bairros e Zonas de Intervenção Prioritária de Lisboa)[7], targeting zones with social, economic, urban and environmental deficits, which were expressions of social inequality in the city[8]. Each year from then on, a large number of project proposals are submitted through an open call and the municipality grants selected initiatives with a small fund and operational support. In 2015, the experience of the BIP/ZIP matured in a Community-Led Local Development Network[9], as identified by the European Union's Cohesion Policy 2014-2020, which grants the network access to part of the Structural Funds of the City of Lisbon. The CLLD foresees the management of the funding to be shared between the public administration, private and civic partners, with none of them having the majority of shares and votes.

5 Most of the regeneration programs in Turin were established and funded by the National and Regional level (Programmi di recupero urbano, Contratti di quartiere, Programmi di riqualificazione urbana) or by the EU (Urban I e II, Urbact).

6 De Carlo G. (1975), "Rimini/Un piano tra presente e futuro", in Parametro, n. 39.

7 See page 206

8 The program concentrates on 67 deprived zones, with 140.000 inhabitants, equal to a quarter of Lisbon's population.

9 CLLD is a local developement approach, adopted by the EU, initially under the LEADER program. Since 2014 From 2014 it also became available in the European Regional De-velopment Fund (ERDF) and the European Social Fund (ESF) and, thus, it was adopted in urban programs too.

The following chapters give a deeper insight into the BIP/ZIP programme and one of its supported initiatives, Largo Residências[10]. Here, we want to underline three relevant aspects of BIP/ZIP for urban planning:

1) at the core of the whole plan (and of each proposal), there is not merely a physical intervention, but a programme connecting people, places, and actions;

2) the plan is conceived in open form, thus admitting the possibility of co-producing the policy with the local administration; more specifically, spatial and social targets are set by the public, but there is a given space of opportunities to be filled by civic initiatives;

3) a specific attention is dedicated to local teams who relate to citizens and the councils directly engaged in the interventions supported by the programme. Similar to Turin, these structures play the role of connectors with all the vertical levels (district, municipality, region) and the horizontal sectors (municipal departments, agencies, and other public entities) of the public administration. Working with people implies being closer to them: this is another lesson to be kept in mind.

3. CIVIC ENGAGEMENT AS A MEANS TO STRENGTHEN INSTITUTIONS: A COMMON PER-SPECTIVE TO BE ASSUMED AT THE EUROPEAN SCALE?

Is it possible to generalise an urban policy model based on the direct involvement of active citizenship? Will the proliferation of citizen-run initiatives in many cities, even in peripheral European countries, be a prelude to the affirmation of a common model for the whole of Europe? As the Funding the Cooperative City workshops and interviews made clear, the contrasts and specificities of different countries do not inhibit the emergence of a shared vision. Recent changes in EU policies and programs contribute to reinforcing a positive attitude towards cooperation between civic initiatives and public policies, with a wider engagement of social innovators.[11]

10 See page 213

11 Urbact II program was dedicated to promoting social innovation in cities. Social

The Cascina Roccafranca in Turin. Photo © Eutropian





Gebietsbetreuung office in Vienna's Favoriten district. Photo © Eutropian

Speaking more specifically of local development and urban regeneration, Community-Led Local Development and Integrated Territorial Investment[12] can be defined as "tailor-made" programmes, since they combine people-based and place-based approaches[13]. In that perspective, the cooperation between institutions and active citizens can boost urban regeneration processes. In order to accomplish these processes, "the goods and services concerned need to be tailored to places by eliciting and aggregating local preferences and knowledge and by taking account of linkages with other places."[14]

We showed evident benefits of this open attitude. Nevertheless, we must bear in mind some controversial points regarding a progressive shift from public to private in welfare policies and more specifically, in urban policies.

First of all, as underlined by the Marxist critique, civil society can be seen "as a flanking, compensatory mechanism for the inadequacies of the market mechanism."[15] Therefore, the positive attitude towards civic engagement can be seen as a means to a further reduction of public policies, fostering the substitution of the public administration by the society and the market in providing services. Further, the overlapping between collaborative economy (enabling citizens to offer services "out of the market") and a well-regulated labour market also has to be considered for its potentially dangerous effects on welfare achievements, extending and consolidating a secondary labour market, underpaid and under-protected.

Regarding urban policies, as mentioned in the first paragraph, the feeling of distrust towards institutions arising from the public opinion has been used as a justification to break down

innovation in cities, URBACT II capitalisation, April 2015, (http://urbact.eu/sites/default/files/03_socialinn-web.pdf).

12 The Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013, laying down common provisions on the European funds, introduced new integrating tools that can be used to implement territorial strategies on the ground, linking the thematic objectives identified in the Partnership Agreements and Operational Programmes and the territorial dimension: CLLD (Article 32-35) and ITI(Article 36).

13 Cfr.: Informal Meeting of EU Ministers Responsible for Territorial Cohesion and Urban Matters. Declaration of Ministers towards the EU Urban Agenda Riga, 10 June 2015 e Urban Agenda for the EU, Pact of Amsterdam, 30 may 2016, in part.: II - Priority themes Priority Themes and cross-cutting issues of the Urban Agenda for the EU.

14 Barca F. (2009), An Agenda for a Reformed Cohesion Policy, A place-based approach to meeting European Union challenges and expectations. Independent Report prepared at the request of Danuta Hübner, Commissioner for Regional Policy.

15 Jessop, B. (2002) Liberalism, neoliberalism and urban governance: a state-theoretical perspective, Antipode, 34(2), pp. 452–472, in Gerometta, J., Haussermann H, and Longo G., Social Innovation and Civil Society in Urban Governance: Strategies for an Inclusive City, Urban Studies, Vol. 42, No. 11, 2007–2021, October 2005.

"comprehensive" town planning, with its norms and regulations, consequently giving way to project-driven practices. "We are thus discussing, in the role of civil society in innovating urban governance relations and institutions, a tension field of emancipatory justice and equality, pursuing neo-communitarian forces and their colonisation by neo-liberal macro-politics."[16]

Bearing in mind this framework and more specifically, the imbalanced distribution of power between market forces and the public sector, can we consider the current state of destabilisation as a necessity, in order ensure the generation of "the moments of opportunity for new governance modes, coalitions and agendas focused around a strong territorial sensibility able to generate new relations of integration?"[17]

In this chapter, we showed examples of a new combined model of governance, where active citizens share responsibilities with local administrations and act as their partners. As shown by the programs BIP/ZIP and Bollenti Spiriti, the scarcity of financial resources can be seen as a strategic opportunity to reshape urban policies, focussing the attention (and the funding) on the connection between people, places and programmes. The most relevant achievement of the experiences described in this chapter is the production of relational goods[18] and the reinforcement of the participants' social capital. In more simple terms, we can affirm that the relationship between community-run initiatives and the public administration produced some basic "social antibodies" essential for urban regeneration. Some special places (such as Cascina Roccafranca) can be considered as social antibodies factories. Hence they can play a pivotal role in neighbourhood and urban regeneration, and that is the most relevant reason why an urban strategy can be based on their identification, involvement and empowerment.

From this perspective, the cooperative attitude can be seen as a means to strengthen both the public institution, recovering its fundamental role, and the civil society, capitalising on its creative force. The experimental cases analysed in the context of FCC make us think that the spread of this attitude is not wishful thinking, but a choice to be made.

16 Gerometta et al., cit., p. 2013.

17 Healey, P. Transforming Governance: Challenges of Institutional Adaptation and a New Politics of Space, European Planning Studies Vol. 14, No. 3, April 2006, p. 302.

18 On the definition of Relational goods, see Luigino Bruni, Relational goods, a new tool for an old issue, ECOS, vol. 3, n. 2, 2013, .p. 174-178.



MAURO BAIONI has a degree in urban planning from the IUAV and PhD in Urban policies, from the University of Roma Tre. Consultant and member of city planning offices in small towns in Italy. Since 1997 he is a planner of regional and urban development plans for several local administrations in Italy. Partner of Eddyburg, one of the most well-known Italian websites concerning urban planning. Since 2005, director of the Summer school of Eddyburg. Editor and author of books and essays in urban planning.



Renovar a Mouraria. Photo © Eutropian

BIP/ZIP

Promoting community partnerships in priority neighbourhoods

> ***The aim was to incite partnerships and connect the city with the people.***

MIGUEL BRITO

BIP/ZIP is a pioneering strategy by the Lisbon Municipality's Body of Housing and Local Development, promoting partnerships in the city's priority neighbourhoods. Besides establishing local governance structures, that facilitate communication and shared decision-making between the public administration and neighbourhood organisations, BIP/ZIP also includes a ignition funding programme for community partnerships initiatives with a strong local impact. Beyond hundreds of interventions at the neighbourhood level, one of the offsprings of the BIP/ZIP programme is Lisbon's Community-Led Local Development network, an EU-funded governance scheme including over 150 NGOs, private enterprises and the local government.

HOW WOULD YOU DESCRIBE THE BIP/ZIP LOCAL DEVELOPMENT STRATEGY OF YOUR MUNICIPALITY?

This BIP/ZIP strategy aims to promote social and territorial cohesion, active citizenship, self-organisation and community participation. The BIP/ZIP journey from the beginning to the present day has been characterised by some keywords: fracture, participation, priority, community, partnership, responsibility, network, change and energy. I will start with the question of fracture. People in the city, from the municipality, citizens and other actors knew that Lisbon, as any other city in the world, is not always in balance. There are fractures in the city due to social, urban or environmental issues. Therefore, our main concept in 2010 was to identify areas, neighbourhoods that were lacking the minimal levels of cohesion in terms of urban, social economic, and environmental conditions as well as lacking connection between the voices of the local citizens and the local authorities.

The aim was to incite partnerships, to connect the city and the people in these areas to find answers for the future. The areas we call BIP/ZIP (the name is an acronym for priority intervention neighbourhoods) are those areas that we need to prioritise in urban development. The goal was to impact the citizens' lives and promote social cohesion in the city by supporting and promoting local projects and partnerships, creating networks and establishing links between the real problems of the people living in these areas and the decision-makers.

HOW DID YOU IDENTIFY THESE PRIORITY AREAS?

We collected statistical information about social, economic, urban and environmental factors to see which areas are the most deprived in the city and we surveyed these areas; we identified and mapped the city's social and territorial fractures. This kind of mapping was a pioneering initiative in the city and in the country: a truly innovative concept in 2009-2010, using a scientific and mathematical approach to identify the real problems of the city and its citizens. We used national census data (that is generated once every 10 years) and other municipal and government data that is more recent. We cross-referenced many datasets and maps in order to understand social and territorial dynamics.



Promotion of the programme. Image © BIP/ZIP

BESIDES MATHEMATICS, HOW DID YOU MAKE THIS PROCESS PARTICIPATORY?

Participation is another benchmark of this process: we discussed these findings in a very intense public consultation with the participation of all kinds of stakeholders. We worked closely with the selected areas and connected the people active there to local authorities and organisations. Through public consulting and surveys, we received feedback about the local perception of the social, economic and environmental issues we mapped: this helped us refine our priorities. As we identified the BIP/ZIP areas, we gave them flexible definitions, because it is not easy to give a a neighbourhood a boundary: a neighbourhood is a culturally, historically and administratively defined area, a dynamic concept.

WHAT IS THE RESULT OF THIS SURVEY?

The BIP/ZIP chart or map, if you want, is a municipal political instrument, with 67 neighbourhoods all over the city, not only in the peripheral areas, but also in the historical centre. We identified problems of cohesion and deprivation or issues of elderly people with limited mobility in the hills, in downtown areas as well. In terms of the whole city, if you add up all these

areas, we have approximately a third of the city's population living in deprived or BIP/ZIP areas: a problem that generates an immense opportunity for the city, as the BIP/ZIP results in these past few years have demonstrated, so it is important to empower the stakeholders in the community and to reinforce partnerships, networks, informal connections that help these communities to have an active role in their city.

This mapping process resulted in two programmes. One consists of local structures for co-governance, that we call GABIPs. They are local offices for the BIP/ZIP that promote partnerships between municipal technicians, elected officials and local stakeholders to promote and steer initiatives, investment and regeneration for the neighbourhood.

The other programme is a funding investment for partnership and local intervention, at the heart of the BIP/ZIP. This programme provides funding for small projects, for networks of local initiatives and non-profit organisations to develop in the BIP/ZIP areas. There has to be a minimum of at least two organisations working together, we do not accept the application of only one organisation. They can apply for a budget of up to 50.000 euros to work on a one-year project: they have to spend the money in one year but have to be sustainable in the long term (for one or two years afterwards). The partnerships are given one year to show results. This is important because some communities take a very long time to get things done, but we want to have short-term results as well, we want people to see the difference, for instance, the materialisation of a playground or a garden in 6 or a 8 months. These organisations carry out the analysis of a local problem, develop the partnership, define the objectives, define the activities, the framework, the timescale and the goals. They make an application to our programme through the locally elected borough council, where a jury selects the best ones. If they are approved by the jury and the municipality, they are funded to run the proposed initiative. The programme is particularly open to all social, environmental, urban initiatives.

WHO IS ELIGIBLE TO APPLY?

The entities that can apply are local non-profit organisations and local elected districts. We have an online application process and any initiative can apply. The programme allows informal groups to participate in the programme as long as they bond in a local network with formal organisations. Some applicants are not formal organisations or are not very skilled in technology or the application process, but we want also these organisations to participate because they are local stakeholders and important representatives of the community itself, and the BIP/ZIP programme is the only municipal initiative that can fund projects that have informal organisations in their partnership. Informal associations like residents' committees that are not formally registered are sometimes our most important partners, with specific skills and contributions to the work of the partnership. In some cases, local inhabitants' committees enter the BIP/ZIP program as informal organisations and they get formalised during the process. We are open to all kinds of initiatives, from a community kitchen to a skate-park, from local parks to domestic violence prevention.

Intendente, BIP/ZIP neighbourhood. Photo © Eutropian



When we have a larger and a smaller organisation partnering in a project, we want the larger one to descend a bit towards the realities of the smaller one, and the smaller organisation to reinforce its skills through cooperation with the larger one. This process creates more capabilities and capacities for both organisations. It is important to connect initiatives with a great innovation potential to organisations that can reach the local communities better, and that are able to speak to them and involve them in the process.

WHAT IS THE GENERAL PROFILE OF THE SUPPORTED PROJECTS?

We have a lot of different projects. One is in a historical neighbourhood, where we work on social cohesion and citizenship by linking old people with local children and promoting public spaces as a connection between generations. Another one, a flagship project of BIP/ZIP aims at engaging the local community with designers to recycle waste materials and produce refurbished design pieces. These products, in fact sell very well, also internationally and are also collected in museums: it is also a good practice recognised by the European Commission. Another project is a mobile caravan for the community with internet, administration services from the local authorities and a kind of a médiathèque. In general, the initiatives range from culture to shops and social projects, from immaterial ones to material ones, sports, urban agriculture, everything. They have to prove that there is an important need in the community for the proposed intervention and that it is the right project to do on that scale. We are not talking about 5 million euro projects but small ones.

These are local projects that aim at creating jobs, new skills and improving self-esteem for people living and working in these areas. For the neighbourhoods, these projects promote new visions and approaches, for instance, about how to turn waste into a resource and how to involve unemployed people in the process. There are also community centres that were born from the help of the programme, and that offer various educational, cultural and health services for the community



BIP/ZIP in Prodac Norte. Photo © Ateliermob

IS THE ONE YEAR PROJECT PERIOD OR THE 50.000 EURO START-UP FUNDING NOT TOO LIMITED FOR THE INITIATIVES TO UNFOLD?

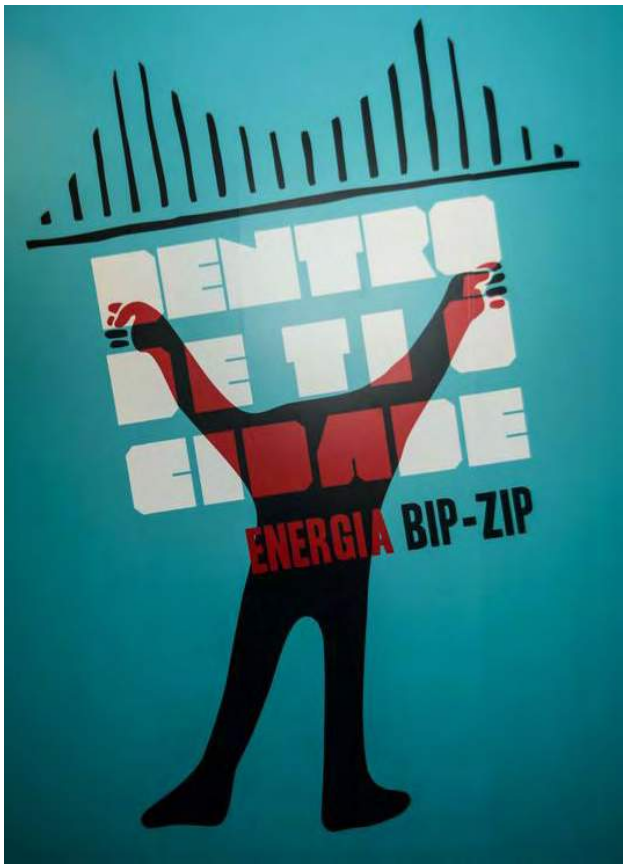
We give funding for one year, and projects have to deliver a final report at the end of this period. In the meanwhile, to get this funding, initiatives have to demonstrate a two-year sustainability plan in advance. For many projects, it is difficult to maintain the intensity of an activity after the end of the funding period, but the objective of the programme is to select projects that have the capacity to function independently after the funding period. We press them towards this and can help them reach sustainability with different means. Some projects still return to us for funding in their second year: we cannot fund them for the same activities but can fund an upgrade.

For now, the budget comes only from the municipality. 50.000 euros for a project is not always enough, but this investment normally multiplies in the community, in terms of energy and also finance. In the beginning they have only this sum as a starter to plan their activities, but relying on the fact that they have a BIP/ZIP project with the funding approved, once they start connecting locally with other actors, they can also approach local companies that have social responsibility programmes for additional funding or help with materials.

In case they get extra funding from other actors, we still want them to spend the 50,000 euros they receive from us, but we tell them that they need to increase their activities. We want them to spend money in proportion with their activities. It happens with most projects: we can say that they have an average increase of their budget with almost 50% from additional funding. This expansion also duplicates their network: if you start with four partners in the application, normally you end with six to ten in the same network.

BESIDES FUNDING, WHAT ELSE CAN YOU HELP INITIATIVES WITH?

As part of the strategy, we also established local structures for co-governance, that we call GABIPs. GABIPs are present in BIP/ZIP neighbourhoods with their local offices, and consist of a coordinator from the municipality and an executive committee with local key stakeholders of the urban regeneration process, local authorities, local associations and other actors. The precise composition of this committee depends on the technical, urban, social, environmental, cultural as well as educational aspects of the related projects: usually elected officials and representatives of the Department of Housing and Local Development are involved, but elected officials from other departments can also take part. The GABIPs allow the municipality to move decision making to the local scale and share it with local actors.



BIP/ZIP exhibition poster. Image © BIP/ZIP

The BIP/ZIP Local Development Strategy is closely connected to the municipality's overall vision of local development with local partnerships. Communication is crucial in this: if you connect

Community gardens among social housing estates. Photo © Eutropian





BIP/ZIP community space project. Photo © BIP/ZIP

community voices with those of the municipality, even a project that is not immediately so successful could create important links between people and partnerships that might generate new processes. For example, we had a proposal for a skate-park, selected for funding by BIP/ZIP. The idea came from the neighbourhood, although nobody there knew how to skate. Why did they want a skate park when so many other things were also missing from their public spaces? Because it was a statement: they wanted to bring in to the neighbourhood young people and new urban communities. In the process of building this skate-park, the municipality's technical officers met the community group to explain about the planning and development of the project. This connection, made possible by BIP/ZIP, brought together inhabitants and technical offices in the municipality. And later, in relation to other regeneration projects, the technical officers were telling us "we need your help because we want to do this in the public space, and it would be good if we talked with the community before." They had a communication link that was not opened before, it was opened by the skate-park initiative and remained active in other projects as well. Imagine this dynamic multiplied in 67 areas, 67 BIP/ZIPs. The most important dimension of BIP/ZIP is the confidence and shared responsibility between the municipality and the community. The community can say: "Hey, we're here, we're having a problem, can you do something about this?" And we have a direct communication link, we are sitting at the same table working together, and this creates special relationships.

WHAT IS THE SCALE OF THE PROGRAMME? IS IT CAPABLE OF REACHING OUT TO LARGER GROUPS OF THE PUBLIC?

We have received almost 500 applications and funded more than 230 projects, small initiatives all over the city. We have used a budget close to 9 million euros so far. Within the BIP/ZIP programme, we are already talking about a big family: there have been almost 400 organisations actively engaged in BIP/ZIP projects in the past five years.

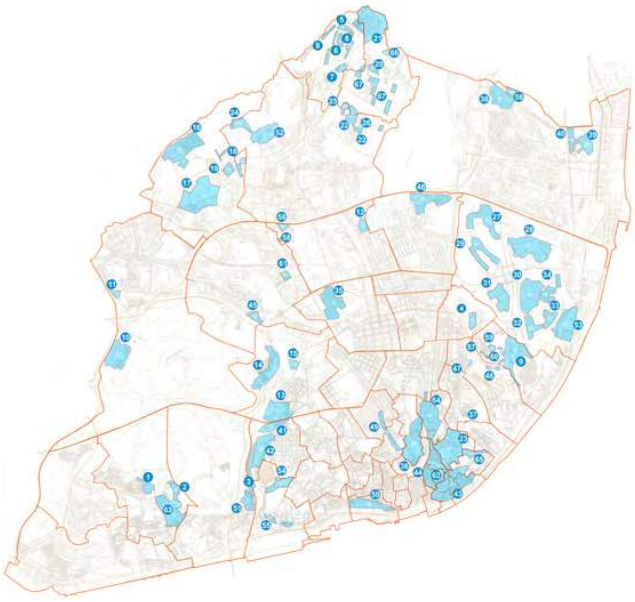
HOW DO YOU COMMUNICATE WITH SO MANY PARTNERS?

As the cooperations generated by BIP/ZIP are based on trust, they also require good communication channels as well as wide-spread information about the communities around the projects and other initiatives across the city. Our next challenge is to establish a platform that can provide online access to all the skills and tools that were created in the programme.

We are using new communication tools to maintain the level of participation between the communities and the municipality, and to create a participatory diagnosis of the areas in question. Right now we have a common Facebook page where we invited all BIP/ZIP initiatives to feed the page themselves,

Street intervention. Photo. Photo © BIP/ZIP





The map of priority neighbourhoods. Image © BIP/ZIP

we only moderate a bit. It is a simple means of making their activities more visible and connecting them with each other. Besides this, we are planning to enhance the online platform for monitoring initiatives in real time, together with engaged communities.

WHAT ARE THE NEXT STEPS IN THE PROGRAMME?

We are working on the new survey now, on the revision of the BIP/ZIP map, and we will compare it with the previous map to understand how the city has been changing in the past years. In the past years, BIP/ZIP has become an important brand of the municipality and generated many partnerships at the neighbourhood scale, and the Community-Led Local Development network at the scale of the city. While the programme needs to be approved every year, we are thinking about how to make it more permanent, enabling us to plan more in advance. All the funded initiatives provide us with experiences that help us refine the BIP/ZIP programme: it is not a bare methodology, but a work in progress.



MIGUEL CORREIA DE BRITO is an architect, graduated at the Lusíada University in 2001, and gained a post-graduate degree in Environmental Law, Planning, Urbanism and Tourism at the Lisbon University's Law Department. Founder of the Research and Development Cooperative in Architecture and Sustainability (CIDEAS), dedicated to researching and developing new technologies in the construction processes. He began to work at the Lisbon Municipality in 2002, first as an intern, then as urban management coordination responsible for the Urban Rehabilitation Program "LX A cores – EPUL." In 2009, he began to work as a technical advisor for Helena Roseta, Deputy Mayor responsible for Housing and Social Development. Appointed as the Executive Director of Lisbon's new Local Development Department, he coordinates and manages the implementation of the municipality's Local Development Strategy focused on Lisbon Priority Intervention Neighbourhoods and Zones, and coordinates the Neighbourhood Support Intervention Local Office (GABIP Ex-SAAL e Autoconstrução) for housing cooperatives in self-constructed areas. He is also guest lecturer in Entrepreneurship and Social Innovation at the Collaborative Territories specialisation of ISCTE - IUL in partnership with Arquitectectos Sem Fronteiras Association and Lisbon Municipality.



Largo Residências. Photo © Eutropian

LARGO RESIDÊNCIAS

Urban regeneration through local jobs

> *Institutional support can help our actions to go beyond the idea of being temporary, low cost and being the product of the crisis.*

TIAGO
MOTA SARAIVA



Largo Residências is a hostel, hotel, artist-in-residence and café in Lisbon's Intendente neighbourhood. Largo is run by a cooperative that develops projects to support the cultural and social inclusion of the neighbourhood's precarious inhabitants. The establishment of Largo was assisted by the Lisbon Municipality's BIP/ZIP program in 2011.



Drawing of facade.
Image © Largo Residências

WHAT IS LARGO RESIDÊNCIAS AND HOW DID YOU BUILD IT UP?

Largo has various functions: it is a café, a hostel, a place for artist residencies; it is also promoting social and cultural events and trying to get people from the neighbourhood involved in the initiative. Largo started in 2011. At the time, we did not know much about whether we should be an association or a cooperative. We started as a cooperative because we wanted a structure that gives both cooperative investors and workers the same vote. In the first year we took part in a municipal program, called BIP/ZIP, that aims at kick-starting local projects. We also received some funding from private funders, who were members of the cooperative. We managed to integrate their money into the cooperative so we could start renovating the building. The square where the Largo is located was quite a problematic spot in the city because there were tensions between inhabitants, drug dealing and prostitution, and the renovation process of the square, that was going on at the time when we started the cooperative. We were quite afraid of being just another player within the gentrification process, so we focused on trying to get involved with the people who were there already. And that is the thing that also structured our identity not as an actor of the gentrification process, but as one trying to keep the networks of the local commerce, of the local shops, of the people who were living there but who were suffering, like all the Portuguese during the pressure of the crisis. In a certain way, we tried to integrate ourselves in the community from the beginning.



Bedroom in Largo.
Photo © Largo Residências



Poster of events. Image © Largo Residências

WHAT WAS YOUR ECONOMIC MODEL FOR THE RENOVATION AND MAINTENANCE OF LARGO?

We started the renovation of the building without any money. Then we got 50,000 Euros from BIP/ZIP, which was not enough as the renovation of the building would cost 300,000-350,000 Euros. Step by step we managed to inaugurate the hostel by opening up one floor and beginning to generate revenue – and we also had cooperant investors. It was very hard as the square was being renovated and nobody wanted to come inside, so the first years were very difficult. We used our skills in applying for social and cultural programs and we managed to get funding for our initiatives and could also keep some money for the building. We have two areas that are commercial: the hostel and the café. More and more they are supporting Largo's activities. Last year we could produce enough money from the hostel and the café to support the cooperative. Something that is important to understand: the building of Largo is private, we pay commercial rent. As we have improved the building, we managed to negotiate over the rent, but not much.

WHAT IS THE IMPACT OF LARGO ON ITS SURROUNDING NEIGHBOURHOOD?

We see our work as a public project. For example, we employ 15 people from the neighbourhood, providing jobs, which are very valuable in Portugal these days. We run various projects, helping other associations in the neighbourhood getting through this bad financial phase. We rent spaces, we organise things around the neighbourhood, so to work as a network, supporting all these other spaces. For example, we have a list of spaces for people who are looking for artist residencies, so they can verify if the space is suitable for their projects.

BESIDES THE BIP/ZIP FUNDING, HOW DID YOUR RELATIONSHIP WITH THE MUNICIPALITY EVOLVE?

Initially, we were neighbours of the Mayor, who had moved his office to this square in order to give visibility and public support to this z area: as neighbours, we could start building a

Artwork at the entrance of the Residencias. Photo © Largo Residências





Sewing workshop in Largo Residências, Lisbon. Photo © Eutropian

relationship with the Municipality as they started understanding that our work was producing many positive effects on the neighbourhood. We think it is good to talk to the Municipality and see if they can recognise the work we do and if they want to take part in a triangle with the private sector, who owns the building, and us. Institutional support can help our actions to go beyond the idea of being temporary, low cost and being the product of the crisis. We are not. We are trying to do a long-term bottom-up process, a stable civic initiative.



TIAGO MOTA SARAIVA Is an architect, urbanist and planner. He received his degree in Architecture with a specialisation in Architecture, Territory and Memory. Since 1995, he has worked in several offices in Lisbon, Rome and Vicenza. He was invited Assistant Professor at Universidade Moderna (2007) and at FAUTL (2007-2008). Tiago has been effective Member of the Architects' Board National Association since 2001, member of its National Executive Board (2003-07) and National Treasurer (2005-2007). He was member of the Organising Committee of the Portuguese National Architecture Year 2003 and curator, in between others of the International Celebration of Cities Competition, organised by the UIA. He was the Portuguese delegate in the International Union of Architects Congress of 2005 in Istanbul, Turkey. Currently, Tiago is managing partner at ateliermob and president of "Trabalhar com os 99%" co-op, he writes a weekly opinion column in i (daily national newspaper), member of the board of the cultural/social co-op Largo Residências and he is external advisor of the Lisbon City Council in the group for the implementation of the Agenda 21 for Culture.



'Swim the World' in Bramley Baths. Photo © Lizzie Coombes

LOCALITY

Supporting self-organisation in local communities

> ***Community groups have fought hard to maintain services with new models of community ownership and management.***

ELLY TOWNSEND

locality

Locality is the national network of ambitious and enterprising community organisations, working together so neighbourhoods thrive. They support organisations to work effectively through best practice on community enterprise, community asset ownership, local services contracting and collaboration. In a continually evolving landscape, Locality supports community enterprises to develop their organisational and business models to survive and grow.

HOW WOULD YOU DESCRIBE THE COMMUNITY ORGANISATIONS YOU WORK WITH?

The most important defining factors of the organisations we work with are that they are truly accountable to a local community, so local people are actively involved in communicating both the need for local services or activities and involved in how the organisation is run. This could mean that there is a certain percentage of local residents on a governing board for example, or a membership model that gives voting rights to local people. We also feel that organisations that deliver a number of different services to a community are better placed to respond to the complexities of community need than those that offer only one service.

Finally, our members are characterised by their enterprising business models – this might involve delivering contracts from the local authority, trading income from selling products or services (room hire or space for wedding hire for example) and some grant income. This diversity enables organisations to survive as funding environments change and to continually adapt to meet community need. The turnover of our members varies considerably, from around £9 million to £50,000 and some have been serving the community for over 100 years whilst others have emerged more recently to meet new needs in the community.

HOW DO YOU HELP THE WORK OF THESE ORGANISATIONS?

We provide groups with a lot of hands on support – this could be working with trustees and senior staff to review governance procedures for example, or renewing an organisation's business plan and identifying new activities or products they could explore. We also support organisations to think about how they capture and report on their impact, and help organisations that are looking to take on an asset from a local authority to run this for the benefit of the community. The peer support available through the Locality membership is of incredible benefit to organisations as it offers the opportunity to speak to others who have already been through an experience they are working through (redevelopment of a building for example) and we facilitate that through a number of networking events and an annual convention. We also seek to raise the profile of our members at a national level through our policy work and influence policymakers to create a more supportive policy and funding environment.

WHAT TENDENCIES DO YOU SEE EMERGING AMONG COMMUNITY ORGANISATIONS?

There has been an incredible response from communities in the UK in recent years as public services and assets have been threatened. Whilst closure of local libraries and swimming centres is very divisive, many community groups have fought hard to maintain services with new models of community ownership and management to ensure that these services are still available to the local community. Community organisations have also had to diversify their income models considerably in recent years as more traditional forms of grant funding have become less available.

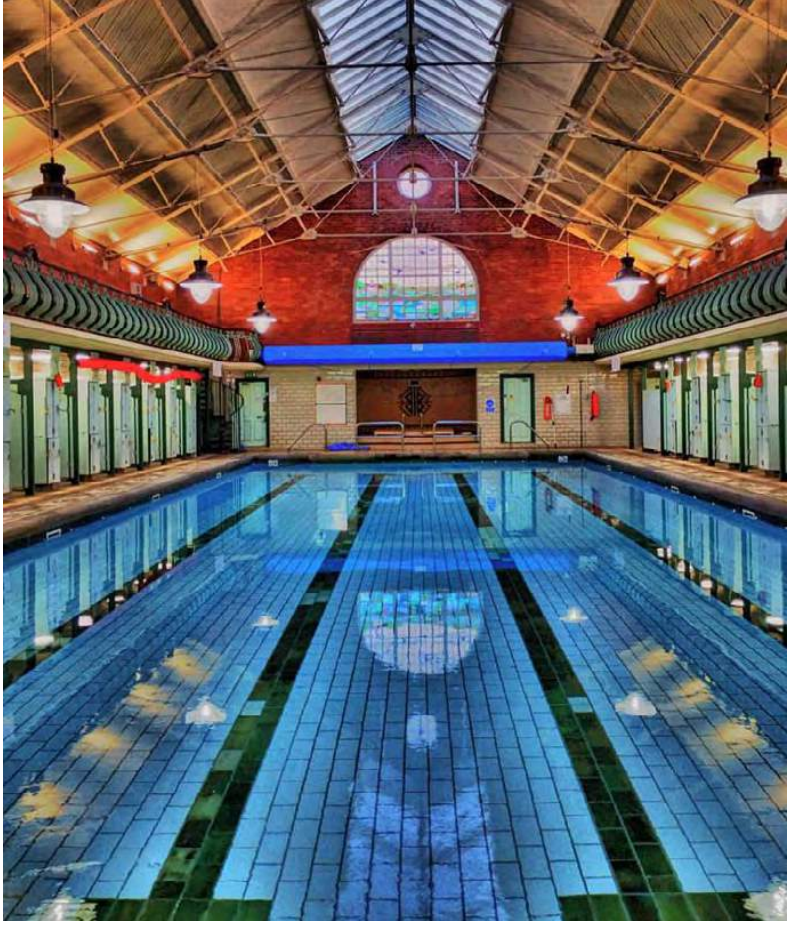
HOW DOES SELF-ORGANISATION CONTRIBUTE TO NEW OWNERSHIP MODELS OF COMMUNITY FACILITIES?

In a time of public sector austerity, privatisation of public assets and challenging trading for some local private sector facilities like shops and pubs, community shares have provided a mechanism to maintain common spaces with broad community ownership operating for the common good. This form of crowdfunding signals a new way in which communities are self-organising to maintain local facilities and services. Since 2009, almost 120,000 people have invested over £100m to support over 350 community businesses throughout the UK.

Community shares have been used to save a growing number of pubs and shops from closure where the private sector has retreated and residents fear the loss of local community assets, mobilising people to 'save' them through community share offers. They have also been used where the public sector has stepped back from supporting common spaces, formally in public

Community takeover.
Photo © Stretford Public Hall





Bramley Baths. Photo © Courtney Harrison

ownership, such as Stretford Public Hall in Greater Manchester.

Other uses for new start-ups have been with the establishment of a new football club and community sport facilities by FC United (£2m+), providing affordable homes in Leeds through Leeds Community Homes[1] (£360k+), piers and harbours such as pioneering Hastings Pier (£600k) and Portpatrick Harbour[2] and even a whisky distillery raising over £2.5m[3] (a very patient investment given the ageing process of whisky).

Community shares sit within a legal framework that requires the use of a specific business structure that enables one vote regardless of the level of investment, and enables withdrawable shares rather than tradable 'transferable' shares that are open to speculation. Community shares retain their original value, sometimes accruing small levels of interest. As the organisation matures they will usually allow a certain percentage of investors to withdraw shares, and may attract new shareholders in the process through an open offer.

1 leedscommunityhomes.org.uk

2 https://www.theguardian.com/society/2016/sep/28/how-scottish-villagers-bought-portpatrick-harbour-saved-future

3 https://glenwyvis.com/

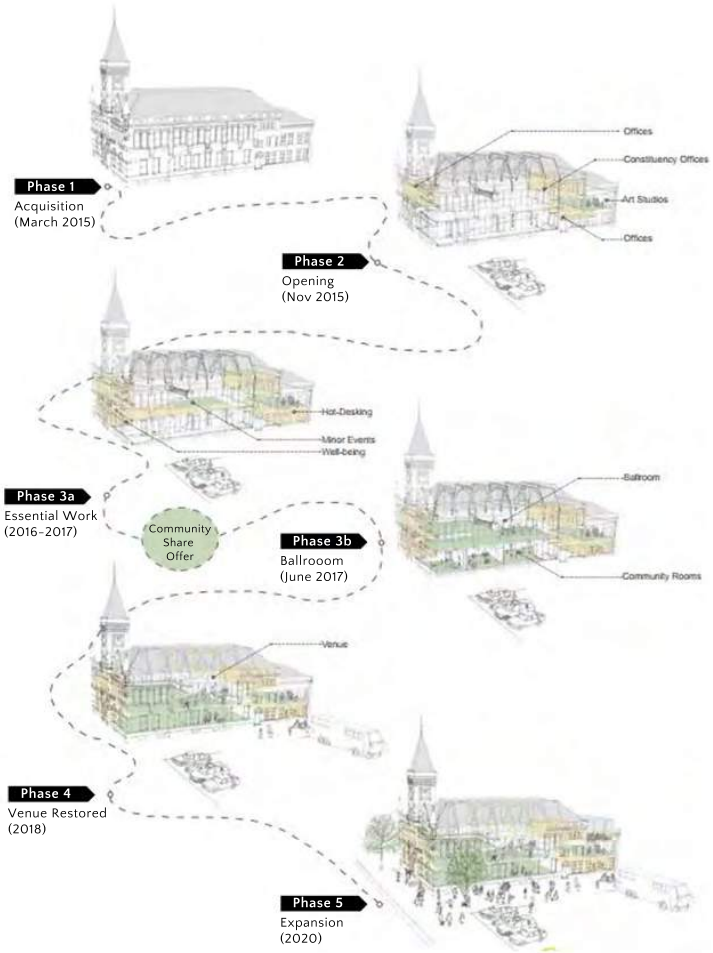
Shareholders become part of the organisation's community and contribute towards a competitive advantage. Investors often invest financially as well as psychologically, becoming long term supporters, customers and users of the community business, with a genuine stake in its long term success.

CAN YOU GIVE AN EXAMPLE FOR THE USE OF COMMUNITY SHARES?

Stretford Public Hall is a great example. It is a beautiful Grade II listed building that has played a highly significant role in civic life in Stretford, Greater Manchester. Yet in 2013, its future came under threat with its proposed disposal by Trafford Council. It was at this time that the local community came together to save the Hall and bring it into community use. Following feasibility work, petitions, registering the building as an Asset of Community Value and ongoing community support, a group of community members were able to establish themselves as a Charitable Community Benefit Society and to secure an asset transfer of the building from the council into community ownership.

Following some minor repairs, the group started using some of the building. It was apparent they had a potentially large local audience interested in the building and the society, as well as a need for major capital investment to create a sustainable business model. The organisation had already established some trading activities, including artist studios, office space, co-working space and sessional space hire. The business model required maximising the use of all the space available. The investment would modernise the ballroom space and enabled enhanced usage to improve the overall income generating potential for the organisation.

Working with Locality, they wrote a more detailed business plan and share offer document and launched their share offer in early 2017. The minimum investment was £100, with the option of paying via 4 monthly instalments (chosen by 29%). They received 800 investments, including £130k of 'institutional' investments – organisations making significant investments. Of the nearly 800 community investors, the average investment was £160, with 87% coming from nearby postcodes. A well run and professional campaign, including a share offer launch party and press coverage created strong local momentum and enthusiasm in the project. They also received investments from across the country. The Friends of Stretford Public



Project diagram. Image © Stretford Public Hall

Hall Ltd successfully completed a community share offer in March 2017, raising over £250,000 to refurbish the ballroom.

WHAT KIND OF COMMITMENT DO COMMUNITY SHARES ENTAIL?

Buying community shares is a risk, so investors need to read the paperwork carefully and be aware of what they are buying and that they are satisfied with the business model. Usually, share offers will restrict withdrawals for the first few years, and only enable them once the business starts generating sufficient surpluses, so they need to be viewed as long term investments. You really do need to believe in the project. If you are buying community shares in a local community pub, shop or other community endeavour, it is logical that you would then support the business by being a customer or through other means such as voting at the AGM or even standing to become a trustee. This will help 'crowd in' sufficient people to make it successful. Some share offers offer small rates of interest on the initial investment, but they really need to be viewed as a social investment as much as a financial investment.

WHAT HAPPENS TO THE MONEY IF THE PROJECT FOLDS?

One could lose one's money, just as with any other share, that is why in any share offer there should be a very detailed business plan and people are advised to read it. If you run a good community share offer, you should be very clear about the fact that even if one can get their money out, it should be seen as a risk based long term investment.

Locality is a partner in the Community Shares Unit, which has sought to standardise and professionalise community share offers so they meet a minimum of good practice requirements. Share offers that meet this threshold can acquire the Community Shares Standard Mark, giving a level of investor confidence that the share offer has been externally reviewed.

DO COMMUNITY SHARES COMPLEMENT OTHER FUNDING SOURCES FOR COMMUNITY PROJECTS?

Community shares are not a direct replacement for all grant funding, as there needs to be a solid business proposition underpinning the offer to enable long term share holder liquidity. However community shares are a really appealing mechanism for other funders, investors and government. They evidence local demand for a project and lower risk in the sense that there is a community of investors who have a long-term interest in the project's success.

Often, community shares will be matched with other grant funding or social investment to form a cocktail of overall investment. Where organisations offer to pay interest to investors, this will usually be a modest amount, and indeed is restricted by legislation to what is reasonable. However, in many cases, the rate of interest may well be less than high street banks or specialist social investment bodies would offer. We are starting to see institutional investment, where social investment bodies will offer to invest a lump sum into a community share offer if that can be matched by the community. This gives the project a head start, being able to tell their community that they already have the backing of other investors. The Community Shares Booster Programme has pioneered this in the last few years.[4]

4 http://communityshares.org.uk/community-shares-booster-programme-0

WHAT IS THE INTEREST OF A GOVERNMENT TO PUT ITS PROPERTIES INTO COMMUNITY OWNERSHIP?

The number of community asset transfers, where local community based organisations bid to take over a local authority building or facility has increased rapidly in the last few years. This is partly because the number of assets that are potentially available to communities has increased as local authorities have sought to consolidate their property portfolio and increase efficiencies. It has also emerged, sadly, because of the closure of some facilities that the local authority can no longer afford to run as a result of cuts in central government funding. However, government is also very aware of the additional value that a community organisation can bring to these assets, with groups raising large amounts of finance to renovate facilities and develop assets as centres offering new services to the community, and generating greater social value.

One powerful example of the value the community can bring when they take over the running of local assets is that of Bramley Baths in Leeds, the only remaining Edwardian bathhouse in Leeds and a Grade II listed building. In March 2011, Leeds City Council announced that they were planning to reduce the opening hours at Bramley Baths to 29 hours a week, and on weekdays the pool would only be open from 4pm–8pm, which would exclude local schools who regularly use the facilities. The council took this decision after being hit with £50 million of government cuts and £40 million of other budgetary pressures.

Local people reacted with concern and anger, fearing that their much loved local baths would be closed and lost. A community campaign to keep the baths open gained pace and received the support of the local MP, Rachel Reeves. In June 2011, Leeds City Council decided to invite expressions of interest to take over management of Bramley Baths. A group of residents and supportive local organisations worked together to write a business plan, raise funds and transfer Bramley Baths to the community. Bramley Baths became a not-for-profit, community-led, professionally run enterprise and began a new era on 1st January 2013.

Since 2013 a professional staff team backed by many supporters and volunteers, have turned around the fortunes of this much-loved community space. In addition to preserving a historic asset and providing a centre for fitness, fun and wellbeing, the community-led enterprise has also developed a number of new social activities, developing Bramley Baths as a social hub for the benefit of the community. The pool now runs at a profit and the community benefits in a number of new ways. Because the Baths are run by the community, for the community, this treasured local asset now meets local need more effectively and efficiently. A real learning point and achievement with Bramley Baths was that the asset was transferred without any closure of services. This meant that the building was not closed and left to deteriorate, causing additional cost and the need to re-establish a business model on re-opening.



ELLY TOWNSEND has more than ten years of experience working in the local government and voluntary and community sector. After gaining a first class degree from the University Nottingham and completing postgraduate studies at the University of Bath and in Madrid, Elly started her career in local government as a National Management Trainee as part of the national NGDP graduate scheme. Remaining at Wiltshire Council following her traineeship, Elly worked with local councillors and community members to find innovative local solutions to local challenges. Following a brief period teaching English abroad, Elly then went onto join Spice – a social enterprise which uses time currencies as a tool to increase engagement within communities and empower individuals. During her time there she supported the delivery of projects on the ground as well as overseeing impact management across the organisation and contributing to the development of new partnerships and contracts. Elly joined Locality as a Development Manager in October 2016.



Peissnitzhaus view. Photo © Peissnitzhaus

PEISSNITZHAUS

Community shares for culture

> *The Foundation holds a rental-contract with the City Council that allows the renovation of the building and secures the funds.*

ULRICH MÖBIUS

The Peißnitzhaus is a heritage site in Halle/Saale that offers cultural and education activities for the community. It is currently being renovated with the help of community shares purchased by the local inhabitants.



Panorama festival in 2015. Photo © Peissnitzhaus

WHAT IS THE PEISSNITZHAUS?

The "Peißnitzhaus", situated on the Peißnitz-Island on the river Saale, was built as a venue for the citizens in 1893 by the City of Halle/Saale, including a restaurant, a ballroom and a beer garden. After WW1, it was reconstructed into a reformatory school. During the era of the 3rd Reich, it was used as "Jungvolkheim"; and after WW2, it was used as a culture-club for the soviet army and then as the first "Bezirks-Pionierhaus" in the former DDR from 1950 onwards. This history and the special, "Swiss country-house-style" architecture is what makes this listed heritage building unique. The location offers an area of 2000m2 indoors and 2000m2 outdoors. The house had been empty and neglected since the German reunification until 2003, when 17 people founded the "Peißnitzhaus e.V.", a non-profit organisation now counting over 170 members.

The members began to renovate the subsidiary buildings and to revitalise the beer garden by offering cultural and educational events. Since 2010, the Foundation has been holding a rental-contract with the City Council that allows the renovation of the building and secures the funds of the foundation with a "conservation of value" agreement, ensuring that the investment of the Foundation must be repaid by the City in the case of a sale or cancellation of the contract.

Community fair. Photo © Peissnitzhaus



HOW IS THE PROCESS OF RENOVATION ORGANISED?

We have a model through which we try to finance our daily work completely on our own, so that we do not need money from the government or from other organisations. This way, we are able to decide what we want to do freely, how we want to do it and for how long. A success for us is if people start getting active in this place, a kind of motivator for activities; and the second success is if the people come in as guests. This NGO has currently been in existence since 12 years, we are not located inside the building because we need at least 5,5 million euros to renovate the building. For the moment, we have around 1,5-2 million euros already invested in the building, so it will take some more years to finish the renovation, but the outside area has plenty of space and is already renovated with small houses to accommodate our activities. We have more than 200 cultural events a year. We have one big festival, we offer 6 different project days for school groups, especially in elementary school, mostly about environmental issues, as we are located inside a park. There we are running a beer garden, which is now so successful that with this part of our NGO we earn around 700,000 euros a year.



Peissnitzhaus Gathering. Photo © Peissnitzhaus

IN WHAT OTHER WAYS DO YOU RAISE FUNDS FOR THE RENOVATION?

Since 2013 the foundation has been supported by "Peißnitzhaus Förderkreis gemeinnützige eG," a charitable cooperative, that offers shares of 1,000€ which will help support the renovation by means of equity-ratio. A charitable cooperative, under German law, is not allowed to pay interest to its shareholders so the cooperative pays back through immaterial values worth up to 40 € (4%) to each of the 100 members, for example with free entrances to cultural events. In that sense, the cooperative guarantees culture and the interest is culture.



ULRICH MÖBIUS co-founded the NGO Peißnitzhaus in 2003 and has been the leader of the managing committee up until 2009 when he became CEO of the Peißnitzhaus 2009, which he is still running today. Recently he is busy with managing the renovations and the programming of the Peißnitzhaus.



Cascina Roccafranca. Photo © Eutropian

CASCINA ROCCAFRANCA

The public-civic governance of space

> ***Our status as a public-private foundation is an experiment, an attempt of close collaboration with the Turin Municipality and after ten years we can say it is a virtuous collaboration.***

STEFANIA DE MASI

Cascina Roccafranca is a multi-functional community centre operating in a building owned by the City of Turin. Partly financed by the municipal budget, the centre is managed through cooperation between public and civic actors: a scheme that offers a valuable governance model while providing a wide range of social and cultural activities.

WHAT IS CASCINA ROCCAFRANCA?

Cascina Roccafranca is a social and cultural centre on the southern outskirt of Turin. We started our activities in 2007 in a totally renovated old farm building with 2500m2 of covered space and a 2000m2 courtyard. We provide a diversity of services: a reception area dedicated to inform and listen to citizens and free help desks to give advice on legal, housing, trade union, administrative, and bureaucratic issues. We have a day care centre with an outdoor playing area, where babies are welcome with their families. In Cascina Roccafranca there is also a place called "Ecomuseo," in which local historical memories are archived and made accessible to citizens. We have a restaurant and a cafeteria, both run by a social cooperative where most of the employees are people suffering from social exclusion. We have many cultural activities, a monthly programme of events, music, theatre and dance. Some activities are set up by the Cascina itself, while others are organised directly by community groups. We have 100 courses; languages, dance, music, wellness... and we can say that about every week about 3500 people attend activities in Cascina Roccafranca. There are a lot of people, not only from our neighbourhood in the outskirts but from every part of the city.



Library for Women. Photo © Eutropian

Event at Cascina Roccafranca. Photo © Cascina Roccafranca



WHAT IS YOUR ECONOMIC MODEL?

We aim at reaching maximum self-sustainability. When we started in 2007, we could only cover 33% of our costs on our own, now we cover 66%. Our income comes from the establishment of commercial activities in support of the project: the restaurant, the cafeteria, the rental of space for activities, courses or private parties. We do fundraising with other public and private foundations, in particular we work with the Compagnia di San Paolo – a bank-owned foundation based in the city of Turin. The Compagnia constitutes a very important part of our balance sheet because it gives us 80,000 euros each year. We develop economic partnerships with the private sector on joint projects and we constantly search for sponsorships, which also bring in a little and contribute to our budget.

HOW IS YOUR PUBLIC-CIVIC PARTNERSHIP SCHEME ORGANISED?

Cascina's governance is based on a "Fondazione atipica in partecipazione", a public-private foundation created to manage a municipal building. The governance structure consists of a "Board of Directors" with 5 members: 3 of which are nominated by the City of Turin (the Councillor for integration policies, the President of the 2nd District and one member appointed by the District) and 2 members appointed by the "College of participants" (made by 45 associations and groups that operate in the Cascina). We work with 80 associations and informal groups, as well as 20 individuals who promote activities in Cascina. Our work is helped by 40 volunteers, who are very important for us, and we have 13 employees. Our status as a public-private foundation is an experiment, an attempt of close collaboration with the Turin Municipality and after ten years we can say it is a virtuous collaboration.



Entrance, Cascina Roccafranca.
Photo © Cascina Roccafranca



STEFANIA DE MASI has been working at Cascina Roccafranca for 10 years, she is the Project Manager of social and cultural projects for families, foreign people, teenagers and for developing a conscious involvement of the local community.



The founders of VIC. Photo © VIC

VIVERO DE INICIATIVAS CIUDADANAS

Mapping and co-producing citizen initiatives

> ***We need to put in practice all the competences, knowledge and capacities of citizens.***

MAURO GIL-FOURNIER

[VIC]

VIC (Vivero de Iniciativas Ciudadanas) is a platform to support citizen projects in Madrid. Initiated by the architecture office Estudio SIC, the platform maps and brings together citizen initiatives that shape the city's various neighbourhoods. Based on this mapping process and the related research, VIC teamed up with the Madrid Municipality and 6 more partners and made a successful bid in the European Union's Urban Innovative Actions competition with the Mares Madrid project.

HOW DID YOU START RESEARCHING AND MAPPING CITIZEN INITIATIVES?

In our work, we understand that if we want to work with the city, we need to understand how citizen practices are developing in different parts of the city. Cartography is the first step: getting to know the actors and how they are acting in their own practice, public or community space.

In the 2000s, the development of Madrid was dominated by new housing at the city's periphery, with the contribution of the largest construction companies. More than 35% of the city's area was developed between 2000 and 2010, encouraged both by banks and public administrations. When the economic crisis made clear that this model was not sustainable anymore, and exposed many people to the risk of losing their homes, many initiatives were formed across the country to counteract the official urban development logic through a real process of self-organisation and self-empowerment. In this context of resistance, many initiatives grew together and this activism affected every sphere of the city of Madrid.

We began to map these initiatives, together with places of evictions, and this created a lot of data that was previously not available. The map was very useful in helping organisations like the Plataforma de Afectados por la Hipoteca (PAH, Platform for People Affected by Mortgages), to highlight that evictions are not an individual problem but a collective one. We called this the cartography of the extitutional process. Later, we began to analyse other projects of activism, governance, education and culture, trying to draw their spaces and relationships: we wanted to show the diversity of citizen initiatives and help people understand the links between public space, citizenship and self-management and the affective capital that these projects develop, along with the motivations of people to join these initiatives.

We aimed at visualising what exists, and making it appear as never before. We realised connections we did not know about before, and the emergence of networks by initiatives in Madrid neighbourhoods, like the networks organised around educational activities for young people, feminist centres, food production cooperatives or seed banks that all have a complex urbanism behind seemingly simply initiatives.

WHAT IS THE RESULT OF THIS MAPPING PROCESS?

Los Madriles is the first official map of citizen initiatives. This map was published five months after the arrival of the new mayor. It was created by a bottom-up initiative, but in relationship with the city council that wanted to embrace citizen initiatives and create stronger connections with the civil sector. We are in a moment of change: with the new mayor, citizen movements entered the Madrid administration with a new party, a kind of a citizen party, similarly to other Spanish cities like Barcelona, La Coruna, Valencia.

The City Council wanted to support this research and therefore we made the map: the paper version includes around 100 initiatives, and the digital platform civics.es includes another 400 more; a network of very different activities, but all connected. However, we could not cover the whole city. We understood that many initiatives only become visible when we go to certain neighbourhoods and focus on them. Both maps are more a process than a result. The paper version is reprinted on a regular basis and is very successful.



Participatory process at Madrid's former Legazpi market.
Photo © Eutropian



Circular economy initiative
in the San Fernando market hall
in Madrid.
Photo © Eutropian

WHAT KINDS OF INITIATIVES ARE INCLUDED IN THE MAP?

The maps feature a mix of bottom-up citizen initiatives and established associations, some of which are 30 years old, in various neighbourhoods of Madrid. We have a specific understanding of citizen innovation here, with a very limited economic dimension. For example, we had debates about some cooperatives that do very important work but have a commercial basis and therefore were not included in the map in the end. Giving a more important role to economic activities within citizen initiatives has long been a kind of a taboo. It makes initiatives here very different from their Northern European counterparts: community-led projects we visited in the Netherlands, Germany or even Hungary, have a strong relationship with private ownership, and refuse to rely on public administrations alone. In contrast, here in Madrid, everyone asks the administration for resources.

But accessing public properties is slow and bureaucratic, and the administration wants to control the use of these spaces, much more than in Northern European countries such as in Amsterdam, for instance. All of the urban processes giving space to citizen initiatives need capital and resources, but they rarely develop economic models to sustain themselves. It is often voluntary work or political activism. Citizen initiatives, like urban gardens, produce results but do not know how to become economically productive. For instance, the municipality gives space to citizen initiatives but does not allow them to be productive in these spaces, they are not allowed to have economic activities in these spaces. For me this is very absurd because the aim is not to earn money with these activities, but to circulate the values that you produced with your practice.

In turn, many processes in the social and solidarity economy are very traditional, not very innovative and inclusive. Recently, there has been a transition in this: the traditional social economy initiatives began to connect better with informal citizen innovation processes. We need to better connect these realms to help make them really change the city.

WHAT DID YOU LEARN FROM THE MAPPING PROCESS?

Our vision is to understand the city better, beyond micro-urbanism and micro-politics. What is interesting for me is the complexity of how different projects grow together into a network of projects, a citizen network that is very strong. This is how Madrid works: there are strong relationships between initiatives, we do a lot of things together and engage with each other in many ways. Many of these initiatives are not tangible, not physical spaces but online platforms or economic activities that are very much related to the urban landscape through their focus on energy, mobility, food or waste.

HOW DO CITIZEN INITIATIVES AND ECONOMIC ACTIVITIES RELATE TO EACH OTHER IN YOUR MAP?

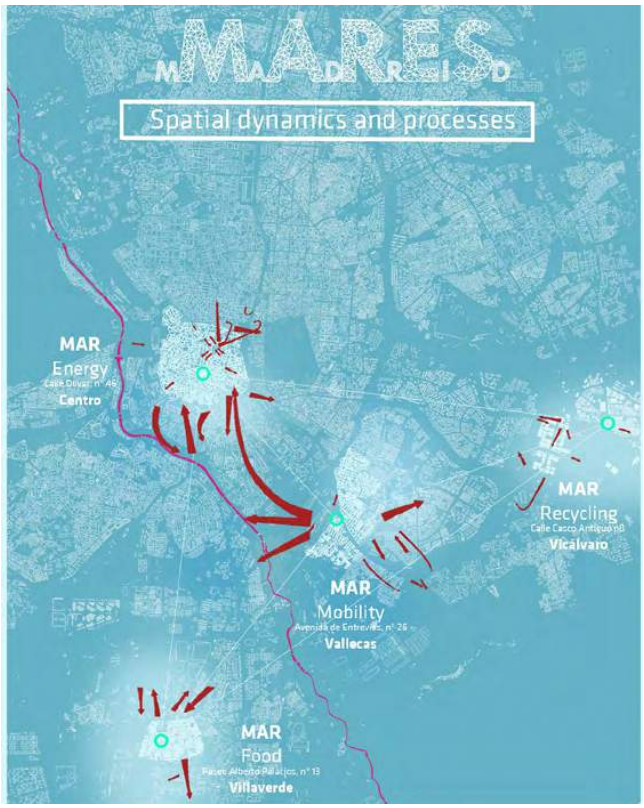
When we engaged in discussions in Berlin at the first Funding the Cooperative City workshop in 2014, the event's focus on civic economy changed our approach to citizen initiatives. As many of Madrid's citizen projects are precarious, ephemeral, instant actions or acts of resistance, we try to connect them with the social and solidarity economy sector, and try to understand how we can rely on citizen competences to transform the local economy.

We are now working on a project, Mares Madrid, together with the City Council, to provide buildings

for local initiatives to work together in a strong relationship with their neighbourhood and develop economic activities that affect urban development. For this, we need to understand the competences, knowledge and capacities of citizens to develop new companies, new cooperatives, new urban services around the topics of mobility, waste, food and energy in four areas of Madrid. We are aiming at linking initiatives in a circular way, to connect buildings, public spaces, waste, and agricultural production to local economic development.

In Mares, we have four groups of partners: social and solidarity economy organisations, the public agency of employment, the municipality's economic development department and the architects and citizen initiatives represented partly by us. We are principally responsible for mapping citizen initiatives in the targeted neighbourhoods, for the regeneration of four buildings and the spatial dynamics generated around them, but contribute to the other aspects as well. The project will also allow many different actors to participate, collaborate and co-produce, including local citizen initiatives and small companies that will cooperate around topics of recycling, food, energy and mobility, creating new jobs and new enterprises.

The Mares project is very interesting because it connects urban development with economy in a circular, or metabolic and resilient way. The scale of the project goes beyond a small or medium intervention; it addresses the whole city, while dealing with local spaces and neighbourhoods. When we go to some of the neighbourhoods the project concentrates on, we meet many initiatives



Project diagram. Image © Mares madrid

that we did not know existed, because they act at a very local scale and we understand the specific competences and capabilities of people in the given area that can be different from other districts. It is not so much about joining architecture and economy in a specific project, but about how these processes can transform the Southern part of Madrid in the next three years.



SIC/VIC is formed by a team of architects led by Esau Acosta, Mauro Gil-Fournier and Miguel Jaenicke. Their work is focused on the progress of architecture, city and territory from a viewpoint of urban and citizen innovation. VIC and SIC work on the inclusion of the multilateral and collaborative processes in the architectural and urban fields. Estudio SIC has created VIC Vivero de Inciativas Ciudadanas as a platform for urban studies that investigates the ways in which the relational, material and technological are linked into citizen innovation practices. Its work has been exhibited in many national and international forums such as the recent Oslo Architecture Triennale (2016) Household Trade Fair Bauhaus-Dessau (2015) Lisbon Architecture Triennale (2013) or Rome Public Space Biennial (2013) Also awarded in the Mies van der Rohe European Award (2007), Detail Prize 2009, Bauwelt (2009), AR Awards and FAD (2008) and others. Their works are periodically published and they are regularly invited at conferences and the main forums, meetings and publications of architecture and urban studies. SIC | VIC are nowadays developing the Iberoamerican mapping of citizen innovation civics.es and the urban resilience program maresmadrid.es

Conclusions:

Reflections on the urban impact of civic spaces and economy

DANIELA PATTI

LEVENTE POLYAK

This book is an attempt to capture the current tendencies of financial and economic arrangements around civic spaces across Europe, with the ambition of offering inspiration and recommendations to the various stakeholders potentially involved in the creation or operation of these spaces. Although these stories are in constant evolution and differ from each other because of their history, context and community, we have detected some recurring trends that are relevant for the very future of civic spaces.

In the first place, the emergence of **ethical financial institutions** significantly augment the ability of civic organisations to access funding for their initiatives, although this access is limited to certain regions of Europe. Secondly, we see that there are **policy-related contrasts** between the actual operation of civic organisations on the ground, and the envisioned functioning of the social economy sector according to existing legal frameworks that create artificial boundaries between civil society and the social and solidarity economy. Thirdly, civic organisations maintain a variety of **attitudes towards money and finance** because of their political and cultural preconditions, which shape the way in which they conceive the business plan of their activities.

During this research, we had the opportunity to test and apply our findings in a variety of contexts, through advising initiatives across Europe, some facing eviction, others looking into establishing their presence, yet others planning extensions. Working on knowledge transfer between the initiatives presented in the book and on the establishment of Europe-wide networks of cooperation and exchange, we could not avoid acknowledging the contrasts between **different regional contexts within Europe** in terms of community access to financial services, cooperation with public administrations and civic entrepreneurialism.

In **Southern Europe**, many civic spaces are closely connected to political movements and ideological claims. This is a condition that can often hinder their activities because of preconceptions that limit their willingness of embracing different kinds of social innovation and being broadly inclusive towards different segments of society. Furthermore, in many countries, regulations artificially separate NGOs from actors of the social and solidarity economy: NGOs are often excessively restricted in paying their employees, and are similarly deprived of many revenue sources that would allow civic initiatives to sustain themselves through socially-oriented activities. In the meanwhile, many Southern initiatives operate with a strong recognition and integration of non-monetary values in their social activities, often seen as a way to avoid corruption

and to show how these civic organisations offer a different perspective on the management of resources.

In **Central-Eastern Europe** on the other hand, capacities to run civic spaces were often developed within the context of entertainment, most often in theatre or nightlife, scenes that helped people acquire skills related to the organisation of economic flows, people and spaces. At the same time though, these initiatives, in many cases, have difficulties creating non-profit and non-commercialised profiles because of the limited options of legal forms available. The format of cooperatives, for instance, is still stigmatised because it is mentally associated with Socialism; there is therefore a need to develop new legal forms that enable civic organisations to be legally recognised and run their spaces within the realm of social economy. The recent governmental attacks on the civic societies of Hungary and Poland, and the subsequent legal pressure to disrupt the revenue streams of NGOs in these countries makes the creation of more established community finance infrastructures and international solidarity frameworks all the more urgent.

North-west Europe, in contrast, has experienced a revival of existing but often forgotten legal frameworks such as the German Erbbaurecht or the Anglo-Saxon Community Land Trust. These frameworks provided a fundamental condition for the development of more stable civic-run spaces: long-term perspectives and the corresponding guarantees allow initiatives to plan in the long term, with more options to finance their investments and to experiment with new revenue streams. Depending on cultures of cooperation, different models of shared administration or public support create different degrees of dependence on public administrations, limiting the autonomy and resilience of these initiatives.

The space for civic spaces to manoeuvre in different regions is largely shaped by the political, economic and religious histories of these regions that partially define how organisations relate to money and finance, how they organise their communities, and how they work together with institutions. In terms of **accessing capital**, the presence or absence of ethical financial institutions and community finance platforms has a great impact on the investment capacity of civic initiatives. Cross-border access to community finance could balance this situation but the difference between legal environments makes transnational transactions more complicated, where local counterparts are needed for "legal translation," to clarify local financial, real estate and planning regulations. Furthermore, national laws may drastically limit the use of innovative financial instruments: in Hungary, the financial law that prohibits non-banks from offering any kind of loan service practically eliminated the possibility of peer-to-peer lending. Furthermore, civic initiatives and public administrations both have a limited awareness of the potential help by various financial actors like equity-based crowdfunding platforms or financial cooperatives for instance, and this limits their scope of funding. This raises the issue of the necessity for civic initiatives to improve their economic and financial knowledge and organisational capacities in order to benefit from innovative partnerships.

In terms of **how communities can structure themselves** to secure spaces and activities in the long term, housing initiatives have offered relevant know-how to organisations operating in other domains: this indicates the importance of improving learning across different disciplines. Civic initiatives need to find new organisational forms that allow them to distribute decision-making power, resources and benefits in a shared manner, overcoming more traditional individualist and hierarchic models. To do so, civic initiatives must learn how to adequately engage local communities, in order to really respond to societal needs and ensure community support that can, when needed, create political pressure or economic support, and improve the resilience of these initiatives in times of crisis. Overall, we have identified that weak points for civic initiatives can be the capacity of designing solid business plans, especially identifying the stable and variable assets at the disposal of the organisations in question. For example, many initiatives were able to develop their social work thanks to low rent, but when this rose, the activities became increasingly commercialised to the point of changing the very identity of the hosting organisation. For this reason, many organisations have decided that even though more commercial activities may financially support more social ones, these must nevertheless have some form of economic independence.

Many examples show how civic spaces can be developed in **cooperation with public administrations**, using kickstarting funds or available public properties for free or reduced rent. On the basis of such experiences, some initiatives were able to scale-up their activities by integrating new European funds and financial instruments. This is the case of Cascina Roccafranca in Turin

with the URBAN programme, or of MARES in Madrid with the Urban Innovative Actions scheme. Regarding European policies and funding, it is essential to recognise the specificities of local contexts across Europe, as there cannot be one policy fitting all needs across Europe. On the contrary, in order for policies addressing civic engagement to be effective, especially at the urban level, it is necessary to respond to local needs and conditions. As a matter of fact, the poor engagement of cities from certain geographical areas in European initiatives, such as the Urban Agenda, can be explained because of these local differences. This is even more evident when it comes to innovative European financial instruments, such as the Community-Led Local Development (CLLD) scheme that allows public administrations and civil society to co-manage European structural funds in Member State Countries that agreed to adopt such legislation.

To develop systems of **shared administration or co-creation**, municipalities need to have local antennas, neighbourhood-level agencies to be in a daily contact with activities on the ground, and to be aware of local needs. In fact, public administrations can provide support in a variety of ways: aside from financial support, they can provide spaces, contacts with other stakeholders, different kinds of trainings, commissions or guarantees with financial institutions. To make public-civic cooperation efficient and accountable, solid and transparent anti-corruption measures need to be established; yet the fear of illegality should not hinder the capacity of administrations to cooperate with local communities.

In order to assess the significance of civic spaces and their role in urban social, cultural and economic tissues, we need to develop methods to evaluate their impact. Understanding impact can also help in creating stronger links between civic spaces and regulatory processes, potentially including civic spaces in zoning plans as parts of public provision – an attempt currently under way by the Naples Municipality with the recognition of community spaces as urban commons. For this, it is important that public administrations and regulations focus not only on the modalities of accessing spaces but also on the conditions of operating them. In fact, in times of reduced public budgets, the management costs of public facilities may be a limitation to their very existence but this is where, under suitable conditions on both sides, public-civic cooperation may be developed.

This book has aspired to depict a landscape in constant evolution, which cannot be comprehensive of all the innovative features civic spaces represent around Europe, yet we hope it will contribute to a growing discourse about them, improving the stability of existing spaces and inspiring the creation of new ones. Based on all these observations, we composed a list of recommendations and a few concrete steps that may open the way to more impactful civic spaces, as well as to stronger and more resilient social, cultural and economic ecosystems around them. To proceed with these steps, we call public administrations, financial institutions, civic organisations and the European Union to join the following Agenda for Cooperative Cities.

RECOMMENDATIONS

EUROPEAN UNION

- Recognise civic and cooperative actors and ensure investment of European funds to be truly embedded in local communities.
- With the cooperation of ethical financial institutions, develop a solidarity fund at the European level that enables civic initiatives to access funding and loans.
- Offer help to national and local governments in overcoming regulatory differences that hinder the access of certain regions to ethical funds and community finance

NATIONAL AND REGIONAL ADMINISTRATIONS

- Create legal frameworks that recognise the way NGOs, cooperatives, social enterprises and non-profit companies work.
- Facilitate the emergence of the civic finance sector, with guarantees, favourable loans and suitable regulations.
- Develop incentives to encourage the civic use of unused public and private assets, through taxation or other means.
- Adopt European regulations that foster civic engagement, such as CLLD.

CITY ADMINISTRATIONS

- Develop regulations that facilitate community access to public and private properties. In case of temporary uses, think of policies in an incremental way.
- Allow for public-civic cooperation with suitable conditions, especially in terms of covering maintenance by various potential revenue streams in civic spaces.
- Develop match funding for crowdfunding campaigns of relevance to the city.
- Fear of corruption should not hinder cooperation, new ways to monitor collaboration results must be found.

FINANCIAL INSTITUTIONS

- Create programs to support civic initiatives, because if adequately supported in the start-up phase, these investments can be more secure and resilient than many commercial operations.
- Establish joint programs with public administrations in order to co-finance civic projects with a relevant social impact.
- Create an international network enabling knowledge transfer and cross-border access to ethical funds.
- Help the training of civic initiatives to improve their financial and economic skills.

CIVIC ORGANISATIONS

- Keep in mind the long term: develop a vision and work consciously on the business model and organisational structure.
- Be aware of the value you create and make sure you capture a part of this value.
- Secure your position in the space you use, through co-ownership schemes or other guarantees.
- Reduce your dependence on public administrations or private owners: in case financial conditions should change, your activities might be greatly damaged.
- Create local and international networks, consider collaborating with other organisations to access joint funding.
- Discuss with your City Council about available European or national funding to support a joint project.

CITIZENS

- Be a conscious consumer: be aware of where you keep your money and how you spend it.
- Explore civic initiatives in your neighbourhood and help them with your feedback.
- Put pressure on your local politicians to support civic spaces with favourable cooperation schemes.
- Make use of your skills and unused assets to contribute to the civic tissue of your neighbourhood, city or region.

PROPOSALS THAT NEED YOUR SUPPORT

Based on the needs and the suggestions of the actors involved in civic spaces we mapped throughout the Funding the Cooperative City series, four key elements were identified and would require further development. Such proposals can be combined together or pursued independently from one another, nevertheless they require a join effort. For this reason we invite any reader in-terested in supporting with their knowledge, skills, contacts or financial resources to get in contact with Cooperative City[1].

1 · Cooperative Fund

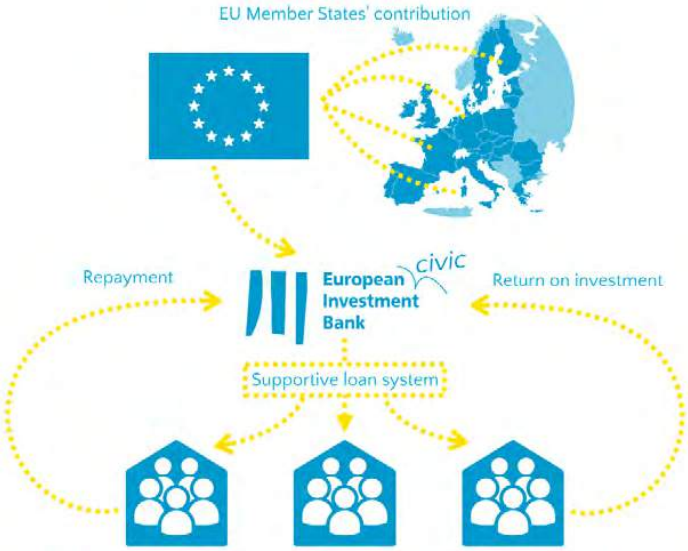
The difficulties encountered by many civic organisations in accessing funding and developing a sustainable business model for their activities have raised in many of the Funding the Cooperative City workshops the possibility of setting up a Cooperative Fund. Such a fund would help civic initiatives in need of a loan or contribution for their setup or upscaling of activities. The Cooperative Fund would summon the financial contribution of members and co-financed projects would pay a reasonable interest rate, which would increase the Fund's capital and allow to support new initiatives. The model is clearly inspired on the experience of Foundations such as trias or Edith Maryon, but would aim at creating a system that could operate at the European scale. The development of such Cooperative Fund clearly raises issues concerning governance of stakeholders across Europe, the capacity of evaluating the real social embeddedness of the civic initiatives, the need for financial knowledge to run such a Fund and ultimately the policy framework applying differently to European countries. Nevertheless, such challenges may be overcome by the engagement of strategic stakeholders with the necessary competences, knowledge and skills.



1 Contact Cooperative City at info@cooperativecity.org

2 · European Civic Investment Bank

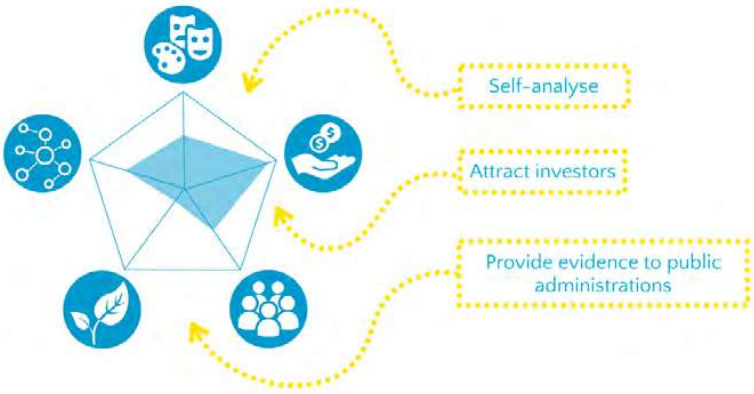
It would be relevant for a public bank as the European Investment Bank, to set up programs with relevant financial backup for civic investments to have a stronger impact on their environment. As a matter of fact, the European Investment Bank has recently started up a collaboration with Banca Etica through an agreement that foresees 50 million euros to setup micro-loans of 25.000 euros that will support social enterprises in Italy and Spain[(2)]. Such a direction is highly welcome from civil society and further projects in this direction would be of great support, yet the financial volume with which such projects operate are not yet relevant for real estate operations being carried out by civic stakeholders.



2 The European Investment Bank and Banca Etica signed an agreement on June 2017 to to allocate 50 million euro fund to support social enterprises. Weblink: https://goo.gl/A8211X (last accessed on 22.07.2017)

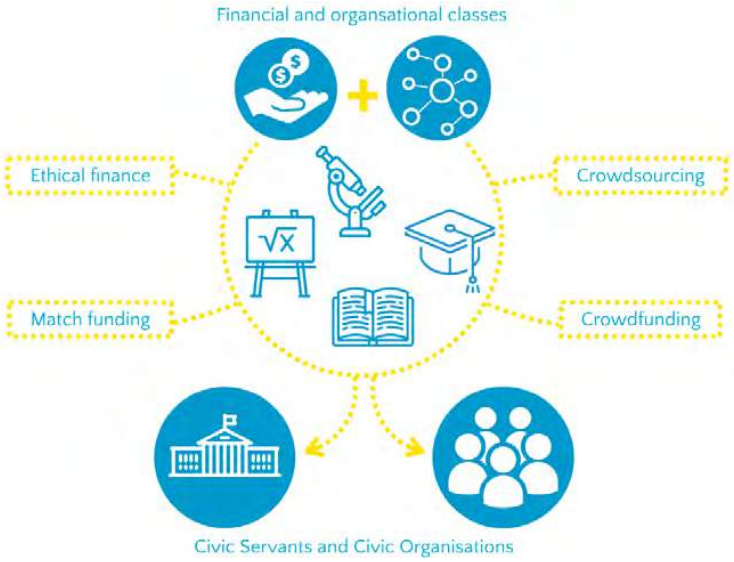
3 · Social Impact Assessment

With public administration and financial players being key partners in the pooling of resources for civic spaces, the development of a Social Impact Assessment Toolkit is necessary in order to measure the effects of civic spaces on their environments in terms of economic development, so-cial inclusion, environmental protection and cultural offer. The combination of qualitative and quantitive data of both monetary and non-monetary resources are essential for potential investors to understand the role of civic spaces as well as for civic spaces to assess the value they create and ensure they also benefit from it.



4 · Cooperative Fund Civic Finance Academy

There is a need to improve the knowledge of civic stakeholders related to financial mechanisms that could impact the development of their projects. In order to provide knowledge to civic organisations throughout Europe, a series of trainings and educational programs should be organised through a Civic Finance Academy. As some programs are already existing at national level, it would be most beneficial to connect up such experiences at the European level and beyond.



GLOSSARY

Community Land Trusts (CLTs)

are non-profit organisations set up and controlled by local communities to provide charitable activities and develop community assets. Developed since the 1980s in the US and the UK, CLTs usually acquire multiple properties or parcels of land in an area in order to transform them for the designated use, or lease them to a non-profit developer. Through long-term leases, CLTs can encourage the development of affordable housing, community gardens or civic spaces, and as owners of the land beneath the buildings developed by the leaseholders, they remain continuously interested in their designation.

Cooperatives

are non-profit legal entities owned and democratically controlled by its members. Although cooperatives can operate in many fields, in Europe the largest number of cooperative enterprises are predominantly involved in agriculture, housing and industry, while the largest number of members take part in the banking and consumer services . During the economic crisis, cooperatives have proven to be very resilient in many European countries, giving them increasing public attention . Because cooperative legal formats vary from one country to another, in Europe, the European Cooperative Society was setup as an optional legal form for cooperatives to operate cross-border.

Crowdfunding

is a practice of funding projects by raising monetary contributions from a large number of people. It can be of two types: either donation-based or equity-based. The first implies that individuals philanthropically donate amounts of money with no financial return, whilst the second one works by exchanging investors' capital either for a percentage of the project's ownership or for a return on the investment. Crowdfunding platforms also foresee reward-based operations, for which donors do not receive in exchange financial contributions, but a service or a product, and lending operations, which function as peer-to-peer lending, to be eventually paid back with an interest rate.

Ethical banks

are banks concerned with the social and environmental impacts of their investments and loans. They aim at operating ethically, both in terms of their internal and external functioning, by functioning in the interest of their local communities, providing financial services to projects such as affordable housing, education or culture.

Heritable Building Right

(Erbbaurecht in German) is a form of transferable and heritable long-term lease popular in Germany, that allows the rightholder to build or develop the land. Generally granted for 30-99 years, the heritable building right makes development possible without buying the land that would normally require an upfront payment of large sums. This framework makes it possible to separate the ownership of a building and the land underneath, a preferred choice of ethical investors, municipalities, churches and local communities, creating revenue through the annual lease but keeping the ownership of the land with a designated use.



Cooperative City explores processes of urban transformation through stories told by their protagonists who contribute to shaping the culture, governance, environment, communities and economies of cities. Through thematic issues, ongoing social media discourse as well as trainings, mediation and site visits, the Cooperative City platform brings current up-to-date information on local innovation to different actors of citymaking.



Bottega Artistico Musicale - Public-civic cooperation



La Cuciria - A circular economy-based sewing workshop



The Peissnitzhaus - Renovation with community shares



Largo Residências – Urban regeneration through local jobs



ExRotaprint - Community ownership against speculation



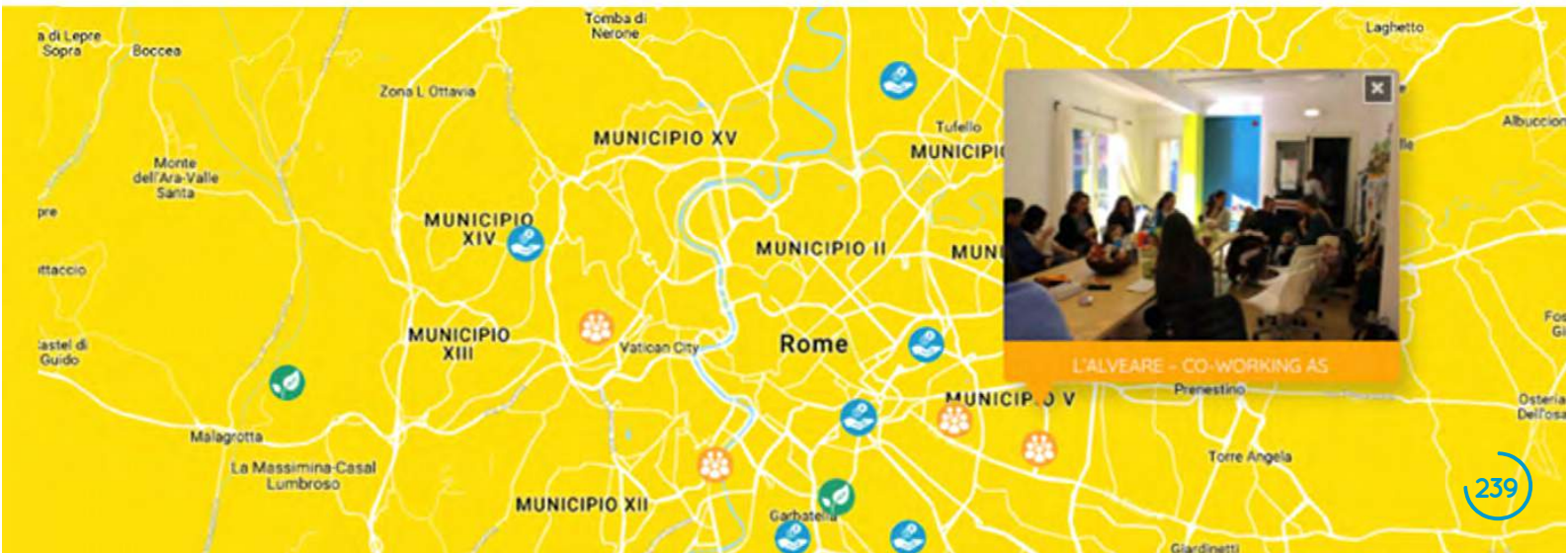
Spreefeld - Cooperative housing with public access



EOOS Design - Design for refugees



Interazioni Urbane - Reactivating the market























1 Public event at Packhuis de Zwijger, Amsterdam. Photo © Pakhuis de Zwijger
2 Public event in Budapest. Photo © Daniel Dorkó
3 Workshop in Primavalle Market, Rome. Photo © Agnese Sama'
4 Public event at Rotterdam Biennale. Photo © Alexandru Matei
5 Site visit to Ex-Snia, Rome. Photo © Eutropian
6 Site visit at Nyitva Festival, Budapest. Photo © Eutropian
7 Workshop in Madrid. Photo © Eutopian
8 Public event in Rome. Photo © Agnese Sama'
9 Workshop in Plovdiv. Photo © Eutropian
10 Site visit to Atrium, Budapest. Photo © Eutropian

11



12



13



14



15



16



17



18



19



20



11 Worhshop in Rome. Photo © Eutropian
12 Workshop in Budapest. Photo © Daniel Dorkó
13 Site visit to Muszi, Budapest. Photo © Eutropian
14 Site visit to Matadero in Madrid. Photo © Eutropian
15 Workshop at Packhuis de Zwijger, Amsterdam. Photo © Pakhuis de Zwijger
16 Site visit to Holzmarkt, Berlin. Photo © Eutropian
17 Site visit to ExRotaprint, Berlin. Photo © Eutropian
18 Site visit to Esta es una Plaza, Madrid. Photo © Eutropian
19 Workshop in Prague. Photo © Eutropian
20 Workshop in Berlin with Wonderland. Photo © Eutropian



DANIELA PATTI is an Italian-British architect and urban planner. She has studied in Rome, London, Porto and holds a Ph.D. in urbanism from the Technical University of Vienna. Specialised in urban regeneration and environmental planning with a particular focus on metropolitan governance and collaborative planning, her recent research and projects' interest has been on the governance of peri-urban landscape, the revitalisation of local food markets and new economic models for community-based urban development. She is co-founder and director of Eutropian Research&Action both in Rome and Vienna, an organisation supporting collaborative planning processes between public administrations and civic groups. She worked for the Rome Municipality in 2014-15, coordinating European projects such as the URBACT "Temporary Use as a Tool for Urban Regeneration" and since 2012 she is board member of the Wonderland Platform for European Architecture, running its collaborative planning series. She was a researcher at the Central European Institute of Technology in 2010-14, managing European projects related to urban regeneration and smart development. She has been guest lecturer in the University of Roma Tre, Tor Vergata and Universidad de Buenos Aires.

LEVENTE POLYAK is activist, urban planner, researcher and policy adviser. He studied architecture, urbanism and sociology in Budapest and Paris and he was visiting lecturer at the Moholy-Nagy University of Art and Design, the Budapest University of Technology and TU Wien. He was visiting fellow at Columbia University and the École nationale supérieure d'architecture Paris-Malaquais and holds a PhD in sociology from the Central European University. He has worked on urban regeneration projects for the New York, Paris, Rome, Vienna and Budapest municipalities. He is editor of Cooperative City, co-founder of Eutropian Research & Action (Vienna-Rome) and board member of the KÉK - Hungarian Contemporary Architecture Centre (Budapest). In the past years, he has been researching new organisational and economic models of community-led urban development projects, including the temporary use of vacant properties and community-run social services. He has been coordinating international knowledge exchange projects between municipalities in various countries of Europe. Based on these activities, he has been supporting public administrations and NGOs of various sizes and geographic locations across Europe in creating spatial development projects and new governance models.

EUTROPIAN is an advocacy, research and policy organisation supporting inclusive urban processes. We help community groups, citizen initiatives, municipalities and EU institutions in participation, fundraising and policy development, as well as in designing cooperation and communication within local and international ecosystems. We are specialised in urban regeneration, cultural development, community participation, local economic development and social innovation, with a special focus on building development scenarios on existing resources. We offer international know-how for inclusive and sustainable urban regeneration projects. Thanks to our multi-disciplinary and participatory approach, we connect various stakeholders around urban planning and regenerations issues, supporting local development through sustainable economic, environmental and social models. Eutropian consists of two legal entities: Eutropian GmbH is a Vienna-based company offering advisory services to municipalities and international organisations, in policy development, project management, participatory planning, cooperation design, fundraising and communication. Associazione Eutropian is a Rome-based non-profit organisation, with a focus on conducting research and organising participatory processes, professional workshops as well as public events. In the past years, Eutropian has been initiating various international projects including Temporary Use as a Tool for urban Development, Mercato al centro and Funding the Cooperative City. More information at http://eutropian.org/


Eutropian


cooperative city


ADVOCATE EUROPE


wirtschafts agentur wien
Ein Fonds der Stadt Wien

BUNDESKANZLERAMT ÖSTERREICH


EUROPEAN CULTURAL FOUNDATION


Hungarian Contemporary Architecture Centre
www.kek.org.hu


[VIC]


re: kreators


wonderland
platform for european architecture


creative industries fund NL


EU 2016


Visegrad Fund


WORLD URBAN CAMPAIGN


seismic


Embassy of the Kingdom of the Netherlands


GOETHE INSTITUT


osztrák kulturális fórum


POLISH CULTURAL INSTITUTE


carrozzerie n.o.t


casa della città
TRASPARENZA e PARTECIPAZIONE




L'Alveare
Il Coworking con Spazio Baby


OPEN HOUSE ROMA


SPAZI SOLARI


MERCATO PRIMAVALLE I


¡MADRID!
MEDIALAB PRADO


comune info


THE NEXT ECONOMY IABR 2016


ONE ARCHITECTURE WEEK
18—27.09.2015
PLOVDIV

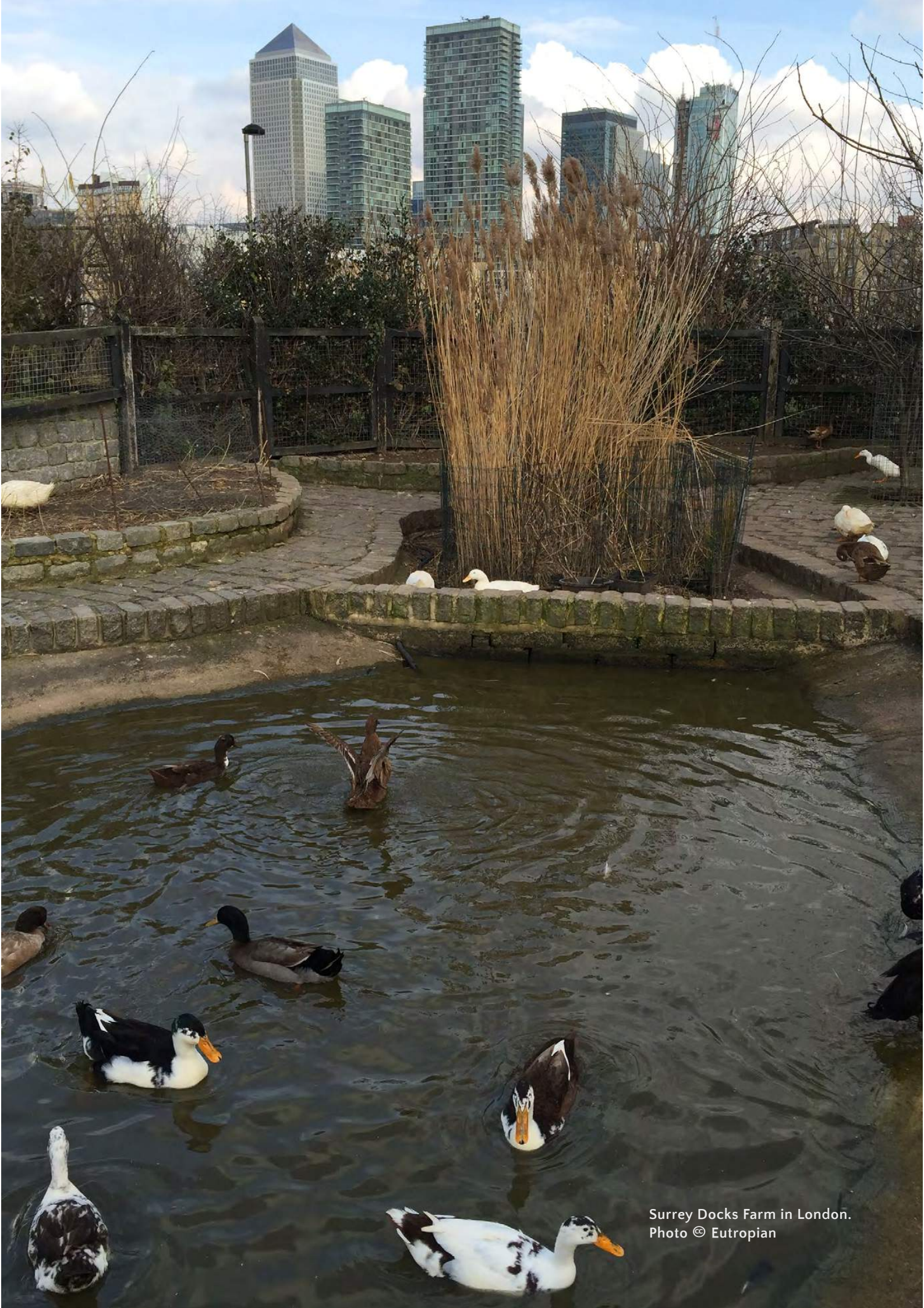

bęc zmiana


THE ASPEN INSTITUTE
CENTRAL EUROPE


Stará tržnica


norway grants


Deutsches Architektur Zentrum
DAZ



Surrey Docks Farm in London.
Photo © Eutropian

School









Theatre





Garden







Farm









Shop

Funding the Cooperative City

Community Finance and the Economy of Civic Spaces

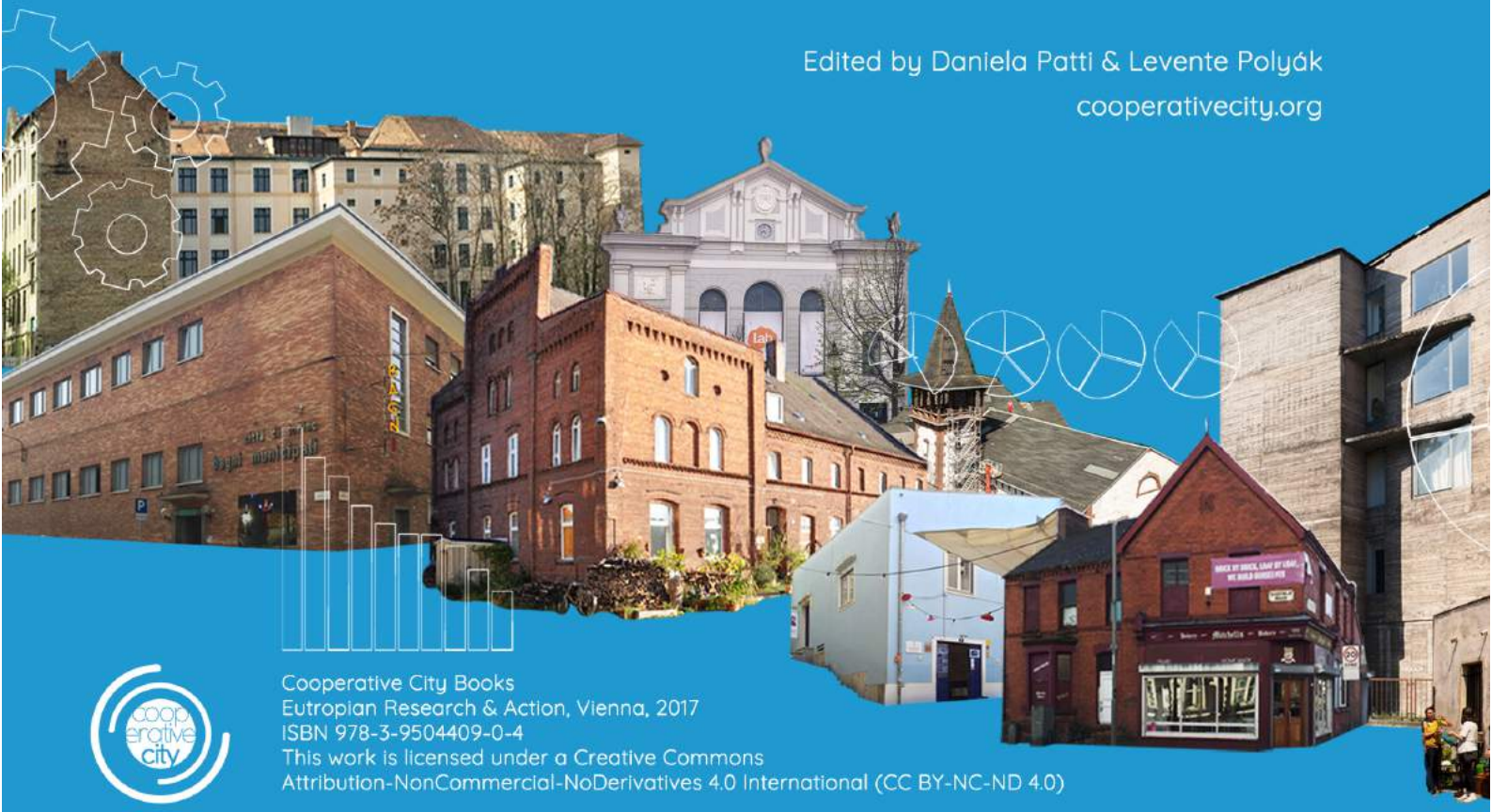
Funding the Cooperative City explores experiments in community-led urban development in European cities. Situated in the post-welfare transition of European societies within the context defined by austerity measures, unemployment, the financialisation of real estate stocks and the gradual withdrawal of public administrations from social services, this book aims at highlighting the importance of self-organised, locally rooted, inclusive and resilient community networks and civic spaces.

In a journey from Lisbon, Madrid and Rome, via Liverpool, Rotterdam and Berlin, through Warsaw, Bratislava and Budapest, Funding the Cooperative City highlights different strategies of fundraising and investment; self-organisation, resistance and cooperation with institutions; and explores the ways citizen initiatives, cooperatives, non-profit companies, community land trusts, crowdfunding platforms, ethical banks and anti-speculation foundations step out of the regular dynamisms of real estate development and arrange new mechanisms to access, purchase, renovate or construct buildings for communities.

Through interviews and analyses, this book describes tendencies and contexts, and presents stories and models of community finance and civic economy. It offers a helpful set of resources not only for community organisations and initiators of civic spaces, but also for private developers, municipalities and EU institutions that are willing to support, facilitate or cooperate with them in order to create more resilient and inclusive local communities, facilities and services.

Edited by Daniela Patti & Levente Polyák

cooperativecity.org



Cooperative City Books
Eutropian Research & Action, Vienna, 2017
ISBN 978-3-9504409-0-4
This work is licensed under a Creative Commons
Attribution-NonCommercial-NoDerivatives 4.0 International (CC BY-NC-ND 4.0)