

Social finance in Québec : Perspectives for community housing



Our vision of community housing

- An ecosystemic approach in which housing plays a central but not an exclusive role
- A means to build sustainable and caring communities
- A strategy to develop prosperous and innovative urban centers
- A contribution to inclusive growth

Social finance in Québec

Development capital: venture capital to achieve socio-economic objectives (triple bottom line or “impact”)

Solidarity finance: financial tools, financial institutions, actors, actors designed for collective initiatives and enterprises (non-profits and cooperatives) and the financing of community economic development

- Governance by community actors
- Contributes to building social capital with communities
- Co-construction of supply and demand

Social finance in Québec

- **Community funds**
- **Cooperative funds**
- **Labour solidarity funds (FSTQ, Fondation)**
- **Hybrid funds**
- **Private funds**
- **Public funds**
- **Community bonds**

Social finance in Québec (2013)

Responsible long term investment (placements)

Assets (millions \$)

Institutional investors :	214 114
Asset managers :	60 430

Social investment

Development capital	17 298
Solidarity finance	1 405

2013-2016 : 32% growth in solidarity finance

Quebec's solidarity finance ecosystem (some examples)

- **Réseau d'investissement sociale du Québec** : small non-guaranteed loans for start up, development and pre-start ups (1997) 15.2\$M
- **Réseau MicroEntreprendre (micro-credit)** 15 funds in 12 Quebec regions
- **Chantier de l'économie sociale Trust** : patient capital (2007) 52.8\$ M
- **Investissement Québec**: loan guarantees, capitalisation
- **Caisse d'économie solidaire** : 1971
- **Capital régional et coopératif Desjardins** (2001)
- **Local investment funds** (1997)
- **Cap Finance**: Quebec's social finance network

An example of innovation in social finance

- Creation of the Chantier de l'économie sociale Trust in 2007
- Mission to make capital accessible to social economy enterprises
- A 52.8 M\$ fund in patient capital for collective organisations and enterprises
- Patient capital: quasi-equity loans with 15 year capital payment moratorium
- 66\$ M invested in 249 projets generated 461M\$ in investments in all Quebec regions

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Solidarity finance in the housing sector : some examples

Montreal Investment Funds (FIM)

FARHC (fund to assist community housing renovations)



FILE (fund for cooperative student housing)



Montreal Investment Fund (1997)

Purchase and renovation of community housing (non-profit and cooperatives)

Initial investments 5 M\$: *Fonds de solidarité FTQ, Fédération des caisses populaires Desjardins de Montréal et de l'Ouest du Québec National Bank of Canada, Royal Bank of Canada, Hydro-Québec, Claridge Investments Ltd.*

Recapitalisation of 4 M\$, 4 M\$, and 20,3 M\$ in 2016

➤ Investisseurs: *Fondation J. Armand Bombardier, J.W. McConnell Family Foundation, Fonds immobilier de solidarité FTQ, Fondation Lucie et André Chagnon, Mouvement Desjardins, National Bank of Canada, Stephen Bronfman, Caisse d'économie solidaire*

Since 1997, 16M\$ in investments contributed to the renovation of 31 apartment blocks for a total of 44 M\$ invested

FARHC (fund to assist community housing renovation)

Created and managed by the Chantier de l'économie sociale Trust in response to community needs

- Bridge financing for the renovation of housing projects built or renovated in the 80's and 90's
- A fund of 32.5 M\$ capitalised by the Quebec Solidarity Fund and the SSQ (insurance mutual) and a private fondation
- Patient capital with no impact on rents. Payments limited to a maximum of surplus generated by the organisation. Increases the capacity to deal with the challenge linked to the end of contracts with CMHC.



FILE (fund for student cooperative housing)

Created and managed by the Chantier de l'économie sociale Trust in response to community needs

- Initiated and supported by student associations and youth organisations
- A 10M\$ fund offers patient capital for long term investments at favorable conditions
- Will allow the construction of 300 new units, including 500 affordable rooms
- Investors: Fonds de solidarité, Fondaction, Fondation McConnell, a religious congregation



Innovations continue ...

Alliance of non-profit housing owners in the Montreal région

8 non-profit developpers and managers :5300 units

Combined value of real estate: 335 M \$.

Collectif assets of the 8 non-profit housing organisations:
138 M \$.

Objective: Allow the scaling up of interventions in response to community needs through the construction of an ecosystem of support based on a shared vision and shared ambitions to develop new financial tools and shared resources and expertise.

The challenges for social finance in community housing

- Scale up
- Maintain an integrated vision of community development
- Continue to attract new categories of investors
- Mobilise private capital in a perspective of long term (bond type) investment
- Mutualise resources and expertise

Challenges for CMHC

- Maximise the leverage effect of its interventions in housing for community development
- Intervene vigorously in purchase and renovation of existing housing for households in difficulty in urban centers
- Support intermediaries to maximize the leverage effect of public funds (rather than project by project)
- Encourage mutualisation of funds and expertise

For more information

Chantier de l'économie sociale Trust

<http://fiducieduchantier.qc.ca>



CAP Finance

<http://capfinance.ca>

