

FEATURES

ASSETS, EQUITY, & EMPOWERMENT

**At Quint, housing is one part of the
community development equation**

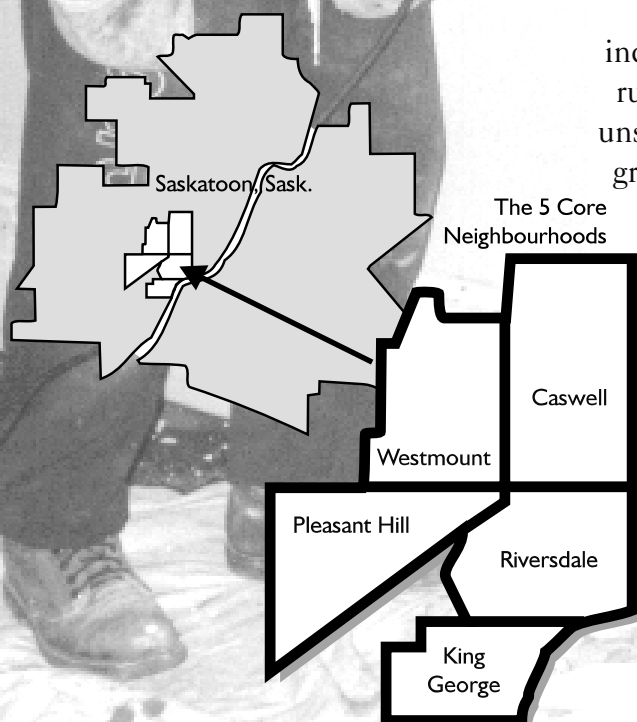
Gary Wilson

The inner city of Saskatoon, Saskatchewan comprises five neighbourhoods: Pleasant Hill, Westmount, King George, Riversdale, and Caswell. They encompass most of the city's original development, and contain many beautiful older homes and well-treed, mature green spaces.

Unfortunately, they also encompass the highest levels of unemployment, crime, and social assistance in the city and the province.

The movement of businesses to peripheral industrial parks and suburban centres; the influx of rural folk to the city; the displacement of low- and unskilled labour by machines - all have resulted in a great discrepancy between work opportunities and potential workers in the core area.

Traditionally, lower income urban neighbourhoods like these are seen as "environments of service." Most of the residents are seen as more or less "deserving clients." But despite real social problems in these neighbourhoods, there are also substantial assets. In Saskatoon's inner city, residents have recognized the need to address community concerns and to establish an organization which could utilize local assets, leverage others, and begin to realize some solutions.



FOUNDING AN ORGANIZATION

Residents of the core neighbourhoods don't have to be told that quality of their housing is fundamental to quality of life. They already know.

In the Riversdale area 65% of the housing stock is owned by absentee landlords. Many rental homes need to be brought up to safety and health code. Overcrowding is of serious concern. The movement of residents within the core neighbourhoods in search of suitable accommodation is also disruptive. The yearly mobility rate in the area is 31% (and tops 35% in Pleasant Hill), while the average for Saskatoon as a whole is 22%.

This has created a situation where the social and physical fabric and stability of

- To create job opportunities through investing in new business and to support viable existing businesses.
- To facilitate and provide loans to small business from funds derived from federal or provincial government loan programs.
- To build community participation and to facilitate socio-economic and cultural understanding.
- To improve the quality and availability of housing for community residents.
- To provide training opportunities which will lead to sustainable employment.
- To develop an effective board with the capacity to make informed decisions in all aspects of Quint's operations and development.

and School Associations of the five neighbourhoods. There is also strong representation from the aboriginal and low-income residents of these neighbourhoods.

The board also receives advisory support from the "Friends of Quint" - outside agencies who attend meetings. They are Saskatchewan New Careers Corporation (a Saskatchewan Crown Corporation created to help social aid recipients to re-enter the workforce), Saskatoon District Health, Saskatchewan Social Services, and Saskatchewan Economic Development.

Committees are also struck to handle specific initiatives, and may include other residents of Saskatoon with the experience and the desire to assist Quint. Bringing together people who were willing to work towards a common goal has been found not only to create a more cohesive front, but to inject into "project development" far greater life and commitment.

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THE AFFORDABLE HOUSING INITIATIVE

Timing

From the beginning, it has been the intention of Quint to undertake a comprehensive strategy in the core neighbourhoods: to improve the quality and availability of housing for community residents, and in so doing, to incorporate Quint's other objectives.

In the early winter of 1996, Quint organized a gathering of Saskatchewan Social Services, the City of Saskatoon, and several community-based groups to discuss programs to provide secure, affordable housing for low-income households. Various circumstances made it an opportune time to pursue an affordable housing initiative:

- Low real estate values and interest rates reduced the level of assistance required to bring good housing within reach of low-income households.
- Activity under previous social housing programs had ended, reducing the access of low-income households to improved housing.
- Workshops sponsored by Saskatchewan Municipal Government Housing

the core neighbourhoods are deteriorating rapidly.

In February 1995 a weekend community workshop was held to talk about poverty and regeneration of the community. Nearly 150 residents and representatives of government and nonprofit organizations came - and stayed. On the final day of the event, the participants clearly expressed their desire to create a community economic development organization. That was the beginning of Quint Development Corporation.

MISSION & OBJECTIVES

Quint exists to create employment and opportunities that strengthen the economic and social well-being of Saskatoon's inner city:

- To become a self-sustaining community development corporation.

STRUCTURE

This is an extensive development agenda. To accomplish it, the corporation has been structured to foster local capacity by recruiting outside expertise while maintaining control over the final decisions by representatives of the core neighbourhoods.

The board of directors represents a range of community members, all of whom have been involved in community development initiatives in Saskatoon for many years. Of the total board, 75% of members must reside in the core neighbourhoods. Of these residents, five are appointed directly by the Community

Division (SMGHD) and Saskatchewan Social Services were being held with representation from the municipality, community development groups, community housing advocates, and financial institutions. These workshops identified housing issues and solutions, and impediments to the creation of affordable housing programs.

- Community pressure at various discussions and workshops had confirmed the need for a home ownership program for low-income families.

Design

Quint proposed to the City of Saskatoon and the SMGHD a concept that would provide home ownership at carrying costs that are lower than rental market value.

A separate structure, Quint Housing Co-operative (QHC), was to hold the individual titles and mortgages pending the member families' assumption of full ownership. Each resident would have a "housing agreement" with Quint Housing Co-operative for the first five years. At that point the project would be refinanced and the resident would have the option to become sole owner.

Agreements authorized by the member families would also allow Quint to administer the co-operative for the duration of the housing program and enforce program guidelines. This included the facilitation or co-ordination of mentorship programs, inspection services, and all other matters required to ensure long-term success.

Financing

To help establish equity, SMGHD provided 25% of the appraised value of each house. These loans are interest free and will be forgiven upon the member family satisfying all conditions of the co-operative agreement with QHC. These loans are secured by a promissory note and/or a caveat registered against the property. Upon transfer of title to the member family, the Province will discharge the loan-related encumbrances against the property.

The City of Saskatoon provided a 5% capital grant. Quint secured the commitment of both the Saskatoon and St. Mary's credit unions to providing the remaining 70% of the mortgage. QHC holds mortgages on specific properties, not a "blanket" mortgage; residents are responsible for paying financing costs on their own units only.

Purchasing

Quint worked with a real estate company and private owners to obtain ten homes. Through promotion of the program, many private homeowners contacted Quint about selling properties.

Over 200 properties were reviewed for purchase. A number of properties were eliminated due to price or to the amount of renovation required. Once properties were short-listed, they were then matched with family needs (size, school proximity, bus routes). Once a listing of appropriate homes were created for the individual family needs, participants viewed them for purchase. This allowed participants to have a choice in their future home.

An arrangement with the real estate company secured a brokerage fee on their commission on all the houses purchased. This fee was contributed to establish a maintenance fund for the co-operative.

New Careers Corporation, along with SMGHD, provided building inspections for the units under consideration. Supportive local companies provided housing appraisals and legal services at an extensive discount.

Renovations

In partnership with New Careers Corporation and Kelsey/Saskatchewan Insti-

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Priority was given to young families with children, and particularly to tenants with a proven rental track record who wished to move to an ownership position.

The proposed concept was accepted and implemented in partnership with SMGHD, the City of Saskatoon, and the inner-city communities themselves.

This is how it was to work. Ten homes were to be purchased for ten low-income families. The houses purchased would be located within the core neighbourhoods. The program was directed at families with children, where the family earned less than \$25,000 per annum in gross household income at the time of application. Target price for houses to be purchased was \$45,000 maximum, including any required repairs.

The co-operative is a mechanism to assist in the transition of renters to homeowners, and may or may not be a lasting entity. It provides a framework for mutual support, through building reserves for maintenance, for example. But it also serves as a network of skills and "sweat equity," and reassures lenders that properties will not fall into arrears or be neglected. During the first five years, the co-operative has the power to replace residents in cases of default or lack of maintenance. The presence of co-operative systems help to prevent the development of such problems.

It can, for example, organize maintenance intervention or cover for a few months if a household is temporarily unable to afford mortgage payments.

tute of Applied Science and Technology, Quint developed an Adult Basic Education Apprenticeship Training Program. The work experience component of the training program is the renovation of the houses purchased by QHC. Building supplies were provided at preferred rates by The Saskatoon Co-operative Association Limited. Repairs and renovation expenditures have ranged from \$200-\$9,000, with the average being \$1,500-\$2,000 per house.

Application Process

During the summer of 1997, the Quint Housing Committee sponsored five community meetings, one in each of the core neighbourhoods, to disseminate information on the housing program. Applications were only available to those that attended one of the meetings (about 100 people in all). Families on social assistance were eligible to apply, providing that the shelter component of social assistance was sufficient to meet the required payments, given the provincial assistance available.

Housing committee members and staff developed selection criteria for the program. Eligible applicants were to

- have a household income less than \$25,000.
- be ineligible for regular mortgage financing.
- have a good landlord reference and rent payment history for the past three years.
- have stable income for the past two years and/or good employment references.
- complete a home budget (with the assistance of the committee, if necessary). The purpose of the budget was to review the applicant's current income and actual expenditures, and to determine if the applicant is in the financial position to become a homeowner.
- have a good credit rating for the past three years, based on Credit Bureau information.
- be 18 years or older and have no outstanding judgments (writs).

Upon acceptance, applicants were ranked according to another five criteria:

- their commitment to the neighbourhood

- their striving for self-reliance
- their contribution to the co-operative
- their homeownership skills
- their demonstrated need

Support

Purchasing a house and becoming a homeowner can be a scary move. Quint committed itself to provide on-going support for the people making this transition. The co-operative philosophy and structure were seen as a way to supply more than just "four walls."

The Core Neighbourhood Home Improvement Co-operative and the Mentorship Program were launched to help families identify and develop homeownership skills. A grant from Homegrown Solutions will help set up and purchase tools for the co-op. It too will be open to specific groups of people:

- Those already involved in Quint projects.
- Other low-income homeowners with little experience or access to renovation equipment.
- Tenants who, in partnership with their landlords, would like to make improvements in their living conditions.

This last element is seen as a way to enable other low-income tenants to move into affordable homeownership programs.

CONCLUDING REMARKS

Since its launch, Quint had developed a strong conceptual foundation and community base. The organization has been involved in several initiatives apart from the housing project. Some of these have supported the housing initiative, but all of them demanded time. Core funding for the organization has yet to be confirmed, but assurances have been given that it will be forthcoming.

All of these different elements are vital to a functioning CEDC; but organizing, co-ordinating, and undertaking working projects that involve financing, legal issues, etc., constitutes a pragmatic but often scary shift in how an organization functions and perceives itself. All together these issues were positive in nature but it still propagates a general feel-

FINDINGS

Quint's experience to date offers a number of insights to CED organizations. Here are the eight most prominent.

FINDING #1: STRATEGIC POSITIONING

For any fledgling community-based organization like Quint to have impact, a strategic approach to the issue was essential.

For the past 30 years, the governments of Saskatchewan and Canada have defined social housing programs into which communities have attempted to fit. Meeting housing needs by developing a program at the community level did not fall into "traditional process," to say the least. As a newcomer, Quint also had to convince financial groups to finance a project that is being promoted by a community-based organization without a track record or guaranteed core funding.

As a single organization, Quint would simply have been the latest approach to issues of poverty. But by amassing allies, Quint positioned itself to set the agenda. The organization and formation of a variety of groups within the province to speak as one cohesive voice helped to ensure that concerns were addressed within a community-based context.

FINDING #2: COMPREHENSIVE DESIGN

You have to bring to the table a project that has all the elements of success.

Quint proposed a program structure that was fair and equitable. This structure considered both administrative aspects of the program and needs of the participants. It defined the structure in which properties were to be held, reflecting the best alternative for financing and administration of the project.

It was paramount that the structure ensure a level of input from project participants from the beginning, with progressively greater control as they de-

veloped stronger equity positions in their homes. This would also allow participants to accept responsibility and help develop pride and satisfaction in home ownership.

On the one hand, the program dealt with government concerns that the program move participants into a home ownership position in a timely fashion. On the other hand, flexible time lines allowed for the differences in individual abilities to become independent home owners.

FINDING #3: PARTNERSHIP IN IMPLEMENTATION

Part of the process of developing the housing program was to foster an array of partnerships to support its implementation. They enabled the project to be more cost effective, bringing outside expertise to bear on project co-ordination, management and mentorship, purchases, construction and renovation, and financing.

One partnership that was at first pursued was with Canadian Mortgage and Housing Corporation (CMHC). CMHC had eliminated support to social housing projects. Quint felt this was an opportunity for them to become involved in a innovative project that could carry its own maintenance and capital costs after an initial infusion of equity from municipal and provincial governments.

As it turned out, Quint Affordable Housing Program was developed without support from CMHC. Given the rather inflexible and unwieldy federal process, CMHC could not respond in time to take part. Apart from provincial and municipal government equity infusion, no guarantees have been provided to secure the mortgages.

FINDING #4: ADJUSTING THE POLICY CONTEXT

In order to make it possible for this program to meet community needs, social assistance policy changes were required. The Saskatchewan Social Services Shelter Allowance Policy was defined in a manner that could have jeopardized the participation of social assistance recipients over the length of the project. Quint had to put forward a strong case that there would be

substantial cost savings in the long run if Social Services supported an alternative to the existing policy. The provincial government showed itself a true partner by making an exception to the policy for community-based affordable housing projects.

The choice of a co-operative structure presented additional legal challenges. Philosophically, a co-operative was the most effective way to provide support for the participants while giving them some control over their own futures.



Quint board members & advisors formed the founding board of the QHC, not the actual participants.... This built in a mentorship process that was strongly rooted in a process of community development.

Unfortunately, there were several road blocks on the way to incorporation. Traditional housing co-operatives hold a blanket mortgage for all units and collectively everyone pays on this mortgage. Quint wanted to structure the co-operative more as a holding company in which properties had individual mortgages. Participants paid down their home in order that the co-operative could transfer title to that participant. Prior to Quint's program, no model existed of a housing co-operative that transfers title or relinquishes equity to the individual.

Traditionally, housing co-operatives have been formed by the actual participants of a program. In this case Quint board members and advisors formed the founding board of the QHC, not the actual participants. Quint felt that this was necessary to ensure initial control with participants becoming involved over a period of time. This built in a mentorship process that was strongly rooted in a process of community development.

In brief, the QHC did not meet the requirements of a traditional legal co-operative. With the assistance of Saskatoon Housing Authority and SMGHD, the Saskatchewan Department of Justice agreed to register the program as a co-operative. This emphasizes the necessity to revisit housing policy and legislation at all levels to reflect the current social housing needs.

FINDING #5: INDIVIDUALS

The selection process was difficult for Quint staff and committee members. Many candidates attached stories about themselves and their families to the applications. With only ten houses available, many worthy candidates were not accepted. While working with the participants to view homes, it became obvious that one family did not give credence to the co-operative beliefs that would foster the success of the project. Staff and the Housing Committee had to review the circumstances and information that led to this conclusion, in order to make a decision about expelling the family from the QHC.

FINDING #6: THE MARKET

The project was restricted by financial constraints on individual homes and also the availability and ability of the New Careers Corporation renovation crew. Real estate prices increased 18% between the beginning of the project in April 1997 until QHC started to purchase homes that August. This issue was quickly dealt with by a vigorous review process that Quint undertook before purchasing commenced. Quint managed to find appropriate units within the proper program cap and the budget constraints of the participants.

FINDING #7: PROJECT EVALUATION

Quint is undertaking an extensive evaluation of the process and project parameters with recommendations on changes that will help facilitate more affordable housing in the core neighbourhoods. All partners and participants will be involved in the evaluation to encapsulate the issues that are important to community, government, and business.

This is one of the essential ingredients to the on-going success of housing rejuvenation projects. It validates the partnerships that were built and ensures that both negative and positive aspects of the development are addressed by all involved parties. This inclusive process builds strong organizational credibility in the community.

FINDING #8: ORGANIZATION SUSTAINABILITY

Issues that reflect on organizational goals and objectives always arise in the course of the development of a project. They have to be addressed.

In Quint's case, two objectives are particularly evident: to improve the quality and availability of housing for community residents, and to be self-sufficient CEDO. In this project there was no consideration of equity retention by the co-operative to continue the on-going development of housing

or to cover the cost of the management and development agency. In order for a program and the organization that administers it to become more self-sustaining, the taxpayers' investment must be utilized as prudently as possible.

There is great interest in expanding this project so that other families realize the

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benefits of home ownership. But resources are limited. Therefore it is in the interest of the community to examine alternatives that enable greater participation of families in the co-operative model.

The following principles are offered to assist in evaluating these alternatives:

- Minimize the impact of equity leveraging on participants, to ensure continued affordability.
- Leverage any excess equity from both contributions by funders and from the appreciation in the value of the property.
- In leveraging this equity recognize the contributions that the participants may have made.
- Structure agreements with participants to promote self-sufficiency and to reduce dependency upon the co-operative.

It is necessary to leverage all available financial resources, with the intent of increasing the positive impact to the community of each dollar contributed by funders. Only when looking at the individual, community and organizational needs in a holistic manner, will you be able to maximize the benefits to the community. ❧

All photos courtesy of Quint Development Corporation and Bill Holden, Planning Department, City of Saskatoon.

Former community economic development manager at Quint, GARY WILSON has also served as general manager of Chief Isaac Incorporated, a First Nation development corporation in Dawson City, Yukon. (His article "Anatomy of a Joint Venture," in the Winter 1996 issue of *Making Waves*, explains the negotiation and co-ordination of a socio-economic accord with a mining corporation in Chief Isaac's Traditional Territory.)

Currently, Gary works for The Comunitas Group, a Washington State-based not-for-profit holding company that has an active portfolio of non-governmental organizations and business entities with business interests in both the U.S. and Canada. This includes the Washington State trade organization for community develop-

ment professionals, Social Capital Investment (a venture capital fund providing equity investments in community-based businesses), and Syndetica (a professional services group assisting non-governmental and quasi-governmental organizations concerned with issues of profit-making social venture development).

Gary is also an active community volunteer. He sat as a direc-

tor of the Yukon Literacy Board and was involved in the development of the Yukon Literacy Coalition. He was on the executive committee of the Yukon Conservation Society and has sat on the board of directors of the Canadian Cycling Association.

Gary's educational background is in Environmental Studies (Simon Fraser University) and Regional and Economic Development (University of Saskatchewan).

