

The background of the page features a stylized illustration of a multi-story building under construction. The building's frame is visible, with numerous windows and doors outlined. A tall, slender street lamp stands in front of the building, casting a soft glow. To the left of the building, a tree with dark foliage is partially visible. The entire scene is set against a light blue background. On the far left, there is a vertical red bar with white dashed lines, and a small white rectangular box is positioned at the top left corner.

# Homegrown Solutions maison

*New Beginnings Housing  
Cooperative*

Home Ownership Made Easier

**Assisting communities to  
identify strategies and  
options for meeting  
their housing needs.**

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**Aider les collectivités à  
définir des stratégies et des  
solutions adaptées à leurs  
besoins en habitation.**

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***New Beginnings Housing  
Cooperative***

**Home Ownership Made Easier**

*Documentation and Analysis*

Submitted to:  
Homegrown Solutions

Canada Mortgage and Housing Corporation  
Société canadienne d'hypothèques et de logement

Canadian Housing Information Centre Centre canadien de documentation sur l'habitation
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## **Preface**

This report was produced under the auspices of *Homegrown Solutions Maison*, a grant program funded by Canada Mortgage and Housing Corporation and administered by the Canadian Housing Renewal Association, The Co-operative Housing Federation of Canada, Canadian Home Builders' Association, and Federation of Canadian Municipalities are partners in the initiative, participating in the steering and selection committees for the initiative.

*Homegrown Solutions Maison* was initially funded in 1995 by the federal government as a national enablement demonstration initiative with the objectives to

1. help locally based community organizations to meet housing need by identifying and harnessing new and existing resources available to their communities; and
2. demonstrate and share the ideas and approaches used to respond to local housing need

*Homegrown Solutions Maison* is not just about physically producing houses, it is an effort to build local capacity and enable communities to be creative in leveraging the resources that already exist to meet local needs.

This final report has been produced by the West Flat Community Centre as documentation of this initiative in order to share this information with others seeking to similarly address affordable housing need in their community.

A total of 13 initiatives were selected in 1996 and each will culminate in a final report during the latter part of 1997. A further 18 initiatives were funded in 1997 with the initiatives then being implemented in 1998/99 and reports produced as each initiative is completed.

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## **EXECUTIVE SUMMARY**

### **Project Highlights**

This is an initiative which allows low-income households to own their own homes at costs below that of renting. Benefiting from the relatively lower price of housing in Prince Albert, the initiative has developed a program *Home Ownership Made Easier (HOME)* to acquire and renovate existing homes. An advisory group of community partners helped low-income households form a cooperative which oversees the purchase and renovation of the homes and holds the mortgage until it is repaid over a 10-year period. At this point, the occupant receives title. The cooperative members participate in providing sweat equity toward the down payment. The province and city have also provided some financial assistance to help meet the down payment.

Since its inception in early 1997 the cooperative has assisted 14 households to acquire and renovate homes for less than \$40,000 and valued at approximately \$53,000 after renovation. The typical monthly cost is under \$350/month. Their aim is to assist 20 households in this pilot phase.

### **Funding and Community Resources**

The idea came from a local realtor who brought it to the City of Prince Albert. The city then drew on other community representatives and provincial agencies in a true partnership. The group secured a grant from Homegrown Solutions and hired a coordinator to help develop it further. The local Credit Union agreed to provide loan financing and the province and city provided funds to help cover down payments, complementing sweat equity provided by co-op members who worked to renovate each others homes.

Under a contract with the provincial New Careers program, individuals participating in a work experience program provided 1600 hours of home rehabilitation labour. The Credit Union provided financial counseling to prospective purchasers and also gave a grant of \$10,000 toward administrative expenses of the initiative. Technical support and advice on renovation were provided by existing housing agencies, various provincial departments and community groups.

The city provided other services including technical assistance from building officials in inspecting homes prior to purchase and providing advice on renovation work.

### **Impact on Affordable Housing Supply**

Homes in Prince Albert are already quite affordable -- they can be acquired for as low as \$20,000. However, low-income households sometimes lack the knowledge and often lack the down payment to become home owners. The initiative provides a supportive process to help individuals develop financial and ownership skills to move to ownership. Through the renovation process it has helped to upgrade the existing housing in the city.

### **Lessons and Adaptability**

Initially, the idea was to help social assistance recipients become more self-reliant through homeownership. However, the steering committee refocused the initiative on low-wage households. Because they wanted to ensure the first effort would be a success on which they could build, the steering committee decided it would be best to screen applicants for construction, renovation and administrative skills.

The initial idea was to access the CMHC 5% down payment program and try to use sweat equity through renovation work to cover the down payment (i.e. no cash down). As the participants were low-income, with insecure employment and some existing debt load they did not qualify under existing CMHC criteria.

Even at low home prices, it proved extremely difficult to generate a down payment of 25% solely through sweat equity as this level of renovation required significant expenditure on materials. The province offered to provide down-payment assistance (20% of the value up to \$7,500); the city agreed to provide the other 5% (\$1,875). This suggests that some level of public assistance is required to make low-income housing feasible. Greater flexibility in CMHC insurance criteria would also help. With a 95% loan, and recognition of sweat equity as part of renovation it would be possible to help people buy homes, in lower cost markets with no cash assistance from government. In higher priced markets, some additional funding support would be required.

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## Acknowledgements

The New Beginnings Housing Cooperative is the successful result of hours of hard work with the spirit and belief that people must support and help each other if strong communities are to grow socially healthy citizens. This report is a description of a housing program developed by the work of past and present members of the New Beginnings Housing Cooperative:

Joanne and Don Abramyk, Linda Aimoe, Maureen and Edgar Ahenakew, Diane Bilquist, Shannon and Brian Brass, Doreen and Don Bruce, Mary and Cornelius Budd, Sandra and Sid Burns, Lee Carriere and Eve Jerome, Jeanne Fiddler and Brad Dubois, Leeanne and Lyle Franson, Marlene Frigon, Karen and Brent Gerlach, Betty-Lyn Halcro and Shane McDonald, Lisa Lupichuk, Gloria Korsak, Brenda Mateush, Frances and Maurice Merasty, Patricia Redhead, Cindy Rickard and Ron Roy, Cindy and Steve Ross, Tom Swain, Helen and Rick Warner, Wanda Woods and Garth Gamble.

The cooperative was supported by an advisory committee of:

Floyd Baldwin, Merv Bender, Rene Blom, Gifford Brass, Jeff Fisher, Janita Kohlruss, Brian Lloyd, Dale Smith, Penny Sommervill and Denton Yeo.

Thanks are offered to many other supporters of the project:

Anne Tabachniuk, Laurent Fournier at the West Flat Community Centre, Trevor Wilson, John Atwater, Betty Hildebrand, Ed Nabess and all the crew at New Careers Corp., Dave Albright And Vic Lemieux of Econo Lumber, Chad Hintz of General Paints, David Yost of Yost, Cherkewich & Heffernan law office, Clara Baldwin of Century 21 Real Estate, Raquel Exner of The Prince Albert Daily Herald, Ron Sotski, Diane Baird and Murray Kvinlaug of Sask. Housing, Municipal Services Dept., Glen Carlson Architect, Hilary Falhman Midcon Engineering, Don Saunders Of Saunders Electric, Len Lundell, Laurent Mougéot, and Ann Tkachuk of The Planning Dept. Prince Albert City Hall, Denis Paradis of Paradis Construction and the family and friends who came out with a hammer or paintbrush.

Marie Symes-Grehan, Project Coordinator  
Prince Albert, Saskatchewan, September 1997

## 1. INTRODUCTION

One of the most powerful images of family life in Canada is to own ones home. Private ownership of a house is held up to represent security of place in the community yet the dream seems to slip further away each year for many people.

The present structure of residential ownership in some inner city neighbourhoods is contributing to the growing poverty in Canada. It is also contributing to the continued decline in quality of housing stock. Many working families will remain poor because they are spending a large part of their income in rents. These rents are providing profit to landlords and paying off the mortgages as well.

In cities such as Prince Albert small, sound houses can be purchased for as low as \$20,000 and rented out at \$500 per month. With \$10,000 worth of materials and the sweat equity to upgrade the home - adding two bedrooms, a rumpus room, laundry room and a bathroom in the basement the house can be valued at \$40,000. The monthly payments of principal, interest and taxes on the considerably improved house are \$311.00 (an actual home in the New Beginnings program). There is a deep resentment as the monthly rent payments buy the house for the landlord and leave too little to save for ones own down payment.

The original residential neighbourhoods of Prince Albert contain many small but sturdy homes built long before the present health and safety building codes. Plumbing, electrical and heating systems need upgrading together with structural changes to meet the present building codes. It is hard to fit today's family life style, appliances and furniture into the small rooms of yesterday's house design. Renovation can be expensive, take time and can be technically challenging.

In Prince Albert almost half of the houses in the West Flat area and many on the East Flat are rented. Many fall far short of meeting the present day codes and there are many reasons why landlords are not going to spend the money required to renovate the houses to code.

Renovation means higher taxes. Renovation means less profit. Low property values and low appraisals make landlords reluctant to invest in upgrades and banks are conservative in the amounts loaned. There is a limit in what people can afford in rents and landlords believe the market can't cover the costs of serious renovation and provide the return on investment they want. Any work that gets done is usually cosmetic; to improve "rentability" while health and safety needs remain untouched. With disincentives built in at all levels it is likely that the quality of housing stock will continue to decline.

There is an almost total lack of public housing policy, programs and commitment for new construction by governments and building costs preclude any hope that the private sector can deliver the needed houses for many families.

New Beginnings Housing Cooperative (NBHC) is a small attempt to fix up older neighbourhoods, provide safe and attractive housing and give the security of tenure and equity that comes from a home of ones own.

## **2. BACKGROUND**

Floyd Baldwin is the owner/broker of Century 21 Real Estate in Prince Albert. Over the past few years he has helped several low-income families make unconventional financial arrangements for home purchase with their landlords. Noting that the Dept. of Social Service shelter allowances were often higher than the costs of the mortgages on the homes people were renting and the absolute refusal of banks to lend to families on assistance he convinced some landlords to use the rents as payments towards purchases. Seeing the difference that ownership made in the lives of people and the improvement it brought to the houses through new repairs, Baldwin approached the City to see if a formal program could be developed.

Denton Yeo and Laurent Mougeot of the City Planning and Development Dept. saw the value in the ideas and an informal process began over the next year and a half. Staff from several provincial government departments and agencies and the Prince Albert Credit Union joined the discussions and helped shape the concept that came to be called the HOME program (home ownership made easier).

## **3. INITIAL OBJECTIVES**

Originally the idea was for families on social assistance to start a housing cooperative. The Prince Albert Credit Union would provide the coop mortgages to purchase modest homes and materials for renovations. The families would provide the labour to help each other renovate the houses. The improvements had to raise the appraised value of the house by 25% over the cost of house and materials and this work equity could constitute the down payment on the homes. Families would select their own homes and the monthly principal, interest and taxes could not exceed the provincial shelter allowance they were receiving. After the mortgage was paid off (thought to be amortized over 10 years) title would go to the family.

As the idea evolved and the group met various challenges the objective of developing a process to enable lower income households access ownership affordable ownership through self-help and sweat equity remained consistent. However the target group shifted to include primarily low wage households, rather than the initial target group of social assistance recipients. The reasons for this shift are discussed later.

## **4. GETTING STARTED: DEVELOPING A BROAD COMMUNITY PARTNERSHIP**

The initial group, drawn together by Floyd Baldwin formed an informal Advisory Committee. This committee spent hours discussing and shaping the concept and began to formulate how best their individual agencies could support the program. Early in 1996 Mougeot wrote a proposal to Homegrown Solutions for a grant to hire a project coordinator to implement the concept. The job description called for someone with experience in housing development and a strong community development background.

It is important to note that for the most part the Advisory Committee is a very informal group. Members and agencies participate fully but are not caught up in having to develop specific internal policies or approvals that a formal process or program would require. The aim from the beginning was clear that agencies would assist the cooperative not direct it. The following list acknowledges the people on the committee, their agencies and the supports they bring to the program.

**The City of Prince Albert**, (Denton Yeo, Director of Planning) offered \$4,000 worth of support services for program administration costs. The City made it known that flexible arrangements would be considered to purchase City owned vacant lots if needed (perhaps 20% down and the balance paid after the mortgage is paid off). City staff assist in many ways. Building and fire inspectors are available to assist coop members in assessing the condition of homes considered for purchase and the requirements to bring them up to codes. The Planning department acts as a direct liaison with City Council and other departments for NBHC. The City of Prince Albert also provides 5% or \$1,875 per home toward the down payment.

**Community Groups**, West Flat Community Centre (Laurent Fournier, Director) and the Prince Albert Community Services Centre (Merv Bender, Director) provided a connection to the community. The West Flat Citizens Group administered the Homegrown Solution grant, provided meeting space for the Coop and gave a community face to the concept. Merv Bender serves as the chairperson of the Advisory Group. The knowledge and understanding gained through years working in the community service sector was invaluable to the members of NBHC in the early months of the process. Beyond sound advice was the ability to support the development of consensus building, trust, decision making and action to make things happen.

**Provincial agencies**, the Saskatchewan Department of Social Services (SDSS, Jeff Fisher, Social Worker) and Saskatchewan Department of Economic and Co-operative Development (SDECD, Brian Lloyd, Regional Development Co-ordinator) assisted in community and board development. Staff has assisted in development of administration capacities through training sessions on the duties, powers and responsibilities of the Co-op Board and members. Both men are skilled in working with groups and have offered much to the policy development process.

Technical support was contributed by of New Careers Corporation (NCC, Gifford Brass, director, Penny Somerville, program manager, Betty Hildebrand managing director). New Careers is a crown corporation of the Saskatchewan Government set up to provide job training for people on income security programs. Staff and workers from NCC work experience program (WEP) assist members in home renovations - they contributed some 1600 hours of labour to the project. Office space and equipment is also provided to the project. NCC has also provided the project management support for the home renovations. They are a key component of the program.

The Housing Division of Municipal Government Department of the Saskatchewan Government entered the partnership later on, offering to provide funding support for housing down payments as the group was experiencing difficulty providing a 25% down payment solely through sweat equity. The officials from the department worked closely with the Board of the cooperative to design a pilot program. The department provides 20% of the down payment up to a maximum of \$7,500 per house for 20 houses.

**Prince Albert Credit Union** (PACU, Dale Smith, Business Development Manager), were the source of invaluable financial support, and loans. The strong support of the management staff of the Credit Union has been the key to the success of the project. They have provided \$750,000 in pre approved mortgage financing as well as a \$10,000 administration grant to the Coop. The pre-approved blanket loan of \$750,000 was premised on acquisition of properties valued at \$1million. The Credit Union contributed countless hours of staff time to the project. Individual budget evaluation and financial counseling with coop members, setting up of mortgages on each property purchase, disbursements to suppliers and sub trades for the renovation materials and support with many related financial matters are handled personally by Dale for the Credit Union.

**Existing housing corporations:** Northern Spruce Housing Corporation (Janita Kohlruss, Program Manager) and (Prince Albert Housing Authority Rene Blom, General Manager), as managers of two large public housing authorities have offered much needed support and expertise in property management and policy questions to the Board. Both have been able to offer sage advice and sober thought to NBHC members when equity decisions were sought to solve common problems that could arise in the structure of ownership. Members are both landlord and homeowner with a need to balance the mortgage obligations of the cooperative with the need of individual sense of home ownership.

**An existing real estate broker** was the initial catalyst for the initiative (Floyd Baldwin, Owner\Broker Century 21) Floyd works as the buyer representative for the NBHC helping members find houses for purchase, arranging for formal appraisal, drawing up offers to purchase and coordinating many aspects of the purchase process along with Dale Smith of the Credit Union. His knowledge of the real estate market along with his determination to make this program happen have been a driving force throughout.

## **5. THE PROCESS, GETTING ORGANIZED**

The Advisory Committee hired a project coordinator in September 1996 with funds in place for eight months salary. The committee was clear that a strong background in community and group development was essential. The successful candidate also had experience developing a non-profit housing construction company and twenty years of community work among low-income people.

At the end of September the Advisory Committee held a news conference announcing the program and setting a date for an information meeting at the West Flat Community Centre.

The Committee was clear that the program was experimental, sponsored by no agency, government or organization. Twenty families who could not save enough for a housing down payment or could not get a conventional mortgage would be invited to form a cooperative and work with each other and the Advisory Committee to design a process to purchase and renovate 20 homes. Families would select their own houses and make renovation decisions. The families would help each other with the labour of renovation. When the mortgage was paid off the title would change from the cooperative to the individual family.

About one hundred families turned out at the meeting. The concept was explained and the application forms were available to be filled out. It was stressed that the families would write the rules and develop the policies of the coop and make and take responsibility for all decisions. The committee was offering an idea not a program. This was an opportunity for people who saw themselves as pioneers or self-starters. Seventy-four applications were received in the first week. Further plans for more meetings were dropped as expectation far exceeded the ability to deliver homes.

Four members of the Advisory Committee formed the selection group and narrowed the applications down to thirty families ranked in order of preference. During the selection process a major shift in program concept occurred. The application encouraged families to list their skills as well as an opened-ended question asking them to "tell us about yourselves". Many families had two employed adult members. Many of the men were experienced in some aspects of plumbing, electrical work and general carpentry. Many women had all kinds of administration skills and experiences.

The original idea that many of the families would be on some form of financial assistance was dropped. The committee decided to screen for success. It was reasoned that if the first twenty families could design the program and make it work then duplication for other families would be easier. Priority was given to families with members experienced in some aspect of home construction trades or administration skills. All applications received a phone call telling people whether they were selected as part of the first group or not.

Applications contained a standard provision allowing for credit checks, landlord and employee references. Once these checks were completed the twenty successful families were invited to an interview with the selection committee where they could have a chance to ask any questions on their minds and confirm if they still were interested in the program.

Many of the applications had a large amount of consumer debt. Many had outstanding student loans that were not being serviced. People were not ruled out on these grounds. There had to be a good record of rent payment and some attempt to service debt. People were not screened out because they were poor. They were not selected if there was a history of irresponsibility toward debt obligation. As a strong cooperative they had to be able to depend upon each other to meet the financial commitments undertaken. Debt counseling and consolidation later became part of the support the Credit Union offered.

There was a high degree of excitement at the first meeting of the families and the Advisory Committee (AC). The group selected the name New Beginnings Housing Cooperative (NBHC), filled out the incorporation papers under the Provincial Act and selected an interim Board of nine members charged with completing the incorporation process and getting the group organized. A final Board would be selected after incorporation giving everyone time to get to know each other better. They struck a committee process with all families represented on committees of their choice. Policy,

finance, real estate, renovation and capital committees were established. Advisory Committee members also selected to sit with committees where they felt they could be most useful. This process insured everyone from New Beginnings and the Advisory Committee worked together with tasks to complete and the responsibility to communicate their finding and decisions to each other. It was a good way for everyone to make well informed collective decisions in the early days of the group.

Weekly meetings of the committees were held for the next two months ( mid October to mid December) as well as bi-weekly meetings of all members and the Advisory Board.

The Policy Committee developed policy to cover all questions raised by members. Procedure and rules concerning equity, tenure and work contributions were the major areas of concern. These were adopted by the members as a whole and incorporated into the lease-option agreement drawn up by the lawyer for each house with the individual family.

The policy on sweat equity required a lot of discussion and thought. Providing childcare for other members so they could do renovation work was deemed as important as the hours spent sanding drywall. Administrative functions and time spent on committees and phones for coop business was all considered sweat equity. It was never fully resolved how the group could deal with people who do not "do their share".

The Financial Committee developed with the Credit Union a budget format to determine the price of housing a family could afford. The individual families filled out the budget sheet and sat down with the banker to determine their comfort level for monthly principal, interest, taxes and a \$20 levy for a repair fund. Dale Smith of the PACU sat on the committee. It was decided that if a family felt they could afford a more expensive house then the budget process determined then they could appeal to the Finance Committee and have a hearing on the question.

Anyone who has worked with low-income families knows that there are sources of income that do not show up on the income tax return forms. It is very difficult for staff at financial institutions to understand or come to terms with this issue. A person who is doing foster care of children many have a monthly budget of \$2500 to operate the household on but if they are also on social assistance their income tax form income may only show \$1,200 per month. The truth is also many working poor in this country live to some degree within the informal economy. They pay little or no income tax because they do not declare all their income. They do this not because they are "cheats" they do this because they can not afford to pay the tax and maintain their families. They do this because their employer is operating within the informal economy. They also do this because many people do not want to pay GST on services they purchase and prefer to hire outside the formal economy when possible. These families will continue to pay off other people's mortgage and stay poor because no one will give them a mortgage based on such income.

It can be argued that the mortgages are in the name of the cooperative not the individual. Risk is spread over twenty families not the income of any individual family. If the members trust that the family can and will make the monthly home payments then the issue can be resolved. We have not

been able to resolve the issue of unreported taxable income. We raise it here because any group contemplating duplication of this model will have to address it. Certainly NBHC Financial Committee recognizes sources of income that would never be considered in a standard loan or mortgage application such as the money from foster care etc.

The Renovations Committee developed a detailed list of member skills. A repair-maintenance fund of \$20. per month per house was incorporated into the monthly home payment schedule. Members could draw upon the fund as a whole if a furnace or roof needed replacement. Members would pay in to a maximum of \$1200 plus repayment of any money borrowed. At the time of leaving the cooperative members could withdraw what they had contributed.

Annual housing inspections by the repair-renovations committee would allow the coop to budget and schedule needed major repairs. Emergency repairs would have to be dealt with on an ad hoc basis. All minor repairs are the responsibility of the homeowner.

The Capital Committee sent out a letter to real estate companies, lawyers, insurance companies, building material suppliers and trades offering to meet with any company interested in being the exclusive supplier to the Coop in return for discounts, donations or other services. They set up meetings with those who responded and brought back the offers and recommendations to the Board of NBHC for approval. Business and professional organizations have different codes and standards within which they can return a portion of their profit back to NBHC. Call it donations, discounts, credits or give backs, the money is used by the cooperative to cover administration costs. This money has been very important to cover unexpected renovation repairs that were not initially foreseen. Tear a wall down and sometimes there is some very scary wiring or plumbing behind it.

The bi-weekly meetings were an opportunity for committees to report their progress and get directions from the group if decisions had to be made. It was an intense time of much activity and an excellent opportunity for members to become acquainted with each other and build up the needed trust of each other and the program.

At the end of the process a lawyer, real estate buyer /representative, building suppliers and insurance company was selected. Plumbing and electrical and other trades contractors were added later on as the need became apparent.

Policies on many matters were adopted and translated into a lease option agreement each member would sign and register as a caveat on title on their homes at the Land Titles office.

In January 1997 the first home was purchased and renovation work begun. By December 1997, fourteen families had bought their houses jointly with the NBHC (the co-operative holds title until the mortgage is fully repaid in 10 years).

None of the participants, coop members, advisory committee or the project coordinator had undertaken such an idea before. They had no model, no existing program, no government funding. Floyd Baldwin stated it clearly, " when we hit the walls we will go around them, over them or under them, we know where we are going, we just aren't there yet, we will learn what we have to do". We made the road by travelling it.

## **6. SWEAT EQUITY, THE NUMBER ONE RESOURCE**

Initially, the Advisory Committee thought the Coop members could access the Canada Mortgage and Housing Corporation (CMHC) program allowing for a 5% down payment on homes for first time home buyers. The existing underwriting criteria in the CMHC 5% First Home Loan Program were however too restrictive and most potential purchasers could not qualify under this program. As a co-operative seeking a blanket mortgage which would be used to assist individual purchasers the NBHC was treated as a rental loan and again existing CMHC policies were prohibitive (the Co-op would still require a 25% down payment, and would charge a 5% premium for the insurance. As a result, the co-op chose to go ahead without mortgage insurance. This raised the sweat equity requirements considerably. Now this sweat equity would have to be equivalent to 25% of the value of the home (if no other cash downpayment available).

Achieving 25% equity through labour alone was a difficult challenge. It meant buying homes that required a lot of renovation work. It also began to dictate what choices were available. Two similar houses could be available and the same renovations proposed but if the house of first choice was on a street with smaller homes or homes in poor condition the appraiser would value it at less than the same home in another section of town. To generate sweat equity value of 25% would require a very significant renovation, and material costs associated with this renovation were excessive. A prohibitive level of material dollars would be required in a renovation to allow the first home to reach the magic 25% sweat equity formula under the present process of appraisal. As discussed under provincial government support, the coop was able to overcome this problem through a provincial funding to cover the downpayment.

The program has been most fortunate to be able to get assistance from the Provincial New Careers Corporation (NCC). The program employs people on provincial social assistance to training on the job programs. The Work Experience program does community construction projects with the non profit sector, helping to build day care centres, renovate buildings such as the Girl Guides hall etc. The program provides NBHC with trainee workers and some skilled project management and has been a great help in contributing over 1600 hours of free labour to raise the value of the homes. The NCC is being discontinued at the end of the year so budgets are frozen and ability to commit support to NBHC has greatly diminished although staff is doing the best they can with limited resources.

## **7. MEMBER PARTICIPATION**

Only about half of the families have come out to help each other with the renovation process. Meetings, letters and phone calls have not changed this situation. Preliminary evaluation suggests several factors. The families who have consistently shown up to help each other are also the families who have taken the initiative to get approved financing, find the house and begin the renovations. They are the real self-starters. There may be some degree of hesitancy based on the scope of the challenge. Some may not have a circle of friends and family with the required skills around to help.

All members are encouraged to learn renovation skills by coming out and helping. This does not automatically assure people that they too can take on the task of home renovation on this scale. They have had the benefit of landlords who performed repairs. Many purchasers have had little experience in home maintenance. Certainly there is economic security in public housing where rent is set at 25% of income. Many of the members do not have a great deal of job security.

The women have had several discussions about their lack of experience in housing repairs and renovations. They have pointed out that the men are not always skilled in explaining and showing women how to do the work. Too often, women get left holding "the dummy end of the tape or board". A recent new member is a single mom with a lot of experience in housing repairs. She has offered to teach the women in the cooperative. Her home renovation will be an all women crew. There is a lot of excitement among some of the women about the idea. It is seen as a way to overcome any hesitation shown to date.

One can not make people participate but it is extremely important to encourage people to do so. Frustration and resentment can build quickly among members who have contributed a lot of hours to the work of the cooperative towards those who have contributed little.

Members have been mindful to keep dialogue open. Our education system and our society are built around individualism and competition. We do not have a lot of experience in working together. It must be learned. It is especially interesting since private property is often considered the ideal form of housing to strive for. The goal of NBHC is to deliver a privately owned home to families using the cooperative process.

The Board of NBHC plans to meet with each member family who has not yet purchased a house or those whose participation in the work of the cooperative is considered lacking. Through the process of an interview it is hoped that an understanding will be reached to change the present situation. The group will help the member to overcome the roadblocks that are stopping them from participation. We know that for some it is the fear of undertaking something unknown. It is critical to the long-term health of the cooperative that the members support each other. Frustration must be turned into understanding. We need to learn how to support each other. We must learn to respect differences and see diversity as strength. If a member has allergies to dust perhaps they can do childcare for another member who can sand drywall. The building of the group is as important as the building of the houses.

## **8. PROVINCIAL GOVERNMENT FUNDING SUPPORT**

After six months into the program, and the purchase of the first two houses NBHC was approached by the Housing Division of Municipal Government, Department of the Saskatchewan Government. The department proposed funding support for housing down payments. The officials from the department worked closely with the Board of the cooperative to design a pilot program.

The department provides 20% of the down payment up to a maximum of \$7,500 per house for 20 houses while the City of Prince Albert provides 5% or \$1,875 per home for a total of \$9,375. It is

in the form of an interest free loan for a term of ten years. Depending upon the income up to 100% can be a forgivable. The NBHC came to an agreement with the City and Province that members would pay 30% of the loan back to the cooperative.

The loan program is only available to families earning under \$30,000 per year (most of the participants are below this level). To keep some form of fairness and equality among the cooperative, members have arranged through the Prince Albert Credit Union a line of credit for \$30,000. This is available to the families earning over \$30,000 to borrow interest free and use as housing down payments. They can borrow up to a maximum of \$9,375 each, the same as is available to the other families who qualify under the provincial program. The cooperative members as a group pay the interest payments on the borrowed line of credit. The Credit Union is protected through the 30% loan pay back provision built into the provincial program.

This added source of capital can be used in two ways. Families can purchase a home with a lot less renovation requirements and use the provincial/city loans as down payments. Some families have chosen to buy a more expensive home and use the loans plus the sweat equity to finance the down payment requirements.

The funding has allowed the cooperative to speed up considerably the purchases of homes. Less renovation work is now required.

## 9. FUTURE DIRECTIONS

The members of New Beginnings want to see the benefits of the program be made available to others in the community. They have decided that approximately 20 members is optimum for the cooperative so that they can know each other and be able to responded personally and supportively if members get into financial problems that involve house payments. A larger coop would require more administration. This could become difficult and possibly beyond the scope of the Board without having to hire administration. Then the concept of cooperative is changed.

An analysis of the jobs and incomes of the cooperative members showed some interesting socio-economic data:

- ❖ NBHC is rich in skilled, trained people who have jobs that are low paying, insecure tenure and a remarkable lack of benefits;
- ❖ Shift work, casual, temporary, part-time, and seasonal, contract or term positions, every job seems to have a caveat of some kind attached to it;
- ❖ Forty percent (40%) of the members work in positions in the community health and social services sector looking after children, elderly, corrections, addictions, support to the disabled etc.

- ❖ Services cut by government in the health, welfare and education departments have been picked up by the non-governmental and First Nations sector for delivery. The jobs, employee benefits conditions of work and pay scales are no longer protected by unionization.
- ❖ Forty-four percent (most of the men) find work in the non-union construction and building supply and trades sector. Seasonal and temporary jobs are most pronounced for this group.

Financial institutions are reluctant to loan to workers facing this level of uncertainty.

Recently the Board has made the decision to explore the idea of an economic development corporation. The concept includes helping single parent families set up another housing cooperative, doing the major renovation work on the modest houses and training the single mothers (most poor single parents are women) to do some of the renovation work. As the women become more skilled they will take on more of the renovation work.

It is hoped that this new thrust in economic development will provide New Beginnings members with more full time, better paying work built on the strengths developed by the cooperative experience and be able to expand the benefits of home ownership to another group of people who have even less choice in housing.

## 10. SUMMARY

Low interest rates and low housing prices in Prince Albert combined with a community minded credit union, socially minded public servants and private business people, a community development process and hard work and dedication of the New Beginnings Housing Cooperative families have produced an extremely successful pilot program.

Any group wishing to duplicate the NBHC program will need to build some form of project management, such as the co-op/steering committee used here. Renovations of this scale can not proceed smoothly without a carpenter skilled in project management. Despite the fact that there are several people in the cooperative who are experienced with construction trades and home renovations they do not have the skill level required for a program of this scope. Quality of workmanship, knowledge of techniques, time available and work staging are issues. It is not an easy proposition to bring old homes up to the required standards. Part of the challenge is the difficulty to achieve an overall increase of in appraised value (to reflect sweat equity) over purchase and materials costs.

Through this experimental initiative the advisory committee and the coop learned a number of lessons and adapted the program to reflect this experience. For example, shifting the focus from exclusively welfare households to those on low wage that showed good potential to be successful (and thereby enhance the future of this type of self-help community based approach.

A concern that the group wishes to raise is the effect of the current CMHC policies with respect to mortgage insurance. The NBHC was unable to use the 5% downpayment option for the individual members and would have faced significant insurance fees to secure mortgage insurance on a blanket

loan. Without the financial assistance of the province and city the initiative would have faced serious constraints. One option would be to seek households with higher incomes who would meet CMHC criteria. However, the objective was to serve needy households. It is recommended that CMHC examine its policies in this area and consider mortgage insurance to cover 95% of the mortgage to housing cooperatives for low-income people. The cooperatives could and should still strive for a large component of sweat equity to get older homes up to present day building codes and keep the monthly payments low and free of direct subsidy.

It is noted that this program can only be duplicated in its present form in communities where houses can be purchased for under \$50,000. Any higher costs and it becomes difficult without subsidies. Interest free loans and loan guarantees are a good use of public funds as the state has a very definite interest to keep its people in safe housing.

Based in part on the success of this initiative in Prince Albert the province is now developing a program to facilitate assisted homeownership in other communities - Regina and Saskatoon. Unlike the Prince Albert situation these are being managed directly by the Province, or a community development agency, rather than establishing a co-operative.