

# **HOME BUSINESS IN SOCIAL HOUSING**

## **A POLICY AND PROGRAM IMPLEMENTATION STRATEGY**

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**by**

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## ***PURPOSE***

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The purpose of this report is to identify the elements of a policy and program to permit and encourage the development of home businesses in a social housing setting. The report identifies roles and responsibilities for various housing stakeholders, and the relationships among them and with non-housing partners to make such a policy and program a reality. The report also identifies the manner in which social housing residents can achieve self-sufficiency through home businesses and the types of resources and support required for them to do so.

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# **EXECUTIVE SUMMARY**

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This report developed a model policy and program for implementing home businesses in social housing.

A literature review uncovered compelling reasons to explore the possibility of permitting home businesses in social housing, including the fact that the number of home businesses and self-employed people are growing, and that small and home businesses are significant contributors to community and the economy. Furthermore, many provinces and territories have taken over the management and administration of all social housing except for that on-reserve, and are developing new programs such as transitional planning programs for social assistance recipients.

A Discussion Paper on the topic of home businesses in social housing was widely circulated and feedback received. Key informant interviews were completed with government staff across several departments, and with social housing managers and community development practitioners to obtain further insights on the issues and on how a home business policy and program could be developed. A focus group workshop involving a variety of housing stakeholders and social housing residents was used to develop essential elements in a policy and program and to identify roles and responsibilities, as well as resources both present and required to support such an initiative.

The report identifies eight actions to be taken by the province prior to adoption of the policy and program. It then describes the contents of the policy and program, and the steps to its implementation. Lead and secondary responsibilities for housing stakeholders and others are identified. An evaluation framework is provided.

## RÉSUMÉ

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Le présent rapport fait état d'une ligne de conduite et d'un programme témoins visant la mise en oeuvre d'entreprises à domicile à l'intérieur de logements sociaux.

Le dépouillement de la documentation a permis de découvrir des motifs irrésistibles de sonder la possibilité d'autoriser les entreprises à domicile à l'intérieur des logements sociaux, sans compter que le nombre d'entreprises à domicile et de gens travaillant à leur propre compte est en hausse et que les petites entreprises et les entreprises à domicile apportent une contribution importante à la collectivité et à l'économie. De plus, bon nombre de provinces et territoires ont pris en charge la gestion et l'administration de tous les logements sociaux, à l'exception des logements dans les réserves, et s'affairent à élaborer de nouveaux programmes comme des programmes de planification transitoires pour les prestataires d'aide sociale.

Un document de discussion portant sur les entreprises à domicile à l'intérieur de logements sociaux a été largement diffusé et a donné lieu à des réactions qui nous sont parvenues. Des entretiens ont eu lieu avec des spécialistes du gouvernement oeuvrant au sein de plusieurs ministères, de même qu'avec des gestionnaires de logements sociaux et des agents de développement communautaire dans le but d'obtenir une meilleure idée des enjeux et de la façon d'élaborer une ligne de conduite et un programme axé sur les entreprises à domicile. Un atelier réunissant différents intervenants du domaine du logement et occupants de logements sociaux a permis de mettre au point les éléments essentiels d'une ligne de conduite et d'un programme et de définir les rôles et responsabilités ainsi que les ressources aussi bien qui existent que celles qui seront requises pour soutenir une telle initiative.

Le rapport relève huit mesures que les provinces devront prendre avant d'adopter la ligne de conduite et le programme correspondant. Il décrit ensuite la teneur de la ligne de conduite et du programme, et les étapes menant à sa mise en application. Le document définit les responsabilités principales et secondaires incombant aux intervenants du domaine du logement et aux autres. Il offre même un cadre d'évaluation.

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# INTRODUCTION

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The purpose of this report is to describe a policy and a program to facilitate the establishment of home businesses and microenterprises in social housing. This income-producing activity has the potential to be used as one of an array of transitional planning tools social housing residents may use to help them move toward self-sufficiency. A further benefit lies in the potential that as social residents who launch successful home business move into the marketplace, more social housing units become available to those households on waiting lists.

The specific objectives of this report are:

- △ To identify the potential impacts of home businesses on social housing households, including contributions to self-sufficiency, self-esteem, income, and marketable skills development.
- △ To identify the current policy, program, and regulatory issues and barriers that restrict the establishment of home businesses in social housing. These include zoning and taxation issues, program restrictions related to use of the unit and income limits, and general business development issues and barriers.
- △ To identify examples of community and government programs that either permit home businesses in social housing, or which serve as models of support for microenterprise development in a social housing setting.
- △ To develop a policy and program that would permit home businesses in social housing, including an evaluation framework.
- △ To identify the roles and responsibilities of housing stakeholders and others, and identify resources required, in the development and implementation of such a policy and program.
- △ To recommend specific actions to implement a policy and program permitting home businesses in social housing.

The report is primarily directed to senior staff of provincial housing departments and agencies who may be interested in the possible adoption and implementation of a home business policy and program for social housing. While much of the research took place within the context of the Province of New Brunswick, the findings and recommendations are applicable in any Canadian province. Additionally, the recommendations made in this report are non-binding and should be taken as a guide or first step in helping to understand the possible shape of such a policy and program.

## Background and Context

A series of developments in recent years have created an environment whereby now is an opportune time to explore how home businesses could be permitted in social housing to achieve a range of objectives and outcomes.

## Limited Resources / Existing Stock

There is little or no new money for new social housing construction. It is critical that the existing stock be used to its full potential as a community development tool, and that it provides a place for people to improve their lives and become self-sufficient. This will enable those who wish to and have the means, to move into the private marketplace, freeing up units for others.

## Devolution and Transfer of Administration

Several provinces and the NWT have recently signed an agreement with the federal government to take over the management and administration of all social housing stock except that on-reserve. This presents an opportunity to develop innovative and better programming for residents. It also allows for greater flexibility in using the whole social housing stock to best meet the needs of its residents.

## Transitional Planning

Several provinces are examining how to assist social housing residents make the transition from social to



market housing. In New Brunswick, Department of Municipalities, Culture, and Housing (MCH) staff, in partnership with Human Resources Development - New Brunswick (HRD-NB) staff, are developing a transitional planning program. It was first presented at the New Brunswick Non-Profit Housing Association (NBNPHA) conference in May 1997. The program will provide social housing residents expressing a desire to move into market housing guidance and planning advice to develop a personal program (e.g. education, training, etc.) to meet that objective. This is still in the formative stages and it is not yet known when it will be implemented as a full provincial initiative. There is a possibility to include a "home business option" within transitional planning as one of the tools available for social housing residents.

At the same time, the province is hoping to provide better housing choices for existing social housing residents. For example, with more stock to work with as a result of the CMHC transfer, there is an opportunity to move people wanting to attend community college or university closer to those locations. In this vein, there may be some social housing units better suited than others for home business activities. It may be possible to explore how those who express an interest in home based businesses could be moved to social housing locations most suited to home business activities.

### **Self-Sufficiency**

Many provinces have begun to adopt general policies and program thrusts which encourage their citizens to become more self-sufficient. The Province of New Brunswick, for example, has been promoting the concept of self-sufficiency - for the province itself, for communities, for families, for individuals. Permitting home businesses in social housing could contribute in a significant way as a means to help some social housing households achieve self-sufficiency.

### **Methodology**

The genesis of this research project had its roots in informal conversations between the author and senior policy officials at New Brunswick MCH

about possible opportunities that could be developed in social housing within the context of CMHC's transfer of administration of social housing to the Province of New Brunswick. Permitting home businesses was seen to be one of those opportunities.

**Step One** involved a **review of the literature** on home business, microenterprise development, self-sufficiency, and social housing to determine the range of issues and challenges.

**Step Two** involved the **preparation and distribution of a Discussion Paper** on the topic of *Home Business in Social Housing*. It was distributed to social policy advocates, representatives of social housing groups including the NBNPHA, community development practitioners, and staff in provincial government departments including MCH, Advanced Education and Labour, Health and Community Services, Finance, and Human Resources Development. Respondents were invited to comment on key questions identified in the Discussion Paper.

**Step Three** involved a series of **key informant interviews** with some of the people who received the Discussion Paper to solicit more detailed feedback on specific issues.

**Step Four** involved a **workshop** to develop the framework and content for a policy and program permitting home businesses in social housing. The participants, listed in Appendix A, included some of the those who responded to the Discussion Paper and participated in the key informant interviews, as well as residents of cooperative housing and public non-profit housing.

### **Outline of Report**

The next section describes the linkages among home business, social housing, and self-sufficiency. This is followed by a summary of lessons learned from programs which support community, small, and home businesses. An analysis of various options and issues which influence policy and program design for social housing are examined in a separate section. A recommended policy and program for

home businesses in social housing follows, including an identification of roles and responsibilities for various housing stakeholders. The report concludes

with a summary of key findings and recommendations for action.

# **LINKING HOME BUSINESS, SOCIAL HOUSING, AND SELF-SUFFICIENCY**

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For the purpose of this report, home businesses are “those owned and/or operated by self-employed entrepreneurs working from their home or adjacent building on a home or residence property who may or may not employ additional individuals either from the family or beyond.” (Dykeman, 1989)

This section identifies the role of home businesses as sources of employment and their contribution to communities, and more importantly, identifies the linkages among home business, social housing, and self-sufficiency.

## **Role of Home Business in Community Development**

Community development is largely about individuals, independently or with others, taking control of their future. It is also about fostering a sense of well-being for one’s self and for one’s community. In a world today with ongoing global changes and uncertain economic fortunes, it is important for people to find ways to help themselves without relying heavily on others. Operating a business from the home presents one opportunity for doing so.

Data showed that in 1987 in Atlantic Canada, home businesses accounted for 63,000 full and part time jobs, and contributed \$1.2 billion to the regional economy. (Dykeman, 1989)

Research suggests that up to 40% of the North American labour force could be working at home by the year 2000. (Ashton, 1995a)

Many communities have small business and entrepreneurial development opportunities that can be exploited, as new ways of producing and marketing goods are developed (such as the Internet), new markets are opened (through agreements like NAFTA), and new ways of using existing resources are discovered (through ongoing research and development). (Dykeman, 1992)

Furthermore, we are witnessing greater societal acceptance of integrating work and family life at home; increasing availability of telecommunications infrastructure; and the decentralization of production systems. Each of these are contributing to a more positive environment for home businesses. (Wehrell and Ashton, 1994)

Home and small businesses are important contributors to the community:

- ⊕ Home businesses contribute to the notion of sustainable communities and are linked to many sustainable economic principles, including: improving and expanding local businesses; encouraging local self-reliance; encouraging sustainable exports; creating new wealth in the community by diversifying the economy; and encouraging the development of entrepreneurs. (Bruce and Ashton 1994)
- ⊕ From a community perspective home businesses create a training environment and an entrepreneurial culture. Residents can become involved in business retention and expansion efforts in the community. In particular home businesses can be integral parts of strategies for commercial development, tourism, natural resource development, and new business initiatives. Home businesses bring in outside investors, engage in resource conservation programs, and help make community ‘green plans’ a reality by reducing commuting costs and making more efficient use of existing structures. (Ashton, 1995a)
- ⊕ Communities with a strong small business and entrepreneurship base tend to have good retail facilities, a higher level of home ownership, less evidence of physical deterioration, better sanitation standards, and higher expenditures on education, recreation, and religious activities. (Dykeman, 1992)

- △ Home businesses serve as an incubator for new businesses and as a training ground for first time entrepreneurs. It is within the home that they can experiment, try out new ideas, test new markets, and make sacrifices and choices that are not costly because of the low overhead costs associated with working at home.
- △ It is also important to recognize that a significant portion of home businesses are temporary. Some outgrow the space at home and move out to full-fledged commercial ventures in a downtown or storefront location. Other home businesses close as the owner finds the business was not as successful as planned, new family or business opportunities emerge, or another direction is taken. (Wehrell, 1996)
- △ The use of home space varies from business to business, but almost half of all home businesses use at least 75% of the home for something related to their business activities.
- △ Many home business operators use accountants and lawyers.
- △ About one-third of home businesses use a dedicated business line and/or voice mail.
- △ People choose to operate their businesses out of their home for a variety of reasons, including financial constraints to locating elsewhere, the desire for a preferred lifestyle of being at home, and being better able to manage family and child care with their business activities.

These characteristics suggest that home businesses are an integral part of our economy, providing employment and income, and contributing to the economic and social well-being of society.

There are now more opportunities for individual small and home business people as mass markets fragment into small niches. The chance for various self-employed business enterprises to emerge or diversify is greater now than ever. (Cleland, 1994)

All of this evidence suggests that it is appropriate to encourage the development of home businesses in social housing.

### **Characteristics of Home Businesses**

Wehrell's study (1996) of home businesses in Atlantic Canada uncovered the following characteristics:

- △ Most home businesses are small and have revenues of less than \$5,000 before expenses and taxes.
- △ Most home businesses start when someone expands on their interests and hobbies and turns them into business ideas and opportunities.
- △ Many home businesses are operated on a part time basis.
- △ Ownership of home businesses is equally common among men and women, and some are jointly owned.
- △ The most common home businesses are in construction, the hospitality industry, and personal services.

### **Advantages and Disadvantages of Working at Home**

There are both advantages and disadvantages to working at home, and particularly so when operating a business from the home. These include family issues, perceptions from clients about the professionalism of the business, neighbourhood issues, financial issues, and broader community issues. Many authors and studies have identified both the positive and negative aspects of operating a small business from the home, and these are summarized below:

Advantages of operating a home business include:

- △ some customers like the friendly and informal atmosphere of the home
- △ higher productivity
- △ reduced child care expenses
- △ flexible working hours
- △ ability to work around family's needs
- △ available at off hours
- △ more time for household responsibilities, family
- △ less upfront capital required
- △ availability of household resources
- △ tax deductions
- △ losses can be deducted from other income
- △ owner has control over business decisions - you are working for yourself

- △ easy to adapt to changing needs of customers
- △ able to test markets at low cost
- △ choose who you work with
- △ being one's own boss
- △ no office politics
- △ no commuting costs
- △ create one's own work culture/personal style

Disadvantages of operating a home business include:

- △ limited space for expansion
  - △ interruptions from clients affect family life
  - △ family interferes with business activities
  - △ conflicting phone use can be a problem
  - △ household responsibilities detract from business
  - △ family stress
  - △ need for self-discipline/time management
  - △ hard to switch off work at end of day
  - △ more difficult to network
  - △ isolation and lack of contact
  - △ lack of support services
  - △ no time for professional development
  - △ must be "jack of all trades"
  - △ unprofessional image in the eyes of some customers expect lower prices
  - △ treated as a hobby, not a business
  - △ potential neighbourhood conflict
  - △ complex regulations for some home businesses
- (Adapted from Wehrell, 1996; Ashton, 1995a, Wehrell and Ashton, 1993; Economic Recovery Commission, 1992b)

Perhaps one of the most intriguing positive aspects of starting a home business is that it provides a natural stepping stone in developing an interest or hobby into a full scale business. The home allows for this to happen without a huge investment in large capital items like a building or a lease. Working from home provides the space and time to sort out problems and determine chances for success. (Economic Recovery Commission, 1992a)

From a social housing perspective, individual households will need to weigh the relative advantages and disadvantages for their own personal situation to determine if a home business might be viable and desirable. Of critical importance, however, is the recognition that social housing

residents do have an opportunity to benefit from some of the advantages outlined above.

### **Challenges When Starting a Small Business**

All small businesses, regardless of their location, face many challenges when they are starting up. Fortunately, in many cases there are resources in the community or region to assist emerging businesses gain a foothold in the marketplace. This section explores some of those challenges.

#### ***Business Ideas***

The first challenge in starting a home business is to develop an initial idea for the type of business to operate. Sources of business ideas include: previous employment; a hobby or interest; suggestions from others; or observation of what is currently being offered in the community and what might be possible. However, it can be challenging to identify and act on a unique business opportunity. In some cases it may be necessary to try several business ideas before finding one that is a success. (Ashton, 1995a)

#### ***Access to Business Finance***

Once an idea has been established and the person sees what will be involved, a major hurdle is often access to startup capital, however large or small that amount might be. Possible sources of capital are personal savings, bank loans, credit unions, and gifts or assistance from family or friends. An important source of capital for some small businesses is "microloans". These are community-based funds of money which offer small loans to micro businesses.

Microloans are necessary for small business success because in many cases those who require them do not qualify for bank loans due to lack of credit history or equity. Additionally, most banks are not interested in very small loans because they are costly to administer. Solomon (1992) writes:

"Microenterprise loans are unattractive to commercial banks. The loan transaction costs are high relative to the interest and fees received from a small loan. The costs to originate and service a \$1,000 loan approximate those

associated with a \$100,000 loan. Similar paperwork is required to originate and service a loan, regardless of its amount. The microenterprise borrower has few assets that can serve as collateral. Many of the owners have no credit history and are not personally known to the bank lending officers.”

### ***Business Skills***

There is recognition in both the literature and among practitioners that there are some people - identified as having good business skills and contacts and who have access to capital - who can successfully start and run a business. However, there are many others who could also start a business with the proper mix of self-confidence, community and institutional support, and financial assistance.

There is evidence that a microenterprise development program can address some, but not all, of these issues. Such a program would teach basic business skills such as writing a business plan and doing financial operations. It would also introduce participants to successful business people in a mentorship setting. (Wehrell and Hutchinson, 1995) As well, training could focus on cultivating and translating individual talents and skills into goods and services that can be sold. (Solomon, 1992)

### ***Need for Space***

A further challenge for emerging small businesses is space. Often small businesses start at home because they can not afford commercial space in the open market. This has its drawbacks in that pressure is placed on the other uses of the home. However, minor renovations at low cost can provide some appropriate business space.

Studies have shown that having a separate room or dedicated space in the home for business activities to be carried out is important. (Aherntzen, 1989)

### ***Support Services***

Access to support services is important. Small home businesses do not have a range of employees carrying out separate tasks, nor do they typically have a broad range of equipment to complete a variety of functions. They need occasional access to essential services like post offices, copy machines,

office supply stores, and banks to carry out their work. (Aherntzen, 1989)

## **Social Housing Defined**

For the purpose of this report, social housing refers to all government funded housing. This include units built under both federal and federal-provincial cost-shared programs, whether managed by community groups as private non-profit housing, by the residents themselves as cooperative housing, or by the province as public housing. It also includes housing built through the Rural and Native Housing Program, but does not include those receiving shelter allowance because they are housed in the private marketplace.

Social housing is built to provide low income families, seniors, and those with special needs access to decent, affordable, and quality housing, usually through subsidized rents or housing charges. This enables households to have relative security of tenure while they plan for potential self-sufficiency and re-entry into the marketplace. This security, among other things, permits household members to undertake job or vocational skills training, education upgrading, or health restoration, as they may require.

In his analysis of the linkages between social housing and the social safety net, Carter (1993) describes how social housing provides adequate, affordable shelter and is a vital stabilizer in people's lives. It can be enhanced by features that decrease the need for some support systems and facilitate the delivery of others.

Unfortunately, housing agencies (and the community sponsor groups which manage the housing for provincial agencies) often lack awareness of clients' social and economic needs and the support services within the community that can help them. Carter suggests a greater need for client counselling and more experimentation with delivery models. For example, single parents need day care while participating in skills training to move forward yet it is seldom provided or is not affordable. Low income working and social assistance families are often faced with disincentives to “get off the system”

(such as the loss of benefits or increased taxation). The delivery of a home business program for social housing residents would address some of Carter's concerns.

### **Social Housing as an Employment Base**

One of the principles of community development is to provide holistic linkages among various components of the community. One example is to create linkages between housing and employment, whether it be in the design of communities so that places of employment are located near to housing, or in the use of the home as a place of employment.

Key informants in the interview stage and participants in the workshop identified that there are three distinctly identifiable approaches to using social housing as an employment base. These are:

1. Development of a "group business" whereby several social housing residents work together to identify a business opportunity and initiate the business. This approach spreads the risk among residents, allows for mutual support, and draws on the collective strength of each individual. This approach often requires a "facilitator" to help the group work together and move the business from an idea to a reality. The physical location of such an enterprise may be on or off the social housing site.
2. Permitting people to "work at home" while employed full or part time outside of the home. While this scenario provides people an opportunity to use their residence as a place for gainful employment, such as providing secretarial services or operating a help desk, it is not a business in the true sense of the word.
3. Permitting home based businesses, however large or small, with guidelines for permitted uses and other practical matters. This could range from a passive approach simply permitting such activity to occur, to a very proactive approach where government staff or other hired staff serve as facilitators and resource people, and actively work with

residents to launch their business and grow it to whatever level desired by the resident.

This report acknowledges that the first two scenarios represent viable employment options for people, but require (especially in the first scenario) a separate analysis of the issues, opportunities, and required resources. The balance of this report focuses only on the third scenario, namely the components of a policy and program to permit home businesses in social housing.

The idea of permitting small or home businesses in social housing is an emerging idea. For example, the Province of Ontario has adopted a policy permitting home businesses in public housing managed by local housing authorities. It also has developed a *Resident's Home Business Checklist and Contents of Home Business Legal Agreement* to accompany the policy. (Booth, 1997)

Research on business activity in public housing in Baltimore, Maryland showed that the most common forms of enterprise activities undertaken by residents included catering, cooking, taxi services, car repairs, and hairdressing. Most of this business activity was "under the table" and not part of the formal economy. The research team estimated that residents would likely lose one-third of their incomes if they reported the activity in the formal economy. They also identified many policy issues that need to be addressed if small businesses were to be encouraged in public housing settings, including zoning, control of activities, and reporting of income (Howland, 1997). Several recommendations were made, including the development of a facility such as an incubation mall in or near public housing to be used as a place for small businesses to start, share space and equipment, comply with zoning and business activity regulations, and receive support from appropriate agencies.

Informal discussions with residents of public housing in the Toronto area suggest that up to 40% of the residents operate some kind of business "under the table." (Cayenne, 1997) Self-Employment Development Initiatives (SEDI), a non-profit organization that promotes self-employment among poor, unemployed and

underemployed Canadians, has entered discussions with the Metro Toronto Housing Authority (MTHA) to explore how these activities could be supported in a meaningful way to help people improve their lives and become more self-sufficient. It is a direct result of these discussions and those happening elsewhere that the Ontario Housing Corporation (OHC) is exploring the possibility of permitting home businesses or small businesses within its portfolio.

Home businesses do have significant potential in a social housing setting. In his examination of public housing in the United States, Solomon (1992) identified many opportunities for residents:

“... one can discern the existence of marketing niches for microenterprises . . . that will permit the development of a secure customer base. An unmet demand exists for goods and services in a variety of areas, such as home and auto repair; child and elder day care; health and environmental services; computers and information services; clothing; and, crafts and food . . . residents have the ability to organize a successful sales network among friends, relatives, neighbours, and members of religious institutions.”

An important benefit of permitting small businesses in social housing is that it has the potential to help stabilize families by increasing their incomes. This in turn can also stabilize the overall economic condition of housing developments. Providing more income for families results in more timely and complete payments to the non-profit or cooperative society. Timely payments allow nonprofit organizations to more adequately meet their financial obligations, fund much needed operating and replacement reserves, and spend less time and money collecting unpaid rents. (Hecht, 1996)

A further advantage is that self-employment income through home business activity can provide evidence of credit worthiness and develop business management skills for individuals and households. Solomon (1992) notes:

“In addition to yielding economic self-sufficiency for some, others will use

self-employment income to supplement wages from jobs. Access to credit, even if it does not lead to long-term self-employment, often provides a stepping stone to economic advancement. The experience of starting a microenterprise and repaying a loan improves an individual's readiness for salaried employment. Similarly, participation in a borrowing group enables members to establish or improve their credit history by demonstrating the ability to manage a business and repay debt.”

### **Unique Home Business Challenges for Social Housing Residents**

Any individual person, regardless of their tenure, faces many challenges in starting a small or home business. Furthermore, not everyone is interested in or wants to be a self-employed business person.

From a “program delivery” perspective it is important to recognize that among social housing residents not everyone will take advantage of the opportunity to start a home business, for the same reasons as those in the general public. This should not be taken as a program delivery failure, but rather it simply must be recognized as a reality. There are those who could start a business right now with some direction and guidance, there are those who will be interested in the possibility but need to look at their options and see if it is really what they want, and there are those who have other “issues” or things going on in their lives which must be resolved before they can consider home business as an option.

Given this context, it comes as no surprise that workshop participants and key informants noted that these starting points are true among social housing residents, but that they are accentuated in a number of important ways as outlined below, particularly with respect to personal issues, business skills and risk taking, access to financing, and access to appropriate business space.



### ***Personal Issues***

The major barrier for most social housing residents will be their relative education and skill deficit (particularly those who are social assistance recipients) as compared with the general population. In some cases, some social housing residents would have previous work experience that could translate into home based self-employment.

A second personal barrier for many is that they have personal or family "problems" such as: alcoholism; family violence; low self-esteem; fear of failure or success, or both; and stress. These need to be addressed before they could possibly consider a home business activity.

A further personal issue is that some social housing residents have a deep mistrust of the "system" and tend to blame others for their situation. This may pose problems for them when they consider options for self-sufficiency.

Among those with little employment history, a home business may not be a good option because they would benefit more from being employed, getting out at set hours and establishing a routine. This can be very positive and creates a "workforce mentality". After that experience, a home business may be an option.

### ***"Community" Issues***

Social housing residents live in a "community" where interaction and relationships with others can be either very positive or very negative.

From a business point of view, some residents in social housing do not want to see their neighbours succeed, and those who are innovative and energetic are often rejected by others. Because of this social reality, people starting a home business may not receive needed community support, and might in fact be the target of discrimination by others.

Wider community perceptions about life and the people who live in social housing neighbourhoods could prove to be a hindrance to the success of home businesses. Public perceptions about social housing may prove difficult to develop a customer base and

customer contact for certain types of business activities.

With respect to support services, some social housing units may be well located to readily access appropriate support. In a research project exploring the locational characteristics of social housing in five large urban centres in Canada, basic services essential to quality of life were found to be within reasonable walking or driving distance. (Hajesz, 1994) This suggests that many social housing residents starting a business would have reasonable access to necessary services.

### ***Business Skills and Risk Taking***

In general social housing residents lack necessary business skills and are not risk takers. They lack planning and problem-solving skills.

The security of a cheque from the government every month is a disadvantage to taking on a risky venture such as starting a home business.

Because of these realities, some social housing residents could benefit more from participating in group businesses that are collectively owned and managed and staffed by social housing residents. The risk is spread, there is a sense of community, and the group draws on a variety of strengths from among the participants. This could lead to individuals venturing out on their own to start a home business.

In fact, many tenant associations are beginning to operate or explore operating small businesses, such as catering, as a collective, with profits going to the collective and not the individual. They often make use of a community centre or common area as their business location.

### ***Access to Business Finance***

Among social housing residents, the ability to achieve economic self-sufficiency, particularly through the establishment of a small or home business, is hampered by the lack of access to capital. Many are on social assistance or have low-wage jobs, little personal savings, equity or assets, and perhaps a poor credit history. Because of this they often do not qualify for loans. Many will need

to find alternative sources of business finance, possibly from community business development corporations, or from microloan funds, where such funds exist.

### *Need for Space*

One potential disadvantage of permitting a small business or home business to operate in a social housing setting is that the existing units are not necessarily conducive to home business activity. Spare rooms are rare. Design features do not easily allow for alterations or expansion. These may pose problems for some types of home business activity. (Howland, 1997)

Social housing units are designed to best meet the needs of households for living purposes. More specifically, three bedroom-units are generally occupied by households who require all bedrooms for their family members. Smaller households are generally in two bedroom units. Additionally, social housing units typically do not have dens, family "rec" rooms, or other amenity space.

There is also desire on the part of government to achieve optimum use of the social housing units by matching families with appropriate size units, so that if there is an extra bedroom available it will likely mean a move to another appropriate unit rather than an opportunity for use as a home business space.

What this means for social housing residents is that most of the possible space for a home business activity either does not exist or is used for family purposes.

### **Importance of Self-Sufficiency**

A broad goal of social housing programming is to provide a stable home environment in which people can rebuild their lives and work toward becoming more self-sufficient. Acquiring business and entrepreneurial skills, and applying them to a home business is one opportunity for people to accomplish this goal. Indeed, self-employment is seen as a proactive alternative to un- and underemployment.

One step along the way to self-sufficiency is the development of one's own sense of worth or self-esteem. Several workshop participants identified the importance of helping people in social housing achieve small successes in their lives. These might include, for example, participation in block parent programs or participating in resident's association activities either as an organizer or as a participant. These form basic building blocks which help them gain the necessary confidence to undertake larger efforts such as upgrading their education skills, which can lead to self-sufficiency.

Within this context, self-employment can be seen as a vehicle both for developing self-esteem and perhaps even self-sufficiency among social housing residents. As noted in Wehrell's work (1996; 62-63):

"Self-employment as an alternative to unemployment . . . may lessen the strain on the social safety net . . . may have a powerful impact on the education and personal development of the owners running them . . . The experience may increase self-esteem, self-confidence, and a sense of self-sufficiency that would otherwise diminish by being unemployed or employed solely in domestic non-income generating endeavours."

What this finding suggests is that among the many avenues possible for social housing residents to achieve build their self-esteem and to work towards self-sufficiency, self-employment is a viable and worthwhile option to consider.

Home businesses and self-employment can also play an important role in teaching children entrepreneurial values. (Ashton, 1995b) The adoption of these values may help to break the cycle of poverty in low income households, particularly among those dependent on government transfer payments for income. Children who see their parents taking moderate risks, becoming more confident and successful, and developing a sense of self-esteem are likely to pick up and espouse those values. Workshop participants noted that breaking the cycle of poverty and dependency on social housing among generations of families is important, and that home

businesses in social housing may in fact be one possible tool to achieve that outcome.

If people, particularly new entrepreneurs, are to be successful in business ventures, they need to:

- ⊠ Develop personal self-esteem and self-confidence.
- ⊠ Be able to do a self-assessment of their strengths and weaknesses.
- ⊠ Achieve self-fulfilment in the goals they set for themselves. (Cleland, 1994)

Cleland further articulates that “attitude” is the key element to success:

“Previous studies have shown that attitudes of individuals outweigh skills 4 to 1 in determining success in business. These include: determination, perseverance, honesty, integrity, commitment, enthusiasm, outgoing personality, and caring about people. These are all more important than the business skills themselves.”

These tasks are not easy and are challenging for everyone, especially those who have been marginalized by societal norms and now find themselves temporarily or permanently dependent on social housing for their shelter needs.

In addition to these personal characteristics, a particular set of planning and business skills are needed. Launching a new business must be preceded by human resource planning (understanding your own abilities and capabilities and limitations), and integrating existing skills and networks with new ones required to make the business a success. (Cleland, 1994) In other words, planning for the start up of a home business must be accompanied by planning for personal skill development.

The Province of New Brunswick has a history of both supporting and encouraging self-sufficiency through social housing. In 1991 it released a manual entitled **Home Orientation Management (HOME)** for community groups to provide self-sufficiency training to social housing residents in recognition that more must be done than simply providing a house for people to live in. One section in the

manual *You and Your Community*, focuses on managing financial resources, making decisions, bartering, and accessing community resources. Skills developed in these areas can form the basis for going further into small business training and planning. (New Brunswick Housing Corporation, 1991)

Achieving self-sufficiency can be hampered by existing policies with respect to income generation among social assistance recipients, many of whom live in social housing.

Financial disincentives within the social safety net must be identified and removed. Critical to the success of a program allowing home businesses in social housing will be the treatment of income and how it is reported.

The Province of Manitoba has begun to address this problem. Loewen (1997) reports that the new legislation will allow people on social assistance to start a business without fear of losing their benefits. Specifically the legislation includes provisions which:

- ⊠ allow social assistance recipients to receive their benefits for up to 52 weeks while they start the business;
- ⊠ maintain their full allowances in the first year as long as business profits remain with the business and are not used for living expenses;
- ⊠ permit appropriate expenses before calculating the net revenue of the business; and
- ⊠ make it possible to retain a portion of any business income before welfare allowances are reduced. This ensures that the individual is always better off financially even if self-sufficiency is not achieved.

These are important provisions in that they allow the business to develop without unduly impacting on living expenses.

In a review of a self-sufficiency program in the United States, Rohe and Kleit (1997) suggest that a number of elements must be in place for success. Among these was the need for adequate staffing to counsel and guide residents in their activities, and

the need for a wide range of educational and training opportunities. A home business program, especially when placed within a transitional planning initiative and supported by existing resources and opportunities available to small businesses, can achieve self-sufficiency for some social housing households.

While there have been a number of challenges or limitation identified in both the literature and by participants in this research project, there remains an opportunity to work with a subset of social housing residents who exhibit the right mix of skills, attitudes, and desires to become self-sufficient. When this is combined with access to needed supports as identified, there is potential to make home businesses a viable option for social housing residents.

# LESSONS FROM BUSINESS SUPPORT PROGRAMS

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This section describes lessons learned from successful programs that support community, small, and home businesses, particularly as they address some of the challenges facing marginalized groups such as those in social housing. In particular, lessons in human capital development, access to microenterprise capital, business planning and entrepreneurship development, and access to community resources and professional services are identified.

## Human Capital Development

Developing people's human capital, their skills, is extremely important. Scheie (1996), writes:

“Help people develop job skills, life skills, and entrepreneurial abilities so they can qualify for available jobs and contribute to the start-up and growth of firms. Reframe "schooling" and "education" for stronger school-to-work transitions . . . effectiveness of approaches that supplement hands-on job skills training with basic skills training oriented to workplace vocabulary and tasks . . . pays attention to child care, housing, substance abuse prevention, and life skills.”

The **Center for Employment Training**, which started in San Jose, California and works with many sites across the United States, has shown the importance of developing human capital that leads people to become more employable or self-starters. The program supplements hands-on job skills training with basic skills training oriented to the workplace.

In Toronto, the **Self Employment Development Initiative** (SEDI) has undertaken an important project to help low income women start their own business. **Developing Enterprising Women Initiative** (DEWI) is a training program for organizations to work with women in the community. It uses mentors from the boards of community organizations to help marginalized and

disadvantaged women undertake entrepreneurial and business ventures. (Cayenne, 1997)

Social housing residents can benefit from community support programs which incorporate elements identified above. In particular, some social housing residents interested in starting a home business will need access to skills training programs and mentoring to help them succeed. Furthermore, some of the workshop participants noted that some social housing residents do not have the experience of a disciplined work environment and that the human capital skills associated with planning a work day are best learned in a wage employment situation first before these same people attempt to launch a home business.

## Access to MicroEnterprise Capital

Access to financing, particularly microlending and microcredit vehicles, will be critical for social housing residents. Microcredit is described by Servon (1994; 3-4) as:

“Microcredit programs generally include both a lending component, in which loans are made either directly to individuals or through a "peer group," and a training component, in which clients learn the basics of business finance, marketing, and sales. The first time loan size of most microcredit programs is under \$5,000. The single common denominator of programs is that they all serve as "lenders of last resort," providing credit to people who want to be self-employed but who cannot obtain it through traditional channels.”

Microenterprise financing can take the form of loan funds. A revolving microenterprise loan fund could be established by a nonprofit organization, and make very small, short-term working capital loans to people who wish to start or expand a small business. The important aspect of this type of lending is that it requires neither collateral from borrowers nor a job history or credit rating. (Solomon, 1992)

The **Calmeadow Foundation** in Canada has identified many microenterprise financing models, including peer lending circles and micro-credit programs. They have also facilitated the establishment of such circles and programs in many communities across the country. The key features are that small business people have access to relatively cheap and small loans to meet their needs, and they receive important mutual support from other small business people involved in the program.

One leader in microenterprise business development is the **South Shore Bank** in Chicago. They are responsible for the success of the first microenterprise program in the United States, known as the **Women's Self Employment Project (WSEP)**. (Cummings, 1997)

Because many social housing residents will need access to business financing, and because many of these will not have collateral or meet other loan requirements, they will need access to financial credit that may only be available to them from microlending organizations. It will be important to ensure that social housing residents interested in a home business are made aware of the various options available to them for business finance assistance. In communities where no microlending organizations are present there may be an opportunity for the community to establish one or for government to determine how best to either support the establishment of such an endeavour or meet the business finance needs of social housing residents through some other mechanism.

### **Business Planning and Entrepreneurship Development**

From a skills training and development perspective, there are several examples of programs that have had success. For example, the **Rural and Small Town Programme** at Mount Allison University developed a ten-week program in entrepreneurship skills for people on unemployment insurance or social assistance. Key elements of the program included:

- △ Attendance in classes and a mentoring session.

- △ Learning by doing and learning within an entrepreneurial milieu.
- △ Researching a business idea, developing it, and writing a business plan.
- △ Using a mix of lectures and videos, computer instruction, class presentations by businesspeople and experts, weekly progress presentations by students, two presentations by the students on marketing plan and business plan, individual support and tutoring, and use of university research facilities. (Wehrell and Hutchinson, 1995)

In the first year, five of the sixteen participants launched a business. Among those who did not, financing was cited as a major obstacle. The participants identified their own presentations and presentations made by community business people to the class as the most important elements of the training program. The presentations made by business people were especially important because it led to an opportunity for the participants to develop business contacts, some of which were maintained after the course was completed.

It was also found that microentrepreneurship training can lead to self-employment generation and business creation when coupled with unconventional microlending mechanisms, as these businesses typically require only a small amount of startup money. (Wehrell and Hutchinson, 1995)

It has also been suggested that in the United States publicly-supported educational institutions should offer free entrepreneurship classes. Such publicly-sponsored programs could furnish technical assistance for both the potential business person and for those who provide counselling services to them. (Solomon, 1992)

Other research has shown that different types of economic development assistance are possible, including basic business training, provision of startup financing and loans, business planning, providing networking opportunities, business development assistance, and sharing of support services. Most important is to have a strong focus on the financial aspects of running a small business,

such as keeping the books and reading financial statements. (Etukudo, 1997)

It will be important for social housing residents interested in starting a home business to be provided with the necessary contact information to participate in locally-based business training and skill development programs. A variety of organizations already provide such programs. It might also be necessary for government to consider how social housing residents might be able to participate in such training and skill development programs if cost proves to be a barrier.

### Access to Community Resources

Research by Cadotte (1997) on independent workers or self-employed people in Montreal indicates that they are interested in sharing (but not managing) cooperatively many critical business elements that may be missing from a home setting, including a meeting space, an area to network and interact with others, secretarial support, fax and photocopier, and other items. These items may be provided for in a common space within a large social housing project where several people may be running a business, or they could be accessed through existing home business networks or commercial activities. In any case, some social housing residents operating certain types of businesses will need inexpensive access to business support services.

Furthermore, there are a number of existing programs and resources in all provinces which will be of interest and benefit to individuals starting a home business. Regional economic commissions or agencies will have specific information related to the local community as well as contacts and information. It is their responsibility and mandate to work with potential business people to access these resources and make their business succeed.

Examples of existing programs include but are not limited to:

- △ provincial economic development and tourism sector development programs
- △ Federal Business Development Bank (loans, mentoring program)

- △ Community Business Development Centres (finances, high risk loans, self-employment programs)
- △ federal regional development agencies such as Atlantic Canada Opportunities Agency and Western Diversification (loans, services, trade assistance)
- △ Junior Achievement
- △ provincial departments with special small business development programs such as New Brunswick's Rural Riches Program offered through Department of Agricultural and Rural Development
- △ Self Employment Assistance Program
- △ provincial employment programs targeted to social assistance recipients such as the Rural Experience program in New Brunswick which may permit self-employment
- △ Youth Employment Strategy

Resources and business support services include:

- △ Community Access Centres (Internet training and access)
- △ regional economic and industrial commissions
- △ Canada Business Service Centre
- △ Chambers of Commerce
- △ private sector businesses
- △ universities and community colleges
- △ various charitable foundations (capital for collective community-owned businesses)
- △ credit unions / banks / caisses populaires; churches
- △ United Way, YM/YWCA, service clubs
- △ local enterprise centres where they exist
- △ community libraries

Each of these may have resources that social housing residents may not be aware of, but which could prove helpful in launching and growing a home business.

### Access to Professional Services

In the United States, the **National Legal Aid and Defender Association** has a project called **A Business Commitment (ABC)**. It arranges for the provision of pro bono business law advice and representation for individuals and organizations of

limited means, persons wishing to start a non-profit society, or for charitable organizations that address the needs of people with limited means. Assistance is in the form of business lawyers who assist with a wide range of business related legal issues, including contracts, finance, labour, real estate, etc.

Given their relative isolation and relative lack of business and professional networks, social housing residents can benefit from the provision of

professional services at lower costs or that might be provided free of charge. This could range from a brief presentation by a professional to a small group of home business operators on some aspect of their business, such as accounting or contracts, or it might include the provision of a transaction or service to one or more home business operators. Such arrangements would have to be negotiated by the government or a community based group with either individuals or professional associations.



# **HOME BUSINESS POLICY AND PROGRAM FOR SOCIAL HOUSING**

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This section describes a “model” home business policy and program for social housing. It describes the roles and responsibilities of various housing and non-housing stakeholders, as well as the supporting resources which are either available or which need to be developed to ensure success.

## **Purposes and Intentions**

The decision to adopt a policy and program to permit home based businesses in social housing should be based on the opportunity it presents to those residents who desire to achieve self-sufficiency. It should also be based on the potential to make social housing a fully integrated setting for family and social development, education, and employment. There are also benefits to society in that those who achieve business success in a social housing setting will move into the marketplace freeing up units for other needy households.

A policy and program in the area of home business in social housing should be viewed as an opportunity to provide a transitional tool to achieve self-sufficiency for social housing residents who choose this particular path. It should not be used as an instrument to “screen” applicants for social housing. The selection of a household to move into social housing units should be based on their need and not on their “willingness” or “potential” to operate a home business.

The policy and program should also be adopted recognizing that only a portion of social housing residents will likely be interested in or have the capacity to undertake a home business venture. Furthermore, only a portion of those who choose to undertake a business will be successful and choose to move into the marketplace. Others may deliberately want to keep their business small and located within their current housing situation. Others may decide to terminate the business. Resident involvement in such a program should be based on self-selection and self-evaluation.

Thus this policy and program should be one of many social development tools at the disposal of provincial housing department staff (and the staff of related departments such as health or human resources or community services as appropriate in each province) as they work with social housing residents to facilitate their life choices in transitional planning.

Given these, the primary purpose of this policy and program should be to provide a means for people to achieve self-sufficiency. The primary objectives should be for people to start businesses, increase their incomes, and possibly but not necessarily move into the housing marketplace.

## **Laying the Groundwork**

Before a home business policy and program for social housing can be adopted and implemented, some work remains to prepare for this activity. It necessary to build support, gauge interest, identify and commit partners, and much more.

Steps to be taken before adopting a policy and implementing a program are described below. Lead and secondary responsibilities are identified for various stakeholders.

1. Identify and have available documentation of successful initiatives where social housing residents, individually or collectively, have engaged in business activity. Included in the documentation should be evidence or argument to rebut any claims of unfair competition from home businesses located in social housing.

Lead responsibility: housing department staff located in the headquarters office.

2. Survey residents in social housing to gauge the level of interest in having a home business activity. Even if there is only lukewarm or modest interest, implementation should proceed because early success by a few may lead others

to take up the opportunity. It may also be helpful to have a consultant lead the survey and have the consultant publicly state findings, so as this is not seen as a threatening move coming from government.

Lead responsibility: housing department staff located in the headquarters office with assistance from housing department staff in various regional offices, in partnership with any provincial non-profit or cooperative housing association where they exist.

3. Survey municipalities to determine those which do not have bylaws permitting home occupations. Housing department staff in partnership with staff responsible for land use planning and municipal affairs should work with these municipalities to demonstrate the benefits and opportunities of adopting such permissive bylaws. Bylaws which permit home occupations exist in many municipalities across Canada which could serve as models for other municipalities.

Lead responsibility: housing department staff located in the headquarters office with assistance from housing department staff in various regional offices, in partnership with municipal associations and existing Home Business Networks.

4. Survey all social housing management organizations to determine their level of interest and support for home based businesses on their properties. Housing department staff located in various regional offices should work with those who are reluctant to permit home business activity to see the benefits of doing so. The role and attitude of the property manager or staff, and the volunteer board of directors, is critical. Their willingness to help will be important in legitimizing and fostering self-employment. If there is no support, then the likelihood of a successful program is diminished.

Lead responsibility: housing department staff located in the headquarters office with assistance from housing department staff in

various regional offices, in partnership with any provincial non-profit or cooperative housing association where they exist.

5. Housing department staff located in the headquarters office must work with staff of the department responsible for income assistance (e.g. Human Resources Development - New Brunswick) to develop an appropriate policy similar to the one described from the Province of Manitoba to remove any barriers or disincentives from an income point of view.

Lead responsibility: housing department staff located in the headquarters office in partnership with staff responsible for income assistance.

6. Develop a working relationship between each of the housing department regional offices and the local regional economic development agencies or commissions, where they exist, to inform them that home businesses will be permitted in social housing and identify strategies for residents to benefit from services they provide.

Lead responsibility: housing department staff located in various regional offices, in partnership with local regional economic commissions.

7. Change the leasing/rental agreements to permit home based businesses. The current legal contracts signed between residents and the province do not explicitly restrict the operation of home businesses. However, there may be specific clauses that restrict certain types of activities or actions which may in fact limit or prohibit opportunities for home businesses to be established. These will need to be examined closely and revised appropriately.

Lead responsibility: housing department staff located in the headquarters office.

8. Assuming that there is interest and support identified in the above steps, adopt the model policy and program presented here. Make necessary revisions based on any relevant

feedback received in the above steps to address concerns or act on opportunities identified.

## **Model Policy for Home Business in Social Housing**

The Ontario Housing Corporation (OHC) policy permits self-employment activity in its housing units. It states that any home businesses operating within public housing units must comply with home occupancy bylaws for the municipality in which they are located. It also outlines how home businesses should be compatible with the type of dwelling unit and building form, and have minimal impact on neighbours. A legal agreement to be signed by the resident minimizes or eliminates the possibility of altering the unit or constructing other buildings for business use, as well as addressing other potential concerns such as traffic, signage, and noise.

The weakness of the policy is its passive nature. While permitting home businesses it does not actively encourage or support them either.

The policy described here for possible adoption by any province builds on the OHC policy.

### **Policy**

The province permits residents of public and private non-profit housing units, and cooperative housing units, to utilize their housing units for self-employment initiatives, provided that such activities:

- △ are permitted by law;
- △ do not interfere with the reasonable enjoyment of premises by other residents; and
- △ do not constitute a threat to the health or safety of the community.

Furthermore, the resident must comply with all relevant laws and regulations governing home-based businesses.

### **Directive**

Residents who use their housing units to operate a business must abide by municipal home occupation bylaws. Where such bylaws prohibit home

occupations, housing department staff will consult with individual municipalities to explore the possibility of changing the municipal home occupation bylaw.

### ***Definition of "Business"***

Sole proprietorships will be permitted. However, business owners may employ other social housing residents living on the same property.

### ***Approval Process***

There is no formal approval process. The onus is on the property owners (the community-based private non-profit association, the housing cooperative, the municipality, or the province itself) to ensure that any home business activity complies with the policy. However, residents contemplating a home based business activity will be encouraged to consult with housing department staff to identify needed resources.

### ***Treatment of Income***

Income from a home based business is treated as self-employment income for income tax purposes and income review purposes.

## **Model Home Business Program**

Once the policy has been adopted, a program to help people make best use of the opportunity presented needs to be implemented. The program suggested here is moderately proactive in that the role of housing department staff is to get the initiative going and to point residents in the right direction for initial assistance. The program should include the elements listed below. Responsibilities for various stakeholders are identified.

1. Training for housing department staff located in various regional offices.

While this program is essentially about simply giving residents an opportunity to start a small home business, housing staff must be aware of both the policy and of where to direct inquiries about how to start a home business.

Lead responsibility: housing department staff located in the headquarters office.

2. Adopt the "Steps to Starting a Home Business" located in Appendix B, and "Am I an Entrepreneur?" located in Appendix C.

These should be circulated to all social housing residents and social housing managers and organizations. Copies should also be available in each of the regional housing offices.

Lead responsibility: housing department staff located in various regional offices.

3. Provide business information sessions for social housing residents.

Housing staff in regional offices should arrange for periodic information sessions led by regional economic commissions or agencies in each region. These sessions would provide an introduction to services available for those contemplating starting a small home business.

The sessions should also deal with the importance and necessity of preparing a business plan in order to succeed, as well as a discussion about the importance of genuinely wanting to make the business work in order to receive business support services (such as financing, counselling, advice on markets, business planning assistance, etc.). With this information at hand there will be some self-selection whereby people with a genuine interest and desire are likely to attempt a home business and those without such interest will not start a home business.

Lead responsibility: regional economic commissions or agencies in partnership with housing department staff located in various regional offices.

4. Develop a business mentor program.

Social housing residents starting a home business can be matched with business mentors who can help them succeed in achieving their business goals. Mentors could be identified from the local business community or among

retired business people, to work with residents who are starting a home business.

Lead responsibility: regional economic commissions or agencies, in partnership with housing department staff located in the various regional offices and local housing organizations.

5. Develop a strategy to deal with claims of unfair business competition.

Using the information collected prior to adopting the policy, develop a brief information package which addresses concerns or perceptions that home businesses in social housing are being subsidized by rental subsidies. This could include examples of successful ventures by social housing residents, and explanations of how rents are collected and income is calculated, of tax advantages, of how the home businesses are part of the formal economy and not part of the illegal and informal economy, and how individuals are reducing or eliminating their housing subsidy.

Furthermore, we know that any business would not be successful if there was not sufficient market demand for them to capture some of the marketplace, and they would not be able to get business finance assistance unless the business was viable in the marketplace.

Lead responsibility: housing department staff located in headquarters office in partnership with provincial housing associations where they exist.

6. Respond to inquiries by social housing residents who wish to start a home business.

Housing department staff in various regional offices and social housing managers (where they exist) serve as points of first contact by social housing residents who wish assistance and guidance in starting a home business. Using the "Steps to Starting a Home Business" described above, social housing residents are directed to the regional economic commission or agency

which then takes over as the facilitator of their development.

Lead responsibility: housing department staff located in various regional offices in partnership with local or regional chapters of provincial housing associations, where they exist, and regional economic commissions or agencies.

#### 7. Monitor activities.

Housing department staff in various regional offices are available to handle inquiries and sort out issues that may arise. Social housing managers and local government officials are responsible to ensure compliance with the policy and with local government regulations.

Lead responsibility: social housing property owners in partnership with municipalities, supported by housing department staff located in various regional offices.

### Program Evaluation Framework

Since this report recommends a “degree of formality” in the sense that there is a proactive “program” to permit and encourage home businesses in social housing, there is a need for an evaluation and therefore this section describes a possible evaluation framework.

Any evaluation must be cognizant of the fact that in the business world not all businesses succeed and that each attempt at a business is a learning and developmental experience. Furthermore, it has been well-documented that not only do many small businesses start and close on a regular basis, they are also important employment generators. In writing about the results of an entrepreneurship training program, Wehrell and Hutchinson (1995; 5-6) observe this phenomena and it is relevant to this discussion about evaluation:

“Expecting all or even a majority of participants to launch their businesses immediately after the programme completion would be somewhat unrealistic, and it would be unrealistic to expect that all business ideas developed in the

programme would be launched even after a number of years . . . As the would-be micro-entrepreneurs go through the training programme, acquire entrepreneurial perspective, and develop their business plans, some will discover that their ideas are not viable - even when modified . . . At some later stage . . . they may develop and carry out some other business idea or self-employment opportunity.”

Evaluation of a home business in social housing program must respect the following:

- △ Any evaluation must be linked to the objectives/purpose of the policy/program as defined by the province. The primary purpose is to provide a means for people to achieve self-sufficiency. The primary objectives are for people to start businesses, increase their incomes, and possibly but not necessarily move into the housing marketplace.
- △ There are many aspects to this particular program that cannot easily be measured using dollars, business startups, units vacated, or movement into the marketplace. These include self-esteem, confidence, family stability, drop in teen pregnancies, improved health, and much more. Many of these outcomes are not necessarily related to the intended objectives. It might be useful, however, to “measure” these psycho-social indicators now, before a home business program is implemented, and then “measure” them again at interval points in future years to gauge the direct and indirect impacts of a home business program.
- △ In addition to measuring how many businesses were started and how many households ended up moving into the housing marketplace because of their business success, there should be measures for those who attempted a business but failed, for those who started a business but closed it, and for those who started a business but kept it small and did not move out of social housing.
- △ Specific indicators of change that can be measured within an evaluation include change in

family incomes, change in housing charges or rents, change in number of people on social assistance or amount of social assistance they receive.

The development of an evaluation framework using the above elements is the responsibility of housing department staff located in the headquarters office.

This report has identified a policy and program to permit home businesses in social housing, and an implementation strategy to do so. It focused strictly on self-employed, sole proprietorship home business activities. While recognizing its value and potential, it did not explore how a policy or program to facilitate collective or group businesses among social housing residents could be implemented. This is left to other research and consideration, as it would require a different set of resources to implement.

This section summarizes the main arguments for implementing such a policy and program and outlines several recommendations.

## Summary

Given a variety of changes in our society and in the administration and delivery of social housing, now is an opportune time to consider adopting a policy and program to permit home businesses in social housing as a means for people to achieve self-sufficiency.

There are strong, compelling reasons to consider taking this action:

- △ More and more people in our society are becoming self-employed and working from home. Those who live in social housing should be afforded this opportunity should they express an interest.
- △ While home businesses have both their advantages and disadvantages, several advantages from a social housing point of view are important, including low capital requirements, use of existing space, and ability to respond to child care needs more effectively.
- △ Social housing provides secure housing for people as they address other issues in their lives. Home businesses are relatively low risk venture into employment and income generation which

could be conducted on a trial basis within a social housing setting.

- △ There is very little new social housing being constructed, compounded by growing waiting lists. If some social housing residents undertake successful home businesses and choose to move into the housing marketplace, units will become available for others in need of social housing.
- △ The general provincial thrust of self-sufficiency can be achieved by some households through a home business activity.
- △ Most if not all of the resources required to implement a home business policy and program are in place. There is no requirement for new capital and there will be a minimal increase in housing department staff responsibilities.

In short, home businesses in social housing can serve to meet a variety of individual, community, and government objectives.

## Recommendations

The following are recommended for action:

- △ Housing department staff should agree in principle to consider home business in social housing as a possibility and act on Steps 1-7 in “Laying the Groundwork”, as described earlier in this report. Chief among these is the need to change the rental agreements signed by residents to include wording that permits home business activity.
- △ Assuming there is sufficient interest, adopt the policy and program elements presented in this report or modify them as required.
- △ Place this program within the emerging transitional planning thrust so that those who express an interest in planning to move into the housing marketplace over time can act on this opportunity to achieve that goal.

△ Should the government or housing department staff located in the headquarters office choose not to act on these recommendations or adopt the policy and implement the program, then it is recommended that a pilot project permitting

home businesses in some social housing communities be carried out, with an adequate time frame of at least 24 months for results to be realized and for an appropriate evaluation to be carried out.



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## ***Appendix B***

### ***Steps to Starting a Home Business***

## Steps to Starting a Home Business

This serves as a generic guide for government staff and social housing managers to better assist social housing residents who are interested in starting a home business to find the right resources and support to make it happen. A copy of this guide should be given to all social housing residents.

1. **Am I An Entrepreneur?**

Use the checklist in Appendix C of this report to assess whether or not you have entrepreneurial tendencies. Those who do should move to Step 2.

2. **Discuss Your Ideas with Family**

It is important to discuss with all family what you think you might like to do. Get their feedback and support.

3. **Develop your Business Idea**

Once you have one or two business ideas, do a little bit of research of the idea. Check with other similar businesses to see what they are doing. Will you have enough customers to make money? Is the type of business you want to start permitted in your building? Check with the housing manager or with the municipal building inspector. If you have not yet come up with an idea, but would like to start a business, you can get ideas from friends and family. You can also attend business seminars and trade shows for ideas, or read the newspaper to see what the latest job or business opportunities might be and how you can turn them into a business for yourself.

4. **Assess Your Resources**

What do you have on hand to make the business work? This could be space, tools, equipment, money (savings or loan), or your own personal skills and talents. What resources are you missing and need help to get? Maybe you can start your business right now.

5. **Visit Your Regional Economic Development Commission Office**

Take your business idea and discuss it with these experts. Their job is to help you make your business work. They will show you what you need to do, such as writing a business plan, getting more information about the business, and preparing to get financial assistance if needed. If this office is not able to help you or you can not go to this office, you can turn to others for assistance, such as your bank or credit union, local Chamber of Commerce, federal regional development agency (such as Atlantic Canada Opportunities Agency or Western Diversification), various provincial departments responsible for economic development, or a business friend.

6. **Obtain Financial Assistance**

After completing Step 5 you will know if you need financial assistance to start the business and where to go for that assistance. This will take some time, be patient.

7. **Start Your Business**

Congratulations! Now that everything is in place, you can start your business. Purchase your equipment and supplies. Advertise and promote. Make money and feel good about yourself.



## ***Appendix C***

### ***Am I An Entrepreneur?***

People hoping to become a small or home business owner wonder if they really have what it takes to do so. The following questions will help you evaluate your tendencies to becoming an entrepreneur. Answer each question by putting an "X" in the corresponding space at the right. There are now right or wrong answers, but the more you find yourself answering "Generally" or "Yes", the more likely you are to have entrepreneurial skills that can lead to success in business.

- |   | <b>Rarely<br/>or No</b> | <b>Generally<br/>or Yes</b> |
|---|-------------------------|-----------------------------|
| 1. Would you be willing to sacrifice parts of your family life and to experience a drop in salary in order to succeed?    |                         |                             |
| 2. Are you the kind of person that nothing can stop you once a decision has been made to start something?                 |                         |                             |
| 3. When you begin a project, do you set goals and objectives for yourself?  |                         |                             |
| 4. When you're faced with a deadlock in a group, are you the one to solve the problem and get the group back on the road? |                         |                             |
| 5. Do you sometimes seek advice from older or more experienced people around you?   |                         |                             |
| 6. When you have completed a project, do you feel a sense of fulfilment knowing you have done a good job?                 |                         |                             |
| 7. Are you a good sport?  |                         |                             |
| 8. After an unsuccessful project, are you able to pick up the pieces and start over again?                                |                         |                             |
| 9. Do you like being in charge of other people?   |                         |                             |
| 10. Do you like working at projects that demand 5 to 7 years to reach completion?   |                         |                             |
| 11. Have you ever participated in the creation of service clubs, community organizations or funding campaigns?            |                         |                             |
| 12. Have your parents or grandparents ever owned their own business?  |                         |                             |
| 13. When you think about your future, do you see yourself managing your own business?                                     |                         |                             |
| 14. At your workplace, do you make suggestions in order to improve the way things go?                                     |                         |                             |
| 15. Are you generally able to find more than one way to solve a problem?  |                         |                             |
| 16. Are you preoccupied with what others think of you?  |                         |                             |
| 17. Do you take risks just for the excitement of it?  |                         |                             |
| 18. Do you find it hard to ask other people to do things for you?   |                         |                             |
| 19. Has someone in your family ever shared with you their experience in creating a business?                              |                         |                             |

20. Do you believe in the need to organize your tasks before starting to work on them?
21. Are you often ill?
22. Do you enjoy doing things just to prove to yourself that you can do it?
23. Have you ever been fired?
24. Do you constantly embrace new ideas?
25. Do you prefer letting friends decide your social activities?
26. Do you like to give attention to detail?
27. Do you deliberately create confrontation in order to obtain the results you expect?
28. At home, were you expected to do minute tasks before the age of 10?
29. Can you concentrate on a project for a long period of time?
30. Is your personal satisfaction more important than having money to spend?
31. Do you try to obtain something positive from a negative situation?
32. Do you tend to blame others when things go wrong?
33. Do you like starting a task without being aware of all problems that could happen?
34. Do you insist on doing something even when people around you say it cannot be done?
35. Are there any chances you could work long hours in order to reach a goal?
36. At your workplace, do you like making you own decisions?
37. Can you take a failure without taking it as a defeat?
38. Do you tend to learn from past mistakes?
39. Are you more preoccupied by people than reaching goals?
40. Do you prefer making a final decision by yourself?
41. Do your conversations revolve more around people surrounding you or around facts and ideas?
42. Do you feel comfortable with yourself despite the criticism directed at you by other people?
43. Do you have a business/entrepreneurial idea you have longed to fulfill?
44. Do you have any experience in developing a business plan?
45. Have you researched your business/entrepreneurial idea to determine if it has the potential for success in your community?