

*Research for* **communities**

## INNER-CITY HOUSING PROGRAMS AND COMMUNITY ECONOMIC DEVELOPMENT

**A new study suggests that focus on owner occupation strategies exacerbates social cleavages rather than to overcome them**

**W**innipeg's inner-city neighbourhoods are concerned about deteriorating housing stock. Ten percent of Winnipeg's dwellings are in need of major repair, figure that significantly exceeds the national average of 7 percent and is the highest per cent in Canada's 25 metropolitan areas.

In response to this need in recent years housing funding from all three levels of

increased sense of safety, improved access to decent housing, and an increase in housing values in these areas, which together result in increased investment.

During this period the Manitoba government committed itself to a community economic development (CED) approach, a move that has prompted local organizations to adopt practices compatible with CED in their revitalization work.

As part of the Manitoba Research Alliance on Community Economic Development in the New Economy, a research consortium that was headed up by the Canadian Centre for Policy Alternatives-Manitoba, Ian Skelton, Cheryl Selig and Lawrence Deane carried out research into the processes of housing production as part of neighbourhood revitalization. As a part of this research, they interviewed 18 key people involved in community development in Winnipeg, including government officials and representatives of community development corporations and non-profit housing groups.

The complete report, entitled *Social Housing, Neighbourhood Revitalization and Community Economic Development* is



government flowed into five inner-city areas of Winnipeg. The result has been a visible improvement of the housing stock, an

available free of charge from the CCPA website at [www.policyalternatives.ca](http://www.policyalternatives.ca). Printed copies may be ordered through the CCPA-Manitoba Office for a \$10 fee.

The authors' analysis suggests:

- That a bias seems to exist in the minds of many working in housing and community development against rental housing and in favour of owner occupation; and
- That there is an orientation towards getting houses built rather than thinking in CED terms about how to maximize benefits for community revitalization.

The rest of this publication summarizes a number of key points that emerged from the research.

### **WHAT IS COMMUNITY ECONOMIC DEVELOPMENT?**

There are several foundational principles for effective community economic development. The first is that small innovative businesses tend to be more labour intensive than larger plants, so these may be a more appropriate focus for development efforts. Second, those who will be involved in implementing the policy should be involved in planning. Only if these organizations play a role in determining the process will there be sufficient support and initiative to ensure that projects or programs are implemented after the initial enthusiasm subsides. Finally, the area or community of interest being targeted should be clearly defined, while keeping in mind that no economy ends or begins at neighbourhood or municipal boundaries.

Community economic development that is focused on import substitution,

or the creation of jobs and goods and services for local use, can create significant economic opportunities for communities. This approach is often seen in contrast to export promotion strategies. Whereas export promotion focuses on production for markets outside the local community, import substitution focuses on local production to meet local basic needs. Export promotion has been criticized because it can offer less potential to capture income for local residents. The jobs created by export promotion tend to have lower skill levels and many of the benefits "leak" out of the community and do not accrue to local residents.

### **THE BIAS TO WARDS HOME OWNERSHIP**

While owning a home has economic benefit for households, as it is a source of financial security and a means of asset accumulation,

exclusive support for this tenure adversely affects renters. In particular, continuing support for owner occupation progressively marginalizes people in other tenure groups.

As noted above, the increase in public support for housing in five inner-city areas of Winnipeg

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has had a number of positive impacts on these communities.. However, the dominant trend in these programs was the provision of affordable units for homeownership in the expectation that it will promote neighbourhood stability.

One drawback to such an approach is that homeownership is neither attainable nor desirable for everyone. Furthermore, it is primarily people who are employed with moderate incomes that are eligible for the funding that accompanies units that have been rehabilitated.

For many people, houses renovated under recent programs are prohibitively expensive. Even where subsidies minimize down payments and reduce purchase prices, carrying costs such as mortgage payments, insurance, repairs and maintenance expenses exclude those with low incomes. This underlines the need for a diversity of tenure and a variety of subsidies to address housing need.

In addition, the housing that has been created or rehabilitated is not price restricted forever. Under the current arrangements there is a greater interest in stimulating the neighbourhood housing market than in providing units that are affordable to lower-income earners. As a result, purchaser can often sell them on the market after a period of ten years. Homes built for rental or in a land trust would be more price-restricted.

Although homeownership is the dominant form of affordable housing that is currently produced, there is some rental housing, as well as recognition of the importance of providing a variety of housing tenures. However, there are barriers to maintaining

rental units that can hinder the ability or desire of nonprofits to supply rental units. The cost of maintaining the units is a main issue for the organizations, especially when they are dispersed throughout a neighbourhood. This underlines the need for government to fund multiunit rental, or to provide rent subsidies for long-term single-unit occupancy.



## HOUSING AND CED GOALS

While there are many areas where the ideals of CED match with the current practice in Winnipeg it is also worthwhile to note that there are still opportunities for increasing internal linkages, both economic and social. For example, CED theory requires more local purchasing of goods and services. Currently, local housing organizations are only committed to such a strategy as long as the price is competitive. While funding is limited and there must be a search for efficiency of

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spending it is also essential to realize the indirect economic benefits of purchasing and hiring locally. A commitment to local purchasing is based on a long-term approach to development and an understanding of the economic multiplier effect of community economic development. Additionally there is still limited resident participation in daily decision-making and in resident involvement in the management and running of some community development corporations and housing nonprofits.

**RECOMMENDATIONS**

Based on its conclusions, the report made the following recommendations:

- Training in CED should be provided for government officials and community workers in social housing. Greater awareness of CED is a precondition for greater adoption.
- CED should become a guiding principle in the housing initiative so that purchasing and hiring decisions may be made with regard to their impact on neighbourhood economies, and not simply in terms of superficial initial costs.
- In the next round of social housing expenditure, funding should be specifically earmarked for tracking financial flows to measure multipliers.
- Social inclusion must be enhanced through provision for tenure in addition to owner occupation. Co-operative, non-profit, condominium and other tenure categories should also be supported.
- Where owner occupation strategies are

utilized they must be implemented in ways that do not appear to privilege and value owners over people in other tenures.

- Social cohesion must be built through means other than owner occupation. Social infrastructure in the form of community facilities where people can form and enhance bonds directly, rather than through the housing market, is essential.
- Social policy at all levels should become tenure neutral.



 Social Sciences and Humanities  
Research Council of Canada



This is one of a series of reports published by the Canadian Centre for Policy Alternatives-Manitoba, based on the research conducted by the Manitoba Research Alliance on Community Economic Development in the New Economy. We are pleased to acknowledge the generous financial support of the Social Sciences and Humanities Research Council, grant # 502-2005-0006. The full reports are available online at [www.policyalternatives.ca](http://www.policyalternatives.ca),