Affordable Housing Initiative: Sustainable Management of Housing by Not-for-profit and Co-operative Organizations in Response to Decreasing Government Funding Programs

Final Research Report prepared for BALTA

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Introduction

Previous and ongoing research on the theme of affordable housing through BALTA has showed that the need for low cost market rental (affordable housing) and subsidized rental (social housing) is significant in both urban and rural areas of BC and Alberta. Co-operative housing, which was formerly affordable due to government programs has seen these programs cancelled, and federal and provincial funding programs for not-for-profit organizations providing affordable housing do not provide a sufficient level of support and are not consistent in the long run. In light of this situation, some not-for-profit and co-operative organizations have chosen to respond to the challenge of providing affordable housing by building a sustainable business model with minimal reliance on government financial support.

There is little documentation of the business models, but understanding how these organizations managed to acquire capital and operating resources to provide affordable housing independent of significant government financial support would assist other organizations interested in pursuing this model.

Background to Case Study Report

This report and case studies are the third component of the BALTA Affordable Housing Initiative: Sustainable management of housing by not-for-profits and co-operatives with minimal to no government support. The first component of the project was a literature review of the trends and business models used for the provision and management of affordable housing by not-for-profit organizations and co-operative groups that use non-government funding sources. The literature review showed that various approaches are being pioneered by organizations within and outside of Canada, and these are increasingly receiving attention for their potential to provide a model for other organizations to achieve financial self-sufficiency. The majority of literature, however, either introduces the approaches and models or attempts to provide guides for replication, while few publications discuss the development process, asses them for their ability to contribute to an organization's financial sustainability, or draw out factors for success and provide lessons from the experiences.

The second component was a background research paper to provide an overview of the approaches to financial sustainability in Canada, the US and Europe. This research showed that several independent approaches to cost minimization as well as several general business models and their variations were becoming predominant in the efforts for not-for-profit and co-operative organizations to sustain their operations in an environment of decreasing government funds available for their operations while the demand for their services was increasing. Although the level of government or other sources of funding available for affordable housing organizations and consequently the need of organizations to become financially self sustaining differed in the regions examined, similar approaches were being pioneered across the countries. The background research showed that initiatives of organizations were often reactive, and driven by factors such as the availability of funding or availability of grants for particular initiatives. Furthermore, the regional legal and policy contexts had impact on which approaches were predominant in a country, and to what level they were successful. These findings indicate that it is necessary to examine the approaches in depth at a regional level.

The purpose of this primary research report and case studies is to fill the gap in literature and examine the experiences from the perspectives of the organizations that have attempted them, with the aim of drawing out some lessons, possible reasons for the successes or failures of particular approaches, and to identify what is necessary to further support the efforts of the not-for-profit affordable housing sector to continue to fulfill its mandate in an environment of decreasing government funds available to support its activities. It is the preliminary work in an initiative to provide a resource for not-for profit and co-operative providers of affordable housing in BC and Alberta that are interested in the experiences of organizations that have attempted innovative approaches to financial sustainability and to use the lessons in their own efforts at sustainable operation without heavy reliance on government funds.

Methodology

The information featured in this report and case studies was gathered primarily through interviews, either in person or by telephone, with representatives from not-for-profit and co-operative affordable housing organizations. The interviews were conducted with representatives from not-for-profit organizations only, thus models where other parties, such as private developers, played a significant role are presented from the perspective of the not-for-profit organization only. Interviews to gather background and general information were also conducted with representatives of umbrella organizations in the affordable housing sector, consulting companies, and financial institutions. Appendix #1 provides a list of interviewed individuals and organizations.

Secondary research on the initiatives of organizations also forms a significant component of this report. The main secondary sources used were the Canadian Mortgage and Housing Corporation's reports and research highlights of initiatives in the affordable housing sector, the organizations' websites and other publications such as annual reports. In cases where secondary sources provide significant information relevant to this study regarding an organization's initiatives, these are discussed in the report even if a primary interview was not conducted with a representative from the organization.

The report provides background information about the approaches that have been pioneered by organizations that were interviewed, followed by individual case studies. Preliminary findings and general trends evident from the case studies are presented, followed by recommendations for the sector that were evident from this phase of the research study as well as recommendations for further research on this topic.

Approaches to Financial Sustainability and Innovative Business Models

Background research of approaches not-for-profit and co-operative organizations in Canada, the US and Europe were taking toward becoming financially sustainable and less dependent on government funding showed several independent approaches and comprehensive business models, of which examples could be found across the regions examined. The degree to which an organization can replicate an approach is constrained by the legal and policy context within which it operates, however, variations of the common approaches can be found throughout BC and Alberta. The independent approaches that are applicable to a particular point on the continuum of affordable housing development and provision include: the use of resident volunteers, approaches to property acquisition and development, and methods of achieving economies of scale. The most common comprehensive business models that are being used by not-for-profit organizations to access funds from non-government sources are social enterprise ventures and partnerships with the private for-profit sector.

Independent Approaches

Use of Resident Volunteers

The contribution of resident volunteers to the operations of an organization or to activities supporting housing from development to maintenance is found in several models of affordable housing provision. Co-operatives are the most common example of housing organizations that rely on the contributions of their residents for sustainable operations. There are, however, several models through which non-profit organizations are also incorporating the contributions of residents into their operations. Habitat for Humanity, an international organization with branches in both BC and Alberta, operates through a model where future residents and volunteers jointly build houses that are sold to "partner families" at no profit. The future residents/buyers are required to invest 500 hours of labor and thereby contribute their sweat equity to the purchase of their home[1]. In addition to contributions of sweat equity in the building of affordable housing, residents can also contribute to their housing on an ongoing basis, through carrying out activities such as those related to the maintenance of the property or provision of services to residents. The degree to which residents are able to contribute will in large depend on the type of residents the organization provides housing for. Many residents of supported housing, for example, are not in a position to carry out volunteer duties. In addition, residents are often compensated for their work or require additional staff to assist them, which results in the program actually being an additional cost to an organization. The Pacifica Housing Association (case study #3) in Victoria, BC is an example of an organization that has pioneered such a peer-support model in one of its developments.

Approaches to Property Acquisition and Development

Property acquisition and development are among the most significant costs to affordable housing organizations, and many organizations that have achieved cost effectiveness have done so through measures taken at this phase. Such measures include utilizing green building

[1] Habitat for Humanity Vancouver Website. http://www.vancouverhabitat.bc.ca/about-us. Accessed August 18, 2009.

methods that have resulted in long term energy cost savings, careful planning with regard to density considerations that has decreased the cost per unit of housing, acquiring property at below market value, and through a mixed-use of property. Green building approaches were being taken by a minority of the organizations interviewed for this study, and most cited the up-front costs as the reason for this, despite the potential long term savings. Some organizations, however, invest in the initial costs for the future savings that can result. The Communitas Group, a for-profit consulting group in Alberta that helps non-profit and co-operative groups in housing development, has used green building approaches in several recent projects[2]. One of their clients, Cave Avenue Co-operative Homes in Banff, Alberta, built its 2005 development to LEED Silver certification. Although the actual long-term cost savings of energy efficient affordable housing projects are not quantified, research suggests that the long term savings justify the short term investment[3]. Furthermore, several grants and sources of funding specifically for green building initiatives are available to organizations developing affordable housing. Examples of organizations that provide green building grants are the Home Depot, Habitat for Humanity, and the Real Estate Foundation of BC, among many others. These grants provide not-for-profit organizations the opportunity to access additional sources of funding through green building approaches.

Another method by which organizations have decreased the per unit cost of property development has been through careful planning with regard to density considerations in order to maximize on the space available and decrease the per unit costs. Examples of such planning include Mike Gidora Place, a development by the Victoria Cool Aid Society, which has units averaging 250 square feet which are possible due to innovative design features. In the case of Victoria Cool Aid Society, this particular development was the initiative of a particular individual, and has not been replicated after his departure from the organization[4]. In another example, the Canadian Mental Health Association (CMHA) of Red Deer, Alberta, (case study #4) acquired property specifically due to the fact that it was conducive to redevelopment which maximized on density.

Property acquisition provides another opportunity for organizations to contribute toward financial sustainability. Many organizations interviewed did not own the properties they managed; rather they were leased from provincial or municipal governments. Many organizations which do not receive other forms of regular government funding for their programs could not operate without the leased land from their municipality at minimal costs. For example Abbeyfield, a residence housing 22 seniors in Port Alberni, operates with no regular government funds, but they lease their property from the city for $1 per year, which has a significant effect on operational costs[5]. Some organizations such as the Pacifica Housing Advisory Association of Victoria, have however, begun to acquire their own properties, as they see this as a potential opportunity to leverage the equity in the future. Purchasing property often requires significant work to find a suitable property and to secure grants and financing. Several organizations interview acquired properties which were in need of rehabilitation, which provided both an opportunity to maximize on the increase to the value of the asset through renovation as well as accessing grants such as through the CMHC Rehabilitation Assistance Program[6].

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[2] Interview with Lynn Hannley, The Communitas Group Ltd. August 4th, 2009.

[3] Green Communities Initiative Website. http://www.greencommunitiesonline.org/about/ Accessed July 10th, 2009

[4] Interview with Kathy Stinson, Executive Director, Victoria Cool Aid Society. August 4th, 2009

[5] Interview with Terry Whyte, Treasurer – Abbeyfiled, Port Alberni. August 20th, 2009.

[6] CMHC website: Programs and Financial Assistance. http://www.cmhc-schl.gc.ca/en/co/prfinas/index.cfm. Accessed on August 4th, 2009.

Mixed-use models for property use are another example of methods being employed by not-for-profit organizations to achieve financial efficiency. Some organizations that have acquired their own buildings will allocate the ground floor space as commercial, either leasing it themselves for their administrative office space (organizations often receive specific funding for administration and can thus keep these funds internally) or leasing it to their own social enterprise operation or to an external businesses. In another model, some organizations operate buildings where a certain amount of units are allocated to market rent rates and some to rate to income. The revenue from the market rental units helps to subsidize the below-market units. The type of residents an organization provides housing for and their specific needs have a significant impact on whether a mixed-use model is suitable to a particular housing development, and this a model which is suitable to only particular organizations.

Collaboration and Economies of Scale

Many co-operative and not-for profit organizations in BC and Alberta are relatively small, and membership in umbrella organizations provides an opportunity to access not only the benefits of economies of scale through bulk purchasing networks but also access to resources, training, and research publications that the organizations would not have the capacity to provide for themselves. For not-for-profit organizations in BC, the BC Non-profit Housing Association (BCNPHA) provides members with access to bulk purchasing and investment programs, education, and research. For co-operatives, the Co-operative Housing Federation of BC provides similar benefits to its members. There is no equivalent to the BCNPHA and its programs in Alberta, but co-operatives have the option to become members of the Northern or Southern Alberta Co-op Housing Associations which provide members group benefits they could not otherwise access independently. Most organizations interviewed were members of these associations and took advantage of their services. Some interviewees mentioned the need for further joint efforts. The General Manager of Norfolk Housing in Alberta discussed the need for collaboration with respect to knowledge sharing of the new models organizations were implementing in efforts toward financial sustainability, such as his organizations partnership model. He himself had organized informal gatherings in his region to start discussions and sharing of best practices.

Emerging Business Models

Social Enterprise

Social Enterprise is receiving a lot of attention as examples of not-for-profit organizations that have successfully generated a source of revenue through business activities to support their mandates are emerging. There are many not-for-profits that operate social enterprises both in Canada and internationally. As the background research paper showed, social enterprises currently in existence contribute to a social cause in two ways. In one method, which is common in the affordable housing sector in the UK, social enterprises are set up with the direct goal to provide a social need such as affordable housing, for example through a community development enterprise. Alternatively, a not-for-profit organization can operate a business that may be unrelated to its core activities, with the purpose being to generate profits used to fund the mission related activities. In this study, the focus was on examining business ventures organizations were operating in order to generate a source of revenue which could fill the gap

left by decreasing government funding. The types of business being operated by organizations range from coffee shops such as the Cornerstone Café operated by the Fernwood Neighborhood Resource Group[7] to property management companies such as Atira Property Management Inc. (case study #7). Several large national or international organizations manage social enterprises that have branches operated by regional chapters of the parent organization. Examples of this model of business activities undertaken by not-for-profit organizations include Habitat for Humanity's ReStore, which resells donated building materials[8], and the Salvation Army's Thrift Stores (case study #5). Organizations operating a branch of a national social enterprise benefit from a ready-made business model and assistance that they receive from the parent organization. In Canada a specific legal structure for social enterprises does not exist, and the majority of social enterprises examined were structured as for-profit entities that were wholly owned subsidiaries of the not-for-profit organization. Any profits realized, were transferred to the not-for-profit arm of the organization as a donation.

Social enterprise is receiving increasing attention for both its social impact and as a potential means for not-for-profit organizations to generate an independent source of funding. Many organizations have heard the success stories and have considered this route to self sufficiency. Undertaking an entrepreneurial venture, however, requires a specific skill set, a willingness to take risks, extreme hard work and perseverance, and an entrepreneurial spirit that not everyone possesses. Furthermore, a social enterprise is not an immediate and guaranteed means to financial self-sufficiency. A report card of social return on investment published by Social Capital Partners[9] evaluates the performance of several prominent social enterprises in Canada that SCP has invested in. In purely financial terms, of the five organizations profiled, three are making a net loss, one is generating a profit of just over $35,000 and only one is generating a profit of over $100,000. One of the organizations evaluated which is also featured in this study, Atira Property Management Inc. (APMI), has had rapid growth and achieved annual sales of $1 million but generated a net profit of only $35,314 in 2008, six years after inception. CEO Janice Abbott confirmed that the amount available for transfer back to the parent not-for-profit constitutes only about 2% of the society's operating budget. The potential of social enterprises to be an effective means to financial sustainability is not clear; however the social impact of the enterprises was undisputed among the individuals interviewed for this study. An example of such social impact is APMI, the majority of whose 230 employees were unemployed and live in Vancouver's downtown east side.

Partnerships with the Private For-Profit Sector

Partnerships between not-for-profit affordable housing providers and private development companies are a model that was the most common form of partnership with the for-profit sector being undertaken by the organizations surveyed. This form of partnership can contribute to the financial sustainability of not-for-profit organizations by accessing private sector funds. There are many variations of such partnerships, ranging from arrangements where both the for-profit and not-for profit organization have a financial stake in the venture or joint ownership, to arrangements where the not-for-profit organization will manage affordable housing units or an affordable housing program in a development owned by the private company.

[7] Fernwood Neighborhood Resource Group website. http://fernwoodnrg.ca/cornerstone-cafe. Accessed August 19, 2009.
[8] Habitat for Humanity Canada Website. http://www.vancouverhabitat.bc.ca/restores. Accessed August 4th, 2009.
[9] Social Capital Partners website. http://www.socialcapitalpartners.ca/portfolio/sroi-reports. Accessed August 4th, 2009.

Several of the organizations surveyed in this study had experience with partnering with for-profit developers, and the experiences were largely positive. Interviewees that had experience with partnerships often noted that they are often contacted by either the private developer or by CMHC with a partnership opportunity, and there appear to be several community minded developers who truly want to make a difference in their communities who actively seek out not-for-profit organizations to partner with to achieve their goals. Respondents also felt that bringing in funds from the private for-profit sector was a good way for the not-for-profit sector to further its mandate of affordable housing provision. CMHC is a supporter of partnerships with the private sector, and was often a key player in developing and enabling the partnership by way of providing mortgage insurance for innovative programs. Although not-for-profit organizations seek out these partnerships to access funds alternate to government support, such initiatives often actually attract government funding. For instance, the Medicine Hat Community Housing Society of Alberta partnered with a private developer, Classic Construction Limited, to develop an affordable homeownership program where the developer's contributions help to decrease the cost to the buyer. This program attracted significant funding from various levels of government[10]. This program became a model for another successful partnership in Alberta initiated by the Norfolk Housing Association (case study #1). In other models of partnership, such as the one undertaken by the Red Deer branch of the Canadian Mental Health Association (case study #4), the not-for-profit organizations partners with a private developer to build housing which it will not only operate or administer the selling of, but also own.

Housing Co-operatives

Housing co-operatives, although they also work to provide affordable housing, are significantly different from not-for-profit organizations within the affordable housing sector. Some approaches that have been discussed have had examples of application by co-operative organizations, but due to the differences in the type of housing provided and the government funding programs that are available to the organizations, co-ops face a significantly different situation than not-for-profit organizations, and not all approaches that have been mentioned are applicable to co-ops.

Co-operative housing organizations do not undertake as large of a scope of activities that not-for-profit organizations do, as they are not normally involved in the provision of social services. They generally provide affordable housing as opposed to social housing, and their members and residents are able to contribute more both financially and in a volunteer capacity to the operations of the co-operative organization. However, co-operative organizations have access to only specific government programs, a much more narrow range than not-for-profit organizations that have wider mandates.

Currently, government programs specific to supporting co-op housing development have been cancelled in all provinces except for Quebec[11], and operating agreements of the Federal Housing Co-op Program will all expire by year 2020, bringing an end to government subsidies

[10] CMHC News Release, May 18, 2007: Medicine Hat Celebrates Grand Opening of Two Affordable Housing Projects. Accessed from http://www.cmhc-schl.gc.ca/en/corp/nero/nere/2007/2007-05-18-1600.cfm on August 4th, 2009.

[11] Co-operative Housing Federation of Canada Website. http://www.chfcanada.coop/eng/pages2007/about_4.asp, accessed on August 20th, 2009.

and a safety net[12]. The Co-operative Housing Federation of Canada and its provincial branches such as the Co-operative Housing Federation of BC, are implementing a program called Vision 2020, which aims to provide assistance for preparation for the ending of agreements and fully independent operation. Vision 2020 provides guidelines on topics such as governance, management, managing financial reserves, and property maintenance. Although this will help existing co-operatives operate as sustainably as possible, it does not provide a full solution to the problem, and does not address the development of new co-ops without government programs[13].

Despite the lack of funding for new co-operative housing development, there are several examples of groups in BC and Alberta that have managed to develop new housing. Co-operative organizations are operated and managed by their members, resulting in the operations being relatively self-sustaining. The biggest financial cost in the development of a new co-operative is property acquisition and building costs, and co-operatives that have undertaken new developments without the support of government programs have approached this problem in several different ways. For example, the Kootenay Columbia Senior's Housing Co-operative in Castlegar, BC (case study #8) helped to fund their development with the sale of market lots from their original parcel purchase. In another example, the Roofs and Roots Housing Co-operative in Victoria, BC developed their co-op using a combination of non co-op specific government funding, grants, loans and member's sweat equity. In addition they planned to create an innovative development fund with contributions from several sources including regularly monthly contributions from members, which would help to fund future developments[14].

[12] Co-operative Housinf Federation of Canada – Vision 2020 Website. http://www.chfcanada.coop/eng/pages2007/2020home.asp. Accessed August 20th, 2009.

[13] Interview with Darren Kitchen, Government Relations Representative, Cooperative Housing Federation of BC. August 14th, 2009.

[14] Roof and Roots Housing Co-operative Business Plan, August 2004. Accessed from http://innovativecommunities.org/Roots/05.php on August 20th, 2009.

Preliminary Findings

This study examined a wide range of approaches and organizations interviewed were diverse in their mandates, the scope of services they provide and the type of residents they house. As such, it gives a broad overview of the approaches not-for-profit and co-operative organizations in BC and Alberta are using to take steps toward financial sustainability in response to the decrease in government funding available to them. Although each approach would need to be examined in depth to draw detailed conclusions about its effectiveness and factors for successful replication, several preliminary findings that emerged from the interviews about the trend toward financial sustainability are presented here.

- The vast majority of representatives of not-for-profit organizations (in particular those that provide supported housing) hold the belief that it is the responsibility of the government and the taxpayer to fund the services they provide. They have chosen to take innovative approaches to generating alternative sources of funding out of necessity, and even if their approach is successful and they would recommend it to other organizations, they do not necessarily believe it is the best alternative to government funds.

- The mandate, scope of activities, and target group of residents housed by an organization has significant impact on the types of approaches to financial self sufficiency that are suitable for it to undertake. Generally, a wider variety of approaches is suitable to not-for-profit organizations that provide affordable housing than to those that provide supported housing and a range of social services. Organizations providing supported housing and associated activities may have less capacity for additional revenue generating activities, and approaches involving resident contributions are not always suitable (in particular when they aim to result in cost effectiveness).

- Organizations are constrained by the legal and policy contexts of the regions they operate in, and even within BC and Alberta, differences in regional policies, such as municipal regulations, can determine whether approaches that have succeeded in one jurisdiction are replicable in another.

- Innovative approaches were in most cases the initiative of one individual in an organization, who "championed" the approach. These individuals had a true belief in their idea and a dedication to it, which helped them overcome many obstacles and not give up in instances where it appeared the initiative would not succeed. In some cases, when an individual who had pioneered an approach left the organization, the initiative did not continue.

- Undertaking innovative approaches often required a significant amount of risk and additional work, and many representatives of organizations that championed such approaches took the personal risk upon themselves and dedicated significant amounts of unpaid time to the effort.

- Traditional banks played little or no role in enabling the financing of the initiatives examined. Organizations often turn to credit unions, which were willing to work with individual organization to come up with solutions to their specific financing needs. Financing initiatives, however, still remained a significant challenge in many of the

experiences examined, as innovative approaches often require innovative financing options.

- Not-for-profit housing organizations, in particular co-ops, have the opportunity to become sustainable through the acquisition of property and by leveraging the asset in the future. A significant barrier is the lack of financing mechanisms for such organizations to finance their initial purchase. In successful examples credit unions played an important role in financing initiatives but there is still a lack of established financing mechanisms,

- No particular approach stood out as being more effective than others; rather some approaches are more suitable to an organization based on the particular circumstances of that organization and the capacity and skills of the individuals undertaking the initiative.

- *Social Enterprises*
    - Profits from the operation of social enterprises were not contributing significantly to the budgets of organizations interviewed, however in all cases respondents felt that additional benefits such as capacity building within the organization or achievement of direct social goals were significant. The organizations planned to continue operating or further growing their businesses.

- *Partnerships with Private Developers*
    - Findings indicate that partnerships are often the initiative of the private developers, who often have trouble finding not-for-profit organizations to partner with. Organizations approached that do not have experience with these types of partnerships, would benefit from resources or support in developing the partnership.

    - In all cases that had developed successful partnerships with for-profit developers, interviewees felt that the primary motivation of the developer was to contribute to the community, and that the developer was not benefitting financially. They stated that the developers had been supportive partners in the partnership process.

- Few approaches were found that are truly independent of government funding, and no non-profit organizations (apart from co-operatives) interviewed in this study were found to be operating completely independently of government funding. Innovative approaches were slowly beginning to make contributions to organization's budgets, but funding from all levels of government, even in the absence of specific programs, was still heavily relied upon by organizations. Furthermore, innovative approaches, for example to partnerships with the private sector, had the effect of not only gaining the private sector funding for affordable housing initiatives, but also often attracted government funding specifically to support the innovative initiative.

Recommendations

- This study provided an overview of approaches to financial sustainability by not-for-profit affordable housing organizations, and as such is too broad to draw detailed conclusions about each approach examined. Further in depth research focused on a particular model which examines at minimum ten experiences of the particular approach would help to more closely identify factors for success.

- Further studies into approaches that involve parties other than the not-for-profit organization, such as partnerships with private developers, should also include an examination into the perspective of the other parties involved.

- The case studies and findings featured in this report should be made available to not-for-profit organizations as they provide a starting point for research into approaches to financial sustainability.

- Knowledge sharing and documentation of experiences are important within the sector to enable organizations to learn from each other's experiences and gather best practices in developing their own approaches. Umbrella organizations such as the BCNPHA are best positioned to coordinate this effort.

- Not-for-profit organizations would benefit from resources and support in developing and incorporating approaches to financial sustainability into their operational models. Again, organizations such as BCNPHA and Provincial Co-operative Housing Associations are best positioned to provide education, support, and access to information in this area.

Case Study #1: Norfolk Housing Association

Based in Calgary, Alberta, The Norfolk Housing Association works to provide affordable housing options for residents such as students, seniors, the disabled and low-wage earners in a region where housing costs have been rising rapidly due to an economic boom. As a relatively small organization, Norfolk Housing must stretch its limited budget to the maximum. In addition to the **mixed-use model** through which the organization is able to provide much needed affordable housing without significant sources of external funds, Norfolk Housing has also created an **innovative partnership with a private developer** and helped create opportunities for lower income potential home buyers with the help of financial contributions from the private sector.

Norfolk Housing Association
Calgary, Alberta.

Year Established: 1980

Interview with:
Doug McLaughlin, General Manager

Number of Staff: 4
Annual Budget: $1.5 million

Housing: Affordable, low income
Scope of Activities: Affordable Housing Provision

Approaches to Financial Sustainability:
Mixed-Use Model
Partnership with Private Developer

Mixed-Use Model:

The organization has been operating its six buildings, which comprise of 114 units, using a mixed-use model, whereby 50% of the units in a building are set at the market rental rate, and 50% are at rental rates geared to income (30% of income based on definition of affordability). The revenue from the market rate units helps to subsidize the below market rate units. Norfolk credits this approach with enabling it to provide the below market units. In addition to cost considerations, additional benefits of this approach are helping the residents avoid stigma that may be associated with social housing, and allows people from all socio-economic backgrounds to be integrated into a community.

Partnership with a Private Developer:

The Norfolk Housing Association has played a key role in the development of the Attainable Ownership Program, an innovative partnership between a not-for-profit organization and a private developer.

Partners: Norfolk Housing Association, Trico Homes, CMHC

Program in Brief: Through this program, Trico Homes, a Calgary development company, donates 5% of the price of a house, which Norfolk lends interest free for 5 years to a qualifying buyer (based on income) to help with their down payment. Repayment of the loan is not required until the house is sold. In addition, Trico provides a $200 monthly non-repayable mortgage subsidy to the buyer for the first 5 years. This lowers the qualifying income for home

ownership by $15,000 or more. When the loan is repaid to Norfolk, the funds are used to continue furthering the organization's mandate of providing more affordable housing units. If the buyer sells the property during the 5 year period, a percentage of the increase in value must go to Norfolk.

Development of the Partnership: The opportunity for this partnership came from the builder, and was brought to Norfolk Housing Association by CMHC. Together with CMHC and Trico Homes, Norfolk Housing was a key player in developing the partnership. The organization's General Manager, Doug McLaughlin spent time investigating models or partnerships between not-for-profit affordable housing providers and private developers in Canada and internationally, pulling the best practices from them to develop a model for Norfolk's program. The development process took around 6 months of work on the part of all the partners. Doug credits his Board of Directors for giving him the flexibility and latitude to explore this opportunity but notes that he really had to prove that this was something that would work to maintain their support.

Doug believes that the contributions of each of the partners led to the success of this initiative. CMHC was an involved and supportive partner in the process and supported the mortgages that were an essential part of the program, and a key to Norfolk and Trico Homes' ability to make it a reality. He also believes that Trico Homes is a company that truly wants to give back to their community, as there is no financial gain for them from the initiative. The impetus for the program came from Trico Homes, who were willing to put time and effort into the partnership development, and to give up profit on a percentage of homes in their developments. However, the economic conditions in Calgary were also a factor, as they were favorable for developers, thus allowing a company such as Trico Homes to undertake such an initiative.

When asked if he thinks Norfolk's approach is replicable, Doug stated that under certain circumstances it is. What is necessary is an active developer who is doing well, and wanting to make a genuine contribution to their community. He would also like to see more sharing of experiences and ideas about such innovative approaches or other issues facing the not-for-profit affordable housing sector, and has taken the initiative to start informal get-togethers and discussions among not-for-profit housing providers in his region.

Future Outlook: The program began with a pilot project of 10 units in Trico Homes developments in Cochrane and Okotoks, and has now gained the support and funding of the provincial government to create an additional 58 available for purchase by low income families or individuals who would not otherwise qualify for a conventional mortgage to purchase equivalent units. The government support was gained by Norfolk through a Request for Proposal issued by the Alberta Government and will fund the monthly mortgage subsidies that had previously been provided by Trico Homes. The funds are a component of a $309 million in capital funding provided to municipalities, non-profit organizations, and private developers in 2008-2009 that supported the development of affordable housing in Alberta[15].

[15] Government of Alberta News Release: "Low-income Calgarians one step closer to home ownership". May 15th, 2009. Accessed from http://alberta.ca/home/NewsFrame.cfm?ReleaseID=/acn/200905/2597645393D99-CFAF-552A-416CDEF9C48D8833.html on June 30th, 2009.

Case Study #2: Atira Women's Resource Society

Sources: In person interview with Janice Abbott and "What Value Social Enterprise: Understanding the Success of Atira Property Management" by Janice Abbott, MakingWaves Volume 16, number 3.

Atira Women's Resource Society
Vancouver, BC

Year Established: 1983

Interview with:
Janice Abbott, Executive Director

Number of Staff: 119
Annual Budget: $11 million

Housing: Supportive and Emergency Shelter Housing
Scope of Activities: Social Services, Supportive Housing

Approach to Financial Sustainability:
Social Enterprise

As part of its mandate of supporting women dealing with the impact of violence, Atira Women's Resource Society (AWRS) provides emergency and supportive housing services at seven locations in the Lower Mainland of BC. Janice Abbott, the organization's Executive Director, has spent countless hours over the last fourteen years developing and establishing the **social enterprise** Atira Property Management Inc. (APMI), which has become a well known example of a successful entrepreneurial venture by a not-for-profit organization. The business is operated with the **goal of generating revenue that is used to contribute to funding the operations** of its parent organization, Atira Women's Resource Society.

Social Enterprise Development: The idea for an innovative approach to financially sustaining the activities of AWRS came out of necessity, when the organization was faced with the reality of diminishing government funding to support the services it provided. Over fourteen years ago, Executive Director Janice Abbott began to think of alternative methods that Atira could use to generate funds for its operations rather than resign to reducing services. Exploring alternatives and examining what other organizations were doing, Janice realized that a traditional business operation such a thrift store would not result in achieving Atira's goals. Instead, she felt if the organization was going to take this route, she would have to come up with a non-traditional business idea.

Janice spent five years exploring different options, but none felt right until she had the idea of a property management company, which she felt was a good strategic fit for Atira as managing properties was something that they already did and knew how to do well. Although coming up with the idea took several years, the time gave Janice an opportunity to slowly introduce her idea to Atira's board, make it a regular item on the agenda, and thus allow board members to become comfortable with it before they had to make any decisions on the topic. Once the business idea was there, Janice spent another 11 months working hard to develop a comprehensive business plan, overcoming any opposition or uneasiness about the venture from the board, and securing start-up capital. Initial funding for the business came from several sources, which included a substantial loan and several smaller grants from Vancity Credit Union, Vancity Capital Corporation, and the Enterprising Nonprofits program.

Although a property management company was chosen as the business Atira would operate due to it being a strategic fit with their existing knowledge of managing properties, Janice explained that as soon as they started out on the venture, they realized that managing properties for others was a completely different matter, something they actually knew nothing about. Committed to the success of the business, Janice, who became the CEO of APMI, gave up her free time, weekends, and vacations and devoted them to learning the business, working 60-70 hour weeks to develop and grow Atira Property Management, in addition to her work as the Executive Director of AWRS. Another six years of extreme dedication, hard work, and many overcome obstacles have resulted in APMI growing into a company with over $1 million in annual sales.

Atira Property Management Inc.: APMI is structured as a for-profit corporation and wholly owned by AWRS. In the seven years since its inception, the company has grown to an organization that employs 230 individuals. Janice Abbott remains the executive director of AWRS and the CEO of APMI and the company is staffed with professionals in property management and any profits generated are donated to AWRS.

The start-up capital for the venture comprised of a loan of $100,000 and an additional $80,000 loan from the society's operating reserve. Since inception the company has borrowed further amounts for expansion. It took two years for the company to have its first profitable month, and by 2004 net revenue had grown to $537,000. Currently APMI is generating over $1 million in sales, a large portion of which is expensed for operations and debt servicing costs.

Social Enterprise Impact: APMI has had both financial and non-financial impact. Although employment of individuals from Vancouver's Downtown East Side was not among APMI's original goals, which were purely financial, it has been an added benefit that has resulted from the operation.

In terms of financial impact, APMI has sales of over $1 million per year. However, as with any for-profit business, in the early years only a small amount of sales revenue remains after operating costs are accounted for. APMI has since inception borrowed additional funds for expansion, and those liabilities are still being paid off. Although the company aims to transfer 75% of its revenues to AWRS, this currently accounts for around 2% of the society's annual budget. The company's goal is to continue growing revenues to increase the annual amounts that are transferred by way of donation to AWRS.

Looking back at the experience, Janice says that she believes the route of establishing a social enterprise was right for AWRS. The effort required a lot of hard work that still continues with the company's operation but Janice was determined to succeed and willing to take personal accountability and personal risk for the venture. However, she doesn't feel that APMI's experience should be a template for other organizations as all the factors leading to the company's success are not easily replicable.

Case Study #3: Pacifica Housing Advisory Association

Pacifica Housing Advisory Association, Victoria, BC

Year Established: 1988

Interview with:
Karyn French, Executive Director

Number of Staff: 41

Housing: Affordable, low income
Scope of Activities: Affordable housing provision, some support services

Approaches to Financial Sustainability:
Mixed-Use Model
Peer-support Model
Rehabilitation of properties
Density Considerations

Pacifica Housing Advisory Association (PHAA) works to provide affordable housing in the Victoria region in addition to providing community outreach services. The organization currently manages 635 units of affordable housing in 29 buildings. PHAA's three most recent developments were completed in the absence of government programs which had previously helped to fund projects, and the organization used a **combination of approaches to property acquisition and development** to complete these in a financially sustainable manner.

Property Acquisition: The majority of buildings operated by PHAA are either on land leased from the Province, owned by the Province and managed by PHAA, or owned through operating agreement with the Province. However, in an effort initiated by the former Executive Director and continued by the current ED, the organization has chosen to purchase and develop its own properties, and has in this way completed the three most recent projects. Pacifica saw this approach as an opportunity to acquire assets that it could leverage in the future and thus become more financially independent.

This first project developed under this model took several years of planning, and due to the perseverance of the ED that initiated it and her successor, Pacifica purchased its first building with approximately $650,000 of funds they had accumulated through operations, and a mortgage of about $115,000 through BC Housing's bulk mortgage program. The property was operated using a **mixed-use approach** to ensure its financial sustainability. The ground floor is used as **commercial space** which houses the organization's administrative offices, for which Pacifica receives funding. The residential units are a **mix of market and affordable units**, with the market units helping to subsidize the affordable units.

In acquiring the property for its second independent development, Pacifica saw an opportunity to purchase a building that was in disrepair and known for social issues in the community. By purchasing a property in this state, Pacifica was able to **maximize the growth in value of the property through rehabilitation.** Furthermore, undertaking a rehabilitation project allowed the organization to access funding from CMHC specifically for such initiatives. Pacifica's Executive Director, Karyn French, stresses that even when looking for properties to rehabilitate, certain features such as building structure, zoning, and location are essential. This project was

financed through a combination of grants totaling approximately $340,000 including grants from several levels of government, and a mortgage for the remainder of $250,000.
Pacifica's third independent development is scheduled for occupancy for November of 2009. This project is a conversion of an old medical building, whose owner was having trouble selling it and approached Pacifica with the opportunity. The building fit the criteria of good structure, zoning and location, but also provided an **opportunity to maximize on the space in terms of density planning**, which the project architect took into consideration. This project has over eight different funders but no mortgage.

Pacifica has been innovative with its approaches to property acquisition, and has successfully developed three properties that the organization now owns and will have as an asset that it can leverage in the future. The process, however, has been lengthy and has required hard work and determination by the Executive Directors. The work on developing the initiatives and seeking out the properties was all done in-house, as was all the work on writing grants to the many organizations that came together to provide funding for the projects. Karyn estimates that in one year she spent an additional 37 full days of overtime work on planning for these projects. She believes that a key to the success of such initiatives is a "champion" who will persevere despite many obstacles, personally stand behind the project and not let it go.

Peer Support Model: Pacifica has pioneered a peer-support model of **resident involvement** in one of its residences. Under this model, residents have the option to participate in maintenance related work, and are compensated with food vouchers. The organization is currently in the process of formally evaluating this model, but indications are that it is beneficial for residents, establishing a sense of belonging and ownership. In terms of financial impact, as residents are compensated for work and do require staff assistance, it does not result in significant savings in operational costs.

Case Study #4: Canadian Mental Health Association (Red Deer)

Canadian Mental Health Association,
Red Deer, Alberta

Interview with:
Patricia Turnbull, Executive Director

Number of Staff: 45
Annual Budget: $2.3 million

Housing: Supported Housing
Scope of Activities: supported housing, social services, outreach and support

Approaches to Financial Sustainability:
Partnerships with Private Developers

The Canadian Mental Health Association in Red Deer, Alberta, provides supportive housing as part of its mandate of supporting the resilience and recovery of people experiencing mental illness. Under the leadership of Executive Director Patricia Turnbull, the Red Deer branch of the CMHC has developed six housing projects through a **ten year partnership with a private company, P&S Investments**, who have brought to the partnership a true motivation to contribute to the affordable housing problem in Red Deer and a significant financial contribution. Over a period of ten years, this partnership has created 222 affordable housing units.

Partnership Development:

This partnership was initiated by Patricia, CMHA's Executive Director, when she met the businessmen who would form P&S Investments. These were individuals who had not previously been involved in property development; one was a Pastor and the other in the oil business. They were, however, truly concerned about homelessness in Red Deer and **interested in making a contribution to the community**. Upon meeting Patricia, they began to develop a partnership to provide more affordable housing units for people recovering from mental illness. The development of the partnership took a significant amount of time and effort and CMHA was an equal partner in the development process. Patricia estimates that over the first five years she devoted about 25% of her time to developing the initiative.

Partnership Model:

Under this model, CMHA and P&S Investments are equal partners in contributing effort to the initiative. **P&S Investments contributes the capital and builds the properties, remaining the owner. CMHA accesses additional grants to fund the developments, manages the tenant application process, and provides service to tenants**. CMHA has consciously made the decision not to own properties for ethical and philosophical reasons, as this would put the organization in the position of the landlord and would require them to on occasion evict residents that they provide supportive services to as their mandate.

Although P&S Investments makes a significant financial contribution to the developments, CMHA has also been able to access funding from various sources, including different levels of

government, to support the initiatives. For example, Potter's Hands was a project developed with contributions of $1 million from P&S Investments, $1 million from the Alberta government and $3 million from the government of Alberta and CMHC through the Affordable Housing Initiative. Another development, the Buffalo, received funding contributions from CMHC's Residential Rehabilitation Program and the government of Alberta. CMHA is instrumental in the grant writing process to access funding in addition to the contribution of P&S.

P&S Investments does not profit through this partnership after recovering the costs of development through rental fees. In addition to their role in development, they have also **created training and employment opportunities** for residents and other individuals from the target group CMHA supports.

Future Outlook:

Patricia believes that the **private sector is an important source of funds for affordable housing** and would recommend the partnership approach to other organizations. Since developing the CMHA partnership she has on several occasions been approached by other private developers who are looking for a not-for-profit organization to partner with. As CMHA has already reached their capacity with the six developments they have completed to date with P&S Investments, she has referred the developers to other not-for-profit organizations. Although her previous experience gave her a lot of the knowledge necessary in developing the partnership, Patricia recommends that organizations use the resources that are available, such as from the Canada Mortgage and Housing Corporation and from city departments, which were helpful in her efforts.

Case Study #5: The Salvation Army

The Salvation Army
Nanaimo, BC

Interview with:
Rob Anderson, Director

Number of Staff: 84
Annual Budget: $3.8 million

Housing: Supported Housing, Emergency Shelter Housing
Scope of Activities: supported housing, social services, social enterprise operation

Approaches to Financial Sustainability:
Social Enterprise

The Nanaimo, BC branch of the national organization The Salvation Army, provides emergency shelter and supported housing to persons at risk of homelessness, in addition to providing family services and operating a meal centre. Government contributions account for less than 20% of the organization's annual budget, with the majority coming from various alternate sources. Among these is the profit from the **Salvation Army thrift stores** operated by the Nanaimo branch.

Social Enterprise Operations: The Salvation Army of Canada has been operating thrift stores nationwide for over 100 years. Under this model, the stores in major urban centers are operated by the national organization centrally, while the local stores, such as those managed by the Nanaimo branch, are operated by the local offices[16]. Thrift stores are an example of a traditional form of social enterprise that can be operated by a not-for-profit organization to generate revenue to contribute to its annual budget. The Salvation Army has a long history with its Thrift Store operations; however they do face competition from both for-profit thrift stores and ones that are managed by other not-for-profit organizations.

For the Nanaimo branch of the Salvation Army, the Thrift Store operations are significant for the organization's sustainability. According to Director Rob Anderson, **the profit from the two thrift stores contributes approximately $300,000 (almost 10%) to the organization's operating budget**. Both current locations are profitable, and a third store is in the process of being opened in Nanaimo. As the organization is part of a nationwide network, the Salvation Army national headquarters provided essential support in setting up operations. The national HR and Business Development departments were an important source of support and resources, and the experiences of other local branches of the Salvation Army with Thrift Store operation were drawn on for learning experiences and best practices. The Thrift Stores are fully staffed by volunteers, the recruitment of which is an ongoing challenge, however overall the organization has a long history of success with the stores operations and they will continue to be a significant source of revenue for the local branches.

[16] The Salvation Army website. http://thriftstore.ca/history/ accessed on August 24th, 2009

Case Study #6: Katherine Sanford Housing Society

Katherine Sanford Housing Society
Vancouver, BC

Year Established: 1989

Interview with:
Bonnie Rice, Executive Director

Number of Staff: 6.5
Annual Budget: $2.4 million

Housing: Supported Housing, Emergency Shelter Housing
Scope of Activities: supported housing, social services, social enterprise operation

Approaches to Financial Sustainability:
Social Enterprise

The Katherine Sanford Housing Society (KSHS) works to provide quality supported housing to persons with mental illnesses and addictions. The organization manages 19 buildings comprising of 217 units, providing both short term emergency housing and longer term supported housing. For over ten years the KSHS has been **operating a for-profit property management company, Sanford Property Management**, with the aim of generating a profit which can be transferred back to KSHS to support the organization's mandates.

Social Enterprise Development:
The idea to establish a for-profit business to help fund the work of KSHS in an environment of decreased government funding was the initiative of the organization's long term Executive Director, Bonnie Rice. In 1998, after over a year of planning, Sanford Property Management was incorporated. A property management company was chosen as the type of business the organization would operate as managing properties for other not-for-profit organizations was very closely related to what KSHS was already doing with its own properties. KSHS had also previously been approached by one of their funders, who asked if they could manage the property of another not-for-profit organization. This led to the realization that property management was something they could do for a fee and generate an additional source of revenue.

Although initiated by Bonnie, the board played an important role in the business planning for the venture, which was developed internally with no use of external resources. Bonnie describes her board as professional, sophisticated and entrepreneurial, and credits these qualities for the board's ability to be supportive and contribute to the development of Sanford Property Management.

Sanford Property Management, Ltd.

The enterprising branch of KSHS is structured as a limited company, and a wholly owned subsidiary of KSHS. Any profits generated are transferred back to the not-for-profit arm of the organization. Sanford Property Management is staffed by the existing employees of KSHS. The organization is only staffed with 6 individuals, who have expanded their capacity to manage the social enterprise venture.

The business venture started very small scale and was developed with KSHS's existing resources, and as such **did not require any start-up capital**. KSHS did not have to look for financing or future debt payments. Rather they **chose to grow slowly within the limits of their existing capacity.** In the first year of operations, Sanford Property Management acquired two clients and continued to grow at a similar pace in its initial stages. The company has continue to expand slowly and without taking on any debt, but they **have secured small grants from Enterprising Non-Profits and the Federal Community Development Technical Assistance Program**.

KSHS decided to keep their business **operations very closely linked to their core competency** of managing their own buildings, and through Sanford Property Management they offered services to not-for-profit organizations only. This did limit the size of their potential client base, but the organization felt it was important to undertake activities which they had the internal skills and expertise for. The company has at times considered branching out from only not-for-profit management and into strata property management to increase their potential client base; however they have not yet felt the organization has the capacity for this. This option does remain in consideration as a potential future step. Growing the business has been one of the biggest challenges for the organization, but Bonnie stated that it was a choice the organization has made not to put a strong focus on marketing and expansion, and that growth could have been more significant had the decision been made to devote additional time to the effort.

Social Enterprise Impact:

In terms of financial impact, after ten years of operation Sanford Property Management generates approximately $80,000 in annual revenues, the majority of which are expensed as operating costs, leaving a **minimal amount as profit that can be transferred back to KSHS**. The company is continuing to slowly expand, and projections for 2009 profits which can be transferred to KSHS are in the range of $20,000 to $25,000. This however, remains a very small amount of the organization's $2.4 million annual operating budget.

Reflecting on the experience, Executive Director Bonnie feels that operating a for-profit enterprise has brought benefits to the organization that go beyond the financial bottom line. The venture has expanded the capacity of the organization's staff, fostered an entrepreneurial spirit within the organization, and has overall been a positive experience. It is an approach that she would recommend to other organizations for the non-financial benefits it brings. An organization must, however, have the capacity for such a venture, and it will not be suitable for everyone.

Case Study #7: Innroads Housing Co-operative

Innroads Housing Co-operative
Edmonton, Alberta

Interview with:
Bob McKeon

Housing: Co-operative housing, 5 houses, 25 residents

Year Established: 1984

Approaches to Financial Sustainability:
Developed alternative methods of financing the development of the Co-op after government funding was pulled.

The Innroads Housing Co-operative in Edmonton, Alberta, managed to complete the development of their co-op housing even when faced with the withdrawal of government funding for the final phase of their project. The co-op members worked together and with their community to come up with a creative solution that has resulted in the co-op growing to five houses and 25 residents.

Co-op Development:

The Innroads Housing Co-operative was established in 1984, when a group of individuals that were living together decided to formally form a co-op. Financing was available for the planning stages, however when the group was onto the final and most costly development stage in 1985, they were **no longer eligible for government financial support** due to a change in the co-op programs. Despite this major setback, the group persevered in their efforts.

Continuing with the original plan, the group decided to purchase two properties without government funding. Purchasing the properties required the group to secure a mortgage, however traditional banks were not able to finance this type of purchase. Innroads housing was, however, **able to secure mortgage financing from the Canadian Alternative Investment Co-operative**, an investment group that supports social change and promotes alternative investment structures[17]. The mortgage was for 75% of the property value, and the group still had to come up with the **down payment of 25% of the purchase price. This amount was raised through loans from friends and family**.

Having successfully purchased 2 properties allowed the group to continue expanding to a third and fourth development, which were financed in similar ways. **When a fifth property was purchased, the original mortgage was paid down sufficiently to allow the group to take out equity for the down payment** for the purchase, and no longer required them to rely on loans from friends and family. Innroads Housing has also leveraged the equity they have built for significant renovations to their existing properties, which have included energy retrofits and upgrades.

[17] Canadian Alternative Investment Co-operative website. http://www.caic.ca/home25.html. Accessed on August 20th, 2009.

Case Study #8: The Kootenay Columbia Senior's Housing Co-operative

The Kootenay Columbia Senior's Housing Co-operative
Castlegar, BC

Interview with:
Elmer Verigin, Project Manager

Housing: Co-operative housing

Year Established: established in 2002, incorporated in 2005

Approaches to Financial Sustainability:
Developed alternative methods of financing a Co-op development independently of government funding programs

The members of the Kootenay Columbia Senior's Housing Co-operative, which was established in 2002, came up with a unique model through which they have successfully developed much needed senior's housing options in Castlegar, BC despite the absence of government funding programs for co-operative housing development. In this model, the Co-operative group acquired property and **developed additional lots that were sold for a profit to fund the development of the affordable housing units.**

Co-operative Housing Development:

By 2005, three years after its establishment, the group had developed a vision for a co-operative community which would meet the needs of local area seniors and provide a choice of home types including a recreational area and a care centre. The **first step was property acquisition, and the biggest challenge was its financing**.

Having identified a 60 acre property which met the needs of the envisioned development, the purchase price of $450,000 (including purchase costs) had to be raised. The group was not able to qualify for options through CMHC or BC Housing, and thus **had to look to their friends, family, and the community to raise the funds**. The loans for the purchase price came from both members who would be living in the co-op and those who would not. The approximate size of each loan was $30,000 and in this manner the funds for the entire purchase price of the property were raised. The interest rate was set at 5%, which was equivalent to the rate of a guaranteed investment certificate deposit with a financial institution at that time. Elmer Verigin, a member of the co-op and project manager of the development, credits the **trust between the co-op members** for their ability to raise such a significant sum of money in this manner.

The development project was managed by one of the members, Elmer Verigin, who had previously been a developer and thus had significant experience in the area. An experienced contractor, Elmer was able to oversee the process and make recommendations based on his previous experience that enable minimization of project costs. The group hired a design-build group to complete the project, but Elmer was actively involved in the process on behalf of the co-operative members.

Financing the Development:

The development, which became known as Grandview housing, was financed in a unique manner, whereby **contractors were not paid up front, but were given lots after the development was complete as payment**. A total of six lots were used to pay for development costs. Elmer emphasized that a significant amount of trust from the contractors toward the group was key in making such an arrangement possible, as they agreed to provide their work up front and be compensated with the developed lots afterwards. **Further capital for development came from future residents** who were able to take out equity from their existing homes, which they later planned to sell when they moved into the more affordable Grandview units. The units were purchased as life leases by members. Although at this time purchasers did not have many other options than taking out equity on an existing property they owned, the Co-operative group is now working with a local credit union to develop a financing mechanism for the purchase of the life-lease co-operative housing units.

Through this home grown solution of housing development, the co-operative group was able to also save costs in several other areas. For example, CMHC costs and mortgage fees, interest that would have accrued during the construction period on a construction loan, fees to developers, and realtor's commission fees in selling the lots. Elmer estimates these savings reduced the cost of the entire project by approximately 23%.

The Kootenay Columbia Senior's Housing Co-operative was not the first to take such an approach to development, and in the process, **the group received significant assistance from the Norcan Senior's Co-operative in Kamloops, BC**, who had undertaken a similar approach to the development of their housing. Norcan provided the Kootenay Columbia Co-op group their development plans, a contact to a lawyer who had experience with this type of project, templates for legal documents, and other useful resources and support.

Future Outlook

According the members of the co-operative, the people involved in the project, from the members to the contractors, and the trust between them was the key to the success of the undertaking. Grandview Heights, the original development of 56 senior's friendly life-lease units, had 34 units completed and occupied by members in the spring of 2009. Two additional projects, Grandview Manor and Grandview Estates are being planned. Grandview Manor will be a senior's care complex of 120 units while Grandview Estates are to be prime real estate which will be sold to the general public. In this way, the Kootenay-Columbia senior's housing co-operative plans to create not only affordable housing for seniors in the region, but a true co-operative community development.

Appendices

Appendix #1 List of Individuals and Organizations Interviewed

Background Information

Vancity Capital	Rebecca Pearson
Vancity Enterprises	Detlef Beck
The Communitas Group Ltd.	Lynn Hannley
The Co-operative Housing Federation of BC	Darren Kitchen

Not-for-Profit and Co-operative Organizations

Gaglardi Senior Citizen's Society, Kamloops, BC	Debra Hewlett
Columbian Centre Society, Nanaimo, BC	Tom Grauman
Abbeyfield, Port Alberni, BC	Terry Whyte

Organizations featured in Case Studies

Victoria Cool Aid Society, Victoria BC	Kathy Stinson
Norfolk Housing Association, Calgary, Alberta	Doug McLaughlin
Atira Women's Resource Society, Vancouver, BC	Janice Abbott
Pacifica Housing Advisory Association, Victoria, BC	Karyn French
The Kootenay Columbia Senior's Housing Cooperative, Castlegar, BC	Elmer Verigin
Innroads Housing Cooperative, Edmonton, Alberta	Bob McKeon
The Salvation Army, Nanaimo, BC	Rob Anderson
The Marguerite Dixon Transition Society, Burnaby, BC	Adele Wilson

Appendix #2 Interview Questions

Note: this list includes all interview questions used in the study, organizations were asked a subset of questions based on the approaches they were using.

INTERVIEW QUESTIONS

A) Introductory Questions:

1. Name/Address of Organization:
2. Legal Structure:
3. Name of Representative(s):
4. Date:

B) Background/General information on the Organization

1. Year established:
2. Number of Staff:
3. Number of Volunteers:
4. Mandate of Organization:
5. Number of buildings and housing units managed:
6. Type of housing units:
7. Annual Budget
8. Target group or groups housed:
9. Scope of Activities of Organization (affordable housing, social services, social enterprise, etc):

C) Housing Asset

1. Does your organization own its own housing asset(s)?
2. How was the asset attained? Purchased? Donated? Other?
3. Has the asset been used in financing?
   - As loan security?

4. Was the building/property developed? Renovated?
   - What considerations went into development to minimize costs/maximize use?
   - Density considerations?

5. Is the building/ part of building leased for commercial purposes to earn revenue?

D) Business Model Development

1. Business model(s) used:

2. (Briefly) What methods/approaches/business models does the organization use to help achieve financial sustainability?

3. Why did you make the decision to look for innovative means for financial sustainability rather than focus on attaining grants and donations?

4. How did the idea for the particular business model come about?
   - Was it the initiative of one individual? A group? A recommendation from a third party? Replication of an existing model?

5. Who was involved in the planning process and how long did it take?

6. Did your organization use any resources (such as CMHC, ENP or BCNPHA) in researching options for attaining financial sustainability?
   - How helpful were these resources, was the information given relevant?
     Were they easy to find and use?
     What additional types of resources or information that was not available would have been useful in the process

E) Independent Approaches

Use of Volunteers/Tenants:

1. To what extent do volunteers play a role in your organization – and in development/management of the housing assets?

2. Have there been any challenges: recruitment? training? turnover?

3. To what extent are tenants involved in property management?
   - Do they perform any work such as volunteer maintenance and property management jobs?

4. What has been the experience with involving tenants?

Pooling/Sharing of Resources

1. Does your organization have membership in networks (such as BCNPHA) that give it opportunities to share resources with other not for profit housing providers?

2. Has this membership been beneficial?

Social/Bulk Purchasing Networks

1. Does your organization participate in any bulk purchasing networks?

2. Any pooled investment arrangements (such as through BCNPHA)?

3. Social purchasing networks?

4. Have these been beneficial?

Green Building Initiatives

1. Have any green building/ energy saving initiatives been used in property development/renovation?

2. What has been the experience?
   - Cost savings?

F) Partnerships and cooperation with other organizations

1. Has the organization engaged in any partnerships with other not for profits or coops in the same sector?

2. Other Partnerships: with for profit organizations? Financial organizations? Property Developers?
   (details will be examined in another section)

G) Social Enterprise Model
Development and Funding of Social Enterprise Ventures (applicable to companies that pursued this model)

Business Plan Development:

1. What principle resources did you use in developing the enterprise?
   - ENP handbooks, consultants, volunteers

2. What resources did you wish you had that were not available?

3. Who were the individuals involved in the Business Plan writing? (volunteers, staff, consultants)

4. How did was the type of business your organization would operate chosen? What was the rationale behind choosing this business? Was it based on organizations existing core competencies? Market opportunity?

5. What were the biggest challenges in the business plan development phase?

6. What stage is the enterprise at currently? (making loss? Profitable? Still operating? Expanding?)

7. If self sustaining – how long did it take to become self sustaining?

Financial Considerations:

1. How was the venture financed (start up costs)?

2. What was the experience of securing financing? What were the challenges faced at this stage and how were they overcome?

3. Did you apply for or receive any grants for social enterprise development? (such as ENP grant)

4. What have been the financial results of the venture?
   - Time to break even, is it currently self sustaining?
   - How closely is it meeting revenue projections?
   - What are the reasons for any significant deviances from projections?

Operations/Management:

1. How is the SE managed? (volunteers, paid staff)?

2. What have been the biggest challenges in the operations of the business?
   - Financial? Human Resources/Volunteer recruitment or turnover?

Lessons from the Experience:

1. What would you do differently if you were to repeat the process?

2. Would you recommend this approach to other organizations/What advice would you give?

Other Notes/Comments:

H) **Non Traditional Partnerships**
(Questions will be tailored to the specific nature of the partnership; this list is a general guideline)

Nature of Partnership:

1. Who are your partners?

2. What was the nature of the partnership? (e.g., Private Sector, Government, other Organization, Financial)

3. How did it come about?

4. What was the process/experience in developing the partnerships?

5. Were there any challenges working with a partner that was not a not for profit organization?

6. What did the organization have to “bring to the table”? What was the contribution and motivation of each party in the partnership?

7. What are the financial details of the partnership? Who provided how much funding?

8. Who assumed the risk in the partnership (financial)?

9. What did the organization gain from the partnership that it could not have on its own?
   - Sources of financing?
   - Access to land/property?
   - Other?

10. How would the organization asses the partnership?

11. Is the organization planning to engage in similar partnerships again?

12. What advice would the organization give to others wanting to follow a similar model?

13. What assistance (resources) did the organization wish it had in developing its own partnership model?