

# CASE IN POINT



## PRESERVING COMMUNITY: EXAMINING THE WEST BROADWAY COMMUNITY LAND TRUST

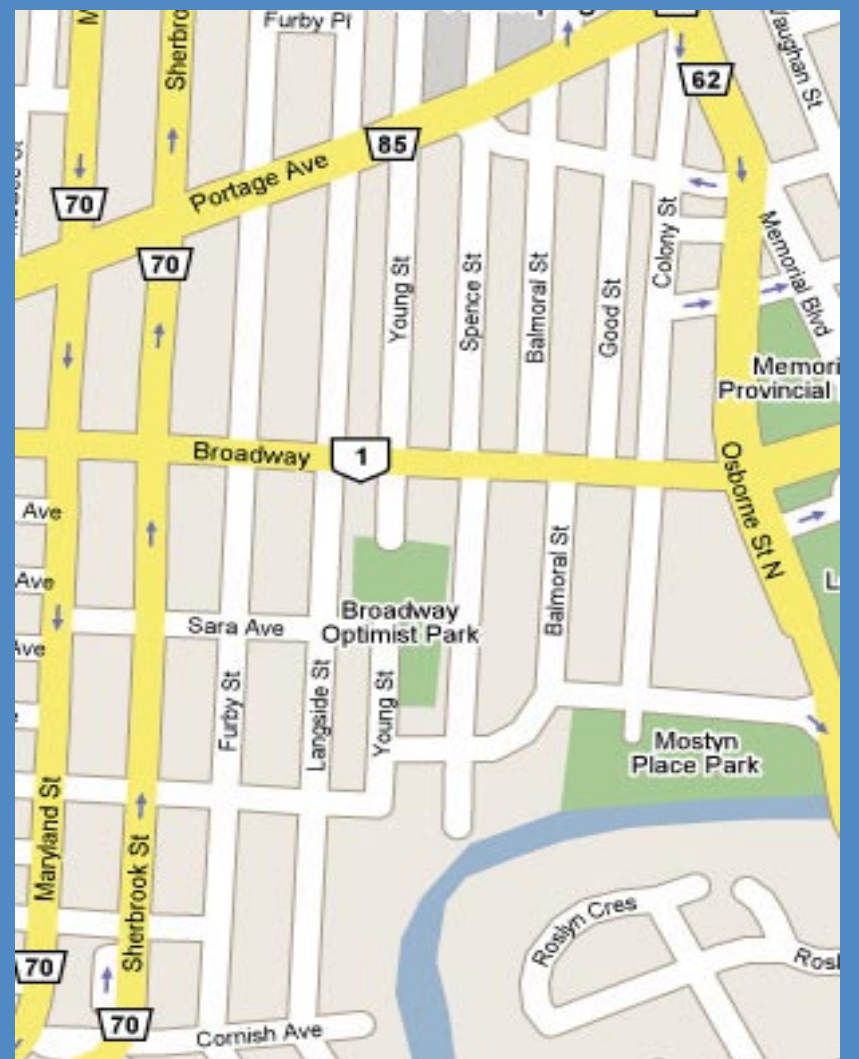
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### INTRODUCTION

Providing safe and affordable housing is a growing issue in urban areas, particularly in neighbourhoods that are undergoing revitalization. There are a variety of strategies for providing affordable housing including home ownership programs, cooperatives, subsidized rents and limited equity coops. The West Broadway Community Land Trust (WBCLT) was one of the initiatives of the West Broadway Development Corporation. The WBCLT was aimed at providing affordable home ownership for low to moderate-income residents in a community where the home ownership rate had dropped to 9%, and at strengthening the local economy and improving the social environment. This case study will examine the West Broadway Community Land Trust's reliance on the home ownership model for preventing displacement in the community.

### CONTEXT

The West Broadway neighbourhood is located in the inner city of Winnipeg, and is a densely populated area with 5,045 residents. The neighbourhood was initially prosperous but due to suburbanization and disinvestment



The West Broadway neighbourhood is geographically bounded by Portage Av., Osborne St., Maryland St., and Cornish St.

in Winnipeg's downtown, a period of social, economic and physical decline began in the 1960's. Housing, and properties began to fall into the hands of non-resident owners, a number of which were held by people out of province (i.e. speculators). Single-family homes were converted into multiple dwellings and residents who could no longer afford market rents were occupying single rooms in the large homes, once occupied by Winnipeg's business elite. As a result, extensive revitalization efforts began in the late 1990's with the formation of the West Broadway Development Corporation. The West Broadway Development Corporation provides economic development, youth and housing initiatives. Promoting safe

### TABLE OF CONTENTS

- INTRODUCTION.....1
- CONTEXT.....1
- FACTS OF THE CASE.....3
- CHALLENGES.....3
- CONCLUSIONS AND OUTCOMES...4
- LESSONS LEARNED.....5
- FUTURE DIRECTIONS.....5
- RESOURCES.....5

and affordable housing has been a major focus for the West Broadway Development Corporation.

Rising property values, due to improvements in the neighbourhood, and the lack of locally controlled housing raised concerns about the affordability and safety of housing in the area. As a result the WB-CLT was developed as an arm of the West Broadway Development Corporation in 1999, largely as a tool to provide affordable home ownership and to take local ownership of the housing assets. The aim of the WBCLT is to address gentrification by providing affordable homeownership, supporting community economic development initiatives, and enabling the community to be more involved in land-use planning and management. Land is held in trust by the WBCLT for up to 99 years, with only the house available to the owner through a special rent to own agreement at a reduced cost. The appreciation in the value of the land is held by the trust to ensure resale of the housing is affordable. “When a homeowner wishes to move, the CLT has the right to buy the home base on a determined resale formula. This formula provides the homeowner a fair return on investment, but not market rate, thereby keeping the housing affordable and retaining the value of donated labour and public investment for long-term community benefit (Blake, n.d., 3).”

The WBCLT formed an interim board in 2000, and a more formal board in 2003, which was comprised of residents and people with technical expertise. The interim board of the land trust (which was working through incorporation) were focused on the organizational structure of a Land Trust with the ultimate goal of transferring title of the properties from WHRC to the legally incorporated land trust board. The interim board was seen as the catalyst to get the trust off the ground, and its goal was to engage the community through representation on the incorporated board. Representatives of the WBDC were on the interim land trust board and were there to represent the interests of the community. Membership in the WBCLT was open to all community residents, enforcing its community driven approach (Blake, n.d., 5). A technical team was also established to assist in guiding the process.

The board invested a lot of time engaging the community, investigating different land trust models, conducting financial analysis, and different affordable housing initiatives. Initially workshops and training were conducted with the West Broadway residents and other neighbourhoods to discuss housing issues and provide

information about the community land trust. Workshops were held between 2000 and 2001 that examined housing affordability, renting versus owning, and finances. The Assiniboine Credit Union, one of the partners in the project, provided WBDC with training on mortgage assessments, and workshops with resident on financial management and home buying.

Funding for the initiative was provided through a combination of grants from CMHC, Homegrown Solutions, and Winnipeg Housing and Homelessness Initiative (WHHI). The WHHI is based on all three levels of government contributions, with the city providing the WBCLT with land and in some instances buildings and municipal fee offsets. The province and federal government cost shared the renovations (capital costs), utilizing Rental RRAP program funds. Winnipeg Housing and Rehabilitation Corporation (WHRC) acted as the developer/renovator and carried the mortgage financing necessary to complete the projects. The Assiniboine Credit Union provided mortgage financing and assessed individuals and families to determine whether they could qualify for financing. University of Manitoba’s City Planning Department, and the Public Interest Law Centre also donated technical and legal expertise. The WBCLT in West Broadway had mixed results, with some of the challenges including funding, program design, mobilizing professional support/technical assistance, and ensuring homes are affordable.

The WBCLT is based on a five-year rent-to-own home ownership model. The rent-to-own model was a function of how the provincial and federal dollars were made available to acquire and renovate the properties. Affordable home ownership has been a large focus of most housing efforts in West Broadway and Winnipeg. This can be largely attributed to



A West Broadway Community Land Trust home on Langside St.

Canadian culture, where home ownership is seen to improve neighbourhoods, increase civic involvement and wealth, and create a more positive environment for families. Despite these assumptions, home ownership is not accessible to most poor Canadians, and is arguably pushing people into a vulnerable position. “There is, however, an obvious downside to operating this close to the edge. What happens to the home if the owner can’t pay the bills?” Families may be able to afford the initial down payment and mortgage on a home, but may be unable to carry unanticipated increases in energy and maintenance costs. Increasingly, affordable housing programs and policies are acknowledging the need to provide sustainable and appropriate housing options for low-income families. “Perhaps our focus should be helping people at the bottom of the income scale with shelter allowances and rent supplements.”

## Facts of the case:

The main functions of the WBCLT until recently, were to acquire and rehabilitate properties, manage the legal frameworks and leasehold agreements, liaise with its partners, and provide community outreach and training/mentoring to facilitate the transition to home ownership. Since the inception of the WBCLT, 17 houses have been rehabilitated by the Winnipeg Housing Rehabilitation Corporation (WHRC) into 12 single unit homes and 5 duplexes, for a total of 22 units. The homes are located throughout West Broadway, and range in age and size. In order to qualify for the program, families have to meet the RRAP guidelines (earn approximately \$32,000) and meet family size (RRAP uses bedroom count to determine scale of funding/dwelling unit under RRAP guidelines).

The rents for these families averaged \$400-570, with the option to purchase after five years for the original market value. The list price, maintenance and operating costs were born by home “purchasers”. Grants were used to fill the gap between the costs of rehabilitating the homes and their purchase price. The WBCLT decided to limit the owner’s share of equity to 35% of the appreciation in value from the purchase price, with each year residents gaining 1% additional share, up to 50% share in appreciation.

The WBCLT decided to limit its staffing requirements and overhead through its relationship with the WHRC, and other partners. Office space was accessed through the WBDC. The WBCLT hired

a housing coordinator, to assist in pre-screening candidates, facilitate WHRC in identifying and acquiring properties, undertake community building activities with land-trust homeowners, liaise with the WHRC, and assist people in dealing with their maintenance and repair problems. WHRC was also asked by the WBDC interim land trust board to act as the housing agent that assumed most of the risk (both financially and organizationally), to develop the Land Trust Homes. .

Shortly after the completion of the rehabilitation of homes in 2005, the program began to face some major challenges. As a result the WBCLT is no longer taking on any new rehabilitation projects

## Challenges:

The WBCLT experienced several challenges, which adversely impacted most land trust “tenants”, and jeopardized the land trust model. These challenges include high energy and repair costs, weak partnerships and funding problems. These challenges will be discussed in further detail, which are closely linked to the home ownership model pursued by the trust.

Energy and repair issues are the most serious challenge faced by many of the land trust households. The rehabilitated homes were older and larger in size, resulting in high heating and rehabilitation costs. While WHRC was supposed to conduct an energy audit on the homes, this never materialized. The majority of the buildings were boarded and vacant at the time of purchase, and had been converted from single family to multi-family and rooming houses through cheap fix. Major investments were required to meet building codes and regulations, and ensure the heating and ventilation, plumbing and structural integrity (foundations, roofs, etc). Following the rehabilitation, several of the homes still experienced leaky roofs and flooring that did not hold up structurally. According to Brain Grant, 3 houses from the 17 that were rehabilitated performed well and remain in the WBCLT. 4 of the homes remained unoccupied, and were eventually sold at market value for \$97,000 to \$100,000. The Land Trust did not have eligible families/individuals to occupy them and the market for housing across the city including West Broadway was increasing at a significant pace. 11 families had to leave the land trust due to energy poverty. The WHRC carried the mortgage on all of these buildings including the ones that were renovated and

The second challenge was weak partnerships. The WBCLT acknowledged the need for a mix of housing options, including apartment and cooperatives however the WHRC and other government partners were unwilling to listen. Partnering with the community was also made difficult due to the complexity of the land trust. It required a fair amount of expertise. The WBDC also did not have a partner who was prepared to support the Land Trust Model when it was initially conceived. Although they had brought in developers and property management companies who had had some experience with the rehab and development of existing older properties, none of them were interested in the development concept posed by the model. WHRC was the only developer, at the time the trust was established, that was prepared to take the risk and begin the project with the WBDC. WHRC was already invested in housing rehabilitation in the Spence Neighbourhood. WHRC had not been in the rehabilitation business since the collapse of the federal/provincial non-profit housing agreements in the late 80's and early 90's, so they were relatively new to this. In hindsight, they may not have been equipped with the tools or the resources to undertake the scale of this project and at the same time manage their large rental portfolio.

The third and most significant challenge was acquiring sufficient funding to provide affordable housing in a sustainable manner. The WBCLT and its partners lacked funding to provide quality renovations and to arguably hire the necessary expertise to manage the project.

## Conclusions and Outcomes:

There is a mix of positive and negative outcomes associated with the WBCLT. These outcomes are still being acknowledged, as the program is fairly new.



There is a mix of housing in West Broadway, including apartment buildings, rooming houses, and single dwelling residences.

- Partnerships played a large role in the development of the WBCLT. Community, institutions and the government were able to share expertise and finances, saving money and decreasing the duplication of services. While the WBCLT could not have formed without these partnerships, they were also problematic. The board was made up of representatives from all three levels of government, the credit union, academics, and chaired by the West Broadway Development Corporation. WHRC was the agent contracted to do the work and manage the financial portfolio (rehab costs and mortgage financing), while the "land trust" tenants were engaged in board development and training towards the Land Trust Incorporated board. The complexity of this structure and the manner in which the board would ultimately operate may have been one of the problems in getting this model off the ground.

- Many of the homes were unaffordable for the average family living in West Broadway. In 1999 the average household income in WB was below \$18,000. To pre-qualify for mortgage financing the household income had to be between \$37,000 and \$42,500.

- A need was initially identified by the WBCLT, specifically the need to provide affordable homes in an area that has the potential to increase dramatically in property values and displace residents. The WBCLT assumed a proactive stance on the issue of displacement, and were initially focussed on providing a range of housing options that would cater to the needs of the community best. Due to funding design, financing and limitations to the partnership arrangement with WHRC, the needs of the community were not reflected, and the rent-to-own home ownership became the model for the trust. Due to issues with financial support a mixed housing option was not available at the time.

- Innovation was clearly evident in the establishment of the WBCLT, especially in the Canadian context. The majority of community land trusts are in the United

States. Ideas such as tool lending between homeowners were also innovative despite they never materialized.

Education and training were a large component of the WBCLT that was focussed on increasing residential participation in the trust and sustainability of the project. The training also included a thorough review of other precedents in other cities.

Community participation was engrained in the WBCLT processes, particularly in the beginning. Community workshops, training and forums were conducted, and the board was structured to represent one third of the adult residents of the land trust and one-third residents of the community. However community participation began to decrease as the process ensued, arguably due to the technical nature of the program and influence of some of the partners. As a result, a lack of housing options was included in the design of the land trust.

17 derelict homes were acquired, renovated and brought back into the community for residential living. Property values experienced a marked increase and the land trust along with other housing rehab and community revitalization initiatives have helped to encourage reinvestment in the neighbourhood by existing and prospective community members.

## Lessons Learned:

There are several lessons the WBCLT and its partners have learned from this experience that can be used to improve the land trust if desired, and influence other similar projects. The lessons learned were mainly linked to the use of home ownership as the only means for providing home ownership.

A mix of affordable housing initiative needs to be implemented, including rehabilitating apartments and cooperatives. The rehabilitated homes were unaffordable for the majority of low-income families in West Broadway. The eligibility criteria required potential candidates to earn an average of \$32,000/year despite the average family income in West Broadway is approximately \$20,000. The long-term costs of the rehabilitated homes also posed a challenge to a large number of WBCLT residents, due to high energy and repair costs caused by poor construction and the large size of the homes. The home ownership model

model adopted by the WBCLT is perhaps more appropriate for moderately low-income residents as opposed to poor or low-income residents.

The poor construction of the homes created several additional costs for homeowners. Ensuring people in the inner city have access to more energy saving measures, such as updating windows and insulation, more efficient furnaces is critical for affordable home ownership programs. Also, an energy audit on all rehabilitated homes in the inner city should be conducted.

A more equitable distribution of power between the partners, and responding to the communities needs are required. The WHRC and other government funders failed to listen to the community, who wanted investment in a mix of housing options.

Developing CLT is a long-term process that requires multiple partners and expertise. Expertise for creating a land trust is required in the areas of housing, finances, legal, and community organizing.

## Future Directions:

The WBCLT is in hiatus and is unsure if it will disband or not. There was difficulty accessing a definite stance of where the WB CLT is positioned at the current time. The WBCLT requires some major changes to be more successful, particularly providing a more mixed approach to housing, ensuring adequate financing is available to develop housing that is affordable to the end user (resident owner), and sustainable practices (green building) are implemented.

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