



CASE IN POINT 2009

Housing Opportunity Partnership

Hand up not a Hand out

CONTRIBUTORS

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“The essence of partnership is that both public and private sectors invest resources to accomplish a public good” (Pierce, 1984, p.25)

ABSTRACT

Established in 1997, the Housing Opportunity Partnership (HOP) is a privately run non-profit organization. It promotes neighbourhood improvement through home ownership for moderate-to-low income households in the inner city of Winnipeg. HOP is a strong proponent of home ownership as a means to stabilize and upgrade neighbourhoods.

The main impetus to create HOP was the decline in the condition of housing in the inner city in the mid nineties. The original intention of HOP was not to deal strictly in social housing issues. Rather, it was intended to promote self-sufficiency. Between 1998 through to 2000, HOP received funding from the federal government under Human Resources Development Canada. HOP is currently dependant on Affordable Housing Initiative (AHI) and Winnipeg Housing and Homelessness Initiative (WHHI) funding. It also received funding from the Manitoba Securities Commission.

This case-in-point will shed light on the tripartite partnership: federal, provincial and city. The goal of the case-in-point is to highlight the best practices that have been applied in this partnership and draw lessons. These lessons can be used as an example for other housing initiatives in Winnipeg and elsewhere to bring back neighbourhoods that are losing their housing stock.

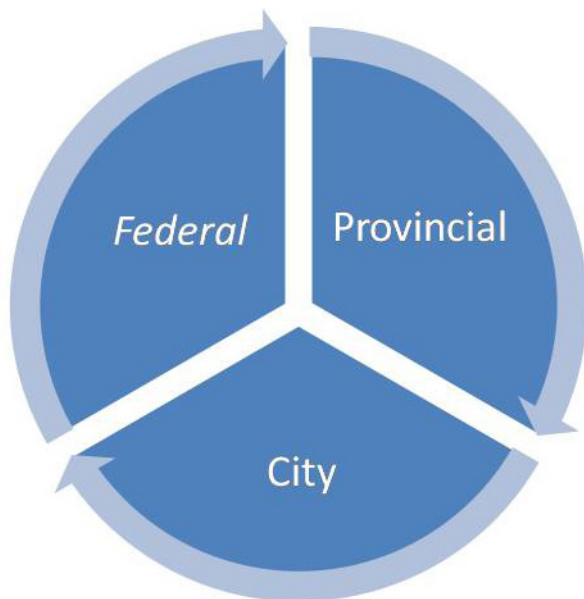


Fig. 1: Tripartite Partnership

Background

The second half of the twentieth century and the start of the 21 century witnessed the tendency towards single-family residential development in the suburbs (Downs, 1999). The popularity of single-family housing in the suburbs was exacerbated by population changes. Furthermore, the widespread use of private cars, the location of amusement centres on the peripheries of cities and the increase in large-scale retailing in suburbs increased the attractiveness of suburbs at the expense of city centres (Duany et al., 2000). The changes are of spatial and social nature (Pitzl, 2004) and invite predictions that the future of cities will continue to be peri-urban (Martinotti, 1996).

The spatial changes can be witnessed in the condition of urban centers. In many cities, urban centers have lost many of their traditional functions and have become shopping and commercial centers that are deserted by night. One of the most notable changes regarding the social implication has been the decentralization of the resident population. Indeed, Hamnett (1983, p. 146) pointed out that residential areas in the centers of many cities were "gradually squeezed out or forcibly displaced by the process of central area commercial development.. and the decay of the housing stock."



Fig. 2: HOP Logo

It is against this background that some initiatives have been launched to reclaim and sell houses in the inner-city to first time lower-income home buyers. One of these initiatives was the Columbus (Ohio) Housing Partnership (CHP). CHP provides affordable housing and related services to low to moderate income households in Columbus. Winnipeg Real Estate Board (WREB) president Cliff Palmer and Peter Squire decided to emulate this initiative in Winnipeg. Hence, Housing Opportunity Partnership (HOP) was established in 1997.

The first home renovated by HOP was officially opened at 827 Alverstone St. on August 28, 1998. To date, a total of 64 houses have been sold. HOP is spearheaded by the Winnipeg Real Estate Board to promote home ownership in the West End area. Increasing home ownership is seen as an important way of stabilizing and upgrading the area, while also providing modestly priced housing for families. The main goal of HOP is best summarized by Tom Yauk, "we are building communities through home ownership" (Winnipeg Real Estate News, November 28, 2003).

As a result of the activities of HOP, homes selling in the West end area in 2008 were only on the market 26 days, one day off the overall MLS® market average. The extent of the improvement can best be understood if we review the 1998 days on market to sell a home. Back then, it took 137 days to sell a home in the neighbourhood, 62 days more than the MLS® average.



Fig. 3: A house sold by HOP

Facts of the Case

Housing rehabilitation is an important economic activity for the city. Rehabilitation and renovation in distressed neighbourhoods could be linked to job creation as part of a long term community strategy where unemployment and poverty are high. Non-profit organizations are becoming increasingly active in developing solutions to address the decline of housing in the inner-city. Empowering these organizations insures that solutions will be grounded in neighbourhoods and will reflect the social, economic and cultural realities of the local populations. Investigating HOP shows that there was an orchestrated effort among the three levels of government.

The HOP program was originally funded with \$ 25,000 from the WREB. Since 1997, another \$ 600,000 came through the Manitoba Securities Commission's trust fund generated from interest earned on real estate deposits. Interest earned from real estate investment in Manitoba is turned back into helping much needed housing in the province. Another over \$1 million in funding has since been provided by the Winnipeg Development Agreement's Home Equity Program and more recently the Winnipeg Housing and Homelessness Initiative (WHHI). The latter two programs involved cost-sharing by the city, provincial and federal governments.

WHHI provides HOP with market gap funding. Through this funding, HOP has been able to recoup direct costs associated with home by claiming the difference between the sale of the home and the actual costs of acquisition and renovation. Since HOP began, the average residential-detached sale price through MLS in the HOP designated area of Winnipeg has gone from \$29,027 to \$99, 097 in 2008, a 341% increase over ten years. (RealtorLink, 2005).



Fig. 4: A house acquired by HOP



Fig. 5: A map of homes sold

Conclusions & Outcomes

When residents in the Daniel McIntyre/ St. Matthews community were consulted in 2006, housing was at the top of their priorities and continues to be so. Although the West End has made encouraging progress from where it was, there remains a daunting number of buildings that are either burnt or abandoned. Renovating such houses that have suffered from so many years of disrepair is an expensive process that many potential homeowners cannot afford to undertake. HOP has built up a strong network of relationships in the West End and the organization's sustained effort for several years is necessary to help carry the West End over the housing hump and into a position where it can sustain its healthy housing market.

Also, the program supports local employment since it provides jobs for renovation contractors. According to Peter Squire, the renovation of houses provides an incentive for other owners in the area to spruce up their own homes.

HOP activities can be enhanced by the Provincial HomeWorks initiative that aims at providing affordable homes for low-income Manitobans. Inner-city revitalization was among the five priorities that were identified by stakeholders.

Past successes and future initiatives make HOP a role model for neighbourhood revitalization organizations, real estate boards, and community groups outside of Winnipeg. Through the dedication of its members, HOP has established itself as a pioneer in down payment assistance and market gap financing for low income households.

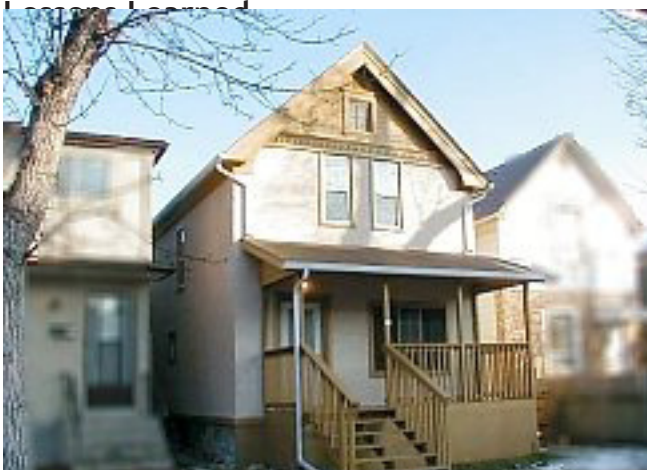


Fig. 6: A house after renovation

The program has a number of aspects that can be emulated. The most important aspect about HOP is the fact that it started with private money. Such a start increased the credibility of HOP when negotiating with the three levels of government. Other elements that contributed to the success of HOP are outlined below:

1. Participation of WREP

The involvement of WREP proved to be very beneficial because of their expertise in the real estate market.

2. Involvement of Bankers and Realtors

HOP had always had strong realtor and banker representation on its board. Also, hiring a dedicated real estate expert was a key factor in the success of the program.

3. Administrative Costs

In order to keep its administrative costs to a minimum, HOP does not maintain an office space. Additionally, HOP hires only a real estate expert and a part time administrator. Hence, most of the funding is invested in purchasing and renovating houses.

4. Revolving Fund

Investing the money generated from selling the houses in a revolving fund is a key aspect of the continuity of the program due to the limited fund available.

5. Interaction with Community Organizations

Cooperation with community organizations such as the Daniel McIntyre/St. Matthews Community Association and St. Matthew's-Maryland Community Ministry has proved to be one of the most successful strategies of HOP. This strategy echoes the thesis of the social capital proposed by Newman and Jennings and their assertion that "the social interactions between people from different sectors are the glue of a city" (Newman & Jennings, 2008, p. 170).

6. Targeting Specific Areas

Concentrating on a specific area proved to be a successful decision. Focusing on the West End allowed HOP to have a big impact on the area.

HOP is making a positive impact in the neighbourhood by increasing tax base, bringing new families into the neighbourhood and giving reasons for existing families to stay. Steps to build “social infrastructure” or “social capital” to strengthen the partnerships between HOP and other organizations are among the most important investments. They are often less visible than the houses that are rehabilitated, but they are essential to support strong, vibrant communities.

It is important to note that HOP did not buy more houses during the initial stages. As a victim of its own success, HOP must now pay up to more than twice the price for houses it was once able to acquire for considerably less.

Finally, the concept cannot be extended outside the designated Major Improvement Areas because public funding will not be available.

“House by house, block by block, this partnership is rebuilding Winnipeg’s inner-city neighbourhoods” (Glen Murray, WPG. Real Estate News, 2003).



Fig. 7: A house ready for sale

References & Acknowledgements

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