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Old Grace

A History of the Organization and Construction of the Old Grace Not-for-Profit Housing Co-operative

By Doug Smith

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Old Grace: A History of the Organization and Construction of the Old Grace Not-for-Profit Housing Co-operative

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— Doug Smith

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Table of Contents

v **Acronyms Used in this Paper**

1 **Summary**

4 **Introduction**

7 **The Site and the Neighbourhood**
Wolseley: Location, Location, Location
Neighbourhood Concerns

11 **Early Stages of Organizational Development**

16 **Governments, Social Housing, and Co-operative Housing**
Leave it to the Market
The Era of Federal Support for Co-operative Housing
The Federal-Provincial Funding Arrangement
The Manitoba Funding Conditions
The Manitoba Government Housing Commitment of 2009
Additional Sources of Provincial Support

22 **Charting a Course**
The Question of Density
Fifty-Five Plus or Intergenerational
Parking
The Government Opts for Tear Down
Expanding the Team
A Consensus Emerges

25 **The Return of Co-operative Housing in Manitoba**

27 **The Variable Share-Purchase Model**

30 **OGHC and Community Relations**

33 **The Government Decision-Making Process for the Old Grace Site**
The OGHC Expression of Interest
Success

36 **Getting Shovel Ready**
The First Funding Hurdle
Organizational Preparedness
Filling the Building
The Final Barriers

41 **Construction Starts**
The $200,000 Hurdle
Upgrades
Delays and Completion of Phase I

45 **Phase II**

46 **Outcomes**
Positive Outcomes
Lessons for Potential Co-operatives
Limitations

50 **Recommendations**

52 **Appendix 1**
OGHC Vision and Mission Statements

53 **Endnotes**

Acronyms Used in this Paper

Assiniboine Credit Union (ACU)

Canada Mortgage and Housing Corporation (CMHC)

Co-operative Housing Association of Manitoba (CHAM)

Co-operative Housing Federation of Canada (CHFC)

Employment and Social Development Department (ESD)

Expression of interest (EOI)

Financial assistance agreement (FAA)

Financial Institutions Regulation Branch (FIRB)

Integrated Design Process (IDP)

Leadership in Energy and Environmental Design (LEED)

Manitoba Housing and Renewal Corporation (MHRC)

Mennonite Central Committee of Manitoba (MCC)

Neighbours of Old Grace (NOOG)

Old Grace Not-for-Profit Housing Co-operative (OGHC)

Request for Expression of Interest (REOI)

Supporting Employment and Economic Development Winnipeg (SEED Winnipeg)

Tax increment financing (TIF)

Winnipeg Housing Renewal Corporation (WHRC)

Winnipeg Regional Health Authority (WRHA)

Wolseley Residents' Association (WRA)

Summary

Creating Co-operative Housing in a Forbidding Climate: A Case Study of the Old Grace Non-Profit Housing Co-operative

In June 2019, Old Grace Not-for-Profit Housing Co-operative (OGHC) held its grand opening. The first members of the 64-unit co-op in Winnipeg's downtown Wolseley neighbourhood had moved in a little more than a year before, and the opening was the culmination of seven years of work.

The co-op was one of five non-profit housing co-operatives that opened in Manitoba in the last decade. The opening of these five co-operatives marks a revival the development of non-profit co-operative housing in Manitoba, which had been, with a couple of small-scale but heroic exceptions, dormant since 1993, when the federal government ended its commitment to social housing in general.

A case study of the development of Old Grace Housing Co-operative prepared for the Canadian Centre for Policy Alternatives – Manitoba identifies a number of the barriers that these projects faced in getting established and proposes policy initiatives that should be incorporated into the revival of federal social housing policy.

In terms of their financial structure, the co-operatives developed in the past decade differed from the ones built prior to 1993 in a number of significant ways. For example, in all but one case, the provincial government played a significant role in financing and facilitating the projects. Secondly, a number of these projects required levels of member share purchases that were much higher than those required for previous co-operatives.

OGHC, for example, reserved just over half of its suites for members who met the Manitoba government's Affordable Rental Housing Program income criteria. Depending on the size of the unit, these members were required to purchase between $16,000 and $28,000 worth of shares. For the remaining suites, the required share purchase was between $72,000 and $132,000. This is best described as a 'variable share purchase model.' For comparison's sake, the co-operatives developed under federal government programs between 1973 and 1993 usually required members to purchase between $500 and $1,000 worth of shares. The share purchase level was so low because the federal government essentially covered all the initial capital costs, with members repaying the federal government over a period of 35 to 50 years.

It is important to note that in a not-for-profit housing co-operative, shares do not appreciate

in value: when members leave, they receive the same amount of money they paid for their initial share. New members in turn are required to pay no more than the departing member received. The longterm impact is that with each passing year the cost of entry declines in real terms.

OGHC's variable share purchase model provided a benefit to government, in that it invested only $3.8-million for project that cost $17.8-million to construct. (Government also provided a longterm lease for the site at what amounts to a nominal fee.)

While this model allowed the government to make its investment go further, government officials, lenders, and advisers all wondered whether the co-operative would be able to recruit a sufficient number households prepared to make the economic investment (in some cases an investment of between $92,000 and $112,000) needed to get the project off the ground, particularly since the investment would likely have to be made close to two years before occupancy and would not increase in value. OGHC's success demonstrates there is a portion of the population that both has access to investment funds and is prepared to put those funds to use in aid of a principle. The new co-operative's success was, in no small measure, due to the willingness of its members to make the economic sacrifice of purchasing shares nearly two years before the project was ready for occupancy.

OGHC recognized that the variable share model also presented a barrier for entry to low-income people. Thirteen of the OGHC's suites are reserved for households that qualify for rent supplement: for many such people the share purchase, even at the $16,000 and $28,000 level, was far beyond their means. To address this issue, OGHC developed a series of partnerships with charities. Four different groups participated by assisting in the purchase of member shares for newcomer families. A Winnipeg organization that helps people living with physical or intellectual disabilities paid the member shares for a suite housing two residents. A separate fundraising campaign contributed to the partial sponsorship of shares of other low-income members. In addition, OGHC helped members enroll in SEED Winnipeg's asset-building programs for low-income people. Finally, the co-op provided small loans to rent-supplement members who were not able to pay their full shares before becoming residents.

If this sounds complex, ad hoc, and uncertain, that is because it is just that. It is also the type of structure that develops in the absence of a coherent national social housing program. During the recent federal election campaign both the Liberal Party and the New Democratic Party made commitments to significantly expand the development of affordable housing over the next decade. The most effective way of meeting these ambitious goals in an efficient manner would be to move away from the current process in which the government provides only a portion of the needed capital funding through a patchwork of programs administered by provincial governments. A return to programs that assure capitalization for low-income housing will be essential to increase the growth of non-profit affordable housing.

At the same time, the success of OGHC suggests that there are further resources that could be employed in developing other variable share purchase non-profit co-operative housing projects.

Regrettably, the Canada Mortgage and Housing Corporation (CMHC) takes the position that variable share purchase co-ops such as OGHC are not eligible for funding under the National Housing Strategy's National Housing Co-investment Fund. This fund is intended to deliver 60,000 suites of new affordable housing (plus 7,000 affordable suites for seniors and 2,400 affordable suites for people with developmental disabilities). It would appear that the major reason for this opposition is that low-income individuals cannot afford to purchase memberships. This was true at OGHC, but the solution is not to ignore this type of development example, but for CMHC to provide funding at a level required to bring the cost of shares for what would be termed 'affordable' members down to a truly affordable level. It would also appear that CMHC is concerned that members might attempt to hold CMHC responsible should any future co-op supported by the National Housing Co-investment Fund fail. This is currently and properly addressed by having co-operatives provide a clear disclosure of risks prior to investment.

The Co-operative Housing Federation of Canada is on record as recommending that the federal government, as part of its national housing policy, provide funding to "test and scale innovative development and financing of co-operative housing models across the country." The OGHC's variable share purchase approach represents an innovation that would appear to be ideal for inclusion in an array of models intended to expand the provision of non-profit, affordable, housing co-operatives in Canada and Manitoba. The federal and provincial governments would do well to recognize the merits to variable share purchase co-operatives and the way that they both create mixed housing and bring additional capital to affordable housing and include such co-operatives in the type of testing the Co-operative Housing Federation of Canada has proposed.

Introduction

On June 14, 2019, Old Grace Not-for-Profit Housing Co-operative (OGHC) held its grand opening. The first members of the 64-unit co-op in Winnipeg's downtown Wolseley neighbourhood had moved in a little more than a year before, and the opening was the culmination of seven years of work. OGHC had a number of defining characteristics that reflected the members' commitment to co-operation, affordability, and sustainability.

- All rents were set at levels that were in keeping with the Manitoba government's affordability guidelines.
- 34 units were to be occupied by households that qualified for the Manitoba government's Affordable Housing Rental Program. Thirteen of those units were occupied by households that qualified for the Manitoba government's Rent Supplement Program.
- All units were designed to conform to the Manitoba government's modesty criteria. (This meant that there all units could potentially be selected by individuals who met the province's affordability guidelines.)
- All units could be visited by individuals in wheelchairs.
- Seven units were designed to be fully accessible by people with disabilities and were occupied by people with disabilities.
- Four four-bedroom units were reserved for newcomer families.
- The project exceeded the energy conservation requirements of the Manitoba Energy Code for Buildings by 26 per cent.
- OGHC provided significantly fewer parking spots than were normally required by municipal authorities.
- Unlike most co-operatives, Old Grace had adopted a variable share purchase model. Under this model some members paid what were termed 'market' prices for shares, while others purchased what were termed 'affordable' prices. (As will be discussed below, the shares could only be sold back to the co-op and do not increase in value.)
- The project amounted to a near doubling of the number of non-profit co-operative housing units built in Winnipeg since 1993.

The $17.7-million project was financed and constructed in two distinct phases, one of 60 units,

TABLE 1 **OGHC Capital Funding Sources**

Source	Phase I (60 units)	Phase II (4 units)
Member shares	3,571,000	99,628
Other member contributions	247,376	0
A forgivable government loan	2,100,000	700,000
Other government funding	768,000	0
Mortgage	9,250,000	810,00
Other funding	57,960	0

one of four units. Table 1 shows the project's capital funding sources.

Many of the broad funding categories in Table 1 resemble Russian dolls, containing a multitude of sub-categories that will be explained below.

The project had been designed to reflect and fit into an established urban area, while providing the maximum number of housing units allowed under existing zoning provisions. The design, which reflected the housing styles of the neighbourhood, featured a number of common areas including an interior courtyard that is accessible to the public. For the co-operative as an organization, the members, and those who had played a role in bringing the project to completion, the opening was a celebratory event. It was one that, on many occasions over the previous seven years, members had doubted would ever occur.

In early 2012, the project was nothing more than a glimmer in the minds of four individuals who were interested in creating some form of shared housing on the site of a former hospital in the Wolseley neighbourhood. They had no corporate organization, no members, no land, and, aside from experiences with student co-operative housing many decades earlier, limited direct involvement in or knowledge of co-operative housing. They did not fully know of or understand all the barriers that they would have to overcome in the coming years. These barriers included the following:

- The limited level of state funding for co-operative housing and the lack of a coherent national housing policy since the early 1990s.
- The lack of an external sponsor: much of the social housing that has been built in the past two decades has been constructed with the involvement of a local non-profit organization that provided ongoing financial and administrative support.
- The fact that lenders did not provide mortgage loans for the substantial member share investments that would be required to finance the co-op.
- The fact that governments and lenders were reluctant to let money flow until all units were spoken for and all member share money on deposit.
- The need to gain community acceptance of a proposed increase in housing density and the construction of social housing in a mature neighbourhood with a strong sense of identity.
- Uncertainty as to whether a sufficient number of members could be recruited to make the project viable given the fact that member shares do not appreciate in value in a non-profit co-operative.
- The degree to which the group's social and environmental values could increase capital costs to a point where the project was not viable.
- The need to seek and receive various municipal zoning approvals to allow development to proceed.

- The degree to which the lengthy period of development for such a project would make it impossible to recruit and retain a committed membership base for the co-op.

Since the end of the federal government's co-operative housing development programs in 1993, only six non-profit housing co-operatives have been established in Manitoba — five of these opened between 2010 and 2018. Each was established despite the lack of a stand-alone national co-operative housing program or, more significantly, a meaningful national housing policy. Developing large-scale housing co-operative projects under such conditions required persistence, commitment, and an ability to improvise and adapt to unexpected problems and opportunities. It is tempting to say that contemporary co-operative housing developers have to think outside the box, but that would imply that that there is a box within which it would be possible to develop a 'normal' housing co-operative. This paper does not seek to present the OGHC as a model to be followed: but rather as an example of how one group addressed the barriers identified above. The example should not be seen as a replacement for a coherent nationally directed social housing program with a robust co-operative housing component.

This paper commences with a description of the site, the neighbourhood, the initial period of co-op organization, and a description of the evolution of government policies relating to co-operative housing. It then charts the way OGHC addressed the identified barriers and concludes by identifying the factors that allowed it to succeed. A narrative approach has been adopted since it most effectively lays bare the fact that challenges were ongoing and often unanticipated and required that the co-operative engage in a constant process of modification, outreach, and innovation.

The Site and the Neighbourhood

Wolseley: Location, Location, Location

As with every real estate story, the OGHC story starts with three key ingredients: location, location, location. The OGHC began to germinate as a project in late 2011, when two Winnipeg couples, who were considering downsizing their living situations, became aware that the Winnipeg Regional Health Authority (WRHA) intended to close its remaining offices in what was generally referred as the Old Grace Hospital in Winnipeg's Wolseley neighbourhood in the coming year.

The Salvation Army had established a Grace Hospital on the site in 1906. Over the following years, a number of new buildings were added, the last being an obstetrical wing that opened in 1959. While consideration was given to further expansion on the site, in 1967 the Grace Hospital relocated to the then municipality of St. James (just to the west of Winnipeg) and in 1971 the property in Wolseley was sold to the Manitoba government. By then, many of the earlier buildings had been torn down. Those that remained were used to house offices that delivered social and mental health services. In the building's final years, it housed offices used by the WRHA, the provincially established health authority. While the WRHA declared the building surplus to its needs in 2004, that announcement was premature: the WRHA continued to occupy the building for much of the following decade. The hospital site consisted of two lots of land: the main lot (49,000 square feet) on which the former hospital building and parking lot were located and a smaller parking lot (8,000 square foot) kitty-corner to the main lot.[1]

The hospital site was located at the north end of Winnipeg's Wolseley neighbourhood. Just west of the city's downtown, Wolseley was bounded by Portage Avenue on the north and the Assiniboine River on the south. It was 1.7 square kilometres in size and in 2010 had a population of 7,725. It was an established, older neighbourhood: ninety percent of its housing was built prior to 1960. In fact, much of the community was developed in the first two decades of the twentieth century as an upper middle-class enclave: its large lot sizes and large houses were priced beyond the reach of many Winnipeggers. According to the federal census there had been virtually no new housing added between 2000 and 2010. Sixty-one per cent of the households owned their home and 39 per cent rented. Only one apartment building, an eight-story senior citizens' residence, was over four stories in height and it had been constructed in the face of neighbourhood opposition in 1981. With only one or two exceptions no other building was over three stories in height. A considerable portion of the housing stock is wood-frame, three-story American four-square houses.

Since the 1970s the neighbourhood had developed a reputation for its countercultural tinge (the Granola Belt) and as a site for gentrification (Volvo Flats). While the terms simplify more complex trends, Wolseley did have a unique identity. According to census data, a third of the residents worked in health, education, or social welfare, compared to 22 per cent for the city as a whole. Wolseley residents were twice as likely to work from home, three times more likely to walk to work, and six times more likely to bike to work than Winnipeggers in general. Just over 50 per cent of Wolseley residents had no religious affiliation, while the city-wide figure was 28.5 per cent.

Politically, since 1981 the provincial constituency of Wolseley had been represented by either New Democrats or Liberals and from 2015 onwards the NDP's closest challenger was the Green Party candidate. The neighbourhood commitment to the environment has a near-mythic foundation story: for decades residents fought a battle to protect the "Wolseley Elm," a large elm that dominated the intersection of Wolseley Avenue and Basswood Street. The tree was so old that the road had been constructed around it. While in today's parlance this would likely be hailed as a traffic calming installation, in the 1950s planners wanted to have the tree removed. Residents, including one woman armed with an axe, gained international attention for their campaign to protect the tree. Their efforts were frustrated by vandals whose various attacks on the tree contributed to its death in 1960. While Dutch elm disease was to claim many more elms in coming years, the neighbourhood still has extensive tree cover.[2]

The neighbourhood's short commercial stretch with its massage therapist, yoga studio, new-age bookstore, co-operatively run organic grocery, shoe repair store, wool store, juice bar, custom woodcraft furniture store, and organic bakery reflected the community's identity. This shopping strip was a half-block south of the hospital site. Five minutes to the north were an Italian grocery, a drugstore, a supermarket, a health clinic, a bank, and a park. The only condominiums in the neighbourhood were converted apartment buildings, often dating back to the early years of the twentieth century. Ongoing condominium conversion contributed to a decrease in rental properties in the community.

Many of the people who played a role in developing the OGHC were retirees or people reaching retirement age who lived in Wolseley, had come to know each other through their involvement in a variety of social and community activities, and were looking to remain in the community, but wished to divest themselves of their houses, or former Wolseley residents who were seeking to return to the neighbourhood. Some who had moved to condominiums found these facilities to be lacking in a sense of community. For them, the Old Grace Hospital site represented a near ideal opportunity to remain in a neighbourhood that they felt was socially congenial, physically attractive, and close to a wide range of local amenities as well as the city's downtown. Others were attracted to the project out of interest in housing and community development: many of these people decided that they were unlikely to move into the building but continued their involvement out of a commitment to the development of mixed-income, affordable housing.

Neighbourhood Concerns

These, however, were not the only Wolseley residents with an interest in the site. For several decades the Wolseley Residents' Association (WRA) had functioned as a lobby organization on community issues such as traffic, safety, and zoning. A volunteer organization, its level of member participation rose and fell in response to the type and location of the issues the community was facing. In relation to the Grace Hospital site, there was a second, more localized organization, the Neighbours of Old Grace (NOOG). Both groups were apprehensive about proposals for the development of the site: while different people had different issues, key ones included concerns over significant increase in density, reduction in available street parking, the fate of the large chimney on the site (which has served as a nesting location for chimney swifts, a threatened species), a potential reduction in property values, an increase in social problems that residents associated with social housing, the shadow that a large-scale project might cast on neighbouring houses, and the disruption to the look and feel of the neighbourhood that people associated with the design of social housing. Construction of a multi-unit housing project on a small urban site was also going to present challenges to the neighbours, few of whom would be looking forward to over two years of construction activity on their street. These concerns were not irrational and are representative of concerns that are commonly raised in similar situations. They are also why developers have tended to prefer to build multi-resident buildings in greenfield developments as opposed to existing neighbourhoods.[3]

A 2003 study on the site's future reported that some residents who lived close to the site specifically expressed opposition to the idea of social housing, saying that while Wolseley was an open and accepting neighbourhood, there was already "enough" social housing in the neighbourhood. Any additional housing, it was felt, would "have a detrimental effect on the neighbourhood."

Since the 1970s, the neighbourhood had been undergoing a process of gentrification, as single families moved into buildings that had been divided into rooming houses in the 1940s and 1950s. Social agencies — often very small organizations — had also purchased housing in the area for use as group homes. In 1983, for example, there were eight child-welfare group homes in Wolseley.[4] While most operated without comment, others generated conflict with neighbours. In 2011 residents succeeded in having a group home on Garfield Street (six blocks west of the Old Grace site) closed after three years of conflict between the group-home residents and their neighbours.[5] Issues would also surface on occasion when residents believed that rooming houses were overcrowded.[6]

The building located directly opposite the Grace Hospital site on Evanson Street was a particular source of community concern. The Madison Memorial Lodge had been constructed in 1941 to serve as a residence for nursing students training at the Grace Hospital. At the end of World War II, it served as a rehabilitation centre for veterans and, in 1972, the four-story building rented one-room furnished units to veterans and senior citizens under the sponsorship of the Valour Road Branch of the Royal Canadian Legion. Over time it was transformed into a not-for-profit housing complex for individuals with physical and mental disabilities. Aside from serving three meals a day, it did not offer any support, supervision, or services to its residents. By the beginning of the twenty-first century the building had fallen into disrepair and had a growing, and negative, reputation. This culminated in 2007 when a resident stabbed a fellow resident to death and was, in turn, shot to death by a police officer. At the subsequent inquest, an officer testified that he had been called to the building at least 30 times. In 2008 a police raid on the building uncovered a crystal methamphetamine lab.

The situation began to change in 2011 when Siloam Mission Church of Nazarene Inc. purchased the building from Madison Memorial Lodge. With a $1,217,000 grant from the Winnipeg Housing and Homelessness Initiative (a federal, provincial, and municipal initiative), Siloam renovated the building and operated it as an 88-bed rooming house providing what was termed supportive housing.[7] The change in management led to an improvement in the operation of the facility and in community relations.

Government planning for the Old Grace site commenced early in the twenty-first century. In 2003, the Manitoba Housing and Renewal Corporation (MHRC), the Manitoba crown-corporation responsible for managing public and social housing, commissioned a study to determine whether the buildings on the OGHC site could be used for affordable housing. The report, prepared by architect James Kacki, identified a number of possible housing scenarios for the site. He also recommended that if housing were to be developed on the site, residents had to be involved in a community consultation process.[8]

The Manitoba government provided the Wolseley Residents Association with funding to carry out such a consultation. As part of this process, the Neighbours of Old Grace administered a survey in the spring of 2006. This was followed by a Canada Mortgage and Housing Corporation (CMHC)-funded two-day charette in the fall of 2006. (A charette is an architectural term for a participatory planning meeting). At least forty people took part in the event, which developed the following development criteria:

- Housing was preferred as the primary use for this property.
- Sustainable building practices should be incorporated into any development.
- Building heights and density must be compatible with existing neighbourhood conditions.

Participants also identified a need for adequate parking, greenspaces, play areas, and pedestrian pathways.[9]

While the charette laid out a set of community expectations for any development of the site, nothing more was done at that time, since the WRHA continued to make use of office space in the former hospital building. It would continue to use the facility until 2012. However, in 2011 it became apparent that the WRHA would soon be moving its staff from the site and decisions would have to be made as to how the site would be developed. In March 2012, attendees at community meeting sponsored by Rob Altemeyer, the local member of the legislative assembly, and the Wolseley Residents' Association expressed support for the charette vision. The WRA established a committee to oversee community input into the development of the site. This committee was chaired by a member of NOOG and included other NOOG members. The committee submitted a report in November 2012. By then, the Old Grace Housing Co-operative was starting to emerge as a potential developer of the site.

Early Stages of Organizational Development

As noted above, two couples with an interest in downsizing and living in an established community that was close to Winnipeg's downtown played a central role in initiating the Old Grace Housing Co-operative. In early 2012, after an informal discussion, they arranged a meeting with Blair Hamilton, a co-operative housing consultant at SEED (Supporting Employment and Economic Development) Winnipeg. SEED was the first of a number of non-profit organizations that would play an important role in assisting in the establishment of OGHC. In operation since 1993, SEED engaged in a range of community economic development work intended to help inner-city residents increase their economic capacity. The co-op housing advisor position at SEED was part of the Co-op Housing Mobilization initiative to support the development of mixed-income cooperative housing in Winnipeg. It was funded by the Co-operative Community Strategy, which was a collaboration between the Manitoba government and the co-operative sector. Hamilton provided ongoing advice on key issues such as legal structure, economic models, government programs, and construction costs during the co-op's early period.[10]

The initial group of four people decided to hold a meeting to test the degree of interest in such a project. The meeting, at the Robert A. Steen Community Club in February 2011, attracted over 20 people, including a number of Wolseley residents. Dudley Thompson, the principal architect of Prairie Architects Inc. made a presentation on the types of development that might be initiated on the site. A number of key issues that OGHC would have to address in the coming years emerged at this meeting. These included:

- The desired level of density for a project on the site.
- The appropriate legal structure (co-housing or a co-operative) for the organization.
- Whether the co-op should be age-restricted (55 plus or multi-generational).
- Whether to renovate the existing six-story structure on the site or build new.
- The environmental footprint of the development.

A matter of particular concern was the need to the determine the provincial government's intentions for the land (since it owned the land). There was concern that the land might not be used for housing: for this reason, OGHC lobbied the government to transfer the land to the Housing Department. It was thought the government might issue a call for proposals for development of the land as early as the end of March 2012. (The call for an expression of interest in developing the land, in fact, did not come until October 2014.)

What was termed a general meeting was held in March 2012: at that meeting a steering committee was struck and given the following major tasks:

- Developing an expression of interest for the site.
- Hiring a co-op development consulting firm.
- Liaising with neighbourhood organizations and government.
- Approving a membership model.

It was decided at the same time, to incorporate as Old Grace Housing Co-operative (the implications of this decision are discussed below), open a credit-union account, and recruit members. Members would be required to purchase $50 worth of refundable member shares. (Shares were valued at one dollar each.) The steering committee also established three subcommittees: site planning, governance, and finance.

A deliberate decision was made to recruit members before the vision for the project had come into focus. This had the potential of allowing a greater number of people to shape that vision and increase their commitment to the project. Beyond that, it provided a wide range of views to be examined during the development process, a measure that strengthened the co-op and deepened people's commitment to the project. As the project became clarified, some people concluded that it did not meet their needs (it lacked sufficient amenities, it was too dense, or it was not sufficiently energy efficient), or that their needs had changed with time. As a result, some members withdrew. Others remained: of the 33 members present at the October 2014 membership meeting, 12 would be among the first wave of people to move into the building.

Each new member was assigned a membership number: these numbers would later be used to assign priority when housing units were being selected. Without any paid marketing the co-op had recruited 41 members by October 2012. In March 2014 there were 54 members, a year later there were 98 members. In November 2015, when the Manitoba government announced that OGHC had been selected to develop housing on the Old Grace site, there were 125 members. In 2017, membership surpassed 370. A long and healthy membership list was important for a number of reasons. First, it provided the co-op with a large pool to draw on for the many volunteer activities that needed to be carried out prior to development of the co-op. Secondly, it demonstrated to funders the extent of interest in a project that was going to require a high level of member investment. Thirdly, lenders were going to require that the co-op pre-sell all of its units prior to construction — given the rate of attrition described above, the co-op would need far more than 64 members to ensure that it had 64 members who were prepared to make an investment close to two years before occupancy and who intended to move in once the building opened.

In the co-op's first two years, when resources were almost non-existent and the chances of success were limited, meetings were frequent. There were at least six membership meetings in 2012 and six in 2013. The steering committee met at least monthly during the first two years. In those two years, the steering committee began to address a number of important organizational issues. These included incorporation, developing a set of bylaws, establishing a bank account, establishing a website, and entering into a contract with an experienced co-op development consulting firm.

The decision to incorporate as a co-operative was made in 2012 and was central in shaping the organization's development. The key benefits of co-op housing were seen to be the provision of housing at cost (plus a long-term contribution towards the reduction in housing costs), member control over building policy (each member had one vote), security of tenure (members can only be evicted for non-payment of rent or a serious violation of co-op rules), member participation in the operation of the co-op, and the development of a sense of community amongst the members. Co-operatives have had a long history in Western Canada and many OGHC members had direct experiences with producers', workers', or consumers' co-operatives.[11] Some members were interested in co-housing: co-housing is a housing model that developed in Denmark in the 1960s. It combines both private and communal ownership — generally, individuals own private units, while a common house is jointly owned. The common house often contains a kitchen, guest rooms, a library, and work areas. Regularly shared evening meals are common in most co-housing developments. The projects are often limited in size: with 36 being suggested as the maximum number of households. The private units can be apartments or separate houses. In North America, co-housing has focused on the development of a supportive community rather than the provision of low-cost housing. The first co-housing project in Canada, Cardiff Place on Vancouver Island was completed in 1994. The Wolf Willow co-housing project opened in Saskatoon in 2013 as a seniors-only residence. Largescale co-housing projects have generally been incorporated as condominiums. To date, there have been no government subsidies for the development of co-housing communities in Canada.[12]

After weighing the options, the decision was made to structure the organization as a co-operative and to register it as such. Under the Manitoba Co-operatives Act, cooperatives are required to register their articles of incorporation with the Financial Institutions Regulation Branch (FIRB) of Manitoba Finance. The articles of incorporation were submitted to the Manitoba government in summer 2012. At the time OGHC had the option of registering as a for-profit co-operative or a not-for-profit co-operative. With both types of co-operatives members make a share purchase: in a not-for-profit co-operative the shares do not increase in value. When a member leaves the co-operative, members only receive their initial share price and if the co-op is dissolved its assets are distributed to another non-profit housing co-op (or other co-operative or charitable organization.) When the members of a for-profit co-operatives leave, they receive their initial share investment plus any accumulated market appreciation and if the co-op dissolves, the assets are distributed to the members. In both models, new members must purchase shares equal in value to the amount paid to the member they are replacing. As a result, the cost of entering a not-for-profit co-op stays the same over time (and in real terms declines), while in a for-profit co-op, the cost of entry increases over time. For-profit co-ops (which are sometimes called 'equity' co-ops, although this term can be misleading) tend to be unaffordable for people with low incomes since they require significant share purchases and generally are not eligible for government funding.

Originally OGHC registered as a for-profit co-operative. By doing so, OGHC was keeping its options open: while for-profit co-operatives are allowed to convert to a not-for-profit status, not-for-profits are not allowed to convert to for-profit status. In 2014, OGHC changed its status from for-profit to not-for-profit.[13]

Developing and adopting the bylaws was a major undertaking. The bylaws were based on a template provided by the Manitoba government's Financial Institutions Regulation Branch. The bylaws dealt with membership and governance issues such as how people would become co-op members, how directors were to be selected, how the board would operate, and voting procedures. They also impose financial and legal obligations on the co-operative's board of directors. At one point the government rejected

OGHC's application because the co-op's consensus decision-making model was perceived to be incongruent with FIRB's bylaw criteria. As a result, the consensus process was dropped from the bylaws but retained in the OGHC's internal operations. Incorporation was also a lengthy process. OGHC held its first annual meeting as a legally incorporated organization on November 28, 2013. At the meeting a nine-person board of directors was selected.

OGHC joined Assiniboine Credit Union (ACU), one of the province's largest credit unions, in 2012. Credit unions are a form of co-operative banking: since the 1990s ACU had directed a portion of its resources in community economic development. OGHC applied for and received a $5,000 Community Enterprise Development Grant from ACU in 2014. This was another example of the way that the co-op was able to draw upon the legacy of Canada's co-operative movement.

The process of contracting with a consulting firm (DSI Tandem Co-op Resources) was another important step for the co-op. The hiring decision was made at the end of a selection process that allowed the co-op to further develop its understanding of the tasks that it faced. DSI Tandem was a worker co-op that had been involved in co-op housing development and management in Manitoba since 1986. Led by an economist (Karl Falk) and an architect (Harry Haid), it had assisted in the development of 19 non-profit and co-operative housing projects, most recently the Western Manitoba Non-Profit Seniors Housing Co-op in Brandon. DSI Tandem's willingness to take the contract on a contingency basis provided OGHC with access to considerable experience and expertise at a time when it had virtually no funding. The firm provided guidance on a wide range of issues including funding, zoning, cost effectiveness, and community and government relations.

In its first two years of operation, OGHC devoted considerable energy to providing members with an opportunity to educate themselves about possible housing options for the site. A general membership meeting in May 2012 was devoted to a series of presentations from local experts. Architect Dudley Thompson pointed out to members that many of the attractive elements of co-housing, particularly expanded common spaces to make up for modest individual units, could be incorporated in a co-op structure. At the same meeting, co-op housing advisor Blair Hamilton identified a number of the decisions to be made and recommended that the group recognize that the shortage of affordable housing was a key priority of the provincial government. He suggested that preparing a proposal that aligned with government priorities was essential, since the province owned the land, which was estimated to be worth at least $2.5-million. Thompson's point — that modest-sized personal units could be augmented with generous and well-appointed common areas to provide an attractive and affordable residence and Hamilton's point, that the project needed to consider government priorities, were key pieces of advice.

In the fall of 2012 OGHC undertook a member survey: of the 31 people who responded, 80 per cent were over 55 years of age, 89 percent lived in households of two adults or fewer, 81 per cent were homeowners, and 58 per cent were prepared to invest over $100,000 in the project. In other words, a significant portion of the members constituted what could only be described as a low priority for provincial housing policy: people who were housed and could afford their current housing. The survey found a high level of support for the inclusion of features such as gardens, gathering spaces, and guest units. There were low levels of support (under thirty percent) for non-housing operations such as coffee shops or day cares being incorporated into the project. On one issue agreement was unanimous (100 per cent favoured a non-smoking policy), but on others there were clear divisions: 52 per cent favoured a pet-friendly policy, and 29 per cent favour regularly shared meals. Eighty-four percent were prepared to accept a mix of fifty per cent or more 'affordable' (this term is discussed further down in this paper) units. The large percentage of members who were prepared to make a significant investment in the co-op strengthened its financial base and would allow for the addition of enhanced building amenities when the co-op was constructed.

The Manitoba Co-operative Association's Co-operative Development Fund (a part of the Co-operative Community Strategy mentioned above) provided funding to the co-op to offset costs of meetings to develop the common vision, another example of how OGHC benefited from the support of a broader co-operative movement, particularly in its early days.

In 2013 the co-op experienced a setback: in that year, the Manitoba government declined the OGHC's application for project development funding in response to a call for proposals for seniors' housing. Among the issues that the government identified at the time were concerns that the co-op would not be able to attract members prepared to pay the relatively high share costs being contemplated, the difficulties in negotiating an affordable long-term mortgage rate, the need for evidence of community support, and the fact that the land had not yet been made available by the Province.

Peripheral issues also developed during this period (2012–2013): one of these was a proposed redevelopment of the Gas Station Arts Centre in Winnipeg's Osborne Village. (The Gas Station was a theatre and commercial space that was located in a converted gas station.) A proposal had been developed to renovate the theatre and build co-op housing (including a number of units set aside for artists) on the site. OGHC struck a working group whose members liaised with the Gas Station proponents. A number of OGHC members switched their focus from the OGHC site to the Gas Station proposal, which in the end did not go forward due to a variety of funding difficulties.

Governments, Social Housing, and Co-operative Housing

Leave It to the Market

For over a century, a considerable portion of the Canadian population has been priced out of the housing market. It is possible to find reports from every decade of people paying high rents for poor quality housing. At various times, government analysts have recognized that the country's housing problem could not be resolved without either a redistribution of national income or the provision of housing subsidies of some sort. For example, a 1942 report for the federal government observed that it was "the universal experience of western societies that private capital has been wholly unable to provide adequate housing for the low-income group of the population." Despite this recognition, Canadian politicians tended to blame the poor for their housing conditions and placed their faith in improved standards and enforcement, which did little to make housing affordable.

Government officials have also developed, and altered, the concept of what relationship between annual income and annual rent constitutes affordable housing. In 1948 government officials viewed a rent-to-income ratio of greater than 20 per cent as unaffordable, by the mid 1960s this was revised to 25 per cent, and by the 1990s it was 30 per cent. While one may argue with the percentage (and question whether the rate has been increased in an effort to understate the problem), the very existence of the definition indicates that the issue of affordability has been an ongoing social problem in Canada.[14]

Historically federal housing policy focused on providing a stimulus to the construction of higher- as opposed to lower-priced housing. Subsidies and tax breaks provided to first-time home purchasers or the developers of high-end apartment blocks were seen as effective ways to stimulate economic activity and gain political support.[15] In the years of the post-war expansion in Canada (1949–1963) only 11,000 public housing units were constructed, just .7 per cent the residential housing built in this era. This was the same era when government policies at all three levels facilitated and underwrote the dramatic expansion of suburbs and the infrastructure needed to facilitate their growth.[16]

This did not change significantly until the 1960s, when government-owned 'public' housing projects were built as a part of large-scale urban renewal programs. These projects later developed a reputation as 'poor peoples' housing: cheaply built and monotonous ghettos for low-income people. In some cases, more people were dislocated by what was termed urban renewal than were housed in new public housing projects.[17] To some measure public housing did not deserve its negative reputation: housing projects were often superior to the units they replaced and for the most part did not resemble the large tower developments that characterized the public image of public housing in the United States and the United Kingdom during this period. The social problems associated with such projects are as likely to arise from poverty, racism, and de-industrialization, as from the fact that the housing was built, owned, and administered by the public sector.[18] In the face of internal and external criticism, in the 1970s the federal government switched from a 'public' housing model to a 'social' housing model.[19] Under this model, non-profit community groups, armed with low-cost, longterm government loans, were expected to provide housing to mixed-income communities, thereby ending the stigma attached to public housing. Most of this housing was delivered by service clubs, churches, and non-profit corporations established by municipal and provincial governments.[20] These changes in federal government policy were coupled with changes that set the stage for a dramatic expansion of co-operative housing in Canada.

The Era of Federal Support for Co-operative Housing

While the Canadian co-operative movement has a history that dates back to the nineteenth century, co-operative housing is a relatively recent innovation in Canada. Since the 1930s there had been what were termed building co-operatives in the Maritimes. In these co-operatives, members jointly built houses whose ownership was then transferred to individual co-operative members and the co-operative was dissolved once the co-operative's mortgage had been paid off. These co-operatives enjoyed considerable success in resource-based and rural communities in the Maritimes and Quebec. But, up until the 1960s, aside from housing co-operatives for university students, there were no ongoing housing co-operatives in Canada. Indeed, the federal government's policies and practices undermined efforts to establish housing co-operatives; proposals to provide low-cost loans to co-ops were rejected because such measures would make rental housing more attractive than home ownership.[21]

The first Canadian housing co-operative that was intended for continuous residence by its members (as opposed to students attending university) was the Willow Park Housing Co-operative, which opened in Winnipeg in 1966. Willow Park was the fruit of six years of work and planning by the Co-operative Housing Association of Manitoba (CHAM), which was established in 1960. Its founding members were a group of individuals with an interest in co-operative housing and representatives of Manitoba's co-operative sector (credit unions, wheat pools, grain growers, insurance firms, and retail co-operatives) and the Winnipeg labour movement. CHAM had to overcome significant government opposition before being granted a parcel of land in the city's northwest and receiving a $2.3-million loan from the Canada Mortgage and Housing Corporation. The CMHC loan would not flow until the co-op was 80 per cent occupied — and the project could not get to that stage without the CMHC funding. This chicken-and-egg problem was cracked when Federated Co-operatives agreed to back a $2-million loan from the Co-operative Credit Society of Manitoba to Willow Park.[22] Two years after Willow Park opened, the Canadian Labour Congress, the Co-operative Union of Canada (now the Canadian Co-operative Association), and the Canadian Union of Students established the Co-operative Housing Federation of Canada (CHFC — initially, the Co-operative Housing Foundation of Canada). One of the CHFC's first steps was a presentation to the federal Task Force on Housing and Urban

Development. The task force's 1969 report recommended that the federal government provide greater encouragement to housing co-operatives. In response the federal government established a $200-million fund for innovative housing. This money was used to fund a number of pilot project housing co-operatives across Canada.[23]

The success of these pilot projects, which created about 1,500 units of co-operative housing, led the federal government (which was in a minority position and under pressure from the New Democratic Party) to establish a national co-operative housing program in 1973. Under this program CMHC was authorized to provide 100 per cent 50-year mortgages to co-operatives and non-profits at preferential interest rates. Ten per cent of the loan was forgiven once 90 per cent had been paid. The 100-per-cent mortgage meant that members had to make only a nominal share purchase to join and move into any of the co-operatives developed under these programs. In addition, subsidies were also established for low-income residents, so that they could occupy between a quarter and a third of co-op units. Funding was also provided through the Community Resources Organization Program to support organizations providing technical support to social housing and co-operative housing projects. By 1977 there were seven such organizations across Canada: in some cases, these organizations served as housing co-operative developers.

While the federal government's capital financing played a key role in establishing these co-operatives, municipal and provincial governments also played supportive roles: municipalities and provincial governments, particularly those with landbanking programs, provided land to some co-operatives. The Manitoba government, for example, provided financial support to the co-operative sector at a number of key junctures in the 1970s.[24]

The co-operative housing program, with various modifications, remained in operation for 20 years. It unleashed an explosion in the development of co-operative housing: creating 65,000 units of co-operative housing in nearly 2,000 co-operatives. In Winnipeg 25 co-operatives were established, providing approximately 2,000 units of housing. The stand-alone program, which eventually shifted from loaning all the needed upfront mortgage money to guaranteeing mortgages with lenders, dramatically simplified the task of establishing a housing co-operative. The major brake on the growth of housing co-operatives during this period was the amount of money the federal government was prepared to commit to the program. Despite a number of positive assessments, in 1993 the federal Conservative government announced it was reducing its overall involvement in housing and withdrawing from social housing–including programs that funded new housing co-operatives.[25] In 1996 the federal Liberal government announced it would be transferring all social housing to the provinces.[26] The 1998 Canada-Manitoba Social Housing Agreement transferred responsibility for existing social housing units, including co-operatives, to Manitoba.[27]

The housing co-operatives that were established between 1973 and 1993 continue to operate: indeed, many of them are coming close to the end of their mortgage period, at which time the co-ops will own their buildings outright. A 2003 CMHC evaluation of these co-operatives concluded that they were "providing adequate, affordable housing for low- and moderate-income households and residents' involvement in their housing has generated additional benefits such as improved security of tenure and quality of life."[28]

The end of the federal government program marked the end of a period of dramatic expansion of housing co-operatives. From 1993 onwards co-operative housing grew at a much slower pace: in Ontario, for example, no new housing co-operatives were built between 1993 and 2004, while in Manitoba only one housing co-operative opened between 1993 and 2009. Bluestem Housing Co-operative was a conversion of an existing six-unit apartment block and was financed by the co-op members without government support.[29]

The Federal-Provincial Funding Arrangement

The withdrawal of the federal government from social housing precipitated an intensification in the need for affordable housing. By 2001, 20 per cent of Canadian households were paying more than 30 per cent of their pre-tax income on housing.[30] In that year, the federal government began to once more engage in the funding of social housing through what was termed the Affordable Housing Initiative. This committed the government to spending $680-million over five years on social housing, with a maximum capital contribution of $50,000 per unit. Specific programs were designed at the provincial level and cost shared between the federal government and the provinces on a fifty-fifty basis. In 2006 the agreement was renewed and the funding ceiling was increased to a maximum of $75,000 a unit (again cost-shared by the federal and provincial governments).[31] It was renewed again in 2008, and in the wake of the 2008 international financial crisis, federal government made an additional two-year $79-million commitment to housing in Manitoba as part of what it termed its Economic Action Plan.[32]

As welcome as it was, the return of the federal government to social housing was far less generous than it had been in the 1970s and 1980s. From 1991 to 2016, annual investment in affordable housing declined by 46 percent.[33] While the per-unit grant did not have to be repaid (as was the case with the mortgage funding provided or guaranteed under previous programs) there was often a gap between the grant amount and the size of the mortgage for which a community organization could qualify. This capital-cost gap had to be filled by local fundraising if a project were to go ahead.[34] In some cases, federal money went unspent.[35] Under this model, between 2001 and 2016, some 50,000 units of social housing were developed across Canada, whereas between 1971 and 1994, 500,000 units of public and social housing (including co-operative housing units) were developed.[36]

The federal government believed that the provision of a one-time per-unit capital grant (as opposed to a loan) essentially bought lower rents in the future and freed it from making any commitments to rent-supplement grants. Provincial governments were expected to assume responsibility for the provision of rent supplements.

The new federal-provincial agreements sought to change the vocabulary of Canadian housing policy. What had previously been described as 'social' housing was now termed 'affordable' housing. The term 'social' housing did not disappear. Instead it came to be defined as "rental accommodation for low-income households with rates charged on a rent-geared-to-income scale."[37] The impact of federal programs has become increasingly difficult to assess. According to David Hulchanski, an academic who studies federal housing policy, in some cases federal spending claims included provincial funds.[38]

The Manitoba Funding Conditions

In Manitoba, housing units created using funding provided by these agreements were to be

1. Rented at no more than the median market rent for the area.
2. Rented only to tenants whose income was at or below a rate set by the government.[39]

In 2014, the Affordable Housing Initiative income limit for a family household (families with dependents/children) in Winnipeg was $64,829 and the limit for non-family households (no dependents or children) was $48,622. The maximum allowable monthly rent (in Winnipeg) in that year was $772 for a one-bedroom unit ($9,264 a year), $983 for a two-bedroom unit ($11,796 a year), $1,179 for a three-bedroom ($14,148 a year), and $1,391 for four or more bedrooms ($16,692 a year).[40] A family earning the maximum income and pay-

TABLE 2 **Modesty Assurance Criteria**

Number of bedrooms	Size of bedrooms	Family-size threshold
1-bedroom	60 square meters (643 square feet)	1–2 persons
2-bedroom	75 square meters (807 square feet)	1–2 persons
3-bedroom	89 square meters (960 square feet)	3–5 persons
4-bedroom	105 square meters (1,130 square feet)	4–7 persons

ing the maximum rent for a four-bedroom unit would be paying 25 per cent of its income on rent, as would a couple earning the maximum income and renting a two-bedroom unit. Families with incomes below the maximum levels would be paying a greater portion of their income in rent in these situations. In other words, 'affordable housing' could in many cases be unaffordable for lower-income people.

The Manitoba government also maintained what are termed 'modesty assurance' criteria that affordable housing units should not exceed (under these criteria larger households were allowed more space). The unit size and family size criteria can be found in Table 2.

The modesty guidelines also placed limits on amenities, finishing, and fixtures.[41]

The Manitoba Government Housing Commitment of 2009

In 2009, the Manitoba government announced it would develop 1,500 affordable housing units and 1,500 social housing units by 2014. The housing department was re-named Housing and Community Development and a Cooperative Community Strategy was developed. (This led to the development of the Co-operative Housing Mobilization project at SEED Winnipeg described above.) The government reached its very ambitious goals by 2014, having provided funding to 67 capital projects. Of these, 41 were cost-shared with the federal government, while 31 received support from municipal governments, usually in the form of donated land or tax relief.[42] The government's 2009 initiative was announced at a time when federal government support for the Affordable Housing Initiative was starting to decline. While the federal government made a short-term investment in affordable housing in response to the 2008 economic crisis, federal investment in the program was scheduled to be eliminated by 2015.[43]

In 2014, the Manitoba government committed itself to creating another 500 units of affordable housing and 500 units of social housing.[44] By then the province was providing up to $70,000 a unit as a forgivable loan to organizations that provided housing that met its affordable housing criteria. This provincial government initiative would be the grain of sand around which the Old Grace Housing Co-operative's capital budget would be formed.

Additional Sources of Provincial Support

There were two additional sources of funding for non-profit housing projects: the Rental Housing Construction Tax Credit and Manitoba Hydro's Power Smart New Buildings Program.

In 2013 the government introduced the Rental Housing Construction Tax Credit. Developers of new rental housing could claim a tax credit of eight per cent of the cost of a project up to a maximum of $12,000 a unit. Non-profit and co-op developers received the tax credit in the year when the project was completed. For-profit developers received the credit over a five-year period. The project had to develop at least five new units of housing and at least ten per cent of the units developed had to charge rents that were at or below the Affordable Housing Rental

Program Rents. The current provincial government cancelled the program in 2018.[45]

In addition, Manitoba Hydro, a provincial crown corporation, had a New Buildings Program that offered Power Smart grants of between 50 cents a square foot and $2.00 a square foot for new buildings that provided greater energy efficiency than was required of the provincial energy code. The provincial goal was to reduce the demand for electrical power (thereby reducing demand for investment in generating capacity and increasing the available power available for export) and provide an incentive for builders to make a capital investment in energy conservation. While the program was not restricted to the construction of affordable housing, it helped the builders of affordable housing address a significant capital barrier to investing in energy efficiency. In 2018, the Manitoba government ceased to advertise its Power Smart program and transferred responsibility for encouraging energy efficiency to a new crown corporation called Efficiency Manitoba.[46s]

The following points summarize the governmental landscape OGHC had to navigate.

1. The days of upfront federal lending of all capital costs had ended. All future co-operatives would have to seek multiple funding sources to meet capital costs.
2. Federal funding for social housing (which by 2010 was being termed affordable housing) was diminishing.
3. The provincial government of the day was committed to developing affordable housing units.
4. The provincial government was making refundable loans of $70,000 a unit available to develop affordable housing
5. Additional tax breaks and grants were available for energy efficient non-profit housing.

To these could be added the following points that were relevant to OGHC:

1. The provincial funding would not cover the full cost of constructing affordable units.
2. The more units there were in a building, and the smaller the per-unit cost, the smaller the gap between government funding and construction costs.
3. The more affordable units in a building, the closer the government came to meeting its goal of creating an additional 500 units of affordable housing.
4. The Manitoba government owned the land and was unlikely to make it available for a housing project that did not advance its efforts to meet its housing goals.
5. The local community was likely to reject a project that did not fit with the priorities that had been identified at the 2006 charette.

OGHC charted a course across this landscape by:

- proposing a project that provided the maximum amount of density allowed by existing zoning.
- developing a variable share purchase model that set two levels of investment for each unit size (market and affordable).
- reserving half of the units on the main site and all of the units on the smaller site for households that met the affordability criteria.
- fundraising to assist the lowest income families (those that qualified for rent supplement) to purchase their shares.
- establishing an ongoing relationship with community organizations and members to keep them informed of the nature of the proposed development and engage them in the actual project design at key points.

This plan emerged as OGHC members worked their way through a series of issues on which they had diverse views.

Charting a Course

Before discussing the issues on which members had diverse views it is important to identify the larger number of issues on which there was common agreement. For most members, a co-operative was not a structure that was foisted upon them, but one that fitted with their personal values, particularly to the development of community relations. Surveys showed members to be highly committed to the inclusion of environmental sustainability in the project along with amenity spaces that would foster co-operative interactions and gatherings. For them Wolseley was not simply attractive for its community ethos, but for its proximity to the city's downtown and the fact that the building site was few minutes away from several bus routes, both east-west and north-south. There was also commitment among the members to the creation of affordable housing: for many this was both a personal and social goal. While they expected a high quality in design and construction, they also recognized that the project would not compete with high-end condominiums but would provide housing that was modest in individual units and amenities. The OGHC Vision and Mission statements (Appendix 1) represented a set of values that members returned to with regularity in decision making.

The Question of Density

By the end of 2012, the finance committee had begun to report on cost alternatives for potential project configurations. A major variable at the time was whether the project should be all new construction or rehabilitation of the existing building with new construction added. Re-using the existing building had the potential of keeping costs down and allowing for a greater density.

DSI Tandem prepared costing models for a project of between 32 and 46 units that showed the cost per unit declining with increasing density. An early set of estimates that were premised on 100 per cent new construction showed that every ten units of additional construction led to a significant drop in per-unit costs. (For example, at 32 units a three-bedroom unit came with a price tag of $314,154. This dropped to $278,934 with 42 units and reached $261,193 for 52 units. This model included both construction and the cost of purchasing the property.) Based on co-housing literature, some members believed a project with more than 30 households would not develop a viable sense of community. A counter argument, from co-operative literature, stressed the need for a large membership base from which to draw on: too small an organization could lead to member burnout.

The debate over density was connected to cost, unit size, and the availability of government support. A denser project (one with more units) had a lower per-unit cost and would therefore require a lower member share purchase. One way to increase density in a limited space would be to have all units conform to unit size prescribed by the modesty guidelines. Generous common areas could compensate for small unit sizes. The government had also indicated in discussions that it would be requiring that at least fifty per cent of the units in any development on the site be set aside for residents whose incomes were at or below their affordable housing criteria. The greater the density, the more units that could be set aside for affordable housing.

Fifty-five Plus or Intergenerational

A second issue that had to be resolved was whether or not membership would be restricted to members who were fifty-five or older. For much of the early period of the co-op's history, it was thought that the province would be requesting proposals for seniors' housing (this was in keeping with a practice by which the government alternated calls for what were termed 'family' affordable housing projects with calls for seniors' housing projects). This was also in keeping with the group's demographics. While some members favoured this approach, others preferred a project that was intergenerational, which would bring in a greater diversity of people to the co-op. It was also noted that a fifty-five plus organization, particularly one with a small membership base, could find itself facing problems that arise from decreasing energy levels associated with an aging membership.

Parking

Parking was another issue that required ongoing discussion. Under the existing zoning, the City of Winnipeg required that a multi-family development have 1.2 parking spaces per unit, plus an additional 10 per cent of space for guest parking. While this amount of parking could be accommodated in a low-density development, OGHC would only be affordable at a high density (this was because the per-unit cost dropped as density increased). Underground parking, which cost approximately $35,000 a stall, would have rendered the project unaffordable. While surveys indicated that members gave environmental sustainability a high priority, individual members indicated that they required vehicles for work, family commitments, or because they had rural properties.

The members took two steps that helped convince the city that the number of required parking spots could be reduced. The first was to limit each unit to one vehicle, the second was to develop a relationship with a local car co-operative. The city was prepared to reduce the number of required parking spaces by between 10 and 15 spaces for each car-share vehicle that a developer provided. Peg City Car Co-op, Winnipeg's only car car-share co-operative, had commenced operation in 2011. By purchasing and placing two cars on behalf of the car co-op on the OGHC lot, OGHC would be able to increase its density (thereby reducing its per unit costs), reduce its carbon footprint, limit the amount of space it had to devote to a parking lot, and increase available greenspace. Under an agreement with Peg City, OGHC members could join the car co-op for free and the cars were also available for use by all other car co-op members, providing a general benefit to the community.

The Government Opts for Tear Down

The government removed one element of uncertainty in November 2013, when Manitoba Infrastructure and Technology, the provincial department with responsibility for the site, concluded that the existing structures were beyond repair. There was also concern that the process of removing the asbestos under the parking lot on the main site could undermine the main structures. Initially it had been thought that the chimney could be allowed to remain standing — however, concerns arose that it would be unstable once the surrounding buildings were removed. The building was torn down and the site was remediated in 2014.

Expanding the Team

In April 2014 OGHC asked seven architectural firms to submit an expression of interest. Two responded, but in the end only one firm, Prairie Architects, Inc., submitted a proposal. (Dudley Thompson was the principal architect of the firm at that time.) Prairie Architects had a lengthy history of involvement with community groups through participatory design processes (including the design of the Greenheart and Westlands Housing Co-operatives in Winnipeg, described below). Its work included the first Leadership in Energy and Environmental Design (LEED) certified residential project in Manitoba. OGHC also selected HTFC Planning and Design (formerly Hilderman, Thomas, Frank, and Cram), another firm with a long history of community-based design work, to serve as the landscaping consultant. Like DSI Tandem, these firms agreed to provide services on a contingency basis. Their willingness to proceed on this basis was crucial to the project's success.

There was also continued uncertainty about when the government would be issuing a call for proposals for the site and what sorts of restrictions might be placed on that call. In early 2013, it was thought that a call for a proposal for seniors' affordable housing on the site would be issued in late May 2013. This did not happen — in fact, by May 2013, the land had yet to be transferred from the Infrastructure and Technology department to the Housing department. Later in the year, OGHC was told that the government would issue a request for proposals early in the following year with a deadline for applications of August 2014. Slightly different information was provided later in the year — although, in the end a request for an expression of interest was not, as noted above, issued until October 2014. Given the amount of work the members had to do, the delay, in large measure, worked in the co-op's favour.

A Consensus Emerges

By the end of 2014, a consensus had emerged: OGHC would develop a proposal that would locate approximately 60 units on the main site and eight units on the site that was kitty-corner to the main site. These would come to be known as Phase I and Phase II since construction of these two projects was to be phased. Most of the discussion that follows focuses on the Phase I development, which, because of its size, consumed most of the co-operative's time and energy. Agreement had also been reached that the project would be intergenerational in nature. Finally, all the units would conform to the province's modesty guidelines. DSI Tandem, Prairie Architects, HTFC, and the consultant from Mediation Services all made significant contributions in helping OGHC work through these issues. This consensus was crucial for the development of the project. At the end of 2014, MHRC informed OGHC that the government, based on community consultations, was contemplating the development of an intergenerational and mixed-income housing that would be designed to complement the existing community on the site.

The Return of Co-operative Housing in Manitoba

The OGHC project was taking shape just as the development of housing co-operatives was slowly reviving in Manitoba. After the Bluestem Housing Co-operative opened in 1996, no new housing co-operative opened in Manitoba until 2010, when construction of the Greenheart Housing Co-operative in Winnipeg's West Broadway neighbourhood was completed. Initiated by the West Broadway Community Organization (a provincially funded neighbourhood renewal corporation), the $4.1-million, 24-unit co-op received a $2.4-million loan from the Manitoba government. (The loan would be forgiven over a period of time if the co-op provided affordable housing to households that met income requirements.) The City of Winnipeg provided tax increment financing and $91,708.13 from the Housing Rehabilitation Investment Reserve, the co-op itself contributed $200,000 and the rest of the funding was provided by a $212,173.32 mortgage. (Tax increment financing is intended to encourage development by taxing land at its unimproved value for a period of time after development has taken place.) At a crucial point in the process the Jubilee Fund, a non-profit fund established by a coalition of faith-based organizations, provided the project with a line of credit.[47]

The Westlands Non-Profit Housing Co-operative, a project for residents who were 55-plus, opened in 2014. Located in Winnipeg's Brooklands neighbourhood, the $8-million 36-unit building was constructed on the site of the former Brooklands Community Centre. This land was donated to the project by the City of Winnipeg. The federal and provincial government jointly funded a $2.38-million (approximately $66,000 a unit) forgivable loan. In addition, the province provided additional funding of $5.27-million, and the members contributed $84,000 in shares. Westlands was the province's first multi-stakeholder housing co-operative. The multi-stakeholder model allows for different classes of membership (for example a retail co-operative could have a 'worker' class and a 'consumer' class). In this case, the additional stakeholders included the Pioneer Seniors Centre, the Keewatin Inkster Neighborhood Resource Council, Sparling United Church, and members of the community at large. The stakeholders were key in raising awareness, negotiating with government for the land, fundraising for the early feasibility studies, and providing members to sit on the board at early stages of the project.

Construction started on the 23-affordable-unit Western Manitoba Seniors Non-Profit Housing Co-operative Ltd in Brandon in 2012. Through its Rental and Cooperative Housing Program the Manitoba government contributed $2,032,201 (approximately $60,000 a unit). The Manitoba government also agreed to provide rent subsidies to the residents of six units. The City of Brandon was a major supporter of the $5.8-million project: it contributed the land, $500,000 in capital cost support, and a tax increment financing agreement that reduced property taxes by half for twenty years. The city also provided $53,700 for the purchase of the member shares for three low-income families (these shares were to be held in trust). The value of the shares that members had to purchase varied in relation to the size of the unit the member would be moving into. The co-op went on to develop a second $14-million 53-unit project with support from the province, the federal government, and the City of Brandon. Thirty-eight of the units were reserved for families that met the province's affordable housing criteria.[48]

Springfield Seniors Non-Profit Housing Co-op developed Dugald Estates, a 47-unit $14.4-million seniors housing project, on land donated by the municipality of Springfield. All members were required to purchase a total of $89,610 worth of refundable shares with no variation in share cost based on the size of the unit. The co-operative chose not to apply for an affordable housing per unit grant: therefore, there were no limits on unit size or housing charges. A donation of $150,000 from the local United Church was used to subsidize low-income people's share purchases. The Manitoba Cooperative Loans and Loan Guarantee Board provided a $900,000 loan guarantee. In addition, the province provided rent subsidies to a number of low-income members (estimated at $94,000 a year) and $560,000 benefit through its Rental Housing Construction Tax Credit Program. Construction was completed in 2015.[49]

The Variable Share-Purchase Model

In 2013 OGHC and its consultants began to develop a capital budget and a funding model for the project. This included both estimating the cost of construction and identifying the funding sources to pay for construction. Numerous models were developed, but they were all based on some form of partnership with the Manitoba government that saw the province providing the land at a low cost, a certain percentage of units being set aside for members who met the income qualifications for affordable housing, and the Manitoba government providing an average of $60,000 for each unit that was to be occupied by a household that met the affordability guidelines (as time progressed changes in government policy led to this figure being increased to $70,000). The estimated cost of Phase I was in the range of $15-million with 60 units. If half the units were set aside for people who qualified for affordable housing, the project would receive $1.8 million in government grants (30 units times $60,000). (The money was actually provided as a loan that would be forgiven over a period of 20 years if OGHC provided a set amount of housing to people to meet specific criteria.) It was also thought it would be possible to get a mortgage for approximately fifty per cent of the project. (The members would pay the mortgage off through their monthly occupancy charges — the co-operative's equivalent of rent.) The rest of the building, possibly up to 40 per cent, would have to be paid for by member shares.

A survey done at the end of 2013, indicated that half of the members who responded were likely to qualify for affordable housing. Forty-two per cent of the members were prepared to make a share purchase of over $75,000 (half of these were prepared to purchase over $100,000 worth of shares). Given these facts, OGHC developed a variable share-purchase model. This meant that there would be two categories of units: affordable units (which had relatively low share purchase requirements as a result of the government per-unit funding) and market units (which had much higher share purchase requirements since the government per-unit contribution would not be applied to these units).

The share purchase requirement for market units reflected the area of each unit plus a share of the cost of the common areas as a portion of the total cost of the project. The affordable share purchase requirements were determined by assigning portions of the government per-unit grant to units based on their area (with larger units getting a larger share of the grant.) The formula

TABLE 3 **OGHC Variable Share Purchase Model**

Bedrooms	Market Shares	Affordable Shares
1	$72,000	$16,000
2	$92,000	$20,000
3	$112,000	$24,000
4	$132,000	$28,000

went through many iterations: Table 3 shows the final share purchase requirement model. This is termed a 'variable share-purchase model' because the number of $1 shares a member is required to purchase varies depending on whether the member qualifies for Manitoba government housing programs.

To gain a sense of the change that the Old Grace model represents, Winnipeg co-operatives that were built in the 1973 to 1993 period require member share purchases in the range of $1,000 to $1,200.[50]

Because the shares in a non-profit housing co-operative do not increase in value, OGHC would purchase the shares from a departing member for the same price the member had originally paid. New members, even ones who joined many years later, would pay the same share price as current members.

A decision was also made to reserve the four-bedroom units for newcomer families that met the affordable housing criteria. This decision was made in response to feedback from community organizations about the type of affordable units for which there was the greatest need.

While affordable units were restricted to members whose income fell below a certain level, market units were not restricted to members whose income was above that level. If a low-income member had the funds (possibly as the result of the sale of a house) to purchase shares at the market rate (something a member might do if all the affordable units were taken) the member was free to do so. In other words, while all the occupants of affordable units have incomes that are at or below the government threshold, it is inaccurate to assume that all market units are occupied by individuals whose income is above that level.

Discussions about OGHC inevitably make reference to 'affordable units' and 'market units,' but the reality is that there is no group of units that are designated market and no group designated as affordable. This is because of the decision to limit all units to the sizes stipulated by the province's modesty criteria guidelines. This represented considerable movement on the part of some members who had indicated in earlier surveys that they expected to have more space than provided by the modesty guidelines. By opting to have all units meet the modesty guidelines, OGHC provided for interchangeability of units — if a market family moved out from a three-bedroom unit, the modesty guidelines would not stand as a barrier for a family that met the affordability guidelines from moving in. This interchangeability may be limited in a number of cases by pre-construction changes that were allowed in some units and may be too costly to reverse when the current members leave. (Other Manitoba Housing criteria that linked the size of the household with the size of the unit would continue to apply.) The decision to restrict all suites to the modesty guidelines sizes reduced design costs, since the architect did not have to create eight different unit designs (an affordable and market one-bedroom design, an affordable and market two-bedroom design and so on.) It also allowed for space that would have had to be assigned to the units larger than the affordability guidelines would have allowed to be shifted to common areas.

OGHC decided to charge market and affordable members the same monthly housing charges for units of the same size. This meant that housing charges would not rise above the median-market rent. This, it was estimated, would be sufficient to cover the co-op's operating costs and be less than what a member would pay for a unit of comparable quality in the market.

Government officials, lenders, and advisers all expressed concern about the overall model: when the time came, they wondered, would the co-operative be able to recruit a sufficient number of households that were prepared to make the economic investment needed to get the project off the ground — particularly since the investment would likely have to be made at least a year-and-half before possession date and would not increase in value. The lengthy period of time that the co-operative members had spent in developing a vision of a co-operative that would be affordable and sustainable and located in a community that was committed to similar values gave them a greater sense of confidence in the project's longterm attractiveness.

OGHC and Community Relations

For much of 2012, OGHC was largely focused on internal issues. However, it was aware from the outset that the project needed to communicate effectively with the people who lived close to the project and to develop a broad level of community support. In May 2012, Heather Cram, an architect who had been involved with the original charette, told an OGHC general membership meeting that the message from the charette was that there was a neighbourhood in place and the co-op should accommodate itself to that neighbourhood. In 2013, one of the reasons that MHRC gave when declining an OGHC application for project development funding (funding that allows an organization to develop a proposal) was the lack of community support for the project.

There were three key issues that had the potential to generate community opposition: the density of the project, the fact that it would include social (what the government was by then calling affordable) housing, and the limited number of proposed on-site parking spaces.

To address these issues an OGHC executive member was assigned to liaise with WRA and NOOG. In addition, OGHC held public meetings and increased the amount of information available on the website. From 2013 on OGHC members met with WRA representatives, attended WRA meetings, and made presentations to WRA meetings. Meetings were also held with NOOG representatives, particularly when OGHC was seeking zoning approvals. Throughout this period, OGHC also distributed leaflets to residents who lived in a two-block area surrounding the OGHC that were intended to alert them of the overall proposed development, specific issues, and, eventually, construction. The co-op also sought support from organizations and businesses that were based in Wolseley and from organizations that had a broader interest in housing, particularly as it related to marginalized communities. Information packages were prepared and distributed to 50 social-service organizations, parent councils, churches, and businesses and community leaders. The package included a letter of introduction, a copy of the project proposal, a statement of principles, a description of the board, and a request for support. The package was also distributed to 21 housing and community development organizations.

OGHC's 2015 Expression of Interest (discussed below) included letters of support from 24 organizations, including seven local businesses, three church organizations, two residential care facilities, three community health organizations, two housing advocacy organizations, two environmental organizations, a car co-op, and a number of social agencies. OGHC's final proposal was accompanied by 32 letters of support from social, religious, and commercial organizations and 40 letters of support from Wolseley residents, many of whom lived in close proximity to the site.

Prairie Architects played a crucial role in helping the project address community concerns, recommending that there be a stakeholder consultation process to give community members an opportunity to participate in the design process. In November 2014, Prairie staff led a collective design workshop for both OGHC members and community residents. The 75 people who turned out were organized into groups of eight. Each group worked through a design workbook with the guidance of a facilitator, to create a composite design.

Participants looked at, among other things:

- the ways the building could connect to the community.
- the ways the building could connect pedestrian activity.
- the connection of the courtyard to the community.
- whether there should be retail outlets.
- the way the buildings would relate to the site.

The participants expressed preference for an asymmetrical design, a U-shape layout with a common area at the north, a central greenspace that was open to the community, and parking on the south side of the main lot of land. On the basis of this meeting, Prairie developed three alternative site plans, which were presented to the members at a meeting in December 2014. From this meeting an initial plan was developed.

In the spring of 2015, OHGC and its architect made another presentation to the WRA which was attended by members of NOOG. Following this meeting further changes were made to the project.

The Phase I plan was based on a design that that was reflective of the texture and historical character of the Wolseley neighbourhood. The proposed building form was based on the typical neighbourhood 32-foot-wide lot. On two sides, the units were to be set back 20 feet from the property line with open verandahs five steps up from the sidewalks that connected the building to the streetscape in manner that was in keeping with local housing. All the units with porches were to have second entrances that could be easily reached by people in wheelchairs. This ensured that every unit in the co-op could be visited by people in wheelchairs.

The proposal stressed that there would be considerable variation in appearance through the use of alternating siding materials in a range of colours and the inclusion of peaked roofs. Nor would the project present a solid wall to the community: there would be in effect three buildings with two arched entryways to the interior courtyard allowing community members access to the grounds. HTFC's landscape design included the planting of 24 trees, 80 shrubs, and over 300 perennials, grasses, and vines. The plantings were not limited to the courtyard but lined the exterior of the building.

Many neighbouring residents would have preferred a less dense development and continued to have reservations about what they viewed as public housing even after the construction commenced. The construction of a significant project on a small site was disruptive — and while OGHC sought to notify residents of major disruptions in advance this was not always possible, nor could all disruptions be mitigated.

OGHC did benefit from the effort that members put into developing relations with the WRA and NOOG. Neither organization, for example, opposed the OGHC proposal to the province nor did they oppose OGHC's requests for variances that would allow it to reduce the number of parking spots that it provided. In the end, the City allowed for a total of 44 parking spaces including the two (later three) co-op car spaces.

Furthermore, the WRA president Cynthia Neudoerffer spoke at the project's sod-turning ceremony in 2016, noting that the community supported "locally appropriate redevelopment that articulates with the diverse composition, character and feel of the neighbourhood, and which does not unduly impact upon existing residents."[51]

The Government Decision-making Process for the Old Grace Site

In October 2014, Manitoba Housing issued its long-awaited Request for Expression of Interest (REOI) for the development of the Old Grace site. The REOI indicated that:

- Only non-profits and co-operatives could submit expressions of interest.
- The project was expected to be a mix of market and affordable housing.
- Affordable housing units had to account for fifty per cent of the total units.
- The province was prepared to fund a "significant portion of eligible project development costs." (These being the costs related to affordable units.)
- The project could target a range of residents (families, seniors, person with disabilities)

The REOI also indicated that the province might make rent supplement assistance available to the lower-income households to reduce their housing costs.

The government was looking for a proposal that was in keeping with the vision that had been expressed in the charette and confirmed in subsequent meetings; as a result proposals were expected to be in "harmony with the existing neighbourhood." The building was not to be more than three stories in height, nor could it exceed sixty units on the large lot and 10 units on the smaller lot. Provision for parking was expected to exceed the City of Winnipeg's minimum requirements. All units were to meet the province's visitable standards (standards that ensured the units could be visited by individuals with disabilities) and its Green Building Program.

The REOI was the first step in what would be a two-step selection process. Following a review of REOI submissions, Manitoba would ask one or more applicants to provide more detailed proposals.[52]

The OGHC Expression of Interest

The work of the previous four years came together in OGHC's January 2015 expression of interest (EOI), which was the product of an OGHC EOI working group that worked in close consultation with the co-op's consultants. The 77-page long (not including appendices) expression-of-interest document proposed the construction of an "intergenerational, mixed-income, architecturally distinctive and sustainable co-operative housing project." There were to be 66 one-, two-, and three-bedroom units. (The four-bedroom suites were added later, following community consultation, reducing the total number of suites.) While half of these were to be reserved for families who met the province's affordable housing guidelines (including rent supplement units), all units were built to the maximum allowed by the province's modesty guidelines (and none were to exceed them). All units would be visitable by people with disabilities and eight units were to be fully accessible.

OGHC intended to significantly exceed the Manitoba Green Building Program sustainability guidelines and use a third-party certification, such as the LEED® Rating system, to verify its success. Members would purchase varying levels of member shares depending on whether the occupant qualified for affordable housing. OGHC recognized that some affordable members might not be able to afford the cost of share purchase and indicated that it had entered into discussion with a number of groups about arranging sponsors for such members. The operating budget was to be based on charging median market rents for all units.

The preliminary design that OGHC submitted was based on the work that OGHC and Prairie Architects had developed through the consultations with members and the community described in previous sections.

The proposed capital budget for Phase I was $15.1 million. The funding was to come from members, the government, and a lender. Member shares would account for 20.6 per cent of the capital (with 18.8 per cent coming from the member shares of the market members), government funding would account for 19.8 per cent of the funding (14.6 per cent in forgivable loans tied to the affordable units and 5.2 per cent coming in the form of the Manitoba Rental Housing Construction Tax Credit), and 59.6 percent in the form of a mortgage (to be paid by the members). At the time of submitting its EOI, OGHC was still speaking to several potential lenders: the co-op was seeking as lengthy a term as possible, ideally 35 years. The co-op proposed to lease the site for a period of 60 to 99 years at $21,300. In the end, it would sign a 60-year lease with the Manitoba government for $1.

Given that OGHC was a new organization, with limited financial assets, the EOI stressed the memberships' size, breadth and skills, pointing to the presence of members who had experience in public administration, fundraising, community and economic development, health care, education, social development, management, accounting, neighbourhood planning, and leadership in volunteer organizations. The EOI could also point to the experience of its professional team in developing non-profit and co-operative housing.

OGHC committed itself to using an integrated design process, through which the government, OGHC, the various consultants, and the contractor would meet on a regular basis to identify and address issues as they arose. Aside from DSI Tandem, Prairie Architects and HTFC Planning and Design, the proposal identified a climate engineering firm and a structural engineering consultant as part of the core team. At the time of the submission of the EOI, the only money the co-op had received came from members and grants from the Assiniboine Credit Union and the Manitoba Co-operative Association. In order to demonstrate member commitment to the project, members were asked to make a voluntary $500, refundable share deposit during this period. The money was to be held in trust. By May 2015, 44 members, including 18 affordable members, had made such deposits.

Winnipeg Housing Rehabilitation Corporation (WHRC) also submitted an expression of interest. The WHRC had been established as a non-profit corporation by the City of Winnipeg in the late 1970s to renovate existing low-cost housing and to build new low-cost housing.[53] By 2014 it was managing nearly 1,200 housing units.[54]

In spring, 2015, the province asked both the OGHC and the WHRC to submit more detailed proposals. The OGHC response to this request for a proposal was submitted in May 2015. The major changes were a decision to drop a proposed two-level parking structure and to change the proposed phasing of the project (the phasing would undergo revision on several other occasions.) On June 9, 2015, Manitoba Housing held an open house meeting at Robert A. Steen Community Centre to allow Wolseley community members an opportunity to view and comment on both proposals. Both OGHC and WHRC set up displays indicating the type of development they had planned for the site. Between 200 and 250 people attended. Many of the questions were from people who were interested in the finances of the co-op and indicated that they were interested in joining. Community members who attended had the option of casting a ballot for their preferred project.

Success

On August 14, 2015, the Manitoba government advised OGHC that it had been selected as the partner for the next stage of development. Manitoba would be providing up to $70,000 a unit for a maximum of 30 affordable units for development on the Phase I site. This money would be provided as a forgivable loan with a 20-year term. As long as the OGHC met government requirements, each month's loan payment would be forgiven. After 20 years, if OGHC met the terms of the loan, the entire amount of the loan would be forgiven. Twelve (later 13 for the entire project) of the affordable units would be reserved for households to whom the Manitoba government would be providing rent supplement. The government was also requiring that the project include a chimney swift habitat, although it did not provide any additional funding for the habitat. In addition, there were to be 29 (later 30) additional housing units. These would constitute the market units.

Getting Shovel Ready

Nearly a year would pass between the time OGHC was selected and sod was turned. There were a new series of hurdles to be overcome: the design had to be completed and costed, a project management firm had to be selected, a financial assistance agreement (FAA) and a lease agreement with the provincial government had to be finalized, municipal zoning issues had to be addressed, and a mortgage negotiated. There were a number of expected and unexpected funding hurdles that the co-op had to clear in the year leading up to construction.

In the fall of 2015 OGHC held a design open house for members and surveyed members on unit preferences. In October 2015, Concord Projects, whose proposal had scored the best on criteria, price and references, was selected to serve as the construction manager on the project.

Prairie Architects then played the lead role in the Integrated Design Process (IDP). The first meeting of the IDP team was held in November. It included three representatives of the OGHC board, the DSI Tandem consultants, Prairie Architects, HTFC, Manitoba Housing, Concord Projects, and five other engineering firms working as sub-consultants with Prairie Architects. The IDP group met every two weeks throughout the detailed design process. Once construction commenced, this team continued to meet every two weeks, serving as a construction oversight committee.

The First Funding Hurdle

All of this would take money: there was $665,000 of pre-construction work to be done, but with the exception of $25,000 for geo-technical service (the analysis of the physical properties of the ground for use in construction), none of the government money would flow until after construction started. To cover the funding gap, OGHC approached CMHC, the Manitoba Co-operatives Loans Guarantee Board, and Manitoba Housing in search of bridge financing. The OGHC board also recognized that its case would get a more sympathetic hearing from these bodies if the members demonstrated further financial commitment to the project. In September 2015 members were asked to convert their $500 share deposit into an interest-free loan and make an additional loan. The fundraising goal was $75,000 and by November 2015, members had committed $70,000 to this fund. (In many cases members later converted the loans to the first installment of their member shares or donations to the co-operative.) The move paid off: in October OGHC received $75,000 in program development funding from CMHC. In December 2015, MHRC agreed to provide a $669,800 advance on its funding. With this funding in hand, OGHC could ask its consultants to continue with their work, confident that it would be able to pay for the work it was commissioning in a timely fashion.

As Prairie Architects firmed up the design, the contractor (Concord Projects) was able to provide increasingly refined construction cost estimates. Not surprisingly, these estimates showed that costs would be higher than had been originally estimated. This led to a need to make changes to the building design and the share structure. The government loan of $2.1-million could not be negotiated upwards. Since the government loan stipulated a level that housing charges (the co-op's equivalent of rent) could not rise above (and the co-op was committed to keeping housing costs equal for affordable and market units) the co-op's revenue was capped — and this in turn placed a limit on the amount it could borrow. While the mortgage had not yet been arranged, revenue projections (based on Median Market Rents) indicated that the co-op would be unlikely to qualify for a mortgage of more than $9.2-million. The estimated soft costs (technical fees and services, contingency, interest, and taxes) were $3-million. All of which meant that the construction cost could not go above $12.8-million (unless there was additional funding) for a total project cost of $15.8 million.

In March 2016 detailed cost estimates put the price of construction at $13.3-million. In the face of this, the co-op chose to reduce the basement area (essentially eliminating a basement under the Evanson wing of the building and reducing the basement size in the other wings) and have Concord revisit some of the sub-trade bids. These measures brought the cost down to $12.9 million. Despite these gains, the co-op was faced with a $100,000 gap. In spring 2016, the membership agreed to increase the share costs for all units by $2,000.

It was during this period that the co-op had to determine just how much environmental sustainability it could afford. A decision was made to have the building designed to LEED gold standards and to register the project under the Canada Green Building Council's LEED for New Construction and Major Renovations Green Building Rating system. OGHC is targeting LEED Gold certification, which is the second-highest LEED certification level. The Gold Certification categories touch upon almost every aspect of design, construction, and operation and added 5 to 7 per cent to the capital cost of the project. (The project exceeded the Manitoba Energy Code for Buildings by 26%, qualifying OGHC for a Power Smart grant of $145,000.) By May 2016, the construction drawings were completed. Even before then, Prairie had provided suite plans: with these in hand, OGHC began the process of matching members with suites and collecting member shares. This process would test the accuracy of OGHC assumptions about members' levels of commitment.

Organizational Preparedness

In November 2015, when the provincial government publicly announced that OGHC had been selected to develop the Old Grace site, the co-operative restructured its key committees and significantly added to the number of people involved in these committees. The OGHC representatives to the Integrated Design Process along with the DSI's representatives were appointed to serve as the OGHC Project Team. This team participated in the bi-weekly construction oversight committee meetings, liaised with the architects, contractor, and other suppliers, and oversaw daily project issues on behalf of the co-operative. In addition, there was a site committee, a governance committee, a membership committee, an amenities and common areas committee, and a finance committee. In the coming months, these committees usually met at least once a month and in a number cases more frequently.

- The site committee worked with HTFC on the design of the exterior spaces and plantings for the building.
- The governance committee continued to work on the seemingly endless set of policies (privacy, consent, confidentiality, subletting, and, in what was a deal breaker for many people, a pet policy) that a working co-op requires.
- The membership committee developed a unit allocation process and spoke with each new member — providing them with orientation about the co-op's values and goals.
- The amenities and common areas committee focused on how common areas were to be used and equipped (most often with members donations — which in turn had to be solicited, assessed, and accepted or rejected — on the basis of some sort of policy). Members also visited other co-operatives and non-profit housing developments to see how they incorporated common areas into their buildings and conducted surveys as to how they used such spaces. Specific working groups were struck to focus on areas such the kitchen, the library and the fitness room. As the process continued groups solicited donations, raised funds (in the case of the library group, through a used book sale), and acquired furnishings. In addition, much of a 2016 membership meeting was devoted to a discussion of potential uses of the common areas.
- The finance committee processed payments, fundraised, and prepared reports for government and funders.

Work was also undertaken to create a high-quality, low-cost internet system for the building.

Many of the people who participated in this pre-occupancy work would, in the end, decide not to move into the building when it first opened: for example, seven of the people on the governance committee did not move in, four of the people on the membership committee did not move in. There were a number of reasons for people not to opt in. In some cases, people participated out of an ongoing commitment to the value of co-operative housing and the creation of a community asset and did not intend to move in; others had met their housing needs in other ways; others intended to move in to the co-op at a later date, while others had developed a loyalty to the people with whom they had met through the co-op.

As the move-in date approached OGHC had to address a significant organizational issue. Prior to move-in, all individuals who had made a $50 share purchase and made a commitment to co-operative principles became members of OGHC and could fully participate in all OGHC meetings. However, housing co-operative membership is usually restricted to those people who actually live in the co-op. Given the extensive contribution that many people who were not moving into the co-operative had made, serious consideration was given to adopting a multi-stakeholder model and creating a class for non-resident members. The Governance Committee reviewed the issue and, after receiving guidance from the Financial Institutions Regulation Branch (which enforces the rules for Manitoba co-operatives) and from the Co-operative Housing Federation of Canada, recommended against it. It was felt that having two classes of membership would significantly complicate co-op governance. As a result, in late 2017, those members who had not been assigned units in the building were designated non-voting "Friends" of OGHC. Those who wished to do so, could remain on the waiting list. As was the case with members, Friends had the right to ask for a refund of their $50-member share and end their involvement with the co-op.

There were also ongoing efforts at developing connections among the people who were moving in: a meeting of people moving into the building was held after one membership meeting, as were a potluck dinner and a picnic. A voluntary email forum was also created through which members could communicate with one another.

Filling the Building

A July 2015 membership survey showed that 33 per cent of members were interested in being part of the co-op's first wave of residents. This demonstrated a high level of commitment, but it was not until early 2016 that OGHC provided members with an opportunity to select their units. The first of a series of what were termed windows for application was opened in early 2016. During this window, members had the opportunity to apply for up to three of the sixty units. Once the application period ended, the membership committee assigned the units to members based on their membership number. If more than one member applied for the same unit, the member with the lowest member would be assigned the unit. When the first window closed there had been 48 applications and 40 units had been assigned. Of these, 22 were affordable households and 18 were market households. This was a sign that despite the significant prices for the market shares, the co-op would likely be able to attract a sufficient number of market members to be economically viable. Following a second window for applications in March all but six units were assigned. Once they had selected their units, the members were required to pay their full share amounts by the summer of 2016. The new co-operative's success was, no small measure, due to the willingness of its members to make the economic sacrifice of purchasing shares nearly two years before the project was ready for occupancy.

With six units still to be assigned, the search for new members intensified. Prior to 2016, marketing had largely depended on word of mouth. The marketing and communications committee produced a series of posters, brochures, print and radio advertisements, and worked to gain the attention to local news outlets. Volunteers dropped thousands of brochures, initially in Wolseley and then branching out throughout the city. The co-op began publishing a monthly newsletter and developed a number of electronic brochures that members could forward to people who they thought might be interested in joining the co-op. Background documents were also created for potential sponsors and the website was further revamped. OGHC representatives met with organizations that supported the housing needs of low-income families, the housing co-ordinators of various community associations, disability organizations, and environmental organizations to help identify potential members. The co-op convened a special meeting to which it invited a variety of organizations that provided community housing. Agencies working with refugee and newcomer families spoke of the difficulties that these families encounter in finding affordable four-bedroom housing units.

The Final Barriers

In the spring and early summer of 2016, the final pieces fell in place and the final barriers were overcome. On May 12, 2016, OGHC and MHRC signed a 60-year lease for the two sites. The province's decision to lease the land to the OGHC for the nominal fee of $1 was a significant contribution to the success of the project.

Before the province would finalize a financial assistance agreement with the co-operative, OGHC had to have its private financing in place. By 2016 a decision had been made to use Assiniboine Credit Union as a lender: as noted earlier, ACU had a reputation for its commitment to community economic development. Given the limited amount of co-operative housing that had been developed in Manitoba since the 1990s, ACU did not have recent experience with the financing of new housing co-operatives and was not prepared to finalize a construction loan (which was later converted to a mortgage) until funding for the project was secured. There were two barriers to assembling the financing. The first was the fact that ten per cent of the affordable housing loan and all of the Power Smart grant and construction tax credit would not be available to OGHC until up to a year after construction was complete. These were reasonable requirements on the government's part, which wished to ensure that the project had been completed as promised before providing these funds. However, OGHC could not expect the project management firms, the architects, contractor and subcontractors, to wait that long before receiving payment. However, ACU had to be satisfied that OGHC could meet its financial obligations as they fell due.

Secondly ACU was reluctant to finalize the loan until all sixty units had been assigned and the bulk of the member share money was on deposit. By the beginning of July 2016, 54 units had been assigned and $2.9-million was on deposit. OGHC intensified its marketing during this period, but it was far from certain that the remaining six units would be assigned before the fall of 2016. The longer the delay in the start of construction, the greater the likelihood that some members would withdraw and make other housing arrangements and the greater the likelihood that the eventual cost of construction would increase. Five of the six unassigned units were market units, a fact that reinforced ACU's concerns over the potential difficulty in marketing such units.

The government's decision to allow for up to 13 affordable units to be assigned to members who met the province's rent supplement criteria ensured that OGHC would be a mixed-income community. However, the households whose incomes were low enough to qualify for this support had limited financial assets. As a result, not all the member shares for these units were on deposit by the summer of 2016. The co-op developed a number of strategies to help fund these member shares. These would eventually prove successful but OGHC deemed it prudent to defer a number items in the construction budget that were equal in value to the uncollected member shares.

OGHC met with ACU, explained its marketing endeavour, pointed to the considerable amount of cash that it had collected, its reduction in the construction budget, and described various amounts of provincial money that would flow to the co-op following construction. On the basis of this, ACU agreed to add an additional $1.38-million in bridge financing as well as the mortgage loan of $9.25-million. The loan agreement was finalized with ACU in July 2016. A year later the loan was converted to a 35-year mortgage with a 66-month term at 3.39 per cent. OGHC was required to pay only the interest for the first six months. It was never necessary to draw on the bridge funding for the unassigned suites, while the remaining bridge funds were repaid in early 2019. By finalizing the loan agreement with ACU, OGHC had met the last of the government's pre-conditions for the completion of a financial assistance agreement. On July 22, 2016, OGHC and MHRC signed a 35-page detailed agreement that committed the province to providing a $2.1-million forgivable loan to the $15.4-million Phase I project.

Construction Starts

With public and private financing in place, a $12.-8 million fixed-price construction contract was signed with Concord Projects. (While it was a fixed-price contract, there were a number of cost items that were beyond Concord's control, including requests for changes made by OGHC during the course of construction, additional requirements imposed by the City, and unforeseen costs such as a federally-imposed drywall tariff.) Delays in obtaining a building permit from the City required OGHC to proceed only with a foundation permit. On Monday, July 25, 2016, three days after the signing of the FAA, Concord Projects cleared the lot at the northwest corner of Preston and Evanson and moved a trailer into place. The sod turning ceremony was held on August 11, 2016. The full building permit was not received until February 2017, but the site and foundation work was sufficiently intensive that no delays resulted from the phased permit process.

Shortly after shovels went into the ground, the marketing program bore fruit: by the end of October 2016, all but one of the units had been assigned. However, it was not until November 2017, 16 months into construction, that the last unit — a fully-accessible one-bedroom suite — was assigned. The co-op could have assigned the unit earlier to a member who did not need an accessible unit — but it held to its commitment to ensure that accessible suites were assigned to people who required fully accessible accommodation. If ACU had not agreed to provide the additional $1.38-million in bridge financing, the project might well not have gone forward when it did and could have collapsed.

The $200,000 Hurdle

Even after construction had started, the co-op faced two further fundraising hurdles. One related to the need to find money that would allow OGHC to add back certain high-priority items that had been omitted from the construction contract. The second related to the fact that many of the rent-supplment members lacked the resources to purchase the full amount of their shares.

Construction Add Backs

The $12.8-million construction contract did not provide for courtyard landscaping, a second elevator, and a wheelchair lift at the parking lot entrance. OGHC wanted to add these items to the project during the construction period since it would be more expensive to do so at a later date. The Building Committee was confident that continued fundraising efforts would raise the money before construction was complete, but it could not add them without having upfront financing in place. To do this, OGHC secured a loan of up to $200,000 from the Community Forward Fund, a non-profit loan fund that exists to support Canadian non-profits and charities and was an affiliate of the Canadian Co-operative Investment Fund. This loan allowed OGHC to commit to adding a second elevator (as opposed to simply having a second elevator shaft), the courtyard paving and plantings, and the wheelchair lift. This was yet one more instance of the co-op benefitting from the broader network of non-profit community development organizations and of the persistence of the Building Committee in pursuing alternative funding.

Due to its ongoing fundraising efforts, the co-op had to make only short-term use of the Community Forward Fund loan. The federal Employment and Social Development Department (ESD) provided $24,980 of the $42,000 wheelchair lift cost. The City of Winnipeg provided two grants, totalling $16,000 to be used for OGHC perimeter landscaping. The Manitoba Community Services Council, a non-profit organization that allocates provincial funding to non-profit organizations, provided a $9,000 grant to allow OGHC to purchase appliances for its common kitchen. Assiniboine Credit Union provided a $50,000 sponsorship for the OGHC courtyard. As a result, OGHC was able to repay the Community Forward Fund loan in full shortly after construction was completed.

There were other, smaller scale, but equally important fundraising campaigns. During the course of construction, Harry Paine, a longtime Wolseley resident and community activist, died. When organizing a memorial service for him, Harry's friends asked that people remember him by making a donation to OGHC. This raised over $2,250 for the co-op's rain gardens (a rain garden is a garden whose plantings have been selected for their ability to hold rain in the soil, thereby reducing runoff), which were named for Harry.

The common areas were largely furnished by member donations of furniture, books and exercise equipment. Members were also encouraged to sponsor trees and planting in the co-op courtyard. In one case, used stacking banquet chairs were purchased and refinished in a series of work bees. One member came forward with a donation to pay for the furnishing of the two guestrooms.

Not all fundraising initiatives succeeded: OGHC's efforts to have the City of Winnipeg provide it with tax increment financing (TIF) to offset the share prices for the rent supplement households failed, as did its request to have the federal government match the provincial contribution to the project. If the city had provided TIF (as it did to the IKEA development in south Winnipeg) OGHC would have been able to reduce the affordable shares to an average of $8,000 (and the rent-supplement units to $1,000). OGHC's application for a loan guarantee from the Co-operative Loans and Loans Guarantee Board was also unsuccessful. Each of these fundraising appeals consumed time and resources: OGHC members made public presentations, wrote letters of support, and attended meetings to show their support for the funding applications.

The project did, in the end, receive federal funding as a result of a Manitoba government decision to replace a portion of the provincial money in the project with federal money from a federal-provincial housing agreement. This did not increase the amount of public money the project was receiving.

Funding Rent Supplement Member Shares

The co-op developed a number of strategies to help fund rent-supplement member shares when its appeals to the City and the federal government were unsuccessful.

Key to this was the development of a number of partnerships with charities that had housing as part of their mandate. (OGHC, while a non-profit, was not a registered charity.) Two agencies that worked with refugee and immigrant households, the Mennonite Central Committee of Manitoba (MCC) and All Saints' Anglican Church, with the support of the Winnipeg Foundation, entered into sponsorship agreements by which they sponsored the shares for four newcomer families. (MCC purchased shares for three families and All Saints' for one). They also helped in identifying the families. The member shares for a fifth newcomer family were purchased by a group of households that was privately sponsoring a refugee family.

L'Avenir Co-operative, a Winnipeg organization that helps people living with physical or intellectual disabilities to live in their communities, also purchased the member shares for the two residents of a single unit. A fundraising campaign that included St. Margaret's Anglican Church and the Winnipeg Meeting of the Religious Society of Friends (Quakers), contributed to the partial sponsorship of shares of other low-income members. Many OGHC members contributed to these charities.

The money raised in this way is treated on the OGHC books as a 'restricted advance': OGHC does not have to repay this money as long as it is applied to the shares for OGHC members in need of financial assistance (and meets any additional requirements the sponsors may have requested).

In addition, OGHC helped rent-supplement members enroll in SEED Winnipeg's asset-building programs for low-income people. OGHC members who participated in these programs had their savings matched at a three-to-one rate, allowing them to purchase their shares. Finally, the co-op provided small loans to rent-supplement members who were not able to pay their full shares before becoming residents.

The development of these partnerships with local charities was a time-consuming and far from certain process. Charities not only had to have a housing mandate, they had to have the funds available to sponsor the shares. Not surprisingly, groups that are committed to improving low-income people's access to housing rarely have unspent budgets. Fortunately, OGHC was able to identify a number of individuals who made generous contributions to support the fundraising objectives.

The overall response to the various fundraising campaigns meant that by the end of 2018 $286,000 had been raised in grants, donations, and sponsorship. In 2019 OGHC raised an additional $35,000 to enable the sponsorship (and therefore reduced cost) of shares for lower-income members, including those with disabilities.

Upgrades

As construction proceeded, members were provided with the opportunity to purchase upgrades to their units that would be installed during construction. These included different flooring, bathroom and kitchen cabinet options, and appliance upgrades. In all cases, member options were restricted to a limited number of selections based on cost, energy efficiency, and environmental sustainability. The provision of these options was seen as important to attracting and retaining market members: managing the selection process placed another burden on the construction team, as upgrades all had to be recorded, paid for in advance, and additional costs added to the contract. A decision was also made to provide each unit with window coverings: again, there was a basic treatment offered to all units with the option of purchasing upgrades. And again, co-op members had to organize the selection, pricing, and ordering of the blinds. In the initial construction contract a number of common areas were to be left largely unfinished. By closely monitoring the construction contingency budget, the Project Team was able to identify funds that could be used to finish these rooms by adding in plumbing, a washroom, and walls to separate activity rooms in the basement and a glass-panelled wall to separate the second-floor library from the adjoining hallway.

Delays and Completion of Phase I

By September 2017 it had become apparent that Concord's prediction of December 2017 occupancy was over-optimistic. There had been delays with a number of the trades, problems with the design and construction of some of the balconies, and a variety of unforeseen difficulties with construction. The move-in date was revised on a number of occasions, before it was recognized that it would not be possible to occupy the building until spring 2018. This meant another winter of construction; heating and hoarding of the construction site was one of the items that was outside of the fixed price of the contract. In early 2018, it was apparent that this could lead to a cost increase of over $175,000. Furthermore, OGHC had to start making payments on its mortgage in April 2018, at which time at which it would have little revenue, since most residents would not have moved in.

OGHC adopted a multi-pronged approach to this problem: it met with the contractor and architect to seek some reduction in the extra charges; it searched its budget for costs that might be deferred; and it turned, one more time, to the members. The members were asked to consider

1. paying their occupancy charges as of March 1, 2018, even if they had not been able to take possession of their unit by that date,
2. prepaying several months occupancy charges, or making an interest-free loan to the co-op.

In the end, 17 households pre-paid 65 months of rent. They also provided additional loans and several direct donations.

Move-in commenced in late March 2018: the scheduling of the move-in presented the co-operative's volunteers with an organizational challenge since not all households could move in at the same time. In what is often a rite of passage for housing co-operatives, members moved in before construction was completed and lived for half a year in what amounted to a construction zone. Phase I was completed in October 2018, one full year (and four interim occupancy permits) later than had originally been forecast.

During the construction of Phase I, the Building Committee members attended 56 site meetings and met numerous other times to follow up on construction issues between meetings. As construction continued, the board had to prepare for Phase II, continue with policy development, fundraise, maintain communications with members, and address the complexities that arose over the resolution of construction deficiencies and warranties. In addition, once the building opened it had to deal with an unexpected level of turnover: one household chose not to move in, and three households moved out after a short time for a variety of reasons. The building was also the target for a string of break-ins in the spring and summer of 2018: in response, it was necessary to hire temporary security guards, repair broken locks and doors, and improve building security, adding an additional $25,000 to the first-year's operating costs.

Despite this rocky start, the co-op drew on its waiting list to fill the vacancies, addressed its security issues, and completed its first year of occupancy in strong financial and physical shape.

Phase II

The initial plan for Phase II (the development of the smaller piece of land kitty-corner to Phase I) called for a three-story building with ten, affordable, one-bedroom apartments. This design foundered on the question of cost: the building code would require an elevator and two flights of stairs. These reasonable requirements would have used up a considerable amount of suite space and the elevator would have dramatically increased the cost of the building, particularly if all the shares were set at the affordable rate. The government was initially not prepared to assign any rent supplements to the households that moved into the building, and much of the demand for one-bedroom units came from rent-supplement households. As a result, the design was changed to four two-story three-bedroom townhouse units. Since these units had visitable washrooms on the main floor there was no building code requirement for an elevator. Recognizing the funding difficulties that arose from developing this piece of land, the Manitoba government agreed to provide OGHC with a forgivable loan of $700,000 (the amount that would have been provided for 10 one-bedroom suites). ACU provided a mortgage of $810,000 with the balance of the $1.7-million coming from member shares, the provincial construction tax credit, and a Manitoba Hydro Energy Smart grant. Finding members for these suites required an additional marketing campaign. Construction started in April 2018 and was completed in the fall of that year: on time and under budget. Residents moved into the townhouses just before Christmas 2018.

Outcomes

Positive Outcomes

A public investment (from all three levels of government) of $3.8-million has triggered the construction of $17.8-million worth of housing. This investment has yielded the following specific benefits.

- 64 new units of housing have been created that are exempt from the upward pressure of the housing market. The cost of living in all these units will be determined solely by increases in the cost of operating the co-operative (including the cost of building reserves for long term capital expenses such as roof replacement.)
- The cost of entry to this project will decline in relative terms over time, because the share prices will not increase with inflation.
- 34 of those 64 units are reserved for people whose incomes fall below a government established threshold.
- 13 of the 34 units are reserved for people who qualify for rent supplement.
- 7 units are fully accessible for people with disabilities. This is a significant increase in the Wolseley neighbourhood where almost all the apartment blocks in the community were built before the Second World War and do not have elevators.
- The development significantly exceeds provincial standards for energy efficiency and includes numerous environmentally sustainable features.
- It is a mixed-income development that has been positively received by the neighbourhood in which it is located.
- The infill project created 64 units of housing that made use of existing as opposed to new municipal services.

Lessons for Potential Co-operatives

> "Happy families are all alike; every unhappy family is unhappy in its own way."
>
> — Leo Tolstoy, in *Anna Karenina*

Housing co-operatives built between 1973 and 1993 are similar to Tolstoy's happy families: while government policies did change during that 20-year period, these co-ops have relatively similar financial structures and face relatively similar problems. Post-1993, successful housing co-operatives are much more likely to succeed in their own way, with each one being patched together from a variety of short-lived government and non-profit sector programs, few of which were designed specifically for the development of a housing co-operative, and none of which provide, on their own, enough support to capitalize a project.

In such a landscape, OGHC stands as an example rather than a model: in a period when there are no stand-alone co-operative housing programs, it helps demonstrate that is possible to develop a mixed-income affordable housing co-operative. In OGHC's case the following elements were crucial to the success of the project.

1. A government that was committed to providing financial support to the development of non-profit affordable (read 'social') housing. The Manitoba government's commitment to create 2,000 new units of affordable housing in partnership with the non-profit sector was essential to the success of the project. The downloading of federal authority for housing to the provinces has, for the most part, been devastating for social housing. However, the Manitoba government of the day took this responsibility seriously. The government's commitment to affordable housing and sustainable development also led to the creation of the Rental Housing Construction Tax Credit (now eliminated) and the Manitoba Hydro Power Smart program (a program whose future appears uncertain). The government of the day's commitment to non-profit housing was reflected in its decision to restrict its request for expressions of interest to the non-profit and co-operative sectors.

2. Location. People came together to develop Old Grace for a variety of reasons. The fact that the proposal came together around a specific piece of land that was about to become vacant in a location and a community that many people saw as being desirable for a mixed-income, environmentally sustainable co-op helped the group coalesce around a concrete vision.

3. The supporting players. OGHC was very fortunate to be able to draw on the talents of a significant number of professionals who were committed to co-operative and community development. DSI Tandem had over 25 years of experience in co-operative development, Prairie Architects and HTFC brought both professional skills and a high-level of commitment to community design and sustainable development. The presence of a credit union with a commitment to co-operative development was also key. As noted, the project also drew on the resources of the Co-operative Housing Federation of Canada, the Manitoba Co-operative Association, and the general legacy of co-operative development in Canada.

4. Community relations. OGHC made addressing local concerns about the project a priority. Central to this was a determination to design a project that fit in with previously articulated visions for the community, including the holding of a collective design workshop. The work of maintaining good community relations was made easier by the fact that many of the people involved in providing co-op leadership were from the community. They too wanted to create a project that reflected the community vision because they shared that vision. Most importantly, the neighbourhood lived up to its reputation for respect for diversity and social equality. Local residents sought to have their concerns over the scale and nature of the development addressed, community organizations were constructive and

did not exhibit a 'not-in-my-backyard' approach to the development.

5. Partners. The partnerships that OGHC developed to sponsor the member shares of many low-income members were essential to the project's success.

6. Shared values and a commitment to member direction and development. OGHC members came together with shared values but not necessarily with a shared vision for the project. While members were frustrated at times by the slowness of the government decision-making process, they also benefitted from the delays. The lengthy development process allowed for a long period of member participation and opportunity to shape the project. People's attachment to the project grew during the course of their involvement. Leadership was also committed to sharing information, both good and bad, on a regular basis. It was also committed to developing flexible responses to issues as they arose.

7. Demographics. The presence of a significant number of people who were retired or nearing retirement, who owned their homes, and had considerable experience in various components of project development and community organization provided the co-op with a free workforce and a significant economic resource. As the above narrative indicates, members on a number of occasions were prepared to demonstrate their economic commitment to the project. This reflects both the level of faith that OGHC members had in the project (in large measure due to the organizational process) and the organization's good fortune in having members who had access to capital or credit, and leadership with experience in a wide range of activities involved in developing such a project and the time to devote to such a project. Several members of the leadership team put in what amounted to several years of fulltime unpaid work on the project.

8. Variable shares. OGHC demonstrates that people are prepared to make a considerable investment in shares in a non-profit housing co-operative in Manitoba. The fact that these investments do not appreciate in value, may mean that variable share co-ops remain niche developments. But a non-profit housing co-op allows its members a number of benefits: the monthly housing costs are lower than those of buildings of comparative quality, there is an array of well-planned, well-built, and well-maintained common areas, and a strong sense of community. OGHC was able to attract 30 market households that were prepared to forgo the expectation of increases in the value of their real estate. This decision should not be attributed to simply a stronger commitment to non-monetary values: giving up a home can also mean giving up a property that has become too large for your needs and is too tiring and costly to maintain. In either case, the OGHC experience suggests that there are potential housing co-operative members who have economic resources and predilection to co-operative values.

Limitations

OGHC and the other housing co-operatives constructed over the past decade have made important contributions in expanding the availability of affordable housing in Manitoba. Each project is a demonstration of significant commitment and ingenuity. In the case of OGHC, a considerable amount of affordable housing was constructed with a limited amount of public investment. This does not mean that the approach adopted by OGHC should be seen as an improvement over the older model of co-operative development in which the federal government provided (or, in later years, guaranteed) a long-term low-cost mortgage.

- While the share purchase levels for affordable units in OGHC are considerably lower than for market members, purchases of this size nonetheless create a barrier for low-income people. The lower the income, the greater the barrier. (To reduce this barrier, OGHC has raised over $200,000. These funds allow sponsorship of a significant portion of the shares for households with very low incomes.)
- The cost of both market and affordable shares in OGHC presented a significant barrier to young families entering the co-operative. Older individuals who owned a home but had low levels of retirement income could use the money from the sale of their house to purchase affordable shares (or if an affordable unit was not available, to purchase market shares). Younger families and individuals, without such an asset as a house to draw on, faced far greater problems financing the purchase of shares. Lenders are not prepared to issue mortgages (as opposed to much more expensive consumer loans) for the purchase of housing co-operative shares since there is no asset (other than the shares) to which the member has title. Under the previous co-operative development model this was not a serious issue since shares were relatively low in cost (as noted above in Manitoba, for older co-operatives the entry investment is often not much more than $1,000).
- OGHC depended upon the skills and experience of its co-operative housing advisors, who honed their experience in co-operative housing development in the 1980s and early 1990s. Given the low-level of government investment in this sector, it is far from clear where the next generation of advisers will develop their skills.

It is unrealistic to expect the non-profit and voluntary sector to fully solve the crisis created by the failure of the private housing market to provide affordable housing for all Canadians. OGHC developed a number of strategies to address the affordability issue, particularly through the development of partnerships with charities. These solutions may not be easily replicated. Creative solutions to address problems created by the limits of government action are not longterm solutions for government inaction. As noted earlier, the numbers speak for themselves: between 1973 and 1993 there was a dramatic increase in affordable housing units in Canada; while from 1993 there has been a dramatic increase in the number of Canadian families that cannot find affordable housing.

Recommendations

The following recommendations flow from the OGHC experience and should not be seen as constituting an overall strategy for co-operative housing nationally or provincially. The first two recommendations address some of the issues described in the case study presented to this point. The third recommendation is directed toward evolving policy and requires a brief introduction.

During the recent federal election campaign both the Liberal Party and the New Democratic Party made commitments to significantly expand the development of affordable housing over the next decade (the Liberals committed to developing 100,000 new units nationally, the NDP 500,000) . The most effective way of meeting either of these ambitious goals in an efficient manner would be to move away from the current process in which the government provides only a portion of the needed capital funding through a patchwork of programs administered by provincial governments. Social housing (and co-operative housing) experienced its greatest period of expansion in Canada when the federal government provided access to adequate capital cost loans in stand-alone programs. Private developers did not step in when government dropped out of social housing development in 1993 and, while the voluntary sector has partnered with governments on many social housing programs since 2001, it lacks the resources to meet the country's housing needs. A return to programs that assure capitalization will be essential to increase the growth of non-profit affordable housing.

From its outset, Canadian co-operative housing was intended to be mixed-income housing. At times, federal government officials have held this against co-operative housing, claiming that housing co-operatives represent an inefficient public policy tool, since not all co-operative residents are in 'deep' housing need. This, of course, ignores the tremendous inefficiency of various government subsidies intended to encourage private homeownership, from first-time homeowner assistance to the capital gains tax exemption on the sale of private homes. These programs remain unquestioned elements of federal housing policy even though they can hardly be said to target people in 'deep' housing need.

The income mix in Canadian housing co-operatives has been restricted to what CMHC describes as "low and moderate income households."[55] The Old Grace Housing Co-operative's variable share purchase model allowed the co-operative to attract and employ the financial and social capital of individuals who, by virtue of their income, have historically not been part of the housing co-operative universe. The fact that OGHC has a 300-plus waiting list indicates that there are further resources that could be employed in developing other variable share purchase non-profit co-operative housing projects

Regrettably, CMHC takes the position that variable share purchase co-ops such as OGHC (which CMHC refers to as 'equity co-ops'), are not eligible for funding under the National Housing Strategy's National Housing Co-investment Fund. This fund is intended to deliver 60,000 units of new affordable housing (plus 7,000 affordable units for seniors and 2,400 affordable units for people with developmental disabilities). It would appear that the major reasons for this opposition is that low-income individuals cannot afford to purchase memberships. This was true at OGHC, but the solution is not to ignore this type of development example, but for CMHC to provide funding at a level required to bring the cost of shares for what would be termed 'affordable' members down to a truly affordable level. It would also appear that CMHC is concerned that members might attempt to hold CMHC responsible should any future co-op supported by the National Housing Co-investment Fund fail. This is currently and properly addressed by having co-operatives provide a clear disclosure of risks prior to investment.

The Co-operative Housing Federation of Canada is on record as recommending that the federal government, as part of its national housing policy, provide funding to "test and scale innovative development and financing of co-operative housing models across the country." The OGHC's variable share purchase approach represents an innovation that would appear to be ideal for inclusion in an array of models intended to expand the provision of non-profit, affordable, housing co-operatives in Canada. The federal government would do well to recognize the merits to variable share purchase co-operatives and the way that they both create mixed housing and bring additional capital to affordable housing and include such co-operatives in the type of testing the CCHF has proposed. This gives rise to the following three recommendations.

1. Municipal governments should, as a matter of policy, extend a full array of support to non-profit housing. This could include land donations, capital funding, and tax increment financing.
2. Governments should adjust their financial agreements with non-profit housing co-operatives to allow for the provision of fuller funding for pre-construction costs, such as design and permitting), during the pre-build period.
3. The Manitoba Government and CMHC should study the OGHC and its variable share purchase approach and make provision for the inclusion of such approaches in future co-operative housing models.

Appendix 1

OGHC Vision and Mission Statements

Vision

The Old Grace Housing Co-operative will provide members with affordable homes where they can live together in a diverse and sustainable community.

Mission

Our community:

- welcomes members from different cultures, ages, and family compositions, with differing degrees of mobility.
- provides affordable homes in a variety of sizes, with both equity and subsidy opportunities to suit members' financial circumstances.
- supports member independence, but encourages interdependence through use of shared amenities and participation in community activities.
- accords all members an equal voice, and an equal opportunity to get involved in community decision making.
- enables members to age in place, moving to smaller units or adapted units as their personal needs change.
- offers an attractively-landscaped, safe, pedestrian-friendly environment that encourages resident interaction.
- comprises buildings that fit the urban scale and character of the surrounding Wolseley neighbourhood.
- demonstrates members' commitment to environmental sustainability, in both building construction and operation.

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