

# **Building Hope Together: Strategies for Creating Housing in Uncertain Times**



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**A United Way Member Agency**

***Building Hope Together:  
Strategies for Creating Housing in Uncertain Times***

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## Preface

This participatory research, *Building Hope Together: Strategies for Creating Housing in Uncertain Times*, has been a journey marked by growth, reflection and, ultimately, the development of strategies and actions to address homelessness and affordable housing in our community. It has engaged a number of groups and individuals and has led not only to greater understandings of the issues encompassing homelessness and affordable housing but also to mobilization and capacity building processes to influence the availability of affordable housing. Involvement in this participatory action research has transformed us into important human and social capital necessary to advance the development of affordable housing.

This work has deep roots in our community and belongs to all of us concerned about housing issues. Research in our community has demonstrated that there is a significant group of Halton residents who are at risk of homelessness and certainly struggling to be housed. *Building Hope Together: Strategies for Creating Housing in Uncertain Times* grew directly out of the findings of previous studies and the difficult experiences of being housed by people throughout the community. Four groups came together under the lead of the Advocacy Committee of the Halton Violence Prevention Council to search for funding for this initiative exploring affordable housing options. The groups were: the Halton Social Planning Council, the Halton Anti-Poverty Coalition, the Halton Coalition for Social Justice and the now defunct Halton Emergency and Affordable Housing Coalition. We are grateful for the financial support of the Supporting Communities Partnership Initiative (SCPI) of Human Resources Development Canada, administered by the Regional Municipality of Halton.

What is important is that the members of these groups shared disquiet or anxiety about people's inability to be housed adequately and affordably. They believed that housing was a social right of Canadians. They believed that it was unfair that the poor were increasingly vulnerable to homelessness – pay the rent or feed the kids; that it was wrong that clients such as abused women and their families found themselves, almost over night, without shelter; that it was heartbreaking when a youth was homeless because he or she was no longer welcome at home. As is common in community, work develops and matures and members of the group moved on to issues more central to their daily concerns. At the same time, a new group concerned about homelessness and housing came into being, the Halton Town Hall Group. We have all come together to build hope and develop strategies for creating housing in these uncertain times.





## Executive Summary

### Introduction

Homelessness is the most extreme indicator of income inequities in society. The processes that create homelessness are complex and larger than the housing market.

*Over recent decades... the growing gap between the rich and poor Canadians has increasingly manifested itself in the housing system. There is a great deal of social need for housing, but the households in need lack the money to generate effective market demand.*

*The housing system is a socially created institution. It is a mix of public, private and non-profit actors. Over the past two decades the public and private actors in the system have increasingly left more and more people without housing. Homeless making processes are now a part of Canada's housing and social welfare systems.<sup>1</sup>*

Significant levels of public re-investment in housing and social assistance will be required to address homelessness. The responsibility for these decisions rest predominantly with federal and provincial levels of government. What can local community people concerned about housing do, when policies affecting income and housing are set outside their community, and when the need for affordable housing in the local community is so evident?

This tension between the realities of local need for housing, and the fact that significant federal and provincial social investment is required to address the homelessness in local communities is the challenge that this Report attempts to address.

This Report attempts to speak to both those realities by focusing on three community capacities, which can lead to the development of affordable housing in Halton and contribute to the cumulative social process that may increase support for significant levels of public re-investment in social housing.

The rationale for these capacities is contained in the second section of this Report. This section looks at a jurisdiction – the United States – where cutbacks happened, innovations were developed and public subsidy for social housing has grown again. It takes a historical look at the direction in which the delivery of social housing has evolved from a government funded and implemented program towards a community-based system of social housing production that leverages public and private financing.

The third section discusses the principles of transformative change. The analysis in this section seeks to demonstrate that the present conflict and uncertainty felt amongst social housing innovators can be seen as part of an orderly process of social innovation. It introduces S Curve analysis as a way to take the long view that incorporates the analysis of historical patterns with confidence that present instability can become future opportunity. The purpose of this section is to give a broad overview of how social systems change.

## Organization of the Report

The first section of this report contains four chapters that analyse the state of affordable housing both within Halton, as well as over the larger North American context.

Chapter One describes the housing needs in Halton and assesses the potential to develop the local capacity in Halton for social entrepreneurship, social movement activity and forming linkages to intermediary organizations.

Chapter Two provides an overview of the development of social housing in Canada. This chapter proposes that there have been two waves of development and transformation in the method of developing social housing in Canada. The first is a wave of public housing, and the second a wave of predominantly co-op and non-profit housing. It outlines briefly the growth and decline of each wave and ends by suggesting that the capacity of the second wave may contain the seeds of a community-based housing production system that could be an emerging third wave.

Chapter Three outlines three studies which indicate that a community-based system of housing production requires three critical capacities to provide a large volume of affordable social housing.

The three capacities are:

- A community-based cluster of organizations with the capacity to be social entrepreneurs.
- A community-based social movement with the capacity to win majority public support for adequate levels of public financing.
- A network of local and intermediary organizations that do two things; provide support to community housing based development organizations by providing technical assistance and acting as financial intermediaries; and influence public policy reform through funding education, awareness, and advocacy activities.

Chapter Four compares the American and Canadian social housing development context and draws conclusions about how the successful community context created the conditions for increased public investment in social housing.

The second section includes three chapters that look at the core principles of transformative change.

Chapter Five introduces the idea of transformative change with the metaphor of the metamorphosis of the caterpillar to the butterfly. It uses this metaphor to illustrate the idea that the conditions in the chrysalis are critical to the change process.

Chapter Six introduces S Curve analysis as a method to understand transformative change processes. This chapter focuses primarily on the conditions in which decline of social policy occurs.

Chapter Seven focuses on the dynamics of how new social policies emerge. This is intended to help community activists be strategic in anticipating the conditions that can support the development of new social policies.

The section ends with Recommendations on how to begin to develop the capacity for social entrepreneurship, social movement activism and linking to intermediary organizations. (These Recommendations are also included as part of the Introduction to this Report for easier access)

The final section of the Report includes a bibliography and a literature review of thirty international sources.





## Recommendations

### Introduction

These recommendations consider how to develop three capacities to support the community-based development of social housing in Halton Region. Community capacity to develop social housing grows over time. It cannot simply be created through prescriptive program planning or policy direction.

Pomeroy and Lampert make this point, observing the development of the community-based system for developing social housing that evolved in the United States. The social housing system in the United States – both the innovative financing mechanism, and the diverse array of development organizations at the local level, and intermediary organizations at the regional stage and national level – evolved incrementally from a set of elements that interacted dynamically to develop capacity as a population of organizations. It was not planned, although aspects of the system were encouraged and reinforced after they demonstrated their effectiveness.

*The system that prevails in the United States is not an explicit purposeful creation of a government agency with a policy mandate to facilitate private/public partnerships. Rather it is the natural and dynamic outgrowth of a fragmented set of elements (nurtured by significant direct and indirect government financial assistance and some public policy support) that has evolved together over some two decades. Because it is effectively a self-created and now largely self-sustaining system and is reaching a stage of maturity, it is also relatively resilient – a characteristic that has eluded most, if not all large scale, costly government programs in the past.<sup>2</sup>*

This Report concludes that three community capacities are needed – social entrepreneurship, movement activism, and the ability to link with intermediary organizations of both types.

It is important to distinguish between developing the capacity of a community-based housing development system, and the sustainability of that system.

A system of community-based housing production will need significant amounts of public funding to be sustainable. But it is the capacity of the mechanisms at the local community level for effective housing development and to generate social movement pressure that attracts significant levels of public support.

The recommendations in this Report focus on growing the community capacity to develop social housing in Halton. The recommendations do not focus on creating sustainability or on the public levels of funding that will be required to ensure sustainability.

The recommendations on growing the community capacity to develop social housing in Halton are based on two things:

- Three general capacities that are required to grow the community ability to develop social housing which are referred to here as ‘chrysalis’ conditions.
- Application of these principles to specific starting points in Halton as recommended by committee members.

The constituencies for whom these recommendations are intended are

- People in community, faith and social service providing organizations that want to develop housing solutions.
- Business community representatives who want to support social entrepreneurship.
- Social movement activists who want to advocate for increased public investment and policy support for social housing.
- Municipal and regional representatives who want to foster community-based capacity to develop social housing.

## **Chrysalis Conditions – Principles that Promote Community Capacity**

The recommendations are framed around the three elements of capacity of a community-based housing development system. It assumes that favourable conditions can be created and that each constituency can do its part to develop its capacity. The sum of these parts can be a community-based social housing development system. The development of this capacity requires some protection and support from the hostile elements that can threaten this development. There needs to be created a kind of chrysalis where the development of this capacity can be nurtured.

One of the recommendations is a place and a process to foster the development of this capacity. The Design Studio refers here to an ongoing process of convening meetings among and between:

- Social entrepreneurs.
- Housing industry and finance sector representatives.
- Human service agencies.
- Municipal government representatives.
- Members of faith and community organizations.
- Members of social movement organizations.
- Members of intermediary organizations.

The meetings can be organized around specific problems, or possible projects as opposed to being a place for more abstract discussion. The Design Studio can be a resource for social entrepreneurs to bring ideas they want to develop, seek information and resources from others. It can be a place where experts share advice and provide problem-solving support and practical housing projects are considered and nurtured.

The results of many of the activities described in the Recommendations can be brought back to the Design Studio as information to promote the growth of the community capacity to develop social housing.

The recommendations are described below in three sections:

- Recommendations to develop Social Entrepreneurship Capacity.
- Recommendations to develop Social Movement Capacity.
- Recommendations to develop Intermediary Organizations Capacity.

## Social Entrepreneurship Capacity

**Practical Projects:** There are specific starting points that the committee recommends including:

1. Create an inventory of low priced properties that could be acquired and rehabilitated and brought into non-profit tenure.
2. Consult with people who need housing to bring them into the process of identifying practical starting points that build on their capacity
  - Helping tenants with rent-to-own programs.
  - Organize a group of single women and look for a house that they can acquire.
3. Support the Inter Church Council of Burlington in looking for a specific site to develop for housing.
4. Encourage organized labour to once again support the construction of affordable housing.

## Capacity Development

1. Create an inventory of possible project community sponsors and development partners.
2. Create a Design Studio for social housing. Create a regular place and process to bring together potential community development sponsors and representatives of the private housing development and financing sectors to discuss possible social housing developments in Halton. Focus on incubating strategies for practical projects.

3. Develop innovative business partnerships with consultants, similar to the partnership developed by St. Clare's Multi Faith Housing Society. There is limited residual non-profit housing development capacity in Halton. A strategy to develop this could include connecting with independent consultants formerly with non-profit and co-op resource groups.
4. Develop resources for staff and Board members in organizations that wish to become development sponsors of social housing for
  - Skill training in social entrepreneurship.
  - Intern programs for staff in private sector housing development, financing and land development.
  - Skill training to develop social investment funds for social housing.
  - Make field trips to successful organizations and projects they have sponsored.
5. Provide funding for activists to attend activities that bring existing and potential development sponsors together to share best practices including
  - Conferences and networking.
  - Research and evaluation.
  - Demonstration projects.

## Social Movement Capacity

### Practical Projects:

1. Create an inventory of organizations with capacity for raising awareness, educating, and leading advocacy about homelessness and housing.

### Capacity Development

1. Develop a strategy to involve citizens who need more affordable housing, and who support the development of more affordable housing, in the design and development process.
2. Develop a strategy to get explicit commitments from a wide range of organizations in the Region to support the development of affordable housing.
3. Outreach to faith organizations, unions and environmentalists for active participation around housing issues.
4. Support lobby for development tax credits.
5. Work to elect advocates for housing to municipal and regional councils.
6. Work to elect housing advocates to Boards of credit unions.

## Intermediary Organizations Capacity

### Practical Projects

1. Turn experience of Good News Fund with one family into a resource tool to enable others to support families.
2. Form a local fund for housing investment – This can include:
  - A focus on developing a housing trust fund.
  - A community foundation for housing.
  - Co-operation with the credit union to build its capacity for community investment.
  - Funds for ‘green’ housing.

### Capacity Building

1. Develop a strategy to support the development of intermediary organizations in Halton that provide:
  - Technical assistance to sponsors of social housing development.
  - Social investment and loan funds.





**Section One**  
**The Analysis**







# Chapter 1



## Assessing Social Housing Development Capacity In Halton

### Introduction

This chapter begins with a summary of the housing needs in Halton. The members of the project's Research Advisory Committee developed an inventory of starting points for social housing development in Halton. It was not intended to be comprehensive. The committee members described what these starting points looked like and Dave Hasbury, the graphic facilitator, developed a mural. The mural is reproduced later in this chapter.

This chapter then applies an analysis of three characteristics of a community-based housing non-profit development to the community capacity in Halton to develop social housing.

The three elements of community capacity that are assessed are:

- The capacity of community-based organizations to be social entrepreneurs.
- The capacity of community-based organizations for the social movement activities that win majority public support for adequate levels of public financing.
- The capacity of local and intermediary organizations to do two things; provide support to community housing based development organizations by providing technical assistance and acting as financial intermediaries; and influence public policy reform through funding education, awareness, and advocacy activities.

This assessment was developed in a focus group discussion with members of the Research Advisory Committee. These are community members in Halton who are involved in services and advocacy for homeless and affordable housing. The group, aided by a graphic facilitator developed an analysis of the housing needs in Halton and then an assessment of the capacity for social entrepreneurship and social movement activity by community organizations in Halton.

## Housing Needs in Halton

A continuum of housing is needed to respond to the needs of working people and their families and to those members of the community who, for whatever reason, are no longer in the labour force. Sectors of the Halton community have identified homelessness, emergency shelter, transitional housing and affordable housing as critical issues affecting the well-being of persons receiving assistance or support from the agencies forming our human service network. In addition, the impact of the affordable housing crisis on social assistance recipients, low income workers, youth attempting to enter the labour market, and divorced or separated women returning to work is poignant and complex. Furthermore, insufficient affordable housing interacts with complex interrelating factors to produce stress, social marginalization, habitation in inadequate housing, life in transient and unstable neighbourhoods, and ultimately, hidden (living with family or friends) or absolute homelessness. The resulting social consequences influence the quality of life of people, their health status, their employability and, ultimately, their dependency on social and governmental programs.

Recent studies in our community have documented the effects of the housing crisis. In the document, *Oakville: An Audit of a Community in Transition*, emergency shelter for youth and affordable housing have been identified as important needs exacerbating the vulnerability of many young people, thus, creating dependency on services provided by government and the non-profit sector. The study points out that of those interviewed, approximately 63% of the funded agencies, 50% of the community organizations and 40% of community residents rated housing costs as unsatisfactory (Halton Social Planning Council, 1998, Figure 16, p. 20). The document states:

*Shelter costs have a major impact on living costs in Oakville. The need for affordable rental and ownership housing will increase as the population grows. Options to address the affordable housing crisis need to be developed. Supportive housing programs that promote independent living will be needed for the growing senior population as well as other special needs groups such as the physically and intellectually challenged and the mentally ill (Halton Social Planning Council, 1998, p. 20).*

Furthermore, this study highlights the concern of all respondents about the children and youth of their community and a particular youth-related housing need that emerges:

*The respondents believe that the young people of Oakville have been left aside in the planning of social supports and activities which would incorporate them into the community as important young citizens with rights and responsibilities. The list of the gaps in supports to Oakville's youth is extensive and ranges from: i) empowering youth to participate in the identification and solution of their problems; ii) developing programs that respect and reflect the lifestyle and social integration needs of youth; for example, activities that remain open after midnight; iii) training and employment programs that face head-on the high unemployment rates of young people; iv) **crisis services such as emergency shelter**; v) substance-abuse programs; and vi) community activities that incorporate and view youth as a community asset that is a*

*much-needed resource in building a better community (Halton Social Planning Council, 1998, p. 46)*

Complementing these findings are those found in the document, *The Halton Food Bank Study: Alternatives to Dependency*, that clearly demonstrate the interaction of housing costs and food bank use. People on social assistance and low-income people and families working at the minimum wage rely on food banks to feed their families. Halton rents leave them with little expendable income, if any, for the rest of their necessities. The *Halton Food Bank Study: Alternatives to Dependency* describes the interaction of housing costs and food bank use:

*One of the reasons that so little money is available in peoples' budgets for food is accommodation costs, primarily rent and utilities, which represent such a large proportion of an individual's income. The Canada Mortgage and Housing Corporation Rental Survey documents that the average rent in October 1998 for a private, three-bedroom apartment in Halton is \$981 a month, up from \$770 in October 1989. The questionnaire respondents [a sample of food bank users] pay a monthly average of \$648 in rent or mortgage payments and, in addition, pay a monthly average of \$193 on utilities, for an average total of \$841 on housing costs. When the average housing costs of questionnaire respondents are subtracted from the average household income of questionnaire respondents only \$240 is left each month for all other expenses. Respondents do not have enough income to purchase the basic necessities of life in Halton (Halton Social Planning Council, 1998, p. 94).*

As this study suggests, subsidized housing is rarely the answer for many of these people as waiting lists are long. An analysis of the subsidized housing waiting list in Halton, illustrates that 67% of those on the list have been waiting for two or more years (Halton Social Planning Council, 1998, p. 36).

Exacerbating the need for affordable housing is the growing gap among Canadians. While unemployment decreases and the numbers on social assistance also diminish, the number and percent of those living in poverty increases. Halton exemplifies this trend, as an analysis of Census data demonstrates.<sup>3</sup> Over a 10-year period “the number of families living in poverty increased from 3,976 in 1986 to 7,140 in 1996 – an 80% increase” (Halton Social Planning Council, *Report Card 1999: Child Poverty in Halton*, p. 3). The Report Card also points out that over this 10-year period, the proportion of renters paying more than one-third of their income on shelter increased from 22 % in 1986 to 38 % in 1996” (p. 3). Government, whether federal or provincial, has not invested in the construction of affordable housing over the last decade. As a result, the estimated number of affordable housing units needed across Canada continues to grow. In addition, Government of Ontario programs supporting housing registries were cancelled. This loss of funding closed the two Halton Housing Registries in 1995. The provincial *Tenant Protection Act* (1995) has led to the conversion of apartments to condominiums further reducing the number of affordable housing units. Different levels of government continue to bicker over responsibility for affordable housing while the need grows.

The interrelationship between low income and housing is poignantly illustrated in the life stories of the recent document and video, *The Hidden Faces of Poverty: The Reality and Testimonies of*

*People Living in Poverty in Halton.* Their suffering, along with that of others, will only be exacerbated as the looming threat of recession, with its corresponding job loss, grows. These stories of the lived experience of our neighbours in Halton are being used in town hall meetings across the region to raise community awareness on the issues of housing in the Halton community.

Also, the Regional Municipality of Halton has responded to the emerging housing needs of Halton residents through an Open Space workshop on homelessness from which a number of important recommendations emerged. One was the formation of a Housing Advisory Committee to the Region of Halton (*Homelessness in Halton: A Hidden Problem*, April 1999, p. 9). Another recommendation is the establishment of a Housing Help Centre which replaces in a limited way the defunct housing registries and moves beyond the registry to co-ordinate statistical tools which will assist in profiling and understanding the scope and nature of homelessness and other housing issues in the Region of Halton and to provide personal support and assistance to those seeking housing (p. 6). Further illustrating the concern for affordable housing are the results of a recent Senior's conference sponsored by the Elderly Services Advisory Committee (ESAC) of Halton Region. Of all the issues affecting the elderly, affordable housing for seniors and support services for seniors living independently in the community were identified and rated as most critical and important to be addressed by conference participants (ESAC, *Key Opportunities for Halton's Current and Future Seniors*, April 2000, p. 4-5).

Most important is the recent, *A Journey Home: A Community Plan for Halton*, developed in response to the Supporting Community Partnerships Initiative (SCPI) and building on the concern, knowledge, and capacity to act for the Halton community. As discussed elsewhere, this research and communications project speaks directly to the priorities of the SCPI and the plan, *A Journey Home*.

Recent research, along with community consultations, clearly points out that multiple factors are interacting to create an affordable housing crisis with severe social consequences. Many of these recent studies and consultations have important and useful recommendations but few have explored community-based alternatives that have successfully provided affordable housing in other Canadian communities or internationally in other developed countries. Some understanding of these successes will provide necessary incentives to act locally. The sharing and analyses of best practices throughout Canada, the United States and Europe is the important contribution this proposed study will make to the Halton community, along with strategies to disseminate the information and bring community together to reflect then act on the results.

With all of this analysis as background, the members of the Research Advisory Committee identified what housing issues in Halton looked like and grouped these into several theme areas as illustrated in the mural on the following page.



## Assessment of the Community Capacity in Halton to Develop Social Housing

The Research Advisory Committee developed a mural to describe the starting points for developing social housing in Halton. This mural uses a vertical axis of need as derived from the SCPI definitions of continuum of need. In the lower left hand corner are the people who are homeless, meaning they are currently living on the street and need transitional housing. In the middle of the vertical axis are people defined as experiencing relative homelessness meaning they live in transitional housing and need permanent housing. The third group on the vertical axis of the continuum of need is defined as people at risk of losing their permanent housing, and needing support to maintain their housing.

There are organizations in the community that have the potential capacity to be social entrepreneurs. The list of the organization below is a partial inventory of potential social entrepreneurs.

The organizations providing service to people who are homeless include:

- Refugee motels.
- Transitions for Youth, through the *Bridging The Gap* project, has developed Host Homes (emergency beds) for youth throughout Halton.
- Lighthouse Shelter operated by the Salvation Army.
- Halton Women's Place in Milton and Burlington.

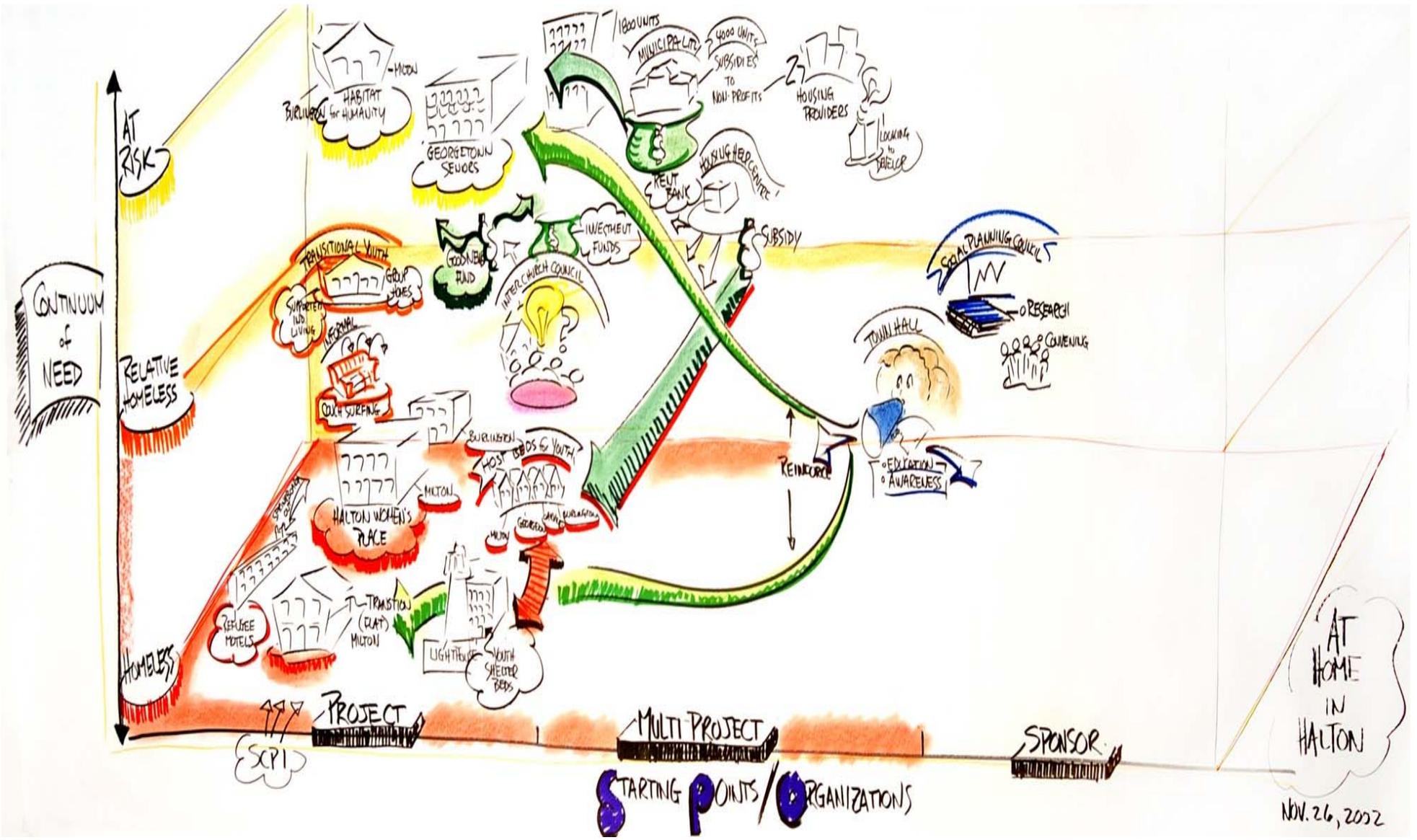
The organizations providing service to people that are experiencing 'relative homelessness' include:

- Group homes providing supported individual living.
- Good News Fund of the Inter Church Council of Burlington.
- Informal 'couch surfing' where people stay with friends in their homes for a few nights.

The organizations that have developed permanent housing in the past, or are developing it now, or are providing services to people who are at risk of losing their housing include:

- Habitat for Humanity, with projects in Burlington and Milton
- Georgetown Seniors Project
- Regional Municipality of Halton operates 1,800 units of social housing
- 4,000 units of housing operated by independent social housing providers
- Housing Help Centre

Two other organizations are included in the mural: The Halton Town Hall group (which is raising awareness in the community about housing issues) and the Halton Social Planning Council (which convenes community groups around issues and conducts research).



AT HOME IN HALTON  
 NOV. 26, 2012



The organizations in this inventory are assessed according to the three elements of capacity described in the previous chapter.

- The capacity of community-based organizations to be social entrepreneurs.
- The capacity of community-based organizations for the social movement activities that win majority public support for adequate levels of public financing.
- The capacity of local and intermediary organizations to do two things; provide support to community housing based development organizations by providing technical assistance and acting as financial intermediaries; and influence public policy reform through funding education, awareness, and advocacy activities.



### **Halton: The capacity of community-based organizations to be social entrepreneurs**

- There are many starting points where community organizations have created some housing resources. They may seem modest when compared to the need – mostly transition beds – yet they represent the basic capacities of a social entrepreneur to combine resources in new ways. These modest successes developed the capacity for more ambitious projects.
- The Georgetown Seniors Project developed a housing project in association with a local faith organization.
- Habitat for Humanity has developed its first 2 houses in 2001 and 2002 in Burlington and has plans to significantly expand throughout the rest of Halton over the next 5 years.



### **Halton: The capacity of community-based organizations for the social movement activities that win majority public support for adequate levels of public financing**

A more complete inventory of the groups with the potential to support social movement activity is required to improve the assessment of this capacity in Halton.



**The capacity of local and intermediary organizations to do two things; provide support to community housing based development organizations by providing technical assistance and acting as financial intermediaries; and influence public policy reform through funding education, awareness, and advocacy activities.**

***Housing Intermediaries:*** There is one organization that is offering financial assistance – the Inter Church Council of Burlington Good News Fund. This may be the seed of an intermediary financing organization like a housing trust fund.

There are no organizations in Halton that have the capacity to provide technical assistance to organizations that sponsor social housing developments.

***Social Movement Intermediaries:*** Several organizations were identified.

- The Halton Town Hall Group is raising awareness around the Region of Halton about the issues of homelessness and housing
- The Halton Social Planning Council is providing support to the Halton Town Hall Group and conducting research to raise awareness and support community education on these issues.
- The Halton Violence Prevention Council
- Suburban Resistance – a student group raising awareness about homelessness

This **Community-based Housing Development Capacity Matrix** below summarizes this assessment. The rows identify the organizations that have the potential to be community or intermediary organizations and fulfilling roles of technical assistance, accessing financing or being development sponsors. The columns identify their potential as social entrepreneurs to be involved in developing housing, or as social movement organizations that can undertake activities in raising awareness, advocacy and policy reform. Faith groups are significantly represented in a number of these organizations.

Community-based Housing Development Capacity Matrix Halton Region		
	Social Entrepreneur	Social Movement
<b>Intermediary Organizations</b>  Technical Assistance		<ul style="list-style-type: none"> <li>• Halton Social Planning Council (awareness and education)</li> </ul>
<b>Community Organizations</b>  Potential Development Sponsor   Loan funds	<ul style="list-style-type: none"> <li>• Municipality – 1,800 units of social housing</li> <li>• 23 social housing providers</li> <li>• Habitat for Humanity*</li> <li>• Transition for Youth</li> <li>• Halton Women’s Place</li> <li>• Lighthouse*</li> <li>• Georgetown Seniors Project*</li> </ul> <ul style="list-style-type: none"> <li>• Good News Fund*</li> <li>• Inter-Church Council of Burlington*</li> </ul>	<ul style="list-style-type: none"> <li>• Halton Town Hall Group* (awareness, education and advocacy)</li> <li>• Halton Violence Prevention Council</li> <li>• Suburban Resistance</li> </ul>

\* Denotes participation or leadership of faith organizations.

## Discussion

***Developing Capacity for Social Entrepreneurship for Housing Development:*** The Community-based Housing Development Capacity Matrix is intended to provide a way to think about the kind of capacity community organizations may require in order to enable the development of social housing in Halton. The Matrix illustrates that there is no focused capacity to develop social housing within the Region. This capacity requires technical assistance, but also the capacity to develop social entrepreneurship. The potential of organizations with the capacity to undertake multiple housing projects is unknown.

There is recognition that resource groups from outside of Halton provided the technical assistance to assist the development of social housing in Halton in the years before 1995. The cancellation of the social housing program in Ontario effectively ended the development capacity of these resource groups. In many communities this meant however a residual cadre of people with development experience. In Halton there was no local resource group and so this kind of expertise needs to be imported from outside the community.

For its part the municipality, in its mandate to serve those who are particularly vulnerable or at risk, has adopted a strategic plan for housing. The plan has three important objectives:

- To stimulate and develop more affordable housing options for Halton residents in partnership with other levels of government, social agencies and the private sector.
- To encourage the building of 700 new affordable housing units a year within the next three to five years.
- To review tax and development policies to encourage the construction of new affordable housing, with an emphasis on rental construction.

However, provincial constraints, especially since downloading, that require municipalities to provide funding for affordable housing from the property tax base together with short-term, limited program funding from other sources will continue to put a damper on the municipality's ability to meet these objectives. Further, competition for limited funding locally can feed negative perceptions about "social housing" in ways that may further compromise the municipality's ability to act

***Developing Capacity for Social Movement Action:*** There is an organization with the capacity to develop the advocacy and social movement activity to win majority public support for housing alternatives – the Halton Town Hall group.





## Chapter 2



### Overview – The First and Second Waves of Social Housing in Canada

#### Introduction

This chapter proposes that there have been two waves of development and transformation in the method of developing social housing in Canada. The first is a wave of public housing, and the second a wave of predominantly co-op and non-profit housing. It outlines briefly the growth and decline of each wave and the various factors at work in each wave. The chapter ends by suggesting that the capacity of the second wave may contain the seeds of a community-based housing production system that could be an emerging third wave. The following chapter defines and assesses the capacity for this emerging third wave by analyzing the development of a community-based housing sector in the United States and applying that analysis to the development of this capacity in Canada.

#### The ‘First’ Wave of Social Housing in Canada

Social housing in Canada is generally understood to have been born with the development of Regent Park in 1946. Prior to this social housing funded by the government, there were institutional housing – shelters and asylums – provided by the state and by the church and voluntary sector. Regent Park is usually identified as the beginning of social housing in Canada because it represented a new and significant form of government involvement in the development of permanent housing for people of modest income. It was a new social technology in that the government directly funded the development of a residential housing development for people with modest incomes.

There was a pronounced social movement in the early part of the century and leading into the period before and during World War II that generated pressure for housing legislation. This produced the first National Housing Act amendments in 1949 as part of the post World War II package of social welfare initiatives that constituted the peace dividend.

After the development of Regent Park we began to see the development of local housing authorities around the Province of Ontario. These became the vehicles for replication of public housing. This was an important development as these organizations harnessed the newly developed knowledge to develop and manage public housing. These organizations became ‘knowledge vessels’ and were essential to developing and articulating the new ‘technology’ of public housing. Each development built confidence in the new technology, and accelerated government funding and growth in the production of social housing.

## Decline of the First Wave

The early 1970s were characterized by several different factors that increased pressure for a different form of social housing. These included:

- Rent Controls were legislated in 1975 in Ontario. The factors for this, according to Hulchanski,<sup>4</sup> are:
  - Vacancy rates fell dramatically between 1971 and 1974, from about 3.5% to close to 1%.
  - Private rental starts fell from a peak of about 40,000 per year in 1972 to a few thousand in 1975.
  - Ontario's consumer price index climbed dramatically throughout the 1970s, peaking at close to 12% in 1981, with interest rates reaching 21% in August 1981.
  - The early 1970s saw the beginning of 'stagflation.' The old economic rules for rental supply, as for many key sectors of the economy, were rapidly changed.
  - Condominiums were also introduced in the early 1970s for the first time, allowing higher income tenants to own their apartments (thus decreasing market demand for new rental units).
- The deinstitutionalization of several populations, including those with mental health issues and people with physical and developmental disabilities, left these populations requiring housing and community supports.
- A movement towards local democratic decision-making was occurring in all human services, including housing, so the change is also a reaction against the centralized management of housing.
- In the specific world of social housing there was a growing public reaction against building dense urban developments that concentrated people with low incomes in one location.

These events constitute the dividing line between a first and second wave of social housing. There were advocacy organizations raising public awareness about all of these issues and the need for increased community-based social housing as a response.

## The 'Second' Wave of Social Housing

This second wave of social housing was launched by amendments to the National Housing Act in 1973. A group of new programs were introduced, of which co-operative housing and non-profit housing were the most prominent. There was a vigorous co-operative housing movement – supported by faith and labour organizations – that piloted several co-operatives and lobbied successfully for a national funding program. Three times as many units of the non-profit and co-operative forms of social housing were produced in Ontario from 1973 to 1995 as compared with public housing units.

It can be argued that these programs were extensions of the social housing 'product line'; that it was merely public housing being delivered a decentralized framework comprising smaller projects and diverse sponsors. But it can also be argued that this decentralization represented a more fundamental change in the 'technology' of financing and delivering social housing. The 1973 amendments created a program that could be accessed directly by community-based organizations and municipalities. An important aspect of this shift was that community-based sponsors and resource groups became the new 'knowledge vessels'. These organizations although located mostly in the role of sponsor and responsible for implementation of program guidelines were now direct witnesses to the housing production processes of land acquisition, design, financing, construction and marketing. (This is the basis for important capacity development – that is discussed more in Section Two).

## Decline of the Second Wave of Social Housing

The impact of cancellation of the non-profit housing program on the production of social housing was immediate. Production of social housing in Ontario fell from almost 3,000 units in 1995 to 794 units in 1996 and 0 units in 1997 and 1998. The Conservative government predicted that the private sector would step in and fill the gap – and it did not. A 1997 CMHC Report by Roger Lewis projects the cumulative gap between production of rental housing and need for rental housing as almost 74,000 units by 2000.

What are the factors that led to the dramatic decline in production of social housing? The election of the Conservative Party lead by Mike Harris is often cited as the definitive factor. In their election campaign the Conservative Party told us that the public had reached their limit and became 'fed up' with social spending in general and social housing programs in particular. They were in touch with a 'mood' among the public. The mood they tapped into was a general feeling that public expenditure, (and by extension tax rates) was growing at a rate that did not match outcomes. In other words, public spending was increasing, but services, and by extension outcomes, were not increasing proportionally.

While this was a general mood about social spending, there were specific resentments about social housing. Annual costs of housing subsidy were approaching the billion dollars per year level, and yet the demand for housing was not declining. In addition many working people felt they were paying higher rent for housing of lower quality than that being provided to people of

lower incomes; they felt they were subsidizing this better housing. (There were also significant arguments from conservative ideological viewpoints to fan these feelings).

However, the fundamental cause was the retreat of the federal government from the housing business. The end of federal funding in 1993 led to immediate cutbacks in housing programs in many provinces.

*[social housing] programs lasted until the mid-1980s when the Mulroney Conservatives came to power. The first conservative budget made immediate cuts to housing programs, and subsequent budgets gradually allowed the government to retreat from housing entirely. By 1993, all federal support for housing was withdrawn. The supply of social housing fell from an annual level of 25,000 new units in 1983 to zero in the 1993 budget. Two years later the elimination of the Canada Assistance Plan led the provinces to make drastic cuts in social assistance payments that had a devastating effect on the lives of the poor and the destitute. Whereas before the 1980s very few people went unhoused, and no one was born homeless, today many thousands of Canadians have no housing and are excluded from community networks and the mainstream patterns of everyday life.”<sup>5</sup>*

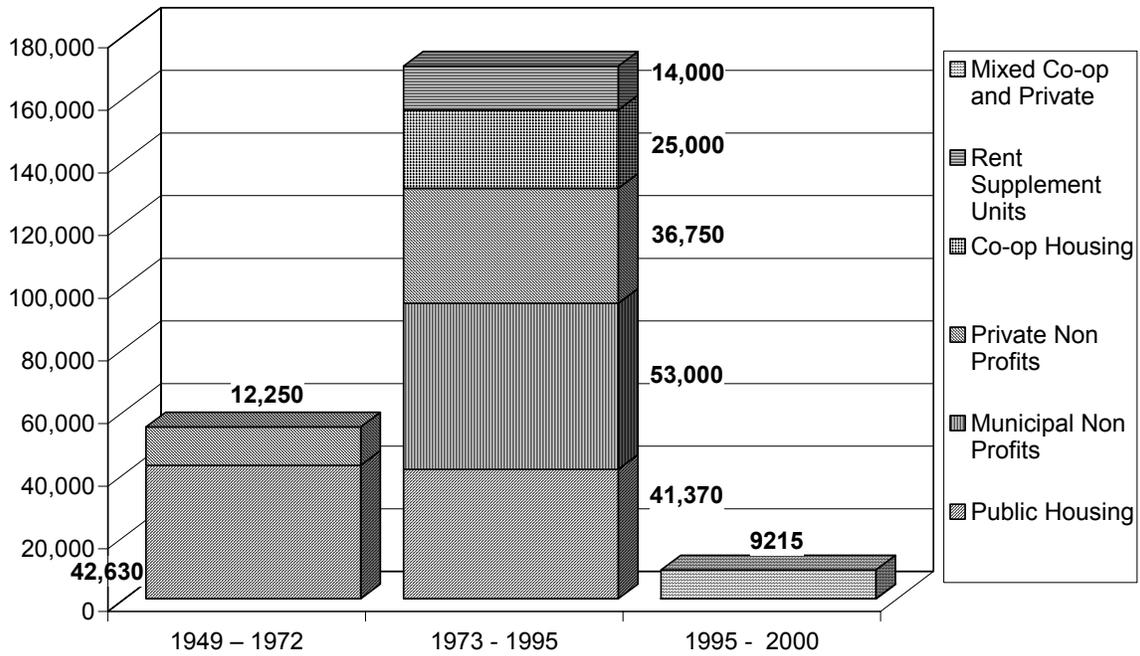
In Ontario this impact was masked by the aggressive housing policy of the Ontario government. *Homes Now* was a product of the Liberal/NDP accord that brought a minority Liberal government to power in 1985. Subsequent Liberal majority and NDP majority governments were committed to provincial funding for social housing. The Harris government was not committed to continuing this proactive provincial role. However, this should not mask the fact that the federal government had retreated from housing funding two years before the election of the Conservative government in Ontario in 1995.

The second wave ended suddenly and dramatically with the election. This election of Mike Harris in Ontario was the ‘shock wave event’ that signaled the onset of dramatic deterioration in the production of social housing.

The bar graph below describes the production of social housing in Ontario from 1949 to 2000. It describes the production of social housing by type of social housing for three time periods between 1945 and 2000<sup>6</sup>.

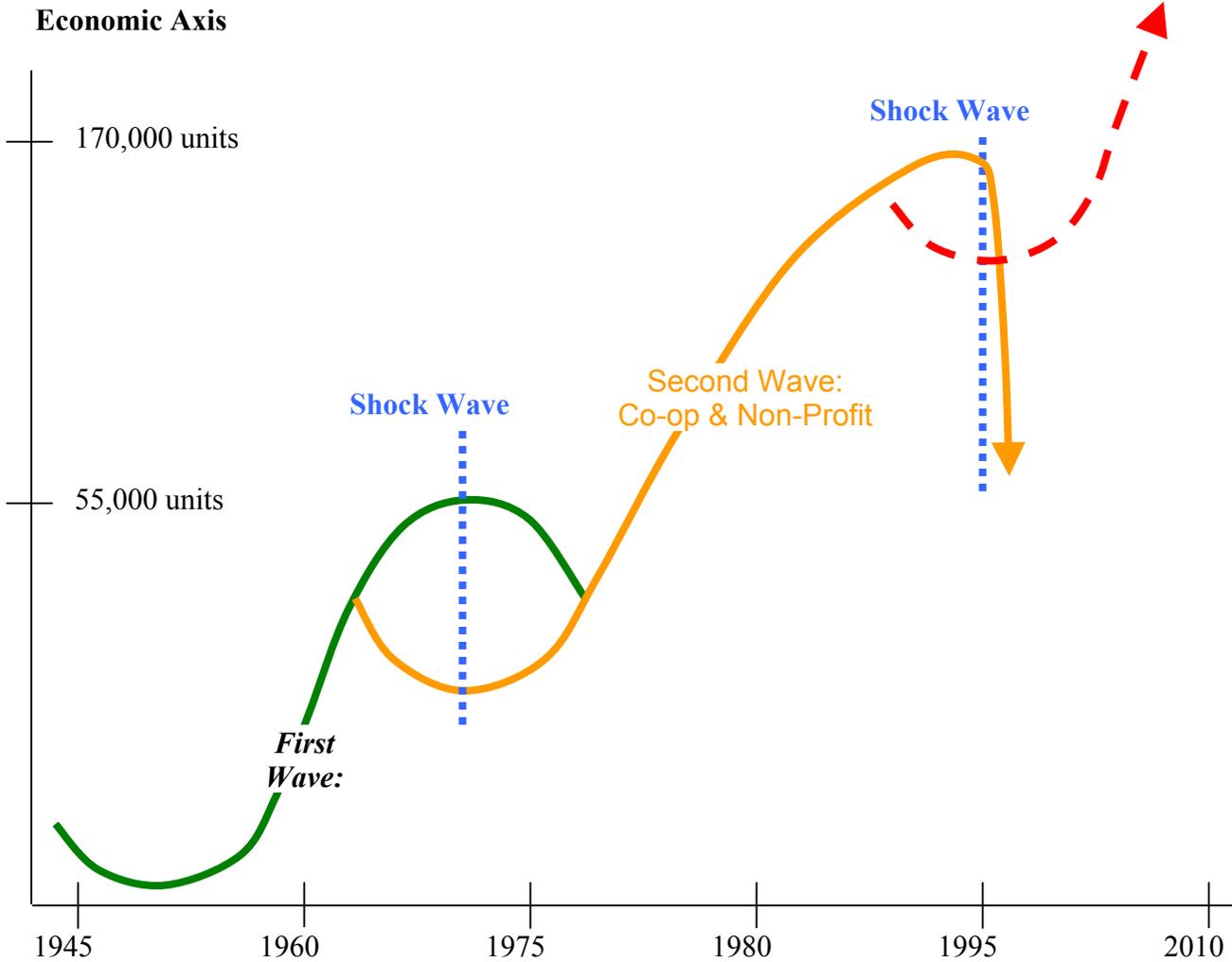
The first period is the time in which the development of public housing was the predominant form of social housing, 1945 – 1972. The second period began after 1973 with the development of private non-profits, co-op housing (co-ops program began in 1975), municipal non-profits and rent supplement housing. The third period begins in 1995 as the year in which the social housing programs were cancelled in Ontario.

### Production of Social Housing Units in Ontario 1949 to 2000



This illustration describes a major expansion in social housing production after 1973, but not in the same form as the public housing that existed before 1973. Fifty percent of all public housing was produced after 1973 (approximately 41,000 units) but three times as many units (129,000) of the other types of social housing were produced after 1973.

The next chart depicts two distinct waves of public and then co-op/non-profit housing and anticipates the possible emergence of a third wave similar in capacity to the community-based housing development sector in the United States.



## Community-based System of Social Housing Production

How can the capacity for a community-based system of producing social housing recover from such dramatic conditions of decline? The answer lies partly in the development of the capacity of the social housing production system in Canada during the second wave from the early 1970s to the early 1990s. This following illustration from Jane Jacobs on the development of new industrial capacity in Japan is a useful metaphor with which to illustrate this potential capacity. Jane Jacobs' story of how the Japanese bicycle industry began is a useful analogy for considering the next stage in the development of an independent community-based affordable housing sector. (The details of economic innovation as proposed by Jane Jacobs are included in Section 2, Chapter 4).

Jacobs describes the example of the Japanese bicycle manufacturing industry to illustrate replacement; how the capacity for one kind of economic activity – bicycle repair – leads to the development of capacity for bicycle manufacturing. The bicycle manufacturing sector that emerged from this critical mass provided the foundation for the future Japanese automotive industry.

After bicycles were imported into Japan, shops to repair them sprung up in the big cities. In Tokyo, the repair work was done in numerous one-and two-person shops. Imported spare parts were expensive and broken bicycles were too valuable to cannibalize for parts. Many repair shops thus found it worthwhile to make replacement parts themselves – not difficult if a man specialized in one kind of part, as many repairmen did. In this way, groups of bicycle repair shops were almost doing the work of manufacturing entire bicycles. That step was taken by bicycle assemblers who bought parts, on contract, from repairmen; the repairmen had become light manufacturers.

*Far from being costly to develop, bicycle manufacturing in Japan paid its way right through its own development stages. Moreover, most of the work of making appropriate production equipment was added to the Japanese economy too, gradually and in concert with the development of bicycle manufacturing.*

*The Japanese got much more than a bicycle industry. They had acquired a pattern for many of their other achievements in industrialization: a system of breaking complex manufacturing work into relatively simple fragments in autonomous shops. The method was soon used to produce many other goods and is still much used in Japan. Parts making has become a standard foothold for adding new work. Sony, the enormous manufacturer of communication equipment, began, at the end of WWII, as a small-parts shop in Tokyo, making tubes on contract for radio assemblers, and was built up by adding to this the manufacturing of whole radios, (for which some parts were bought from other suppliers) and then other types of communications and electronic goods. (pp. 64-65)*

It may be analogous to say that the community-based sector of social housing developers (we refer here to the resource groups, but also to the sponsoring organizations and various sector organizations that existed before 1995) performed many small parts of the housing production business from 1973 – 1995. A critical mass of skills, knowledge, and confidence was being created, where an independent non-profit housing sector was developing the capacity to take responsibility for a larger part of the process of producing affordable housing. The capacity for a community-based affordable housing sector was in the process of emerging, much as the bicycle assembly emerged from the network of bicycle repairmen in Japan.

The cancellation of social housing programs and the associated dependence on development fees in Canada has dealt a significant blow to the infrastructure of a community-based housing sector. However, a robust American community-based affordable housing sector has grown from more modest beginnings than in Canada, and the principles of this development are outlined in the next chapter.



## Chapter 3



# Evolving Capacity for Third Wave of Social Housing in Canada: Three Critical Elements

### Introduction

There is the potential for a new wave of social housing development emerging from the conditions of social decline that were initiated by the dramatic funding cutbacks in Ontario of 1995. It will be the third wave since the origination of social housing in Canada in 1949. Social housing in Canada is generally understood to have been born with the development of Regent Park in 1946. Prior to this social housing funded by the government, there were institutional housing – shelters and asylums – provided by the state and by the church and voluntary sector. Regent Park is usually identified as the beginning of social housing in Canada because it represented a new and significant form of government involvement in the development of permanent housing for people of modest income.

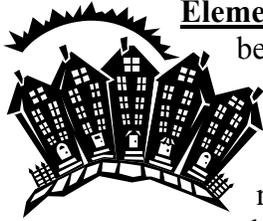
Three studies indicate that a community-based system of housing production requires three critical elements to provide a large volume of affordable social housing.

These three elements are:

- A community-based cluster of organizations with the capacity to be social entrepreneurs.
- A community-based social movement with the capacity to win majority public support for adequate levels of public financing.
- A network of local and intermediary organizations that provide support to community-based housing development organizations by providing technical assistance and acting as financial intermediaries; and that influence public policy reform through funding education, awareness and advocacy activities.

These three elements are described briefly, and then the American and Canadian contexts are reviewed and compared according to these elements in Chapter Four.

## Critical Elements of a Community-based Non-profit Housing Development System



**Element One:** A community-based population of organizations with the capacity to be social entrepreneurs.

Entrepreneurial capacity may seem at odds with the values and skills typically associated with social justice work. Yet the abandonment of the rental housing market by the private sector means that community activists have had to learn the ‘business’ of housing development, even though their goals were social profit rather than private profit. This is exemplified by the term coined by J.B. Say, the French economist who stated

*An entrepreneur is defined as a person who uses resources in new ways to maximize productivity and effectiveness<sup>7</sup>.*

Social entrepreneurship, in the context of non-profit housing, is the ability to draw on a broad menu of factors to develop affordable housing in a private market environment. It represents a strategic capacity of organizations that develop social housing. This community-based capacity has been evolving in the United States since the 1980s, and in Canada since the mid 1970s. (See American and Canadian Context below for a description of the historical evolution of this capacity).

Social entrepreneurs are individuals who develop strategies and methods to use resources in new ways. They need people with whom to work, and together they form an organizational ‘vehicle’ through which to implement their ideas. This vehicle is usually a community-based non-profit organization.

Social entrepreneurship is defined as a key element in the success of social housing organizations in the United States<sup>8</sup>, in a 1997 study by a National Housing Institute Study entitled, *Saving Affordable Housing: What Community Groups Can Do and What Government Should Do*”

This list includes:

- Motivation
  - Deep Commitment to Social Justice
  - Necessity and Struggle
  
- Entrepreneurial Leadership
  - Managing and Limiting Risk
  - Effective Leadership
  - Technical Skill
  - Adaptability – Learning from Trial and Error
  - Creating a Shared vision
  - Building Resident Participation, Self Help and a Sense of Community
  - Networking with other groups, Neighbourhood Institutions and Consultants

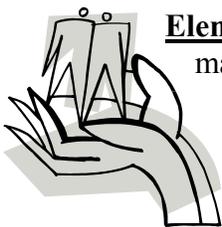
- Financing and Entrepreneurial Spirit
- Other Key Organizational Qualities and Leadership Qualities
  - Customer Driven Attitude
  - Project Driven Strategies
  - Innovation
  - Ability to Reduce and Resolve Disputes

The characteristics of social entrepreneurship have two dimensions – the qualities of the individuals and the capacity of the organization – and these characteristics collectively are referred to as social entrepreneurship. The study found that successful community-based housing development organizations had “*at least one dynamic, innovative leader who is not only hard working but also savvy, like a successful small-business entrepreneur*”.

However important the role of that individual, it is not enough; the organization collectively has to have the ability to assess and take strategic risks. In an interesting way the requirements of successful social justice work and successful social entrepreneurship may require similar skills in strategic risk assessment. The assessment of the success of the Leonard Street housing project in Toronto, sponsored by the St. Clare’s Multi-Faith Housing Society made this connection.

*Some of St. Clare’s willingness to take risks came from the board member’s experience with civil disobedience, where any action could lead to arrest and incarceration. In comparison, developing affordable housing was relatively risk free.*

*The willingness of St. Clare’s board to accept risk is in stark contrast with the boards of most non-profit organizations that don’t want to take any risk at all. These organizations are risk averse for a good reason – they are acting as trustees for the large investment of public capital they received in the past to develop a project. These boards have a stewardship function, which is not compatible with the risky nature of developing new housing<sup>9</sup>.*



**Element Two:** A community-based social movement with the capacity to win majority public support for adequate levels of public financing.

The capacity for social entrepreneurship is complementary but distinct from the capacity for social movement activity. Yet it is this capacity which is the mechanism to win adequate levels of public funding to enable the products of social entrepreneurship – housing – to be developed at the levels that will meet social need for housing. Social entrepreneurship alone is not enough. It originates new strategies for meeting social needs, but by itself it will not win adequate levels of public funding to build enough housing. This is because the adoption of new and successful ideas is not a rational process, but rather one of context between social interests.

Bill Moyer has developed an eight-stage model of social movement activity.<sup>10</sup> The Movement Action Plan model describes the stages through which successful social change emerges in the

face of resistance. Social innovations produced by social movements emerge from the struggle between social interests.

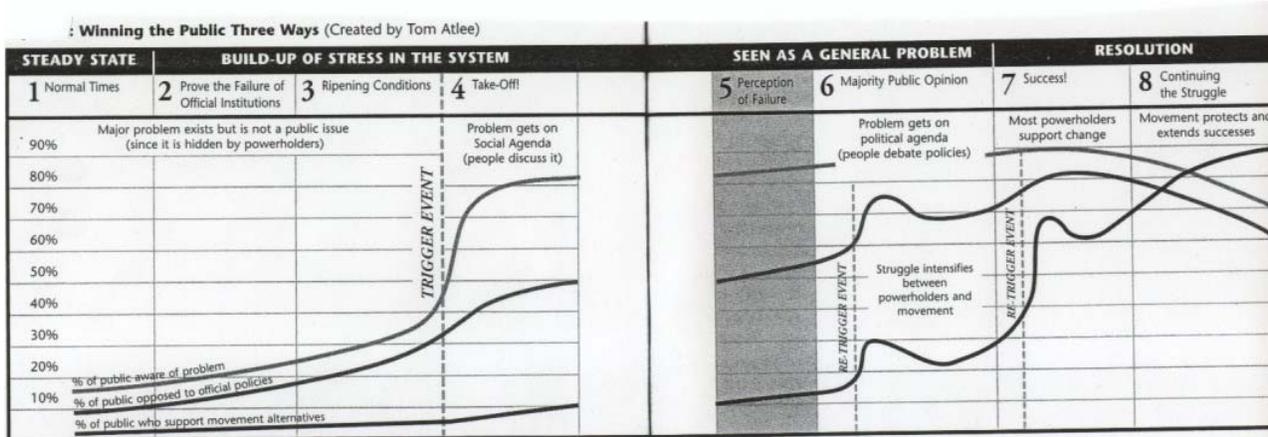
A social movement is not one integrated identity. It is made up of subgroups focusing on specific issues. There is not one integrated social housing movement. There are groups focusing on various sub-issues in the housing movement including, among others

- Shelters for homeless or abused women.
- Supportive housing.
- Housing for aboriginal people.
- Co-operative housing.
- Tenants rights organizations.
- Seniors housing.
- Youth housing.

As each group works towards its own goals success is achieved at varying rates and through diverse outcomes. Success in fact can be difficult to measure, both on a specific issue level and at a general level. Bill Moyer developed the Movement Action Plan model in response to this challenge.

*Social movements do not win overnight. Successful social movements typically progress through a series of eight clearly definable stages, in a process that often takes years or even decades. The Movement Action Plan's Eight Stages Model enables activists to identify the particular stage their social movement has reached, celebrate success achieved by completing previous stages, and create effective strategies, tactics and programs for completing the current stage and moving to the next. As they follow this process, activists are able to develop strategies to achieve short-term goals that are part of the long-term evolution to their ultimate objective. When they achieve the goals of one stage, activists can develop short-term goals, programs and activities for the next stage and so forth. This allows social movement organizers and activists to become social movement strategists.<sup>11</sup>*

The stages are illustrated in the chart below.



Moyer's eight stages are summarized below with reference to the degree of public awareness of the problem and the role of power holders and social movement activists. In the beginning stages the problem – in this case the inadequate availability of affordable housing – exists but is not on the public agenda, because its existence is being denied or hidden by the policies of power holders. This is the state called 'normal times.' The next three stages are about movement activities that get the problem on to the 'social agenda'; in other words, public awareness of the problem grows as power holders continue to deny it. Stage Four includes a 'trigger event' an event so powerful that dramatically reveals a critical social problem to the general public in a vivid way.

*The trigger event starkly reveals to the general public for the first time that a serious problem exists and that deliberate policies and practices of the power holders cause and perpetuate the problem by violating widely held societal values and the public's trust. The event instills a profound sense of moral outrage within a majority of the general citizenry. Consequently, the public responds with great passion, demanding an explanation from the power holders, and is ready to hear more information from the movements.<sup>12</sup>*

In the housing movement, the death on the streets in Toronto by freezing of Drina Joubert in Toronto was such a trigger event.

In stages five and six the issue is now firmly part of the political agenda. Movement activists typically go through a period of despair and disenchantment as the power holders acknowledge the issue but resist real change. However, the majority of the public has been aroused to the issue, and supports change. This support may not be focused around specific demands or specific solutions, but the support is there. It is the task of movement activists to focus this support on specific demands. The final stages are movement success where power holders pass legislation that addresses movement demands.

1. Normal Times
  - A critical social problem exists that violates widely held values.
  - Power holders support problem: their 'Official Policies' reflect widely held values but the real operating policies violate those rules.
  - Public is unaware of the problem and supports power holders.
  - Problem/policies not a public issue.
2. Prove the Failure of Official Institutions
  - Many new local opposition groups.
  - Use official channels – courts, government offices, commissions, hearings etc. to prove they don't work.
  - Become experts, do research.
3. Ripening Conditions
  - Recognition of problem and victims grows.
  - Public sees victim's faces.
  - More active local groups.
  - Need preexisting institutions and networks available to new movement.
  - 20 to 30 percent of public opposes power holder policies.
4. Take Off
  - Trigger Event.
  - Dramatic nonviolent actions/campaigns.
  - Actions show public that conditions and policies violate widely held values.
  - Nonviolent action repeated around country.
  - New social movement rapidly takes off.
  - 40 percent of public opposes current policies/conditions.
5. Perception of Failure
  - See goals unachieved.
  - See power holders unchanged.
  - See numbers down at demonstrations.
  - Despair, hopelessness, burnout, dropout, seems movement ended.
  - Emergence of negative rebel.
6. Majority public opinion
  - Majority oppose present conditions and power holder policies.
  - Show how the problem and policies affect all sectors of society.
  - Involve mainstream citizens and institutions in addressing the problem.
  - Problem put on the political agenda.
  - Promote alternatives.
  - Counter each new power holder strategy.
  - Demonology: power holders promote public's fear of alternatives and activism.
  - Promote a paradigm shift, not just reforms.
  - Retrigger events happen, reenacting Stage Four for a short period.

## 7. Success

- Large majority oppose current policies and no longer fear alternative.
- Many power holders split off and change positions.
- End-game process: Power holders change policies (it's more costly to continue old policies than to change), are voted out of office, or slow, invisible attrition.
- New laws and policies.
- Power holders try to make minimal reforms, while movement demands social change.

## 8. Continuing the Struggle

- Expand success.
- Oppose attempts at backlash.
- Promote paradigm shift.
- Focus on the sub-issues.
- Recognize/celebrate success so far.

It is important to recognize that movement activism never ends – in that the issue is never completely resolved.

*There is no end. There is only the continuing cycle of social movements and their sub-issues and sub-movements. The process of winning one set of demands creates new levels of citizen awareness, involvement and empowerment that generate new demands and movements on new issues.*

The broad goals of the movement activists to win majority public opinion through the eight stages of a social movement are:

- Creating awareness that there is a problem.
- Creating awareness the current social policy is inadequate.
- Organizing public majority support for alternative policies.

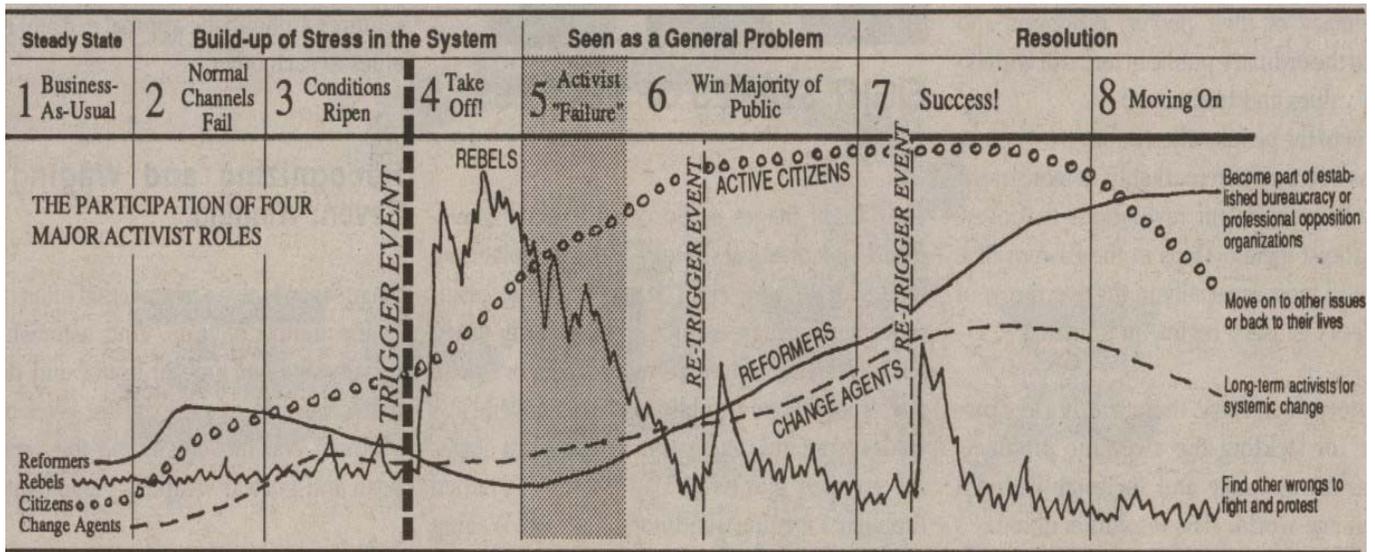
These goals and the strategies that enable them are sequential. Moyer describes four activist roles – *rebels, citizens, reformers and change agents* – each of which has a different role to play in achieving the different goals as the movement progresses.

Rebels are most active at the beginning and undertake activities – often dramatic – to put the issues in the public spotlight and on society's agenda. Citizens participate in a variety of ways to express their opposition to current policies and their support for alternative policies. Change agents create and support grassroots activism and organizations as the vehicle for expression of citizen power. Reformers refer to professional opposition organizations that lobby, advocate, use the courts and parliamentary channels to push for alternative policies.

Moyer's definition of activity at each movement stage provides a checklist for determining the kind of effort and level of success that is being achieved. Moyer's model is not predictive – it cannot forecast how long each stage will take, nor does success in one stage of movement activity guarantee moving forward to the next stage. Moyer's model is also not predictive of

uniformity. The movement stage being achieved in one geographic area may not be the same as another.

The chart below summarizes the eight stages of social movements, and the four activist roles over those stages.



(p. 84/85, *Doing Democracy, The MAP Model for Organizing Social Movements*)



**Element Three:** A network of local and intermediary organizations that do two things: provide support to community housing based development organizations by providing technical assistance and acting as financial intermediaries; and influence public policy reform through funding education, awareness, and advocacy activities.

The first two elements describe the entrepreneurial and social movement capacity of the organizations developing social housing. This element describes the important role of intermediary organizations to enable these local organizations to be successful, and to develop into a system of community-based organizations with the capacity to promote real change.

The specifics for the housing development aspect of the intermediary organizations are different from the social movement aspect – so these are described separately. The generalities of the role of intermediary organizations are summarized at the end<sup>13</sup>.

**Housing Development Intermediary Organizations:** Pomeroy and Lampert emphasize that significant levels of public financing are required to enable a community-based housing development sector to be sustainable. Intermediary organizations focused on financing and technical assistance had a significant role in helping the sector to grow.

*The fact that a relatively successful system has been developed in the United States is, in large part, attributable to the role of financial intermediaries – organizations that provide specialized skills and the influence necessary to mobilize capital for affordable housing production. Each of these intermediaries provides three key types of service:*

- *A conduit for private capital investment in projects being developed by local community non-profit organization.*
- *Technical assistance in project development and financing; and*
- *Capacity building within the community organizations*

*While serving a social role, these intermediaries have functions very much like private corporations, developing profitable product lines to fund their activities. (p. A21–22)*

These intermediaries exist at the national, state and local levels. Initially these intermediaries were created by foundations and by philanthropists; then they became sustained or replicated by government.

***Social Movement Intermediary Organizations:*** This kind of intermediary organization, say Pomeroy and Lampert, supports the development of the community capacity to initiate social housing development, and influence public policy reform through funding education, awareness and advocacy activities. Foundations and religious organizations in the United States funded these organizations.

Sidney Tarrow talks about the relationship between local organizations and the mechanisms that co-ordinate social movement goals. The basis of social movement activity is local organizations and social networks, but winning majority public support for a social movement goal – such as affordable housing – requires co-ordinating mechanisms and strategies. Intermediary organizations are part of the capacity for mobilizing local organizations towards social movement outcomes. Tarrow says there is always a tension in balancing the needs for these organizations to be structured enough to co-ordinate complex activities, and not so formal that they suppress local activity.

*The problem for movement organizers is to create organizational models that are sufficiently robust to structure sustained relations with opponents, but are flexible enough to permit informal connections that link people and networks to one another to aggregate and co-ordinate contention. ... the most effective forms of organization are based on partly autonomous and contextually rooted local units linked by connective structures and co-ordinated by formal organizations.<sup>14</sup>*

## Conclusion

The three elements of social entrepreneurship, social movement activism, and connection to intermediary organizations of both types are critical to the development of a community capacity to develop social housing. This community-based capacity could be an evolving third wave of social housing and could be a change of transformative quality – as described in Chapter 1. The stages in the Movement Action Plan mirror the stages in transformative change process that are described in Section Two using the model of S Curve analysis.

The combination of these three elements, as we will see in the next chapter, creates a system that develops an inherent capacity for growth. This occurs when social entrepreneurs create housing innovations, which are then copied by other social entrepreneurs. Social movement organizations champion these innovations as evidence that the problem can be solved and that another way is possible. The activities of local social entrepreneurs and social movement organizations need the linkages to, and support of intermediary organizations in order to leverage the public support necessary to win adequate levels of public investment and legislation in order to become sustainable.

The next chapter looks at the development of the capacity of the community-based sector to develop housing by looking at the American experience from the 1970s to the present. The American context – historical, political and economic – is different from that of Canada, but the emergence of a vital community-based sector may point to some directions for an emerging 'third wave' community-based sector in Canada.



## Chapter 4



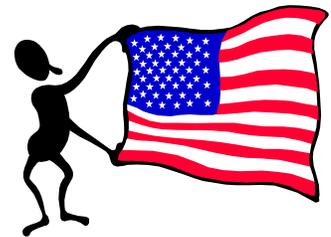
# Emerging Capacity in Canadian Social Housing Sector? Comparing American and Canadian Contexts

### American Context: Discussion of the Three Elements



**A community-based system of non-profit organizations with the capacity to be social entrepreneurs.**

There are over 20,000 groups sponsoring or developing community-based housing in the United States.<sup>15</sup> They developed over the last thirty years, beginning in a period characterized by economic decline, private sector withdrawal from the low income housing market and limited government support.



*Unlike the situation in Canada, through the 1970s and 1980s, low-income housing programs in the United States provided only limited funding for community-based non-profit housing development. Available programs focus either on subsidies to encourage private developers to construct low-income housing or on tenant-based shelter allowances. The non-profit community-based sector was largely precluded from low-income production programs: they matured in a relatively hostile environment and a private market ideology.*

*In short the seeds for effective private public partnerships were planted early and although in some respects the soil was not always fertile, a community-based sector both survived and became entrepreneurial and opportunistic – taking advantage of all possible sources of funding and expertise. They became adept at producing, or more often preserving, affordable housing by creatively latching on to available resources and cobbling together a project.*

The capacity for entrepreneurship developed out of the early experience of the first generation of activists, based in Community Development Corporations initiated under the War On Poverty initiative.

*The first generation of CDC's [Community Development Corporations] in the 1960s and 1970s included many well-intentioned but naive (even incompetent) reformers. The new generation as this report shows is more savvy and entrepreneurial. These groups have already overcome enormous challenges and obstacles. They operate in the most troubled*

*neighbourhood and against overwhelming odds. Despite this they have accomplished much."*<sup>16</sup>

The capacity for social entrepreneurship is important to the development of successful local projects. Pomeroy and Lampert stress that the success of this sector, however, is

*... primarily a consequence of very significant levels of public expenditure, working in concert with policies and practices that encourage and facilitate involvement of multiple partners. This includes the leverage of private financing*<sup>17</sup>.

The significant levels of public funding have been won by the social movement capacity of a wide variety of social justice, religious and neighbourhood organizations. Also, the community-based method of social housing production has intersected with a broad constituency of support outside of the social movement sector. For example,

*.... they have stretched limited public funds (and) by integrating public money with private capital [effectively lowering the risk on this private capital and attracting more of it]. Second, [the community-based sector] have helped to develop a very broad constituency of support for affordable housing. In the United States, affordable housing is not the sole preserve of a narrow constituency of advocates as, arguably, it is in Canada*<sup>18</sup>.



### **A community-based social movement with the capacity to win majority public support for adequate levels of public financing**

The social movement roots of community-based housing in the United States include:

- Urban distress and the urban reform movement. In the industrial heartland (the Northeast and Midwest), a network of community-based organizations were created with a strong interest in urban revitalization that inevitably embraced housing<sup>19</sup>
- The civil rights movement raised awareness about the situation of people on low incomes living in the inner cities. The urban riots of 1966 and 1967 created an urgent need for action.
- An important root of housing development funding in the United States, says Bratt<sup>20</sup>, was the community economic development movement. In the late 1960s, the needs of inner city low-income neighbourhoods began to get attention. The War on Poverty and Model Cities programs were responses to this. Although experienced as token programs in many ways, a new generation of activists and leaders emerged.

The philanthropic sector in the United States began funding homeless shelters in the early 1980s. Only a small proportion of foundation giving (1.2%)<sup>21</sup> in the United States in 1995 was for direct capital funding. The funding of services for the homelessness included funding for education and

to raise community awareness of the issue. This was important to the development of local community capacity for advocacy and organizing around housing.

*[An] important outcome of foundation funding and support for local capacity building is grassroots pressure for reform and funding on all levels of government but especially at the local level. Election of reform minded politicians can stimulate progressive programs and local initiatives...*

The involvement of the philanthropic community created links to the private sector that won support for their housing agenda.

*... [P]hilanthropists and the boards of foundations, typically comprising “establishment” representatives in networking and lobbying .... influence policy development and, in the case of networking in the financial services encourage participation in partnerships, loan consortia and special initiatives.*

As a result of successful advocacy, lobbying and policy reform, Pomeroy and Lampert report that the major federal expenditure or funding programs generate a total new annual federal expenditure of almost \$ 9 billion (1998),<sup>22</sup> the majority of which, they report, supports initiatives that are implemented by the community-based sector.



**A network of local and intermediary organizations that provide support to community housing based development organizations by providing technical assistance and acting as financial intermediaries; and influence public policy reform through funding education, awareness and advocacy activities.**

***Housing Intermediary Organizations:*** There is a multilayered system that has evolved in the United States. It includes legislative encouragement (such as the Community Reinvestment Act) as well as a broad set of supportive and facilitative mechanisms, including housing trust funds and loan consortia.

The key mechanism for delivering these supports to the community is intermediary organizations. Some of these are public and others are private sector. The chart illustrates the levels of organizations and their connection to the community organizations developing social housing. The organizations in the sample are those identified in the literature review.

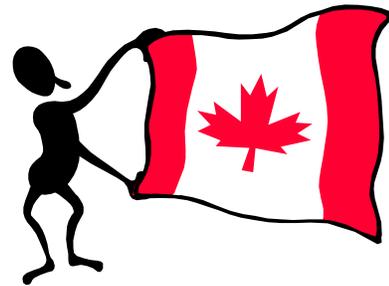
## Partial Inventory of Intermediary, Social Entrepreneur and Social Movement Organizations – United States<sup>23</sup>

Public Subsidy Federal	Community Reinvestment Act Government Sponsored Enterprise Fannie Mae, Freddie Mac Federal Home Loan Bank Community Development Block Grant Tax Exempt Mortgage Bonds Low Income Housing Tax Credit
State/Provincial Regional/local	Housing Trust Funds Matching grants (\$1 local/\$4 federal)
Private sector partners	Loan Consortia Corporate leaders and lenders serve on the boards of city housing partnerships
Intermediary Organizations Development Sponsors	Habitat for Humanity International Rebuilding Together – Christmas in April Housing Assistance Council
Loan Funds	Low Income Investment Fund National Housing Trust
Technical Assistance	City Design Centre Development Training Institute Institute for Community Economics
Community-based Development Sponsor (Social Justice organizations with housing development activities)	<ul style="list-style-type: none"> <li>▪ ACORN Housing Corp. of Illinois</li> <li>▪ Action for Boston Community Development</li> <li>▪ Appalachia Service Project</li> <li>▪ Atlantis (Denver)</li> <li>▪ BRIDGE Housing Corp</li> <li>▪ Community Service Society of New York.</li> <li>▪ Eden Housing Inc.</li> <li>▪ Fifth Avenue Committee</li> <li>▪ Margert Community Corporation</li> <li>▪ Mercy Housing Inc.</li> <li>▪ Mid Peninsula Housing Coalition</li> <li>▪ National Housing Development Corporation</li> <li>▪ NOAH (Neighbourhood or Affordable Housing)</li> <li>▪ Self-Help Enterprises</li> <li>▪ Tenderloin Neighbourhood Development</li> <li>▪ Upper Shore Aging Housing Corporation</li> <li>▪ Urban Edge (Boston)</li> </ul>
Loan Funds	<ul style="list-style-type: none"> <li>▪ Low Income Housing Institute</li> <li>▪ Housing Trust of Santa Clara County</li> <li>▪ UUAHC – Unitarian Universalist Affordable Housing Corporation</li> </ul>

## Canadian Context: Discussion of the Three Elements



### **A community-based system of non-profit organizations with the capacity to be social entrepreneurs**



There is no estimate available for the number of community-based housing development organizations in Canada. The per capita ratio of community-based housing development organizations is approximately one organization for every 14,000 Americans. This is based on assumptions of more than 20,000 community-based housing development organizations<sup>24</sup> in a population of 280 million. Based on a Canadian population estimate of 30 million, there would be more than 2000 community-based organizations developing affordable housing in Canada if the Canadian sector was as developed as the American sector.

Pomeroy and Lampert say that in Canada an existing infrastructure of experienced non-profit development groups remains, but in the absence of development fee revenues, it is eroding. They also say the same pressure did not exist in Canada as in the United States to develop the same capacity for social entrepreneurship.

*While some experimentation with joint ventures is evident in the latter 1980s there has been less urgency to be creative and develop alternative approaches. A well-established non-profit production system emerged and was maintained by public funding programs continuously over a 20-year period, albeit it with diminishing levels of funding in the latter years. Arguably the non-profit sector itself became dependent on government subsidies. Consequently the entrepreneurial spirit and culture that characterizes the U.S. system did not have the necessity to evolve and accordingly is far less apparent in Canada.*

A study of the capacity for social entrepreneurship by community-based non-profit housing development organizations in Canada has not been done. There are studies on the factors that make housing projects affordable. The CMHC Report, *Affordable Housing Solutions: Fifteen Successful Projects* (1999), describes and summarizes the characteristics of recent successful housing projects. It does not look at the characteristics of the organizations that developed the projects.

Four examples of successful affordable housing projects were selected and the leadership of the projects was interviewed for this study. The results of the open-ended interviews were analysed from the perspective of the social entrepreneurship factors outlined in the National Housing Institute study from the U.S.

The key informants were interviewed to identify in more depth the factors that they thought were critical to the success of their projects. The four projects are

1. Hydro House, developed by Kitchener Housing Incorporated – Kitchener, On.
2. Quayside Village CoHousing Ltd. – self developed – North Vancouver, B.C.
3. 25 Leonard Street developed by St. Clare’s Multi-faith Society, Toronto, On.
4. Saskatoon Housing Initiatives Partnership (SHIP), Saskatoon, Sask.

The chart below summarizes the ten items on the social entrepreneurship index that are present in each of these examples.

Social Entrepreneurship Factors	Quayside Village CoHousing Ltd.	Hydro House – Kitchener Housing Inc.	25 Leonard Street – St. Clare’s Multi-faith Society	Saskatoon Housing Initiatives Partnership
Motivational Factors			✓	
Deep Commitment to Social Justice				
Necessity and Struggle	✓		✓	✓
<b>Entrepreneurial Leadership</b>				
Managing and Limiting Risk	✓		✓	✓
Effective Leadership	✓	✓	✓	✓
Technical Skill		✓	✓	✓
Learning from Trial and Error		✓	✓	✓
Creating a Shared Vision			✓	✓
Building Resident Participation, Self-Help & Sense of Community	✓			✓
Networking with other groups, Neighbourhood institutions and Consultants	✓	✓	✓	✓
Financing and Entrepreneurial Spirit		✓	✓	✓

Two of these organizations – Kitchener Housing Inc. and St. Clare’s Multi-faith Society have the capacity to replicate multiple projects. Kitchener Housing Inc. has developed three examples of the Hydro House model producing three units of housing. Also, St. Clare’s Multi-faith society has produced one housing project creating fifty (50) small one-bedroom units. Upon completion it became the largest social housing project built in Ontario in the last seven years. Features of their development indicate their capacity to produce more projects.

Saskatoon Housing Initiatives Partnership (SHIP) is an intermediary organization. It has the capacity to replicate organizations that can develop single and multiple projects. Quint Development Corporation, in partnership with SHIP has assisted ninety (90) low-income families (average income \$17,000) to move towards owning their own homes.

SHIP provides technical assistance and recently assisted COMFY – a Métis housing organization – to acquire ninety (90) units of rental housing. SHIP is currently involved in two new strategies – developing new sources of financing and better technical assistance for both borrowers and lenders.

Two of the ten criteria appear to be present in all four of these case examples. These are the entrepreneurial leadership factors of effective leadership, and networking with other groups, neighbourhood institutions and consultants.

**Effective leadership:** is not leadership style, of which there can be a great variety, say the authors Atlas and Shoshkes. The characteristics that they found effective leaders shared are:

- Deep conviction.
- Hard work.
- Savvy, tenacious, results oriented and customer sensitive.
- Trial and error problem solving, learning quickly from their mistakes.
- High skill at conflict resolution.
- Encourage a sense of community and involve residents in decision-making.
- Use resources in new ways and benefit from long-standing relationships with consultants.
- Play an active role as affordable housing advocates and seek opportunities to share information, learn from others, and help shape housing initiatives both locally and in the broader context.

Each of the four case examples stressed the importance of effective leadership. The following comment from Quayside Village example summarizes the spirit of their comments:

*Another key factor to success was the need for “one burning soul” to participate in the project, one so dedicated that they would carry on even if it meant doing it alone. They are the strong anchor point for a given project. This person would be the “point of light” that would provide strength and attract others to join and create community no matter what challenges arise. Above all, this key person must not be of a controlling nature. With this one person in place, others start to follow<sup>25</sup>.*

**Networking with other groups, neighbourhood institutions and consultants:** All of the case examples stressed the importance of access to appropriate technical consultants, a resource they defined as critical to their success. In addition, the case example projects identified the following types of partnerships that they found to be important

- Municipal staff and councillors.
- Architects and builders.
- Other non-profit housing groups and sectoral organizations.
- Social service agencies.
- Finance institutions.
- Provincial and federal government.

**Necessity and Struggle:** In addition, the motivational factor of ‘necessity and struggle’ is present in three of the case examples. This factor refers to the conditions motivating the needs of the tenants, or the process of ‘struggling together’ to create the housing.

The Quayside Village Co-housing leader stressed the importance of the internal struggles of the group that developed their capacity to see the project through.

*The struggle and the success in fact, were both found within the process of learning the group work and using the consensus model. The changes in perception and experience were quite dramatic as a “pain to peace” process, there were many fear blocks and much group work to do through the journey<sup>26</sup>.*

St. Clare’s Multifaith society was formed in response to the urgent need of homeless youth in Toronto.

The Saskatoon Housing Initiatives Partnership was formed in response to noticeable neighbourhood decline and disinvestment; measurable increases in economic segregation, social exclusion and concentrations of poverty; and the increased attention to the impact of inadequate housing on community stability, economic vitality, and the health, education and safety of both households and their communities. The development of secure tenure for people with low-income housing included a co-op ownership strategy. The commitment of the people to their neighbourhood was a key criteria in their participation.

*Quint’s program enables the residents of the five (thus “Quint”) core neighbourhoods of Saskatoon to become the owners of their homes and neighbourhoods. The primary selection criterion was for people who could demonstrate a commitment to their neighbourhood. This addresses a core concern, that of increasing neighbourhood stability, and avoids attracting people who mainly want a low-cost house, but have no desire to live in or improve the neighbourhood. The program relies on the concept of peer lending, in that co-op members are responsible to each other for making sure their homes remain in good condition and the mortgage is being paid.<sup>27</sup>*

The motivational factors are perhaps the hinge that connects the social entrepreneurship capacity with the capacity for social activism in the next section. The motivational factor of necessity and struggle is required to overcome the obstacles to successful projects, and also the long haul motivation required to win majority public support for increased public investment. The language of St. Clare’s Multi-faith society is instructive – *Faith Develops Projects & Money Follows Ideas*.



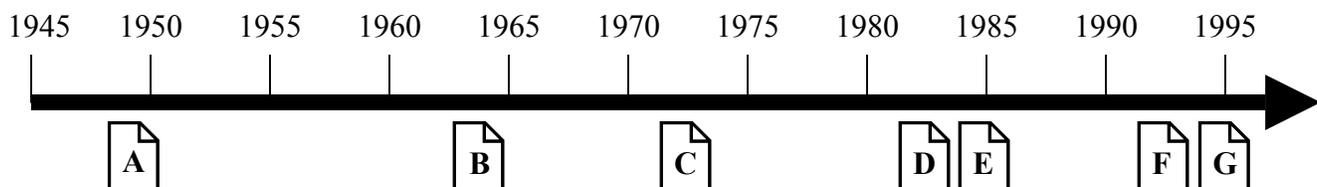
### **A community-based social movement with the capacity to win majority public support for adequate levels of public financing**

Gathering detailed information about the social housing movement in Canada is not within the scope of this Report. Proxy measures can be used to represent the outcomes of social movement activity. Bill Moyer argues that social legislation is created in response to movement activity – it is never in the interest of power holders to create this legislation, they do it as a result of organized social advocacy. Therefore, the highlights of housing legislation in Canada may provide an indicator of the social movement activity that produced it.

A history of the highlights of federal social housing legislation from 1949 to 1993 is excerpted from David Hulchanski's recent discussion paper – *Housing Policy for Tomorrow's Cities*. These highlights are described in the chart on the next page.

The amendments to the National Housing Act in 1964 and 1973 enabled the production of most of the social housing in Canada. Some of the specific social factors that shaped a policy shift from public housing to more community-based housing have been described in Chapter 2. In the late 1960s and early 1970s there was vigorous advocacy by the co-operative housing movement – supported by faith and labour organizations – that piloted several co-operatives and lobbied successfully for a national funding program. In more general terms, social moment influences in this period included the civil rights movement, the anti-war movement and the women's movement, all of which shaped social demands for re-distribution of society's benefits. The retrenchment of the state that began globally with the election of Margaret Thatcher in Britain and Ronald Reagan in the United States begins to occur in Canada with the election of Brian Mulroney. The Mulroney Conservatives began cutbacks to housing in 1984 with their 'mini-budget', and Jean Chrétien's Liberals completed the withdrawal of federal funding for housing in 1993.

A simple comparison with Bill Moyer's eight stage model would suggest that the movement started in the early part of the 1900s and reached stage six or seven in the early 1960s with the resulting public housing program. A maturing co-op housing movement in turn, reached stage six in the early 1970s as evidenced by the legislative amendments that enabled the co-op housing program, and by extension the non-profit program. This component of the housing movement in Ontario reached stage seven or eight in the late 1980s. Arguably the housing movement had assumed that the struggle for social housing was won, and that increasing expansion of supply was the only movement task. The declining federal support from 1985 to 1993 was seen as a temporary setback – not as a prelude to the complete cancellation of federal funding.



### Legislative Legend



1949 National Housing Act amended and a public housing supply program launched

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*1964 Amendments – implemented the recommendations of the housing studies of the 1930s and 1940s created a federally funded, municipally administered public housing program allowing a direct relationship between the federal government and provinces or municipalities.*

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*1973 Amendments including the establishment of assisted home ownership program, a neighbourhood improvement program, a housing rehabilitation program, a municipal land assembly program, a native housing program and a new non-profit and co-op housing program. These programs were based on direct federal government relationships with non-profit and co-op housing groups and municipalities in the case of social housing supply, individual owners in the case of housing rehabilitation program, and individual municipalities in the cases of the Neighbourhood Rehabilitation Program and the land assembly program.*

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1984 Mini-budget made a number of cuts in housing programs.

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1985 Housing Task Force makes two conclusions:

- Focus on better targeting of housing subsidies and a cheaper method of delivering subsidies.
  - Concern about long-term commitment involved in providing housing assistance for low-income households.
- 



1993 Federal funding for new social housing is ended in 1993.

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*1995 Canada Assistance Plan is eliminated and Canada Health and Social Transfer is initiated reducing transfer payments to the provinces. Since 1995 most provinces have made significant changes to the nature and delivery of social assistance programs. In part as a result of three changes the pool of households at risk of homelessness has increased, along with the number of people actually experiencing homelessness.*



**A network of local and intermediary organizations that provide support to community housing based development organizations by providing technical assistance and acting as financial intermediaries; and influence public policy reform through funding education, awareness and advocacy activities.**

There are two recent programs worth noting that may indicate a willingness for the federal level to re-engage.

*The Supporting Communities Partnership Initiative (SCPI):* \$1 million in federal money was made available to the Region of Halton in 2001 pursuant to the Region completing a community plan. The purpose of the initiative is to directly fund local initiatives chosen by the community to address homelessness. The plan entitled *A Journey Home* is based on a 1999 directive of Council that “people in Halton should be able to live in their own community”. It was undertaken in concert with community partners and lays out the “hidden” nature of poverty across the Region and proposes a continuum of responses from shelter to permanent, affordable housing to meet the need. A Community Advisory Committee was formed to recommend worthy projects for funding and a number were approved including the development of a first-ever permanent emergency shelter for the Region, transitional housing and community groups doing research and lobbying for change. An evaluation of the program is currently underway and the federal government has recently extended the initiative nationally for another two years.

*The Federal/Provincial Housing Program:* In May of 2002, the Province of Ontario signed an agreement with Canada Mortgage and Housing Corporation (CMHC) to provide \$245 million in matching funds to enhance the supply of affordable housing. In Halton, this means the potential creation of approximately 300 new units over the next five years. Although designed to deliver housing at levels equal to current CMHC average market rents, the program in Ontario, called the Community Housing Rental Program, relies on significant contributions from the municipality while the province only provides \$2,000 of the \$25,000 per unit to match the federal funds. The Region has been looking for ways to use the program to target lower rents, but the low provincial contribution and relatively small impact of the program in Halton given high demand and historically low vacancy rates, demonstrates the need for senior governments to re-engage fully with a national housing strategy and an ongoing delivery program.

In the private sector “the corporate and lending community is virtually absent, beyond providing standard conventional and insured financing”. As Pomeroy and Lambert wrote,

*No financial intermediaries have emerged beyond CMHC, which provides some technical advice but does not replicate the wide range of functions typically performed by U.S. intermediaries<sup>28</sup>*

The Canadian Alternative Investment Co-operative ([www.caic.ca](http://www.caic.ca)) is an organization providing loans for social housing projects. A web search with the keywords “affordable housing loan funds” yields many American examples, and the Canadian Alternative Investment Co-operative is the only Canadian organization that emerges.

In contrast, an American web site providing information on community investment ([www.foundationpartnership.org](http://www.foundationpartnership.org)) includes a link to a Community Investment Profiles Database that lists a wide range of community investment funds by state, including many funds for affordable housing. A similar range of loan funds organizations is not as easily identified in Canada.

## **Conclusion: Elements Combine into a Supportive System**

It appears that at present, the characteristics that distinguish the community-based sector in the United States promoting social housing from that of Canada are:

1. Higher levels of public financing supported by a broad base of constituencies in public and private sectors.
2. A community-based system of non-profit organizations with the capacity to be social entrepreneurs supported by intermediary organizations and complementary relationships with social movement organizations. In fact, the housing mission is usually embedded inside a larger organizational mission of social justice and/or neighbourhood revitalization. This is because housing innovations alone will not attract adequate public funding – a social movement campaign is also required to win public support for public financing and investment.
3. Recognition that the capacity of the community-based system evolved – it was not prescribed. It grew from particular starting points in particular conditions, and grew as other organizations in the system copied and revised the successful innovations of others, and as social movement organizations used the demonstration of those housing successes to make demands for increased public investment.

This last point requires emphasis. The capacity of a community-based system grew from the bottom up. It was supported and stimulated by the investment of funds by external government and foundation sources. But the capacity grew as it was focused around local housing projects that formed the starting point for innovation, and these successes created the case for the effectiveness of increased public investment.



## Chapter 5



# Think Like A Butterfly Swarm Like the Bees

### Introduction

The cancellation of the non-profit housing program was a dramatic shift in social policy that was experienced with all the force of a metaphorical hurricane by the people who needed affordable housing, and by the people working in the non-profit housing sector. It was a disaster for many people who needed housing, and left many people active in housing issues feeling hopeless in its wake.

The non-profit housing program was part of a bundle of initiatives that were cancelled by the incoming Conservative government in Ontario in 1995. The cancellation was such a fundamental rejection of the role of government in forming social policy that it was experienced like a political hurricane. A real hurricane is devastating – but at some level we understand it as a force of nature – unpredictable yet understandable. Hurricanes in nature are understandable because we can see the weather patterns from which they emerge, and we understand the fundamental dynamics that produce them, even if we cannot predict the exact time of their formation or their ultimate force. Unlike weather forecasting, we do not have a similar way to understand the social pattern from which this political hurricane emerged or the fundamental dynamics that produced it. For many people, it simply was unleashed upon them.

Does this hurricane mean the end of meaningful social housing policy in Ontario? To address this question requires a historical view of two things – the social movement activism that pressed for social housing, and the nature of the social innovations that have been produced in Canada in the last fifty years.

### Think Like A Butterfly: The Potential for Transformative Change is All Around Us...

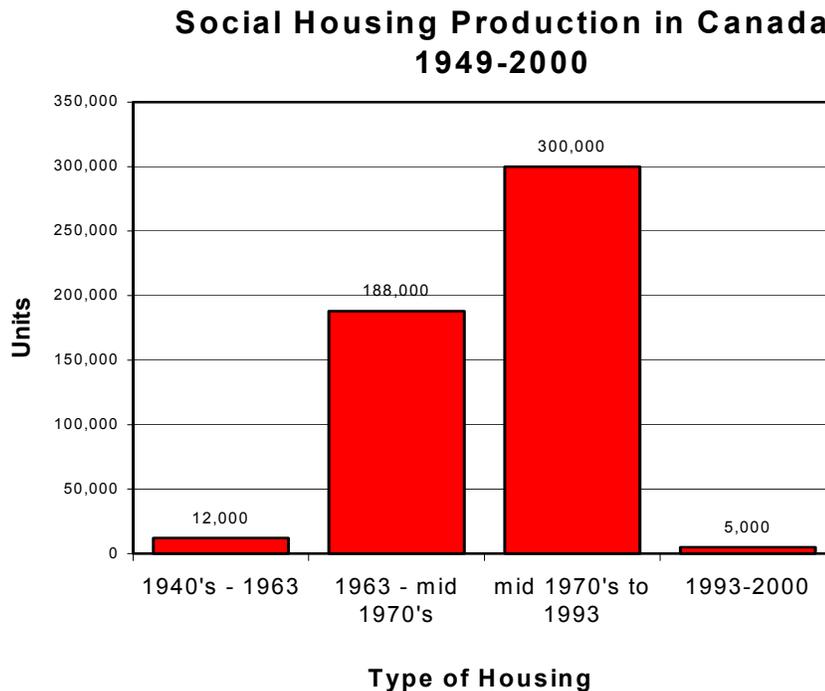
There are two kinds of patterns of innovation or change that can be identified in a social system, through a historical perspective. The first kind of change – called first order change by some theorists<sup>29</sup> – is change of an incremental nature. This change – either growth or decline – occurs in relatively small amounts, by factors of less than ten. Second order change occurs (again in growth or decline) at an exponential rate (meaning factors of ten or more) but also occurs as change of a qualitative nature. This second order change is also referred to as transformative change, and is the type of change to which this report will regularly refer.<sup>30</sup>

Two everyday examples of the idea of ‘transformation change’ help us understand its dynamics. The first example – boiling water to make steam – illustrates the simple form of a transformation change. The application of energy to the ‘system’ of water has no perceptible effect until it reaches a threshold level. The appearance of water as it is heated and approaches the boiling point hardly changes. However, once it reaches the threshold level – the boiling point – it becomes turbulent and transforms into steam, something perceptually different.

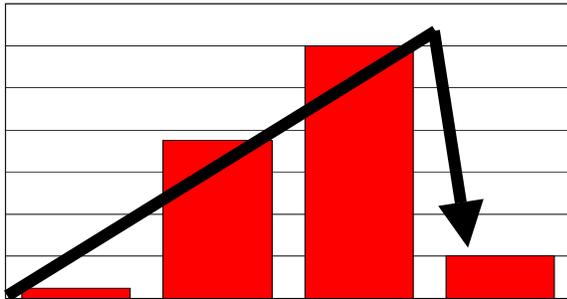


The second example – the transition of a caterpillar to a butterfly through metamorphosis – is a richer metaphor for understanding the process of social change because it illustrates the possibility but also the potential peril of transition periods in transformation change. When it is ready, the caterpillar builds itself a cocoon, and seals itself inside. Once inside, the caterpillar ‘goes to goo’ and after some time, the new structure – the butterfly – emerges from the goo. The cocoon is a time and place in the process of change between states where the caterpillar has disappeared and the butterfly has not yet emerged.

Approximately 500,000 units of social housing have been developed in Canada since 1949. The chart below illustrates the approximate numbers of social housing created in each of the four time periods. Does this chart describe the end of social housing? The interpretation of the sudden decline in social housing production depends on our model of social change.

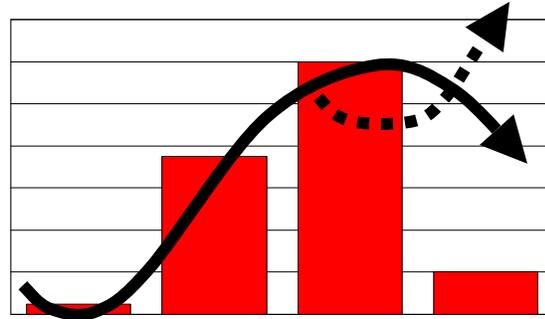


Is the picture of social housing development Canada the picture of the end? Or is it a picture of decline before the emergence of a new and powerful third wave of development emerging from the capacity of a vital community-based sector?



### **Linear change Model**

In a linear system, the production of housing units in the fourth time-period represents the end, and therefore the failure of social housing.



### **Transformative Change Model (Non-Linear)**

In a non-linear system, the production of housing units in the fourth time period is the decline that anticipates potential transformation to a third wave of development based on a revitalized community-based sector.

Once support has declined and a policy has been reversed or terminated, can it be revived or transformed? The history of the development of social housing is described in Chapter 2, and it suggests that there have already been two ‘waves’ of transformative change in the production of social housing in Canada.

In the fifty-year period the production of social housing was not uniform. From the 1940s to 1963 the government program produced about 850 units a year. From 1964 to 1973 there were 200,000 units of public housing – about 10,000 per year. In the next twenty years – from 1973 to 1993 – the federal government programs produced almost 300,000 units, approximately 15,000 per year.

In his paper, *Housing Policy for Tomorrow’s Cities*, Hulchanski says that an effective housing program was launched with amendments to the National Housing Act (NHA) in 1964 that produced 200,000 public housing units. Further amendments in 1979 expanded housing programs and included the creation of non-profit and co-op housing programs. These programs began to be cut back in the mid 1980s and federal support was completely withdrawn in 1993. In Ontario, non-profit and co-op housing development continued as a result of housing initiatives, launched first under the Liberal minority government as part of its Accord with the NDP, and later continued by subsequent Liberal and NDP majority governments.

Hulchanski proposes five types of future housing programs to respond to the need for housing, with the biggest investment being required for capital subsidies to bring down overall rent levels of new housing. There were capital subsidies from the 1960s to the 1980s in Canada.

Hulchanski concludes by saying that government knows how to address the housing problem, but is not, and then frames the problem of housing as an ethical issue of human rights. He says:

*Will those in a position to make the necessary decision do so? This is a political problem. The nature of the problem is now well understood... and the package of solutions is not complicated or even very expensive for a country with Canada's wealth.... (p. 25).<sup>31</sup>*

When Hulchanski says it is not a political problem he is referring to an unwillingness to redistribute society's benefits – not an inadequacy of housing policy mechanisms.

What is the process by which decision-makers in a wealthy country decide to invest in a program – like social housing – that is redistributive? If it is not a technical problem to solve the housing problem, then it must be an issue of political power. The social movement strategy is about how to win majority public support for this redistribution.

### **...And Swarm Like The Bees: Because Social Change is Won Through Struggle**

There are two comments in the conclusion of Hulchanski's paper each of which can be interpreted as resting on different assumptions of power. In the first comment "will those in a position to make the necessary decisions do so", the implication is that the agency for change rests with the government – the power holders as Moyer describes them.

In the second comment focusing on the human right to adequate housing, a second agency is implied – that of social justice. Hulchanski echoes a question from an American activist who calls for a civil rights movement for renters and asks, "*Where are the institutions that promote and protect the economic and political interests of renters?*" Those institutions tend to be social justice organizations outside of private and public institutions of the group Moyer calls the power holder elite. Good policy and the availability of program solutions is not enough – politics plays the ultimate role in implementation. Moyer, citing the historian Arnold Toynbee says "*The real struggle in the world was always between vested interests and social justice.*"<sup>32</sup>

The revival of a national social housing program, including provision of capital subsidies, framed in the language of human rights, and delivered by a vital community-based sector would be a transformative change in social housing policy in Canada. It will require social movement activism to bring "those in a position to make the necessary decision to do so" – they won't make those decisions on their own.



Majority public support, according to Bill Moyer's model, must be won at three levels to bring those in power to make the necessary decisions.

Movement organizations and activists must

- Create awareness that there is a housing problem – identify the gap between the myth and the reality of housing need.
- Create awareness there is a gap between the official policies and practices of the government and the actual impact of their policies and practices.
- Create public majority support for alternative policies.

As with the process of metamorphosis however, emergence of transformative change through social movement activism is not guaranteed. Majority public support for a transformative social housing policy and alternative social housing programs must ‘be won’<sup>33</sup>. That support will bring the financial and regulatory support to enable sustainable levels of social housing production.

There is a history of winning majority public support for housing programs in Canada, although it may not be familiar to enough people. Jill Wade, writing in *Houses for All: The Struggle for Social Housing in Vancouver 1919-50*, makes a comment on the Vancouver experience that probably applies across Canada:

*..records held in archives ...reveal a housing problem extending back into the early years of the twentieth century and an equally persistent response emerging from citizens and governments alike. In particular the housing hardships of the 1930s and 1940s generated a reaction of great vigour and lasting impact. Unfortunately, the history of this activism has until now remained unwritten, and a ‘rupture in historical memory’ has left the activists of the 1990s (with some exceptions) unaware of previous crises and older struggles and achievements.<sup>34</sup>*

## Finding Critical Hope

The historical record of social movement activism around housing in Canada provides hope. Paulo Freire says that hope must be based on critical analysis to be meaningful.<sup>35</sup> It must be based on a conscious and clear-eyed understanding of the material conditions of the moment. When these are understood, no matter how dire, then strategies that lead to real hope can be formed.

In re-considering the metaphor of transformational change expressed by the metamorphosis of the butterfly, it is a reality that the caterpillar must ‘go to goo’ as a pre-condition of transforming. The chrysalis provides the conditions in which the new change can occur and emerge. When the change is created – the butterfly – it must then struggle to emerge from the confines of the cocoon.

This section of the Report interprets the current decline of social housing as a ‘go to goo’ event. It then interprets the ‘chrysalis’ conditions that can lead to the emergence of transformative

social change. This interpretation of the innovations in social housing development is based on two things: the development of a community-based non-profit housing production capacity in the United States and the literature on transformative change. The interpretation of the American social housing production sector is contained in the first section of this report; the theory is reviewed in the second section.

The two models reviewed in this section give two explanations of social housing innovation. The literature on technological innovation (see the S Curve) says technologies decline when they have a declining marginal rate of return. The success of the technology attracts more complex problems for it to solve. Eventually, the complexity of the problems being attracted exceeds the capacity of the technology to meet those complex needs. Out of 'success' occurs 'failure'.

The social housing program was very successful at each stage in its historical development. Its success brought it to new levels of complexity in terms of the needs it addressed. New programs were created in communities and policy support was won for them by the demonstration of the effectiveness of the new programs, but also by the social movement activism in support of that policy.

The struggle for social innovation to emerge successfully is interpreted through the social movement framework of Bill Moyer. It is this struggle that will determine whether the innovations developed in the chrysalis will win majority public support and receive the public financial and policy support required to make the housing innovations fly.

These insights hopefully will fuel critical hope by enabling housing advocates to see the historical transformations in the development of social housing. They then can identify the potential elements that can leverage the emerging capacity of the community-based social housing sector to produce sustainable social housing.

If the analysis proves useful, it can guide the development of strategies and social policy that supports the emergence of a strong community-based social housing sector. The analysis does not guarantee innovation; it will be characterized by struggle, just as the butterfly must struggle to free itself as a final step in giving life to its new form. But without an analytical lens that enables us to see the possibility of transformation emerging from the 'goo' of the current situation, we may only know despair.

We do not know what consciousness the caterpillar has of its impending change to a butterfly, but as an outside observer, it is the experience of having witnessed the metamorphosis before that gives us confidence, even hope, that butterflies emerge from cocoons. If we had not witnessed this process of change, we would only know despair for the caterpillar as it enters the cocoon; we could not feel or know hope for the butterfly that will emerge.

This section of the Report seeks to unveil opportunities for hope by creating a lens through which to witness the emerging capacity.



## **Section Two**

# **The Theories**







## Chapter 6



# Transformative Change in Conditions of Social Decline

### Introduction: Present Instability Become Future Opportunity

There are two kinds of change in social systems: incremental and exponential. Incremental change is sometimes called linear change; the system grows slowly in a similar direction. Exponential change is sometimes called non-linear change. The growth can be sudden, explosive and transform the nature of the system so that it is in a different state. In the introduction, two metaphors were used to describe this kind of change. One metaphor was the transition of water to steam through boiling and the other was the change of the caterpillar to a butterfly through metamorphosis. A metaphor for linear change might be the process by which a snake sheds its skin. As the snake grows, it has to develop a new skin and shed its old to accommodate its new capacities, but it is still a snake at the end of the change process; it has not been transformed into something else.

Incremental change is linear and can be mapped or plotted along a straight line. Non-linear change is called transformative change because the system is fundamentally different after the change. The path of non-linear change is not straight. It includes periods of growth and decline, often in a cyclical sequence.

There is a fundamental assumption in our society that economic and social development should be linear. It should be measurable and predictable, and controllable. If our strategic plans and our policies are good, then there will be continuous growth. If there is not continuous growth then our plans and policies must be bad. Within these assumptions, decline then becomes failure.

The assumption underlying non-linear change is that decline in social systems is 'normal', and it is a prerequisite to renewal and transformation. Renewal and transformation are neither predictable, nor controllable, but are knowable. Good strategic plans and policies will always reach a point of diminishing returns, leading to the decline of the plan or policy. This is neither bad nor a sign of failure. Using the S curve to map the non-linear change helps us develop strategies to foster innovation in times of transformation.

The analysis in this document seeks to demonstrate that the present conflict and uncertainty felt amongst social housing innovators can be seen as part of an orderly process of social innovation. The report illustrates the critical reality that all social policies reach limits in their effectiveness and must be reinvented. This need for reinvention is a sign of the success of the original policy and we should anticipate the need for its reinvention, and promote awareness that reaching the limits of a policy and needing to reinvent it is normal.

This chapter introduces S Curve analysis as a way to take the long view that incorporates the analysis of historical patterns, with confidence that present instability can become future opportunity. Jonas Salk, who developed the polio vaccine, commented:

*Although the tension and chaos that characterize the conflict present a picture of a world that is disintegrating, the longer view, looking at the S Curve over a period of time, shows that these 'conflicts and uncertainties can be seen as part of an orderly if somewhat difficult process of nature. Looked at this way, the disturbances of the present time may be seen not as a symptom of a disease ...[but as] the uncertain beginnings of new patterns appropriate to the emerging conditions'<sup>36</sup>.*

To use a private sector example, the manufacturers of radios reached the limit of vacuum technology in the late 1950s. Solid state electronics – transistor radios – were invented in response to the limits of vacuum tubes. But no one came along and said radios were a failure, and radio manufacturers should have their businesses nationalized because vacuum technology had reached its limits.

Similarly when a particular form of a social policy reaches its limits – as the direct subsidy of operating costs for social housing may have – this is no reason to accept that the production of social housing should be privatized. Social housing has been successful for fifty years, and – as will be argued in the following chapters – has been through two successful cycles of innovation and is on the verge of a third significant cycle of innovation.

To understand the transformation change process of non-linear change, this chapter presents the following concepts:

- In non-linear change, innovation emerges from interaction among members of a system and is therefore not predictable or controllable, but it is knowable.
- S curve is a way to map or 'know' this non-linear change

## Donald Schon's Learning Systems

Donald Schon argues that innovation in a system emerges from interaction among its members, and is therefore neither controllable, nor predictable. In a moment, we will examine this argument, but first, we need to understand whether social housing can be considered a system.

Schon defines a system as “any complex of firms related to one another in the performance of a major social function.”<sup>37</sup> Using this definition, we can see that social housing is produced from a sector that includes a mix of private and non-profit community organizations that develop land, create designs, provide financing, construct and sell housing; all of which is the performance of a major social function. Social housing also includes municipal, provincial, and federal government authorities that create and monitor regulations affecting all these stages in the development process.

To apply this definition, we can use David Hulchanski's work. He argues:

*Although many Canadians refer to the health care system, or the social welfare system, few refer to the housing system. Most people talk only of the housing market. ... The housing system is a socially created institution. It is a mix of public, private and non-profit actors. Over the past two decades the public and private actors in the system have increasingly left more and more people without housing. Homeless making processes are now a part of Canada's housing and social welfare systems.*"<sup>38</sup>

Hulchanski's work speaks to the frustration of the failure of the present economic and social technologies (plans and policies) to address the very problem (homelessness) they were created to solve, and makes explicit how social housing works as a system.

Having established that social housing is a system, we can now examine the implications of how innovation works within a system, and explore how it is neither predictable nor controllable.

Schon states that innovation occurs within the system as a result of interaction among the different players.

*An innovation in one part of the system [leads] to another, creating waves of new requirements to which others in the system [have] to respond in still different ways. To each element in the system, the wave [brings] requirements or opportunities for new products and services. The diffusion of product-innovation contributes to an overall transformation of the system whose character becomes clear only after the fact.*<sup>39</sup>

Innovation occurs in a delayed response to government policy – including the cancellation of funding programs. While the cancellation of funding may lead to the death of a population of social housing organizations, it does not necessarily mean the end of innovation: “within (a) system, innovation turns out frequently to be a response, at a lag, in one part of the system to what another part of the system has done.”<sup>40</sup>

This capacity for self-regulated change leads Schon to define social systems as ‘learning systems’. They generate change from within, as a result of their interactions that are not, and cannot be centrally managed from within or outside the system. Schon tells us that social policy setting departments in government are part of the system, not outside of it. This has implications for social policy architects.

*When we speak of ‘the formation of social policy’ we envisage society as a giant ‘decider’ and we see social change as a process in which society confronts its changing situation, makes up its mind what is to be done, and carries out its decisions.*

*There is an entirely different perspective on social change – one shared by anthropologists, economists and students of the history of technology, as well as by some business managers – according to which social change occurs as inventions come into use and fan out over the society. Here the central metaphor is not ‘deciding’ but ‘spread’, ‘propagation’, or ‘contagion’. Diffusion of innovation is a dominant model for*

*the transformation of societies according to which novelty moves out from one or more points to permeate society as a whole.<sup>41</sup>*

Knowing that non-linear change innovation emerges from interaction among the members of a system, social policy architects can develop strategies to anticipate and foster both economic and social innovations within the system.

## Mapping Non-Linear Change using the S Curve

Although non-linear change is neither predictable nor controllable, it is knowable. We can begin to understand it through the mapping of it using the S curve.

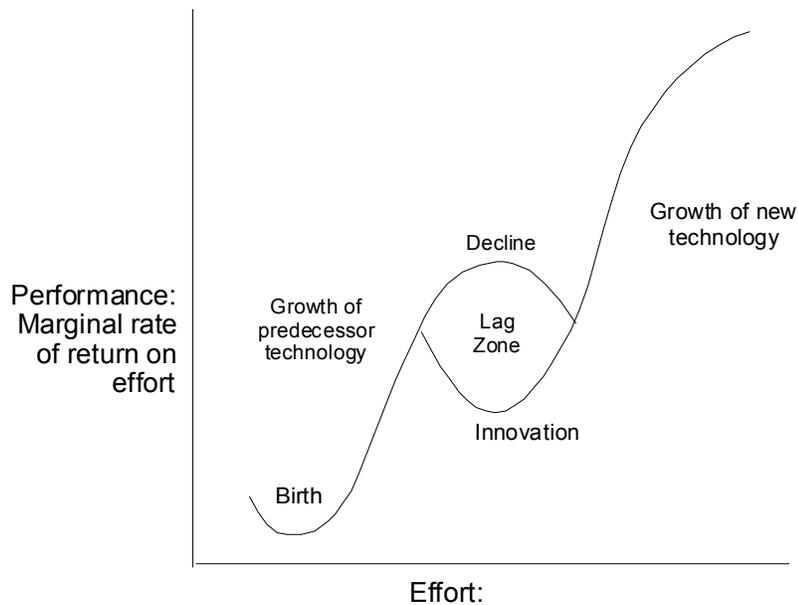
S curve analysis is a tool to illustrate the birth, growth, decline and emergence of new technology.<sup>42</sup> Typically, S Curve analysis focuses on the development of technology in the private sector of the economy. It is a tool to describe the non-linear process by which new technologies emerge, grow, decline and are displaced by emerging technologies.

S Curve analysis demonstrates that predecessor technologies are displaced by emerging technologies when their marginal rate of return declines. (Declining marginal rate of return on investment means that for every additional unit of effort that is invested – a diminishing level of outcome is being achieved).

Richard N. Foster describes the S Curve in the following manner:

*The S Curve is a graph of the relationship between the effort put into improving a product or process and the results one gets back for that investment. It's called the S Curve because when the results are plotted, what usually appears is a sinuous line shaped like an S. Initially as funds are put into developing a new product or process, progress is very slow. Then all hell breaks loose as the key knowledge necessary to make advances is put in place. Finally as more dollars are put into development of a product or process, it becomes more and more difficult and expensive to make technical progress. Ships don't sail much faster, cash registers don't work much better, and clothes don't get much cleaner. And that is because of limits at the top of the S curve.<sup>43</sup>*

## Birth, Growth, Decline/Innovation & Innovation

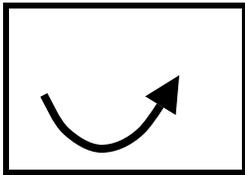


The S Curve has four phases – birth, growth, decline and innovation, or transformation. The decline and innovation stages overlap to create the ‘lag zone’. A new period of growth results when the innovative activities of the lag zone yield a ‘new technology’.

The vertical axis is typically described as performance: the number of units of the technology in question (e.g. cars, or housing units) or sales figures. The horizontal axis is described as effort. In the private sector, effort is usually measured by financial investment. In the public sector, effort is measured by advocacy, legislation and policy changes that support the economic, contribution of voluntary time, etc. The slope of the S Curve is determined by mapping performance against effort.

Throughout this report, we will describe the performance (vertical) axis as the production of social housing axis, and the effort (horizontal) axis as the social movement axis. We do this to enable us to provide strategies that shape either the economic or social movement aspects of innovation.

This next section outlines the various stages of the S curve, providing both a private and a social sector example for clarity. Once the sequence of stages is understood, we will examine what happens surrounding the decline stage in more detail, focusing on innovation in the lag zone.



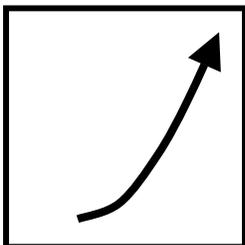
## Birth Stage

The birth stage refers to the period in which the technology is first created. Usually the birth of any new technology occurs in response to some kind of crisis. It is probably more accurate to say that the description of the ‘birth’ phase of a technology is arbitrary. Every innovation likely rises out of a previous set of conditions to displace a previous technology.

**Effort/Performance:** During the birth stage, significant effort is required to get the innovation off the ground. Often the innovation is a prototype. The return on investment is negative – more effort is being expended than results are being achieved – therefore the slope of the curve is negative for this stage. The end of the birth phase corresponds with the beginning of the growth phase.

**Private Sector Example:** The invention of the automobile represented a new technology for transportation – a horseless carriage. There was, however, a lot of resistance to cars. Automakers invested a lot of resources in developing the car technology in this stage, the per unit return on investment was relatively small, and many small car manufacturers did not survive.

**Social Sector Example:** The very first examples of new forms of non-profit organizations are very labour intensive. The first associations for community living, the first emergency shelters for women, and the first community health centres required huge investments of time from the stakeholders and had to deal with resistance from established constituencies in the community who were opposed to their new form of community service.



## Growth Stage

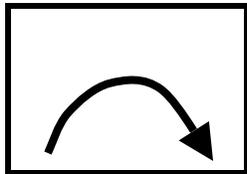
The growth stage refers to the period in which the technology demonstrates its viability in the market. Foster and others see this as dependent upon the development of knowledge processes, even though outside observers may comment on the specific attributes of the product i.e. a faster computer processor.

**Effort/Performance:** During the growth stage, the return on investment begins to be positive – the amount of effort expended is reflected in the results being achieved. One factor that influences the growth of the technology happens through copying and improvement of the prototype form. The second growth factor is the creation of organizations dedicated to reproducing the technology, and replicating and refining the products of that technology.

**Private Sector Example:** Two things aided the growth of the car as a new technology for transportation. The first was the invention of the assembly line, which dramatically reduced the unit cost of each car. The second was the fact that autoworkers earned enough money to buy a

car. (Historians argue over whether Henry Ford had the vision to see that paying the workers well created a market for his product, or whether the union was strong enough to win a level of wages that made cars affordable to its membership). Regardless, a market was created for the new product.

**Social Sector Example:** Over a period of time, the Associations for Community Living established that parents could organize services that allowed them to keep their children at home, and be supported in the community. Women’s groups demonstrated that the lives of women and children could be protected through emergency shelters. Community health centres demonstrated that health could be improved through a community focus, not just by focusing individuals in private practice. As each of these demonstrated their capacity to be effective, they won public support for funding to support their form of social intervention. (The winning of public support includes a component of struggle that is discussed more fully later in this chapter). New organizations developed in other communities and copied the efforts of their predecessors. The copying of the successful efforts of others, in a context of increasing policy support, meant that the transaction costs of starting were lowered. The numbers of people receiving the service increase and the rate of return on social investment grows.



### Decline Stage

The decline stage refers to the period in which the technology reaches its inherent limitations. The decline stage – to which all other stages are a reaction – creates pressure within the system to innovate and address emerging fundamental changes.

**Effort/Performance:** The marginal rate of return begins to decline and even though the amount of effort put into the technology remains the same, the achievement of results becomes progressively lower and lower.

**Private Sector Example:** Gradually consumers of cars make more demands. Ford’s famous line that ‘a person can purchase a car in any colour they wish as long as it is black’, yields to the demands of the consumer for variety. Not just variety in colour of car, but according to a diverse set of characteristics. Eventually the market for cars approaches saturation, and so producers compete more for consumer choice. Profit margins decline as a function of this competition.

**Social Sector Example:** For the purposes of this report, understanding the dynamics of how the decline stage works for a social technology is essential, and so it is described in some detail.

The declining marginal rate of return – known colloquially as the law of diminishing returns – is due to the increasing complexity of the social problems the technology addresses as it matures. The two factors causing increased complexity are the diversification of the client group and the diversification of the problem.

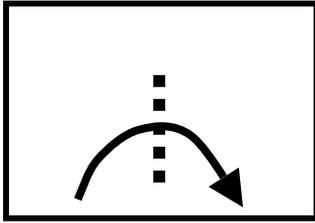
*a) The diversification of the client group* – When an organization has successfully met the needs of one client group, typically other groups with the same needs will seek help

meeting their needs. For example, when a Meals on Wheels program designed for the elderly is successful, the mentally and physically disabled community members seek similar services, or community members feel that the organization should also run a breakfast program for school children. The more successful the organization is at meeting the needs of one group, the more likely they will be perceived as able to meet the needs of others. Yet the need of each group differs and requires very different approaches and resources. Both programs may need a kitchen, but they may require different types of volunteers and different areas of expertise and technology. To meet the needs of different client groups requires a greater level of complexity.

**b) *The diversification of the problem*** – Community members come together and create non-profit organizations as a way of solving social problems. In the beginning stages, most non-profit organizations are intended to solve problems that arise out of the immediate conditions in which people find themselves. The problems are often local and immediate: community members may need housing or clothing, they may need help taking care of the sick or elderly, or they need to come together to solve political problems. Over time the problems become more complex. The number of people with the problem increases, in part because it is only after community members see others with the problem that they come to recognize that they too have similar conditions. At the same time the causes of the problem become more ambiguous. In the beginning the causes seem simple and direct, but as community members start to explore the nature of the problems do they come to realize how complex they are. In dealing with the problem, non-profit organizations must become more specialized, creating a variety of specialized social roles and well co-ordinated activities to deal with the problems.

The amount of resources must be sufficient to meet the changing complexity of the problems being solved. More complex problems are more costly to solve than less complex ones. In addition, the more complex the problem, the greater the cost of running the organization. There is a greater variety of knowledge, skills and technology required, more people are involved, creating more social networks, leading to an increase in organizational structures to manage these networks. More information is needed to allow the people to understand the nature of the problem, a greater number of specialists must be brought in to manage and analyse this information, and so on.

Ultimately, the declining marginal rate of return will lead to the decline of community support. The decline is also due to saturation of the market, leading residents of some neighbourhoods, for example, to resist the development of more social housing in their neighbourhood. This decline is difficult to distinguish in the beginning because it is felt among diverse groups for different reasons. But when there is a sudden external event, a catastrophic event for example, then suddenly a wave of discontent may coalesce as all these different groups say, “I knew there were problems”. This sets the stage for the loss of public support and government funding for a specific social policy.



are rarely anticipated.<sup>44</sup>

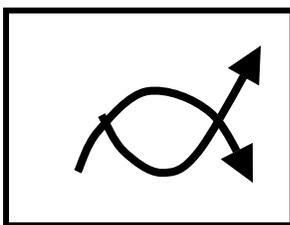
## Shock Wave

The onset of the dramatic deterioration that follows growth is usually signaled by an external event – a shock. The shock occurs when the emerging technology displaces the current technology and displaces the market leaders of the current technology. The shock and its impact

The shock wave may be triggered by an external event that reveals the limits of the current technology and motivates the public to discover the increased value of an emerging technology.

**Private Sector Example:** The oil shock of 1972 when oil-producing nations in the Middle East raised oil prices is a global example. The oil shock of 1972 is an example that highlighted the limits of the gas guzzling cars produced by the Big Three North American automakers and revealed the fuel efficiency of cars manufactured in Japan. It is a dramatic public event that is a watershed in terms of public consciousness, but, (and this is important to emphasize) **it is not the cause of the decline.**

**Social Sector Example:** The shock wave can be a sudden reduction in funding. The equivalent of the oil shock in the private sector are the political shocks that were represented by the election of conservatives – the election first of Thatcher in England, then of Reagan in the United States, followed by the election of Mulroney in Canada and Harris in Ontario. These elections all reflected a shift in public opinion that enabled the election of governments that reduced social spending. The election of these governments reflects the decline of a social consensus that had been in place since World War II in all of these countries, but again it is important to emphasize these leaders were not the cause of the decline. They were the face of a political shock wave that represented other more fundamental changes.



## Lag Zone

The lag zone refers to the top of the S Curve on both sides of the shock wave. It includes the period when the declining marginal rate of return on investment is beginning to flatten, and the period after the shock wave where the marginal rate of return deteriorates dramatically and the new technology to replace it is still emerging. The period when the predecessor technology is declining and the emerging technology is not yet fully accepted is called a period of discontinuity.<sup>45</sup>

It is a discontinuity because it is a transition state. Interestingly it is not an end state. When a technology has reached its limits, why is that not the end – why does progress not cease? There is a potential for transformation inherent in the limits of the predecessor technology. Jonas Salk, in talking about biological systems, suggests that the capacity for learning and knowledge is part of the bacterial cell. This constitutes an “anticipatory biological potential ... which is not revealed until challenged”.<sup>46</sup>

The lag zone begins before the crisis event that triggers a shock wave through the sector, and continues afterwards. The process of innovation occurs before the crisis of the shock wave – but the crisis is necessary to aid the refinement and spread of the innovation. The lag zone is the period in which innovation emerges.

**Private Sector Example:** The increase in fuel prices that occurred after the oil shock of 1972 caused consumers of North American cars to look for an alternative. When they looked they found the fuel-efficient cars manufactured in Japan. That new technology of fuel efficiency had been around for a period of time – but the market did not look for it until fuel prices increased. The oil shock was required to bring the results of Japanese manufacturing innovation to consumer’s awareness in the Western Hemisphere. It can also be characterized as a period of competition between technologies. This can be like the competition between sail powered and steam powered ships, or the competition between Beta and VHS video playback machines.

**Social Sector Example:** The social welfare state, and many social programs were born in response to the shockwave of the Depression in the 1930s. The Tennessee Valley Authority, created as part of the New Deal in the United States, was the first non-profit organization created specifically to operate at arm’s length from the government with its own community Board of Directors. The War on Poverty in the United States, and the Just Society initiatives in Canada gave birth to a wide range of community-based organizations. They introduced a new level of citizen participation. This was in reaction to the shock wave of several social movements, beginning with the civil rights struggle, and reinforced by the emerging activist movements – women, students, disability, welfare rights, gay and lesbian, indigenous peoples and neighbourhood community organizations.



# Chapter 7

## Anticipating Transformative Change



### Introduction: Anticipating the Lag Zone

The power of the S Curve is its ability to define the limits of a technology and to anticipate the most strategic time to focus on developing innovations.

*In the world of business, limits determine which technologies, which machines and which processes are about to become obsolete. They are the reasons why products eventually stop making money for companies. Management's ability to recognize limits is crucial to determining whether they succeed or fail, because limits are the best clue they have for recognizing when they will need to develop a new technology. (p. 32)<sup>47</sup>*

Reaching the limits of one technology is the challenge that calls forth the development of the new. If the idea of limits is accepted, periods of discontinuity and innovation can be anticipated.

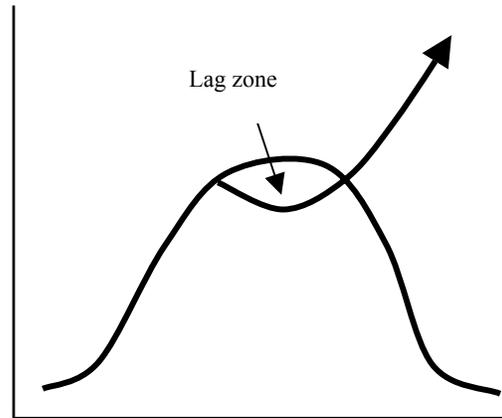
The capacity to generate the new technology resides in the industry or sector that is producing the current technology. It may not be in the same organizations but it is within the same population of organizations. The population of organizations creating the current technology has within it the seeds of the innovations of the next generation of technology. The strategic issue is whether the new innovations are developed fully enough to come to market after the occurrence of the shock wave. Foster proposes that S Curves almost always travel in pairs – the top of the S curve for the current technology corresponds with the bottom of the S Curve of an emerging technology. The time when the two S Curves overlap he calls a period of discontinuity. Foster calls the management of discontinuities a 'fourth era in the management of technology'.

*Rarely does a single technology meet all customers' needs. There are almost always competing technologies each with its own S Curve. Thus in reality there may be three or more technologies involved in a battle, some on defense and some on offense. Often several new technologies vie with each other to replace an old technology in a market segment – for example, the way compact disc players (competed) with advanced tape decks and super-refined turntables for a share of the home stereo market. Deciphering a discontinuity's S Curves when all this is happening is very difficult. ... These periods of discontinuity are "chaos". (Foster p. 103)*

Management in a period of discontinuity is different from management in the period when the rate of return on the current technology is in its growth phase. In the growth phase, management is strategic and focused on product improvement. In the growth phase, strategic management is about "massaging the shape of the curve, making it steeper by developing new products faster

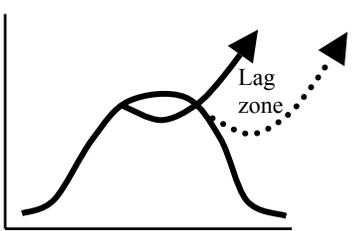
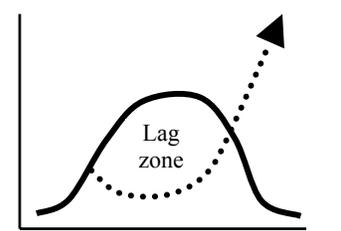
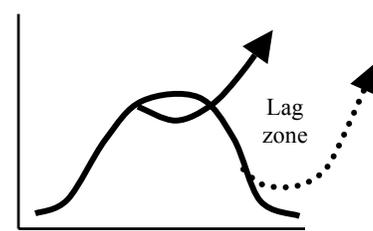
than competitors.”<sup>48</sup> In a period of discontinuity (or the lag zone), however, a different response is required.

There are four different responses to the period of discontinuity. The preferred option is *changing just before the times*. This means anticipating a possible external shock event and initiating change to prepare for it. It is the preferred option because it reduces the area of the lag zone, thus capturing the largest share of the market as the market abandons the predecessor technology. Shell Corporation is a famous example of a company that changed just before the times. Their planners had initiated a scenario creation process before the oil shock of 1972 and the strategic choices they made in anticipation of that scenario launched them to be the leading oil company in the world<sup>49</sup>.



**Changing just before the times**

There are three less strategic responses to initiating innovation in a period of decline:

 <p><b>Changing with the times</b></p> <p>If an organization or sector is robust enough, it can <i>change with the times</i> by adopting an innovation developed by the market leader. The lag zone is larger, but still within reason.</p>	 <p><b>Changing way before the times</b></p> <p><i>Changing way before the times</i> is an illustration of the perils of being able to see the future too soon. Their innovation comes too soon, before the market has a chance to need the innovation</p>	 <p><b>Changing after the times</b></p> <p><i>Changing after the times</i> occurs when an organization is in denial about the change. Their strategy relies on waiting until the old situation returns. They reluctantly accept the innovation but at such a late point that the organization or sector never recovers its market share.</p>
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The timing of the initiation of change by an organization has a significant impact upon its potential success. This is due in part to the sequence of stages, and the capacities that must be present to support innovation and allow a new technology to emerge. The stages and processes of innovation are discussed in the next section.

## The Process of Innovation in the Lag Zone

The lag zone is the transformation stage in the process of innovation. The stages in the process of innovation are well documented<sup>50</sup>. They are:

- **Fertilization** – Creation of new ways and new methods
- **Crisis** – A disruptive event that threatens the system
- **Incubation** – A substantial time lag generally occurs between perception of the crisis and reorganization of the prevailing methods, or paradigm.
- **Diffusion** – For the new methods to become potent they must have widespread acceptance. At this stage ideas come from the periphery, or the margin, to the centre aided by communication systems and public relations. Diffusion of the innovation is achieved when a critical mass of organizations are successful in copying<sup>51</sup> or replicating<sup>52, 53</sup> the innovations.
- **Struggle for Legitimacy** – The use of a new idea is not guaranteed by broad publicity and recognition. It must compete with the older ways of seeing and the established work methods. Conflicts and resistance characterize this stage. A successful struggle leads to acceptance and legitimization of the new method, new technology or new policy.

Mapped against the S-curve, the stage of fertilization (the development of new ideas) occurs at the beginning of the lag zone, before the shock wave hits. The crisis stage is the shock wave that brings the problem or the decline to public awareness. The stages of incubation, diffusion and struggle for legitimacy occur in the lag zone after the shock wave. Those are the stages that are the focus of this analysis.

This section draws on the ideas of two authors to better understand the details of the stages of incubation, diffusion and struggle for legitimacy.

These ideas are:

- Jane Jacobs' creation and diffusion of economic innovation (the incubation and diffusion stages)
- Bill Moyer's Movement Action Plan framework about the process by which social innovation is created and wins majority public support (the struggle for legitimacy stage)

## Jane Jacobs' Creation and Diffusion of Economic Innovation

Jane Jacobs has written persuasively of how the incubation and diffusion of new work leads to economic transformation. Jacobs main ideas are reviewed in the context of their potential application to the emergence of transformative change in the social housing sector. Jane Jacobs has three related ideas about economic innovation that we will review. These ideas are:

- Addition of new work to old
- Import replacement
- Development capital

These are sequential ideas that paraphrase respectively, the stages of incubation and diffusion in the innovation process.

*Addition of new work to old* – new work arises out of old work. It is an incremental extension of a previous process but leads to a distinct product or service of its own. Jacobs gives several examples of inventions that arose from previous work<sup>54</sup>

- Invention of the brassiere in New York in the 1920s by Mrs. Ida Rosenthal, a custom seamstress who was making dresses in a small shop of her own and was dissatisfied with the way the dresses she made hung on her customers.
- Invention of an electronically operated artificial hand for amputees and persons with birth defects by technicians in a laboratory serving the Soviet space program, arising from their work on electronic controls for space vehicles.
- Invention of masking tape by the Minnesota, Mining and Manufacturing company (later renamed 3M company) as a result of trying to develop a better adhesive to hold the sand onto sand paper.

Each of these new products emerged from old work, not out of thin air. Although the inventions were unique they emerged from a context. In the case of the brassiere and the masking tape examples, the new products transformed the companies who produced them. They also created a network of suppliers to the new product and stimulated the formation of competitors, new companies, who manufactured these products also.

Jane Jacobs point is that incubation comes from a creator, from an individual or group within a business, not from the whole company through some planned process, and then the invention can spread, or diffuse through the market.

Incubation arises from the context of old work or what Jacobs calls parent work, but is not logical. The brassiere did not emerge from the underwear industry. This absence of logic means that invention of new work cannot be planned. It emerges in context.

*The creator of the 'new work' must have an insight and, combining an idea or observation with the suggestion from the work itself, make a new departure. The point is that the logic comes in part from antecedent work, which is almost always his (sic) own but .... is occasionally from someone else's work that comes under his supervision.*

New work doesn't come out of thin air but of parent work, meaning parent organizations. Innovative social housing development does not come out of thin air but of community organizations adding the new work of housing to their existing work.

*Import replacement* – Import replacement is a specific variation on the theme of adding new work to old. Capacity is developed when goods and services that were imported from outside a community can be produced within the community<sup>55</sup>. This replacement of imports occurs when the local knowledge is developed to replicate the production of the goods or services that were previously purchased from outside the community. Developing the capacity within a community to produce goods or service that was purchased from outside the community is import replacement. The community in this situation can be a city or a country. Import replacement can lead to the development of whole sectors of economic activity. Jacobs describes an example of how import replacement can lead to the development of a new economic sector in describing the development of the Japanese bicycle manufacturing industry.

It developed initially out of the many garages making spare parts to fix imported American bicycles after World War II. A bicycle manufacturing sector emerged when a critical mass of parts makers developed. The bicycle manufacturing sector that emerged from this critical mass provided the foundation to the future Japanese automotive industry.

Jane Jacobs' story of how the Japanese bicycle industry began is a useful analogy for considering the next stage in the development of an independent community-based affordable housing sector.

After bicycles were imported into Japan, shops to repair them sprung up in the big cities. In Tokyo, the repair work was done in numerous one and two-person shops. Imported spare parts were expensive and broken bicycles were too valuable to cannibalize for parts. Many repair shops thus found it worthwhile to make replacement parts themselves – not difficult if a man specialized in one kind of part, as many repairmen did. In this way, groups of bicycle repair shops were almost doing the work of manufacturing entire bicycles. That step was taken by bicycle assemblers who bought parts, on contract, from repairmen: the repairmen had become light manufacturers.

*Far from being costly to develop, bicycle manufacturing in Japan paid its way right through its own development stages. Moreover, most of the work of making appropriate production equipment was added to the Japanese economy too, gradually and in concert with the development of bicycle manufacturing.*

*The Japanese got much more than a bicycle industry. They had acquired a pattern for many of their other achievements in industrialization: a system of breaking complex manufacturing work into relatively simple fragments in autonomous shops. The method was soon used to produce many other goods and is still much used in Japan. Parts*

*making has become a standard foot-hold for adding 'new work'. Sony, the enormous manufacturer of communication equipment, began, at the end of WWII, as a small-parts shop in Tokyo, making tubes on contract for radio assemblers, and was built up by adding to this the manufacturing of whole radios, (for which some parts were bought from other suppliers) and then other types of communications and electronic goods. (pp. 64-65)*

It may be analogous to say that the current community-based sector of social housing developers (we refer here to the resource groups, but also to the sponsoring organizations and various sector organizations) performed many small parts of the housing production business from 1973 – 1995. A critical mass of skills, knowledge, and confidence was being created where an independent non-profit housing sector was developing the capacity to take responsibility for a larger part of the process of producing affordable housing. A viable, community-based affordable housing sector may be in the process of emerging, much as the bicycle assembly emerged from the network of bicycle repairmen in Japan.

*Development capital* – Jacobs states that the emergence of new work occurs organically, but the emergence of a viable network of organizations doing new work (i.e. a sector on an industry) is related to the provision of small and targeted amounts of capital to support these emerging organizations. The creation of new work (which in this instance means the creation of an independent, community-based affordable housing sector) must be accompanied by the support of capital investment. Jacobs says,

*Capital by itself can create nothing; and there is nothing in which to invest development capital of any magnitude until there are already in existence various starting points, however small. (p. 215)*

She says it is important to begin with small sums of capital:

*to use capital purposefully and knowledgably for development is impossible unless small sums have first gone – most likely for quite different purposes – into a multiplicity of new ventures. (p. 215)*

Jane Jacobs tells the story of how the science-based industries in the Boston area were stimulated by the formation of a specific development capital investment group called American Research and Development<sup>56</sup>. By matching a new capital source with a new form of work, a long-term and systematic change was made to the Boston economy and, to a limited extent, to the national economy. Not only were science-based industries stimulated by this investment strategy, but also the form of the development capital investment organization itself was copied, thereby strengthening the investment infrastructure. This in turn supported the creation of additional new work and new industries.

Jacobs comments that

*It would seem, from past experience in developing economies, that the way to create these organizations might be for the government to establish considerable numbers of*

*small and decentralized lending agencies in the local economies of various cities – more of them in the larger cities – and to encourage them to specialize by seeking out promising new goods and services being added to the older work in their cities. They would have failures, but they would also finance unprecedented industries. (p. 212)*

It is not, however, typically the policy of governments to provide development capital to non-profit organizations. Jane Jacobs describes government's traditional reluctance in this area:

*Perhaps it is because people, who run government activities, the world over, tend to seek sweeping answers to problems: that is, answers capable of being applied wholesale the instant they are adopted. People in government work... do not seem to bring their minds to bear on a particular and often seemingly small problem in one particular place. And yet that is how innovations of any sort are apt to begin, including financial ones. (p. 210)*

Jacobs also says that

*Capital is not used this way by most agencies of government, especially those presiding over services for "the general welfare". Those agencies tend to use capital, for the most part, as if money itself were capable of solving problems and promoting the general good. Is an education system, a housing program, a health system collapsing? More money, for more of the same, is the common prescription. But without creativity, ... there is really very little, if any, "progress" that money can buy. (p. 216)*

If a viable network of community-based providers of affordable housing is to develop, these organizations must also be able to form novel and reciprocal partnerships with existing organizations. The non-profit housing policy of the government over the past years has allowed a certain level of partnership to develop between community organizations, resource groups, and the private producers of housing. The non-profit housing sector may have come as far as it can without independent capital of its own. Sector organizations must develop the capacity to bring their own money to the table for land acquisition and development.

Federal and provincial governments should provide loan guarantees as a means to assist community-based housing providers in creating housing forms that retain equity and capital within the community as a form of public profit. This will also facilitate the creation of public-private partnership technology transfer that is necessary to build a strong community-based social housing development sector.

The economic development model Jacobs describes is based on adding new work to old until a critical mass is achieved and specialized capital funding can be achieved to fuel its growth. Bill Moyer, an American social activist, describes a similar process about the development of 'new' social policy and the public campaigns that must be waged to win the majority public support that will bring social investment to that policy. This next section examines the work of Bill Moyer.

## Bill Moyer's Movement Action Plan Framework

Schon describes the diffusion process as a process of 'contest'.

*....the problem of directed diffusion is to set in motion and guide a chain of related processes of social learning in which sequences of deliberate entrepreneurial interventions interact with unanticipated and inadvertent processes, all more adequately treated under the metaphor of battle than communication.<sup>57</sup>*

The reason that diffusion is a contest more appropriately described with a metaphor of battle is that innovation is about the competition of new, alternative ideas with dominant existing ideas. Ideas says Schon are

*powerful as centres of policy debate and potential conflict. They gain widespread acceptance through the efforts of those who push or ride them through the fields of force created by the interplay of interests and commitments. Inquiry now becomes a political process in which the movement of ideas to power goes hand in hand with bids for dominance. When the ideas are taken up by people already powerful in society this gives them a kind of legitimacy and completes their power to change public policy. After this, the ideas become an integral part of the conceptual dimension of the social system and appear in retrospect, obvious.<sup>58</sup>*

Schon cites examples of social movements as illustrations of the occurrence of social innovations through social systems that are not centrally managed. He refers to the emergence of successful social change as an 'invisible process'.

Bill Moyer developed an eight-stage model of social movement activity (see the charts on pages 22 and 25).<sup>59</sup> Moyer's model of social movements is a way of mapping the emerging 'S' Curve in the lag zone. Moyer's definition of activity at each movement stage can provide a checklist for determining the kind of effort and level of success that is being achieved. Moyer's model is not predictive – it cannot forecast how long each stage will take. It also is not predictive in the sense that achievement of one stage guarantees moving forward to the next stage. Moyer's model is also not predictive of uniformity. The movement stage being achieved in one geographic area may not be the same as another. The stage of movement development can be different in Vancouver, Saskatoon, Toronto and Halton Region. It is true that outcomes in one area can have consequences for other areas. In this sense activity by all actors affects the social movement for social housing regardless of whether the movement players are loosely or tightly connected.

In essence this model describes the stages through which social change emerges. The model has the added dynamic of describing how innovation emerges in the face of resistance. Social innovations produced by social movements emerge from the struggle between social interests. The struggle usually is rooted in getting the decision makers of the dominant coalition in society to recognize a social problem and support its resolution through social policy. The social movement activists are innovators who are developing and promoting a new social technology.

The broad goals of the movement activists are:

- Creating awareness that there is a problem.
- Creating awareness the current social policy is inadequate.
- Organizing public majority support for alternative policies.

The growing public support in Moyer's Movement model describes the same notion of acceptance that the emerging technology finds and is expressed as exponential growth in the S Curve. The rising line that originates in the bottom left hand corner next to the word citizens, and rises in a sinuous line to the top of the graph by Stage 7 parallels the shape of the line of the emerging technology in the lag zone of the S Curve. This parallel line signals acceptance of the alternative policy among the public – just as the growth stage in the S Curve signifies acceptance of a new technology in the market place.

## Bringing the Theories Together

### Think like a Butterfly, Swarm like the Bees – Strategic Thinking in Times of Discontinuity

There are three stages in the process of innovation. As well, there are three levels of analysis about the community-based non-profit actors in the housing system – individual organizations, the population of organizations in the housing system and the publics who have an interest in housing affordability. There is a distinct kind of capacity that is required of these actors. There is overlap among them, but there are distinct contributions they make to the process of innovation in social policy. There are reciprocal influences among the actors, and between the stages. There is an overall synergy within the system to which policy recommendations must attend.

### Three Processes

1. **Invention** – Social entrepreneurs create inventions to address social problems.
2. **Diffusion** – The invention must be distributed (diffusion stage) through the population.
3. **Struggle for Legitimacy** – The invention must struggle for legitimacy with competing ideas – old paradigms and other emerging inventions. The community-based organizations and populations of these organizations need to attract increasing levels of public support so that they can win increasing levels of public funding from foundations, social investors and government.

### Three Capacities

4. **Organizational Capacity** – The community-based organizations need three capacities to meet these tasks of diffusion and struggle for legitimacy – social entrepreneurship (capacity to work with private sector organizations), capacity to replicate inventions, capacity to work with social movement organizations.
5. **Capacity of Population of Organizations** – The population of organizations need three capacities in order to meet the tasks of diffusion and struggle for legitimacy – foster communication within the system, generate specialized financial capital, and provide technical assistance (in both the innovation i.e. housing development, and in advocacy). The vehicle for the population of organizations to meet these functions is intermediary organizations.
6. **Movement Capacity** – The adoption of the innovation is dependent upon winning majority public support for the innovative policy that will in turn win policy and funding support for the community-based development of social housing.



## Recommendations

### Introduction

These recommendations consider how to develop three capacities to support the community-based development of social housing in Halton Region. Community capacity to develop social housing grows over time. It cannot simply be created through prescriptive program planning or policy direction.

Pomeroy and Lampert make this point, observing the development of the community-based system for developing social housing that evolved in the United States. The social housing system in the United States – both the innovative financing mechanism, and the diverse array of development organizations at the local level, and intermediary organizations at the regional stage and national level – evolved incrementally from a set of elements that interacted dynamically to develop capacity as a population of organizations. It was not planned, although aspects of the system were encouraged and reinforced after they demonstrated their effectiveness.

*The system that prevails in the United States is not an explicit purposeful creation of a government agency with a policy mandate to facilitate private/public partnerships. Rather it is the natural and dynamic outgrowth of a fragmented set of elements (nurtured by significant direct and indirect government financial assistance and some public policy support) that has evolved together over some two decades. Because it is effectively a self-created and now largely self-sustaining system and is reaching a stage of maturity, it is also relatively resilient – a characteristic that has eluded most, if not all large scale, costly government programs in the past.<sup>60</sup>*

This Report concludes that three community capacities are needed – social entrepreneurship, movement activism, and the ability to link with intermediary organizations of both types.

It is important to distinguish between developing the capacity of a community-based housing development system, and the sustainability of that system.

A system of community-based housing production will need significant amounts of public funding to be sustainable. But it is the capacity of the mechanisms at the local community level for effective housing development and to generate social movement pressure that attracts significant levels of public support.

The recommendations in this Report focus on growing the community capacity to develop social housing in Halton. The recommendations do not focus on creating sustainability or on the public levels of funding that will be required to ensure sustainability.

The recommendations on growing the community capacity to develop social housing in Halton are based on two things:

- Three general capacities that are required to grow the community ability to develop social housing which are referred to here as ‘chrysalis’ conditions.
- Application of these principles to specific starting points in Halton as recommended by committee members.

The constituencies for whom these recommendations are intended are

- People in community, faith and social service providing organizations that want to develop housing solutions.
- Business community representatives who want to support social entrepreneurship.
- Social movement activists who want to advocate for increased public investment and policy support for social housing.
- Municipal and regional representatives who want to foster community-based capacity to develop social housing.

### **Chrysalis Conditions – Principles that Promote Community Capacity**

The recommendations are framed around the three elements of capacity of a community-based housing development system. It assumes that favourable conditions can be created and that each constituency can do its part to develop its capacity. The sum of these parts can be a community-based social housing development system. The development of this capacity requires some protection and support from the hostile elements that can threaten this development. There needs to be created a kind of chrysalis where the development of this capacity can be nurtured.

One of the recommendations is a place and a process to foster the development of this capacity. The Design Studio refers here to an ongoing process of convening meetings among and between:

- Social entrepreneurs.
- Housing industry and finance sector representatives.
- Human service agencies.
- Municipal government representatives.
- Members of faith and community organizations.
- Members of social movement organizations.
- Members of intermediary organizations.

The meetings can be organized around specific problems, or possible projects as opposed to being a place for more abstract discussion. The Design Studio can be a resource for social entrepreneurs to bring ideas they want to develop, seek information and resources from others. It can be a place where experts share advice and provide problem-solving support and practical housing projects are considered and nurtured.

The results of many of the activities described in the Recommendations can be brought back to the Design Studio as information to promote the growth of the community capacity to develop social housing.

The recommendations are described below in three sections:

- Recommendations to develop Social Entrepreneurship Capacity.
- Recommendations to develop Social Movement Capacity.
- Recommendations to develop Intermediary Organizations Capacity.

## Social Entrepreneurship Capacity

**Practical Projects:** There are specific starting points that the committee recommends including:

5. Create an inventory of low priced properties that could be acquired and rehabilitated and brought into non-profit tenure.
6. Consult with people who need housing to bring them into the process of identifying practical starting points that build on their capacity
  - Helping tenants with rent-to-own programs.
  - Organize a group of single women and look for a house that they can acquire.
7. Support the Inter Church Council of Burlington in looking for a specific site to develop for housing.
8. Encourage organized labour to once again support the construction of affordable housing.

## Capacity Development

6. Create an inventory of possible project community sponsors and development partners.
7. Create a Design Studio for social housing. Create a regular place and process to bring together potential community development sponsors and representatives of the private housing development and financing sectors to discuss possible social housing developments in Halton. Focus on incubating strategies for practical projects.

8. Develop innovative business partnerships with consultants, similar to the partnership developed by St. Clare's Multi Faith Housing Society. There is limited residual non-profit housing development capacity in Halton. A strategy to develop this could include connecting with independent consultants formerly with non-profit and co-op resource groups.
9. Develop resources for staff and Board members in organizations that wish to become development sponsors of social housing for
  - Skill training in social entrepreneurship.
  - Intern programs for staff in private sector housing development, financing and land development.
  - Skill training to develop social investment funds for social housing.
  - Make field trips to successful organizations and projects they have sponsored.
10. Provide funding for activists to attend activities that bring existing and potential development sponsors together to share best practices including
  - Conferences and networking.
  - Research and evaluation.
  - Demonstration projects.

## Social Movement Capacity

### Practical Projects:

2. Create an inventory of organizations with capacity for raising awareness, educating, and leading advocacy about homelessness and housing.

### Capacity Development

7. Develop a strategy to involve citizens who need more affordable housing, and who support the development of more affordable housing, in the design and development process.
8. Develop a strategy to get explicit commitments from a wide range of organizations in the Region to support the development of affordable housing.
9. Outreach to faith organizations, unions and environmentalists for active participation around housing issues.
10. Support lobby for development tax credits.
11. Work to elect advocates for housing to municipal and regional councils.
12. Work to elect housing advocates to Boards of credit unions.

## Intermediary Organizations Capacity

### Practical Projects

3. Turn experience of Good News Fund with one family into a resource tool to enable others to support families.
4. Form a local fund for housing investment – This can include:
  - A focus on developing a housing trust fund.
  - A community foundation for housing.
  - Co-operation with the credit union to build its capacity for community investment.
  - Funds for 'green' housing.

### Capacity Building

2. Develop a strategy to support the development of intermediary organizations in Halton that provide:
  - Technical assistance to sponsors of social housing development.
  - Social investment and loan funds.

## Endnotes

<sup>1</sup> p 7-8, CPRN. Canadian Policy Research Networks, *Housing Policy for Tomorrow's Cities*, Discussion Paper R/27, Family Network, Hulchanski, David J., December, 2002

<sup>2</sup> p. 42, CMHC. Canada Mortgage and Housing Corporation Research Report, Housing Affordability and Finance Series. *The Role of Public – Private Partnerships in Producing Affordable Housing: Assessment of the U.S. Experience and Lessons for Canada*. 1998.

<sup>3</sup> The Council has also heard testimonies of families who have seen their young people leave Halton in search of affordable housing. This fits with Census data indicating that young people fall into low-income categories. This influences negatively the family's capacity to support both young and old.

<sup>4</sup> The Economics of Rental Housing Supply and Rent Decontrol in Ontario - J. D. Hulchanski, Professor University of Toronto Presentation to the Ontario Legislature Standing Committee on General Government Hearings on Bill 96, Residential Tenancies 26 June 1997

<sup>5</sup> p. iii, CPRN. Canadian Policy Research Networks, *Housing Policy for Tomorrow's Cities*, Discussion Paper R/27, Family Network, Hulchanski, David J., December, 2002

<sup>6</sup> The data was provided by Cyrus Vakili-Zad, Toronto Community Housing Corporation. In addition the information provided states the general proportion of units that were created by particular years – for example “ private non-profits started in the early 1960's and the majority were built after 1973”. For the purposes of this exercise, ‘the majority of units’ is arbitrarily defined as 75 %.

<sup>7</sup> Atlas, John and Shoshkes, Elle. *Saving Affordable Housing: What Community Groups Can Do & What Government Should Do*. Orange, New Jersey: National Housing Institute, 1997.

<sup>8</sup> Reported in Shelterforce newsletter (November/December 1996) entitled *Saving Affordable Housing: What Community Groups Can Do and What Government Should Do*” results of a study by the National housing Institute. It describes the elements of success learned from six in–depth American case studies of successful social housing development sponsors. The list of characteristics contained in the Elements of Success are described as “Parallel elements that emerged from six successful cases in this report, From National Housing Institute's conference, from several meetings with housing experts and from prior research”.

<sup>9</sup> p. 11, St. Clare's Multifaith Housing Society, 25 Leonard Affordable Housing Project, Final Report to HomeGrown Solutions, April 2002

<sup>10</sup> *Doing Democracy, The MAP Model for Organizing Social Movements*, Bill Moyer with JoAnn McAllister, Mary Lou Finley, Steven Soifer, New Society Publishers, Gabriola Island BC, 2001

<sup>11</sup> p. 42, Moyer, Bill; MacAllister, JoAnn; Findley, Mary Lou and Soifer, Steve. *Doing Democracy: The MAP Model for Organizing Social Movements*. Gabriola Island, British Columbia: New Society Publishers, 2001.

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<sup>12</sup> P. 54, Moyer, Bill; MacAllister, JoAnn; Findley, Mary Lou and Soifer, Steve. Doing Democracy: The MAP Model for Organizing Social Movements. Gabriola Island, British Columbia: New Society Publishers, 2001.

<sup>13</sup> The analysis of the role of intermediaries is drawn from The Role of Public-Private Partnership in Producing Affordable Housing: Assessment of the US Experience and Lessons for Canada, Steve Pomeroy, Greg Lampert et. al. CMHC 1998.

<sup>14</sup> P. 125 Power in Movement, Social Movements and Contentious Politics, Second Edition, Cambridge University Press, 1998.

<sup>15</sup> The National Housing Institute study - Saving Affordable Housing: What Community Groups Can Do and What Government Should Do

<sup>16</sup> The National Housing Institute study - Saving Affordable Housing: What Community Groups Can Do and What Government Should Do

<sup>17</sup> p. 40, The Role of Public-Private Partnership in Producing Affordable Housing: Assessment of the US Experience and Lessons for Canada, Steve Pomeroy, Greg Lampert et. al. CMHC 1998.

<sup>18</sup> p. 42, The Role of Public-Private Partnership in Producing Affordable Housing: Assessment of the US Experience and Lessons for Canada, Steve Pomeroy, Greg Lampert et. al. CMHC 1998.

<sup>19</sup> p. 259, Rachel G. Bratt, Rebuilding a Low Income Housing Policy, Temple University Press, Philadelphia, 1989.

<sup>20</sup> p. 259, Rachel G. Bratt, Rebuilding a Low Income Housing Policy, Temple University Press, Philadelphia, 1989.

<sup>21</sup> p. A-18, The Role of Public-Private Partnership in Producing Affordable Housing: Assessment of the US Experience and Lessons for Canada, Steve Pomeroy, Greg Lampert et. al. CMHC 1998.

<sup>22</sup> p. 40, The Role of Public-Private Partnership in Producing Affordable Housing: Assessment of the US Experience and Lessons for Canada, Steve Pomeroy, Greg Lampert et. al. CMHC 1998.

<sup>23</sup> Adapted from p. 39, The Role of Public-Private Partnership in Producing Affordable Housing: Assessment of the US Experience and Lessons for Canada, Steve Pomeroy, Greg Lampert et. al. CMHC 1998.

<sup>24</sup> Atlas, John and Shoshkes, Elle. Saving Affordable Housing: What Community Groups Can Do & What Government Should Do. Orange, New Jersey: National Housing Institute, 1997

<sup>25</sup> Interview: Alan Carpenter

<sup>26</sup> Interview: Alan Carpenter

<sup>27</sup> p. 6, Saskatoon Housing Initiatives: Building Communities, Russell Mawby, Housing Facilitator, City of Saskatoon, July 2002.

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<sup>28</sup> p. 43 The Role of Public-Private Partnership in Producing Affordable Housing: Assessment of the US Experience and Lessons for Canada, Steve Pomeroy, Greg Lampert et. al. CMHC 1998.

<sup>29</sup> Levy, Amir and Merry, Uri. Organizational Transformation: Approaches, Strategies, Theories. New York: Praeger Publishers, 1986.

<sup>30</sup> ibid

<sup>31</sup> Housing Policy for Tomorrow's Cities, J. David Hulchanski, Canadian Policy Research Networks, December 2002

<sup>32</sup> p. 17, Moyer, Bill; MacAllister, JoAnn; Findley, Mary Lou and Soifer, Steve. Doing Democracy: The MAP Model for Organizing Social Movements. Gabriola Island, British Columbia: New Society Publishers, 2001.

<sup>33</sup> Moyer, Bill; MacAllister, JoAnn; Findley, Mary Lou and Soifer, Steve. Doing Democracy: The MAP Model for Organizing Social Movements. Gabriola Island, British Columbia: New Society Publishers, 2001.

<sup>34</sup> p. 3-4, Wade, Jill. Houses for All, The Struggle for Social Housing in Vancouver 1919-1950. UBC Press, Vancouver 1994.

<sup>35</sup> Pedagogy of Hope, Paulo Freire, Continuum Publishing Company, New York. 1994

<sup>36</sup> p. 100, Jumping the Curve, Innovation and Strategy Choice in an Age of Transition, Nicholas Imparato and Oren Harari Jossey-Bass publishers, 1994

<sup>37</sup> p. 71, Schon, Donald A. Beyond the Stable State. New York: W.W. Norton & Company, 1971.

<sup>38</sup> Housing Policy for Tomorrow's Cities, Discussion Paper F/27, December 2002, David Hulchanski, Canadian Policy Research Networks.

<sup>39</sup> p. 72, Schon, Donald A. Beyond the Stable State. New York: W.W. Norton & Company, 1971.

<sup>40</sup> p. 80, ibid

<sup>41</sup> p. 80, ibid

<sup>42</sup> This tool was introduced by Richard Foster in his book Innovation: The Attacker's Advantage, and popularized in a book by Dudley Lynch and Paul L. Kordis called Strategy of the Dolphin: Scoring a Win in a Chaotic World.

<sup>43</sup> p. 31, Foster, Richard N. Innovation: The Attacker's Advantage. New York: Summit Books, 1986.

<sup>44</sup> It is the lack of ability to anticipate that motivates Foster's recommendation of S Curve analysis as a strategic planning tool. The shock and the resulting displacement of the current technology (in the private sector,) or social policy (in the public sector) can come with the sudden fury of a hurricane – yet with less appreciation of the forces that give rise to dramatic weather disruptions.

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