



## PRESS RELEASE



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### **Three Way Partnership Leads to Innovative Pilot Project for Spence Neighbourhood**

**WINNIPEG, Manitoba, July 4, 2000** — Three partners, dedicated to making a difference in Winnipeg's inner city, announced an innovative pilot project for individuals wanting to buy homes in the city's downtown Spence Neighbourhood.

The Honourable Ronald Duhamel, Secretary of State (Western Economic Diversification and La Francophonie), on behalf of the Honourable Alfonso Gagliano, Minister responsible for Canada Mortgage and Housing Corporation (CMHC); Bruce Campbell, Regional Vice President, Manitoba & North-western Ontario, Royal Bank Financial Group; and Rev. Harry Lehotsky, Co-chair of the Spence Housing Coalition, made the joint announcement today in Winnipeg.

Spence Housing Coalition, Royal Bank and CMHC are partners in the pilot project which will enable home buyers, who would not normally qualify for a National Housing Act (NHA) insured mortgage, to buy a home in the Spence Neighbourhood. Under the pilot project, buyers will have the option of making a minimum down payment of five per cent, contributing labour as an alternative form of down payment ("sweat equity"), or doing a combination of both.

The pilot project represents an innovative and proactive partnership between a bank, a mortgage insurer and a community group. By joining forces, the three partners are able to offer a comprehensive strategy that will improve the community.

"This unique and innovative initiative shows the commitment Canadians have to helping each other," said Minister Duhamel. "By working together for inner city revitalization, the Spence Housing Coalition, Royal Bank and the Government of Canada are sharing in a commitment to improve housing conditions for those persons who might not otherwise be able to afford a home."

Minister Gagliano said, "While it may be a pilot project, I am optimistic it is the beginning of a growing trend of partnerships throughout Canada which will help us revitalize inner cities to make better, stronger, safer neighbourhoods."

The partners united to find sustainable solutions for affordable housing in Winnipeg's inner city because they believe facilitating home ownership will get people into homes and foster good neighbourhoods.

For Royal Bank, 'social responsibility' is not just philanthropy," said Bruce Campbell, Regional Vice President, Manitoba & North-western Ontario, Royal Bank. "It also means investing in community economic development and creating products and services that respond to the needs of our communities. By participating in the Spence Neighbourhood Pilot Project in Winnipeg, Royal Bank's goal is to use what we do best as a business, such as lending money, to make a difference in low-income neighbourhoods."

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In addition to enabling people to buy homes under the Spence Neighbourhood pilot project, buyers will receive training on banking and budgeting from Royal Bank, and on home maintenance from community groups that are members of the Spence Housing Coalition.

Pilot project participants benefit from more flexible mortgage insurance eligibility criteria and may also be eligible for additional funding, to help with renovations, through the Residential Rehabilitation Assistance Program (RRAP), a federal-provincial cost-shared program delivered by the Province. This program provides financial assistance to homeowners to bring their houses up to health and safety standards.

The project will operate as a pilot for five years and will be monitored to assess its success. The three partners are optimistic that it could become a model for other Canadian inner city neighbourhoods interested in similar projects

This important agreement, to facilitate home ownership in this neighbourhood, all started over coffee with people who worked for CMHC and Royal Bank," said the Reverend Harry Lehotsky, Co-chair of the Spence Housing Coalition. "There were no titles, politics or arguments, just a sharing of common concerns about helping this neighbourhood. What makes this even more meaningful than words on paper is the message about the power of trusting relationships."

The Spence Neighbourhood, bounded by Notre Dame Avenue to the North, McGee Street to the West, Portage Avenue to the South, and Balmoral Street to the East, is part of Winnipeg's West Central Area.

Groups or individuals who would like further information, or who would like to volunteer labour, materials or training expertise to the pilot project should contact the Spence Housing Coalition at (204) 783-5000.

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**Photos are available.** Please see CNW Photo Network via CP Picture Service

## **Spence Neighbourhood Pilot Project Background Information**

### **The Pilot Project's Beginnings**

Several years ago members of the Spence Housing Coalition (Spence) got together to discuss what could be done about the high percentage of vacant and boarded up houses in Winnipeg's Spence Neighbourhood. To combat the problem, the members developed a plan to revive the community. The plan involved several goals:

- to increase home ownership on blocks where at least half of the homes are owner-occupied;
- to reverse the deterioration on blocks where half the homes are vacant or boarded up;
- to focus on key properties that need renovation or demolition and landscaping;
- to provide grants for private home owners seeking to improve their properties and;
- to improve the capacity of individual housing groups working on renovations in the area.

To meet these goals, Spence needed to find an answer to the question of how they could help first-time home owners finance their homes.

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The answer came about through a partnership Spence developed with Royal Bank Financial Group and Canada Mortgage and Housing Corporation (CMHC). Together, the three parties discussed ways they could work together to offset the difficulties that some prospective home buyers face in securing a mortgage. The result of those discussions was the development of a comprehensive strategy, and an agreement to test the strategy through a pilot project. The pilot project would incorporate more flexible mortgage eligibility criteria, self-help through the option of purchaser contributed labour, training and ongoing support for the purchasers over the five year period of the pilot.

### **The Pilot Project**

The pilot project's purpose is to revitalize the Spence Neighbourhood by increasing the number of owner-occupied homes in it. The project will do this by enabling people who would not normally qualify for a mortgage to buy and renovate homes in the area.

To participate in the project, prospective home buyers must fill out an application, which will be available through the Spence office at 430 Langside Street in Winnipeg. If the application meets set criteria, Spence will submit it to the Spence Housing Coalition Advisory Board for review.

Once the Advisory Board has reviewed and recommended the application, they will notify the home buyer and will forward it to Royal Bank. The home buyer will then meet with a Royal Bank personal banker who will provide budgeting and banking advice and will discuss the mortgage process. At this time, the home buyer will make arrangements with Spence to discuss property choice and the cost of purchase and renovations. The chosen property will be purchased, the mortgage funded by Royal Bank and insured by CMHC. The home owner will then proceed with renovations, which may be undertaken by the home owner or by authorized contractors.

Home buyers will know up front the total price of the homes they choose to buy and their renovation costs. Their offer to purchase will be based on this total.

The project will make up to a maximum of 50 homes available to home buyers over the five years of the pilot.

Spence, Royal Bank and CMHC are optimistic that the project could become a model for other Canadian inner city neighbourhoods.

### **Innovation: A Key Principle**

In order to facilitate access to low income purchasers who would not normally be able to qualify for an NHA (National Housing Act) insured mortgage, the partners agreed to be innovative. For example:

- Home buyers will have the option of using their own labour to create equity. If they choose this option, they will be exempt from having to come up with up to 100 per cent of the five per cent cash down payment that would otherwise be required.
- Royal Bank and CMHC have expanded the borrower eligibility criteria to facilitate access to mortgages for low income borrowers.
- Spence will facilitate the delivery of the project and will provide ongoing support and counselling to the home buyers.

### **Home Owner Training: An Integral Component**

An integral component of the project is that it will provide home buyers with the training they need to make their home buying, owning and renovating experience successful. The training will be a required component of the program, and will focus on banking, budgeting and home maintenance. Royal Bank will deliver the banking and budgeting components, while community groups that are members of the Spence Housing Coalition will assist purchasers with the

home maintenance portion. Spence Housing Coalition will also provide ongoing support to the purchasers over the five years of the pilot.

### **Residential Rehabilitation Assistance Program (RRAP)**

Home owners may be eligible to access additional funding for their renovations through the Residential Rehabilitation Assistance Program (RRAP), a federal-provincial cost-shared program delivered by the Province. This program offers financial assistance to low-income home owners to repair their homes. It is aimed at people who live in substandard dwellings and cannot afford repairs necessary to make their homes safer and healthier.

To be eligible for RRAP, a home owner must:

- have a low income (total household income must be below the income limit set by CMHC based on area and household size);
- own a home valued below a certain amount;
- live in a house that is substandard and in need of repair in one of the following areas: structural, heating, fire safety, or plumbing.

The maximum loan amount that a home owner may receive is \$12,000. Depending on the home owner's income, up to \$12,000 may be forgivable and not have to be paid back. To be eligible for forgiveness, the home owner will have to agree to continue to own and occupy the house for up to five years.

### **The Partners**

The partners in the project are the Spence Housing Coalition, Royal Bank Financial Group and Canada Mortgage and Housing Corporation. The following is a brief description of each.

#### **Spence Housing Coalition**

Spence is composed of a number of non-profit neighbourhood revitalization groups who are working to improve living conditions in the Spence Neighbourhood in Winnipeg's inner core.

#### **The coalition members include:**

- Winnipeg Inner City Homes Inc.
- Winnipeg Housing Rehabilitation Corporation
- City of Winnipeg
- Habitat for Humanity
- New Life Ministries
- Spence Street Neighbourhood Revitalization Initiative
- Lions Club of Winnipeg
- Royal Bank Financial Group
- West End Business Improvement Zone

#### **Royal Bank Financial Group**

In 1998, Royal Bank created the new role of "Community Banker" in Toronto, Winnipeg and Montreal. Community Bankers work closely with community partners in inner city, low-income areas to help residents access "basic banking" services. In working with local agencies with a community economic development focus, these bankers assist in the development of personal and community potential. Royal Bank, in turn, learns better ways to identify and respond to the needs of low-income consumers.

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Royal Bank believes that all clients - regardless of their economic status - deserve respect, choice and advice. Over the last two years, Royal Bank has provided more flexible guidelines for account openings and employees have received training that sensitizes them to the needs of low-income customers. Royal Bank has developed client materials explaining its account opening and funds withholding policy and has translated them into 21 languages.

### **Canada Mortgage and Housing Corporation**

CMHC is Canada's housing agency, and has been helping to house Canadians for more than 50 years. In addition to facilitating innovative programs that address affordable housing and home ownership, CMHC delivers on and off-reserve housing programs, offers mortgage loan insurance products, conducts housing research, and works with the housing industry to expand the export of Canadian expertise, products and services to other countries.