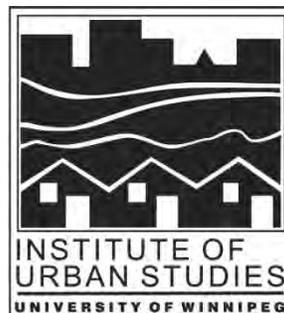
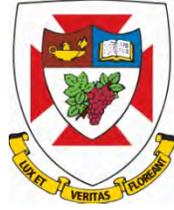
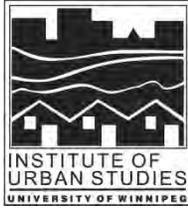


The Role of Private Financial Institutions in Older Winnipeg Neighbourhoods

**by Marianne Rossen
1976**

The Institute of Urban Studies





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Published 1976 by the Institute of Urban Studies, University of Winnipeg

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Note: The cover page and this information page are new replacements, 2016.

The Institute of Urban Studies is an independent research arm of the University of Winnipeg. Since 1969, the IUS has been both an academic and an applied research centre, committed to examining urban development issues in a broad, non-partisan manner. The Institute examines inner city, environmental, Aboriginal and community development issues. In addition to its ongoing involvement in research, IUS brings in visiting scholars, hosts workshops, seminars and conferences, and acts in partnership with other organizations in the community to effect positive change.

THE ROLE OF PRIVATE FINANCIAL INSTITUTIONS

IN OLDER WINNIPEG NEIGHBOURHOODS

Prepared By: Marianne Bossen, Winnipeg

Prepared For: Institute of Urban Studies
University of Winnipeg

October 1976

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THE ROLE OF PRIVATE FINANCIAL INSTITUTIONS

IN OLDER WINNIPEG NEIGHBOURHOODS

Objectives of the Study

The objectives of our study have been:

- 1) to obtain information about the availability and sources of mortgage funds for the purchase and/or rehabilitation of existing (older) single and multiple-unit dwellings in areas adjacent to the City's core;
- 2) to establish the direction(s) of potentially more penetrating research into financing problems and needs in older urban areas than current budget and time constraints have permitted;
- 3) to suggest, if possible, alternative ways of financing the acquisition and, when necessary, rehabilitation of older houses and apartment blocks to complement the activities of private lenders in the housing market.

Scope of Research and Methodology

The scope of research into private lending in neighbourhoods adjacent to the city core has been restricted to a preliminary survey among a small, but representative, sample of private lending institutions. We discussed lending policies and practices, the potential availability of detailed data, the state of the current mortgage market, business constraints, and input into government housing programs.

In the field visits we included the regional office of the Central Mortgage and Housing Corporation and the Winnipeg Real Estate Board. Information has also been provided by the Mortgage Insurance Company of Canada and Insmor Mortgage Insurance Company. To obtain information about provincial government programs, interviews were conducted by telephone with program administrators or research staff in the Manitoba Housing and Renewal Corporation, the Planning Secretariat, and the Department of Co-operative Development.

The eight lending institutions visited were selected on the basis of information about lending activities in a report on a survey among members of the Manitoba Mortgage Loans Association in Winnipeg made available to the Institute of Urban Studies for confidential use..

A list of organizations contacted in person or by telephone is appended to this paper.

Policies and Practices of Private Financial Institutions

Availability of Data

In view of possible future research, we enquired into the feasibility of extracting data on lending in older areas from company files or through a computer search. In most cases this was felt to be not feasible. Using files of borrowers would in principle be the only way, but this was thought to be too problematic because of cost and the need to preserve confidentiality. The smallest geographical area for which data could be retrieved, if authorized, would be the former City of Winnipeg, or Metropolitan Winnipeg, or the Province, or by Credit Union Branch.

Two respondents, in one bank and one credit union, thought that their organization might be positively inclined towards a request for data on lending. However, the credit union's activity is insignificant for purposes of research. One data source would be inadequate. The likelihood of finding a number of lenders willing to engage in data retrieval from files is slim.

Even if it were possible to obtain details about transactions, such information would not say anything about potential buyers who never made it to the filing of a mortgage application. A first screening can take place in real estate firms, where experienced agents will assess a potential buyer's

financial position to avoid expending time and effort on a prospective client who is unlikely to meet guidelines generally applied in the mortgage finance sector.

The real estate industry is not a good data source on lending, for agreements of purchase and sale usually stipulate "subject to financing". The actual financing arrangements for a completed transaction can have been handled by the realtor (a minor aspect of the latter's services), the purchaser and his/her banker or another lending institution, or the purchaser's lawyer.

Mortgage Markets

There are varying degrees of specialization among lenders, but there is also considerable competition. Buyers can "shop around" among various types of financial institutions. The most conservative lenders are perhaps life insurance companies which are regulated by the Department of Insurance, while the most flexible lenders are probably some credit unions. Credit unions entered the mortgage market in recent years.

Some respondents finance mainly single family dwellings. Others transact also considerable business in commercial and industrial properties. Some are more favourably disposed towards rental property than others. Credit unions lend outside the City's perimeter; banks do not.

Several lenders stipulated that they give only first mortgages. Actually, there is little option. With the high ratio lending in recent years the second mortgage market has all but disappeared.

Some do not lend to builders. Credit unions especially have a distinct philosophy which governs priorities, i.e., to assist individual members with

purchases of homes and consumer goods. In a credit union the Board of Directors will lay down the policy governing priorities in the allocation of loanable funds and these priorities will in part be governed by the amount of loanable funds and the size of membership.

We discussed the turnover of houses in Winnipeg. One estimate mentioned was that existing houses (which make up the bulk of the housing trade) turn over on the average every three years, formerly 5-6 years. The reason given for the higher turnover of the last few years is not mobility, which has declined because of the high cost of transferring staff and because of the greater resistance of corporate employees to be moved around. It is the tendency to look upon houses more as a consumer good, a status symbol, than as a long-term investment. The rapid rise in incomes of recent years of the primary labour force has led to trading-up in house styles and residential areas. Mortgages have become a short-term (5 year) investment.

Several respondents expressed the opinion that the trend may turn towards renovating and enlarging existing houses (to which a return to more stable price and income levels would contribute, we think). Demand for home improvements has been limited in recent years. It was also observed that there is currently a greater demand for older homes (which may indicate that at least some consumers take a more realistic attitude towards budget constraints and housing options.)

Foreclosures are infrequent. Lenders are flexible and accommodating when borrowers are temporarily in trouble, but legal action is sometimes needed. We were told by one lender that in their experience foreclosures in low-income areas are rare. People who really want a home meet their obligations.

Guidelines

Policy guidelines, also in national corporations, are flexible, rather than rigid criteria. It was felt that mortgage managers have sufficient freedom of judgement to adapt to local conditions and to consider each application on its own merits. Gathering facts is an established routine. Judging the tangibles and intangibles of a people situation, contains a subjective element. In any bureaucracy some managers prefer to stick to the letter of guidelines or regulations, while others are sufficiently secure and independent to interpret guidelines in a flexible manner, taking into account the special circumstances of a case, and in doing so, taking perhaps calculated risks that some colleagues might want to avoid. If an application is sufficiently realistic in the light of predictable requirements of lenders, a refusal by one because of the mortgage officer's judgement, or institutional priorities, or temporary shortage of mortgage funds (banks, for example, receive periodically regional allocations), does not have to be a deterrent to try elsewhere.

What then are the guidelines most commonly applied?

The two entities that must be considered are the property which is subject to lending, and the individual(s) undertaking a commitment to re-pay capital with interest. The lender must have reasonable assurance that the capital will come back without having to resort to legal means, or in the case of foreclosure, being left with a non-marketable property.

For an assessment of the physical structure and market value of a property, lenders rely on the judgement and report of an appraiser (independent or own staff). An important criterion of an appraiser (independent or own staff). An important criterion of an old building (house or block) is its remaining life expectancy, which should be at least 25 years, the usual period of amortization of a mortgage. There are no hard and fast rules concerning the

maximum age of an existing house. A well maintained, structurally sound, house built 50 or 60 years ago can be a quite acceptable investment.

Lenders are not overly concerned with trivial building standards that must be met under an N.H.A. guarantee, e.g. minimum headroom of a basement or basement stairs, the number of closets. Structural soundness and liveability can make an older property acceptable whereas it might not qualify for a guarantee under C.M.H.C.'s criteria which are most applicable to new houses.

Judgement of people is perhaps more subjective than judgement of the physical aspects of a building which requires technical knowledge. Guidelines concerning income and personal characteristics of borrowers are sufficiently flexible but there is a discernable pattern.

Income criteria are more influenced by private insurer policies than head office policies of national lending institutions. Absolute income is less important than gross debt service (G.D.S.) and total debt service (T.D.S.). As a rule, G.D.S., or P.I.T. (the total of principal, interest, and property tax) must not exceed 30% of gross income (ie. income before income tax). T.D.S., as a percentage of gross income, must not exceed 35-37%, or with some lenders, 40%. If a household (individual or family) is overextended with consumer credit, as many are, the consumer debt service may not tolerate the addition of P.I.T. of a mortgage, even with an otherwise adequate income. Prospective buyers in such a situation are sometimes advised to give priority to reducing their consumer debt load before considering the purchase of a house, ownership of which entails more than P.I.T. Too much and too easily granted consumer credit and too high expectations of people were cited as not uncommon borrower obstacles to home ownership.

What is counted as income? Most applicants are in their late thirties or forties and (one lender's estimate) in roughly 80% of cases, husband and wife

both contribute to family income. The husband's income is normally counted for 100%, the wife's income for 50-100% depending upon a number of factors, which taken together determine the degree of probability that she will stay in the labour force. If the wife is the principal earner, the incomes of husband and wife will be counted for 100%. Role expectations reduce the probability that the husband may elect to stay home to zero or negligible.

Guidelines respecting age of applicant, marital status, and occupation, are flexible. Mortgages for applicants over 50 occur less frequently but are possible if the property and the personal situation warrant financing.

The unmarried status per se is no obstacle to home ownership. The risk of marriage break-up confronts all lenders. It is the principal borrower hazard, according to one respondent. The ability to repay of a separated person is more difficult to assess. The length of separation, a legal separation agreement, would be taken into account. This kind of marital situation has inherent uncertainties regarding future decisions of the spouses about reconciliation, continued separation, or divorce with an uncertain financial outcome for both spouses (under present marital property legislation, now under review).

The only occupational aspect that is relevant is expected stability of income, i.e. of employment. Expected stability of employment is most assured in the public sector, while the self-employed are considered an economic risk, because of their vulnerability to changes in market conditions. We conclude, in labour market jargon, that the sole or principal earner in the secondary labour force probably has the greatest difficulty qualifying for a mortgage.

Older Apartment Blocks

Older blocks represent the most problematic segment of the older housing stock. Who bought them in the past? Professionals, real estate agents, retired people looking for an income stream from investment, widows with investment

funds. At present little trade takes place in such blocks, which are no longer an attractive investment to buyers and lenders alike. Owners of the better type older blocks do their utmost to keep the property safe and clean - probably hoping for a change in rental and re-sale market conditions. Poorly maintained blocks are unsaleable.

Several factors account for the poor investment potential: Public attack on landlords; rent-control; an unpredictable re-sale market; many blocks need additional investment to meet stricter municipal by-laws concerning maintenance and fire safety.

Following a request from the Institute of Urban Studies we asked the following specific question: "Can a small owner of rental accommodation obtain an improvement loan if the City orders improvements to comply with By-Law 1046, the Existing Apartment Buildings Improvement By-Law?" Those who consider older-block propositions specified the questions they would raise: current rents, age of property, general condition, income stream after improvements, impact of improvements on the life expectancy of the building, in short, can the investment be recovered in rent or sale? An assessment would also be made of the owner's creditworthiness and motivation. One respondent mentioned the possibility that a discouraged owner might abandon the property leaving it to the lender to recoup his capital on a non-or poorly marketable property filled with people needing service. Land use or expected land use in the area would also be a factor.

Vacant Areas

Financing of new construction on vacant areas would depend on the nature of the building(s), the immediate environment, and the future of the area. There are no special restrictions. However, we were told that serviced lots are in short supply.

In response to our request, C.M.H.C. is extracting data on "starts"

by community area, but at the time of writing the information had not yet been received.

Home Improvement

Demand for home improvement loans appears to have been limited in recent years but may increase according to one respondent who has most of its residential mortgages in newer housing.

However, mortgage managers may not have the total picture. Home improvements can be financed in various ways: from personal savings, a private loan, or an ordinary bank or credit union loan. One lender told us that the return to the lender on home improvement loans is poor but he can make such loans up to \$4,000. A lender may restrict home improvement loans to its own borrowers or to purchases with repair under N.H.A. A large credit union lends actively for home improvements. One company mentioned "a fair amount" of such business but expects a decrease because of the high cost of construction. This lender has the bulk of its residential portfolio in large older homes in the West End and the North End.

Construction Costs and scarcity of construction labour appear to present significant obstacles to rehabilitation of older housing stock.

Non-Profit Organizations And Co-operatives

The mortgage managers interviewed had seen little or no demand from such organizations. It was thought that non-profit housing organizations are probably funded directly by C.M.H.C. One lender mentioned that such enterprises (also RRAP/NIP projects) cannot be included in their lending policy. Lenders who do finance co-operative building enterprises accept sweat-equity. Who participate in sweat-equity projects? One respondent suggested probably white collar workers more than blue-collar who have

better incomes. Lenders' special concern with co-operative organizations (besides the usual criteria) is an assessment of managerial continuity and expertise.

We asked the Department of Co-operative Development if the sweat-equity program also applied to existing houses. He answered in the affirmative but aside from some young people's projects financed by CMHC, there has been no demand. The problem may be that existing houses tend to be dispersed in a district and sold under varying conditions of sale.

NIP/RRAP

The majority of lenders had not had any demand for funding, which is not surprising in view of the limited application of these programs in Winnipeg. Some wondered why RRAP is not available outside NIP areas. Private lenders would co-operate.

We asked C.M.H.C. if data were available. The reply from Ottawa was that RRAP data are not computerized.

AHOP

We asked one mortgage manager what would be the minimum gross family income needed to carry a mortgage on a modest house. He calculated that approximately \$14,000. - per year would be needed to carry a \$30,000. - mortgage with 25 years amortization at current conventional interest rate. Applicants with less income can be assisted under AHOP if they can buy a new house at a modest price. Some expressed the opinion that the AHOP ceiling established by C.M.H.C. is too low in metropolitan areas.

The use of AHOP in association with sweat-equity building is possible. C.M.H.C. is setting up a monthly information system for the program to be operative late in November 1976.

The Role of Private Mortgage Insurance

Private mortgage insurance is a fairly recent feature in the housing market and has largely replaced the N.H.A. guarantee. The two principal bottlenecks in the federal housing agency's operations, as mentioned by respondents, are: the slowness of its administrative process, and adherence to building standards which are frequently too high or too "new" to be applicable to sound older houses built to meet life styles of an earlier era (when, for example, people had fewer clothes and personal possessions and needed fewer closets) and with a different technology. Approval of an application by C.M.H.C. takes three to four weeks, we were told, which is often too long for the psychological comfort and objective needs of seller and buyer. Private mortgage insurance corporations can deliver fast service on applications.

Three mortgage insurance companies compete in Winnipeg. Their guidelines - 30% G.D.S. and 38-40% T.D.S. flexibly applied - under which they will insure risk have become the guidelines of the lending institutions. Lenders and individuals are shareholders of the mortgage insurance corporations. The latter rely on lenders for an assessment of the borrower and the property.

The insurance fee, payable by the borrower, is 1% on a high ratio loan ("high ratio" means a loan of more than 75% of the purchase price), amortized over the term of the mortgage - normally 25 years - paid in full by the lender when the policy is issued.

Credit unions can also obtain private mortgage insurance, but a large credit union, ie. its members, carries its own risk on most loans by charging a higher interest rate. This enables credit unions to help members with the acquisition or improvement of properties which might not qualify for a loan under the guidelines commonly observed in the housing market.

Research Suggestions

The survey of policies, guidelines, experiences and opinions of different, selected, types of mortgage lending institutions has led us to conclude that private financing is adequate and competitive for a wide range of housing needs and existing properties, also in older areas.

There is no clearly defined cut-off income level below which a mortgage is impossible to obtain. A middle income person may be carrying a heavy consumer debt load and be unable to meet the TDS requirement no matter how flexibly applied, while a relatively low income household may qualify on the strength of proven frugality, good home management, motivation, and perhaps manual skills useful for the maintenance and upgrading of an older low-priced property.

No amount of flexibility in the application of business guidelines can help applicants who cannot bear the debt load of a mortgage with all the other costs of homeownership added (and frequently underestimated by renters). Nor can that part of the old housing stock that has been badly neglected by its owner or a succession of owners, and worn out by tenants, qualify as collateral for an institutional loan. Such properties are likely to be in or fall into the hands of slum landlords.

We believe that the mortgage market works well for a great number of buyers. It would be more useful to obtain information about loans refused than about loans granted. The collection of raw data would have to be negotiated with a representative sample of various kinds of lending institutions who could be asked to send in information about declines (refusals) as they occur. The identity of individuals could be protected, but reasons for decline (property and/or individuals) should be explained. Data should be collected over a period of not less than six months, including spring or fall months when house trading is most active. Leading realtors could be approached with a similar request.

This kind of collaboration would be least onerous for the firms, we believe.

Data on apartment blocks are computer-stored by ward, or even streets, in the Provincial Planning Secretariat, we understand, and should be explored for their usefulness.

Studies of urban renewal areas of the sixties give age of buildings and an evaluation of their conditions (mostly fair to poor) for certain areas in or adjacent to the core around Mainstreet/Notre Dame.

Other data sources in city records can be explored.

The purpose of residential data collection from various sources and analysis of such data would be to arrive at an approximate inventory of apartment blocks, single and multiple-unit houses in specified older areas that are too far rundown to serve as collateral with or without private or public mortgage insurance.

Part of this sub-marginal stock may have to be scrapped in the foreseeable future, while the balance could in principle be renovated to minimum realistic standards (not new housing standards).

Data on applicants refused, when analyzed, could provide an insight into the situation and personal characteristics of those potential home buyers who could not get financing in a market with an adequate supply of mortgage funds.

The data should be obtained for all of metropolitan Winnipeg. Such information could show the geographical incidence of loan refusals, which in turn could be analyzed for type of housing refused (not necessarily all older houses) and geographical concentration or dispersion of sub-marginal applicants (not necessarily all low-income).

Policy Integration

A sound, functional, housing stock is an essential condition for decent

living. To maintain single and multiple-unit houses, occupancy by owner is essential (and a necessary condition often for a first mortgage on such houses). However, ownership does not necessarily guarantee good maintenance in all cases. Motivation and the willingness to forego immediate consumer satisfactions and to shoulder the responsibilities of a home are requisites.

The question should also be raised: Should everyone have a right to home-ownership? Home ownership in North America has a motherhood connotation. If it is a good thing and people want to own a unit of social capital, they should be required - if necessary trained - to take care of it. We like the suggestion of a bank mortgage manager: to make houses available to low-income people on a lease-purchase basis. The rent for the first two years could be applied as a downpayment on the house and a mortgage agreement could become effective after two years of demonstrated (monitored) responsible home management, during which period the lessee would have access to budget and home management counselling services. The incentive idea is attractive but would need further development.

Multiple-unit older two and three storey houses present a different problem. The post-war period has witnessed the conversion of many large homes into apartment or rooming houses. Landlord-tenant relations, the economics of renting in revenue houses, owner-government and owner-community relations, social change, have been researched.¹ Policy recommendations flowing from the study of rental property management in the West-End focussed on the following objectives:

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1. Bossen, Marianne. Rental Property Management In An Older Winnipeg Neighbourhood. Canadian Council on Urban and Regional Research and Manitoba Housing and Renewal Corporation. Winnipeg, March 1976. An article summarizing the report has been published in the summer 1976 issue of Urban Forum.

to offer incentives and increase owner-occupancy in rental houses; to encourage the upgrading of rental property where necessary; to stem and decrease social pollution. A summary of the recommendations is appended.

Some neighbourhoods have a great deal of deteriorated housing stock, e.g. Urban Renewal Area No. 2, the area extending from the C.P.R. tracks to Notre Dame Avenue and from Main Street West to Arlington Street.² Here houses were reported to be in fair to poor condition.

An unknown number of older apartment blocks may be beyond salvaging through upgrading and renovation because of the higher cost of labour, materials and heating systems. What can be done with such blocks and with the delapidated houses? Expropriation, demolition and building public housing (not necessarily high-rise)? It would be a costly approach complicated by lengthy litigation if properties are held by speculative interests. No-one in government has come up with a solution.

We enquired if the sweat-equity program can be used for repairs of existing houses and blocks. In principle it is possible. The Department of Co-operative Development has looked at 10-15 older blocks, but has concluded that the proposition is economically not feasible. Rents would have to rise to a level current occupants cannot afford.

We believe that there is a need for re-assessing current policies and programs of the three levels of government, modifying these where necessary, and integrating the housing-related programs in order to apply the best possible mix of program tools to specific types of housing and special neighbourhood needs. Incentives are preferable to grants and subsidies, which can be abused.

2. Winnipeg Department of Housing and Urban Renewal. Urban Renewal Area No. 2, Final General Report, 1968.

The sweat-equity approach might work for renovation projects if building standards were less high (their validity is now in question), and special training could be provided for handimen and co-op members to do much of the work fast and well. Tradesmen trained in contemporary technology are often not flexible or adaptable enough to come up with least-cost solutions for old structures. A training program for handimen could be expected to meet with resistance from construction unions who control to a great extent the supply of licensed tradesmen, and the Department of Labour.

The goal of preserving what is good in older neighbourhoods and rehabilitating what has deteriorated has many facets: large and small rental property, rent control, landlord and tenant legislation, institutional homes policy, clean environment, conservation and protective by-laws, civic services, property and income tax, building standards, co-op programs, private and public financing, incentives to low and low-middle income people to encourage responsible home-ownership in single and multiple-unit older houses, all within a framework of urban development goals and policies, which do not seem to exist in Winnipeg.

An integrated policy and program approach towards the goal of older neighbourhood preservation and rehabilitation will require:

- a) a change in attitudes and priorities of politicians and senior administrators from near-exclusive emphasis on new housing to a balanced resource allocation recognizing the importance of older residential neighbourhoods;
- b) new mechanisms to design and deliver services to those families and individuals who cannot be accommodated in the housing market by private sector services, but who should to the extent possible

be encouraged to provide inputs, if necessary with training or counselling. The housing stock, even if mostly privately owned, is social capital that should be preserved as long as possible for current and future generations. Owners and tenants have an obligation towards society to maintain the social capital entrusted to them, but tax and price/income policies should not punish or discourage maintenance and improvements.

c) research (as outlined in the previous section) in order to provide a supporting data base (preferably by neighbourhood) for policy and program development and evaluation.

Research would not need to wait for a change in attitudes of policy-makers (which may be long in coming) and would yield the more precise and specific information which is needed also for a piecemeal approach to neighbourhood preservation and upgrading of older residential dwellings.

APPENDIX ILIST OF ORGANIZATIONS CONTACTED FOR INFORMATION

Royal Bank
Kinross Mortgage Corporation (CIBC)
Montreal Trust
Co-operative Trust Co. of Canada
Assiniboine Credit Union
Co-operators Credit Union
Mutual Life of Canada
Credit Foncier

INSMOR Mortgage Insurance Company
Mortgage Insurance Company of Canada

The Winnipeg Real Estate Board

The Planning Secretariat
Manitoba Housing and Renewal Corporation
Department of Co-operative Development

Central Mortgage and Housing Corporation

Thefts from yards and porches have increased. Resident ~~landlords~~ help police, thereby providing a measure of social security, by their watchfulness and alertness to the comings and goings of unidentified individuals on their streets.

Our study has brought out the importance of the resident landlord and his/her social and economic contributions: keeping the rent levels in the district at a low to moderate level, subsidizing tenants by unpaid labour and voluntary rent control in order to retain a compatible tenant's goodwill, supervision which minimizes uncontrollable and asocial behaviour, and helping police by providing a measure of social security in the neighbourhood.

Policy Implications

The ultimate conclusion flowing from this study is that the resident landlords stand between preservation and decay—physical and social—of the threatened neighbourhood. Other studies in Canada, the United States and Great Britain have stressed the importance of the resident landlord.⁵

Local neighbourhood situations may vary from city to city and from neighbourhood to neighbourhood, but the causes and character of urban blight are too well known to excuse government inaction. Although resident landlords in Winnipeg's West-End are not given to collective action, more than half of them gave a positive answer to the question of whether they thought that it would be a good idea to form a landlord association. Their answers indicated an underlying concern about the social, economic, and legal forces which impinge on their life-style and small rental operation. Landlord group action could strengthen the positive qualities present in the social neighbourhood fabric. However, external support from government is needed to bolster the fragile second housing economy, to reinforce any resident action programs towards neighbourhood preservation, and to stem the tide towards more absentee landlord ownership.

The thrust of government policy for older rental neighbourhoods should be directed towards the following goals:

- to increase resident-ownership,
- to encourage the upgrading of rental property where necessary, in view of changes in expectations of a more affluent rental population,

- to stem and decrease social pollution,

- in short, to preserve the quality of life in a neighbourhood for which past generations and many in our time have cared in accordance with their means and talents:

It is to the achievement of the foregoing, that we now turn to the following, suggested program:

1. *Incentives* to new home owners, with modest incomes, to encourage such men and women to become resident landlords; this could take the form of an extra tax credit under the Manitoba Tax Credit Plan and/or an extension of the Federal, Assisted Home-Ownership Plan, a) to existing housing (as in the first year of its operation), and b) to owner-occupied apartment houses.

2. A change in *assessment* policies:

- a) to assess the land value of housing on the basis of *current* land use instead of *permitted* use;

- b) to exempt home owners from assessment increases following improvements and upgrading of rental premises to better attract desirable tenants whose presence in the house will keep landlords in the rental business.

3. A *mini-rehabilitation program* which can be achieved by extending C.M.H.C.'s Residential Rehabilitation Assistance Program to pockets of blight outside Neighbourhood Improvement Program areas.

4. A more flexible administration or, if necessary, an amendment to the *Landlord and Tenant legislation vis-à-vis* the second housing economy eliminating, to the greatest extent possible, ponderous court procedures. Implicit in the *Act*, as currently written, is the assumption that the landlord is familiar with modern business practices, knows how to use the courts, and can afford to pay legal fees.

5. *Allocation of a larger proportion of municipal resources (services) to the Inner City*, with its accumulation of social problems.

6. *Enforcement of existing By-Laws* to protect and maintain a clean environment and house maintenance standards (this relates to "5").

7. A *government policy on group homes* dealing with responsibilities, supervision, and dispersion in order to prevent group home concentration in Inner City neighbourhoods. The present situation in the West-End makes a farce of the concept of neighbourhood

integration in a rehabilitation process and instills fear and hostility instead of an attitude of helpfulness and tolerance.

The three levels of government together *can* combat social pollution and encourage and attract sufficient, new, bonafide, resident landlords into the revenue-house business. The West-End is part of Winnipeg's colourful history and is worth preserving as a dignified living space for home owners and tenants at a much lower cost than urban renewal programs inaugurated long after a neighbourhood has become a slum. ■

Notes

1 This study has been made possible by the support received from The Canadian Council on Urban and Regional Research, which provided the funding, and from the Manitoba Housing and Renewal Corporation. The author also acknowledges the advice and information received from Roger G. Krohn, Ph.D., of McGill University.

2 Suzanne Keller. *The Urban Neighbourhood: A Sociological Perspective*. (New York, 1968.) Keller's definition of neighbourhood: "Local areas that have physical boundaries, social networks, concentrated use of area facilities, and special emotional and symbolic connotations for their inhabitants are considered neighbourhoods." (p. 156).

3 The resident landlords (and some of the non-resident landlords) of our Winnipeg study conform in their behaviour to the "local-amateur" component of the dual housing economy model developed by Roger G. Krohn and co-researchers at McGill University. The model is described in a paper by Krohn entitled *The "Local Economy" and The Preservation of Urban Rental Housing*, January 1974 (mimeo).

4 Social Pollution: To pollute is to make morally or physically impure or unclean (adapted from Webster's definitions). By social pollution in the urban environment, I mean a state of physical and moral uncleanness in society or a sector of society expressed by indifference to and neglect of the maintenance of the physical environment, by not honouring a clean environment and other city By-Laws, rowdiness, preventable high noise levels (e.g., caused by drag racing through city streets and shouting in the night), crime (e.g., arson, personal violence, breaking and entering), and all acts demonstrating indifference to the rights and needs of other members of society.

5 Krohn, *et. al.* in Montreal (1969-1974); James Lorimer in Toronto (1972). In the United States: Stegman (1972) and Sternlieb (1966); in Great Britain, The Committee on Housing in Greater London (1965).