Understanding and Responding to Neighbourhood Decline and Renewal

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1. Introduction

Over the past 50 years there has been a rapid growth in urban populations worldwide. It is expected that this growth will continue and the number of people living in urban centres will increase from three billion to five billion over the next 30 years (Axworthy et al., 2004). While urban centres provide, for some people, increased opportunities for employment and access to services, for others they present great challenges associated with sprawl, waste management, pollution, lack of housing, social exclusion and a lower quality of life.

Inadequate (and sometimes a lack of) urban policy and planning to accommodate the changing dynamics in growing cities has resulted in deteriorating economic, environmental and social conditions in some neighbourhoods. Disinvestment in low cost rental housing and policies that have discouraged economic activities in city neighbourhoods have also created barriers to employment, education, food security, social services and child care facilities resulting in concentrations of poverty. Gentrification and the high cost of housing are directly linked to poverty and more specifically, poverty concentrated in certain neighbourhoods.

Between 1980 and 2000, in most of Canada's cities with a population of over 100,000, inequality increased among neighbourhoods: higher-income earners were increasingly concentrated in richer neighbourhoods and lower income earners – the poor – were concentrated in less affluent neighbourhoods (Heisz and McLeod, 2004).

The United Nations Special Rapporteur on the right to adequate housing, Mr. Miloon Kothari, visited Canada in 2007 and reported that a national emergency exists with regard to homelessness and inadequate housing. Testimonies and reports presented to Mr. Kothari show that the lack of comprehensive, properly funded national poverty reduction and housing strategies has resulted in persistent homelessness, as well as substandard, aging and inadequate housing. This has a devastating impact on the lives of many Canadians, but particularly on vulnerable groups such as women and Aboriginal people (Kothari, 2007).

Neighbourhood decline is attributed to many factors, but two of the keys are poverty and the decline of housing stocks (Carter and Polevychnok, 2006). The failure to develop a national poverty reduction and housing strategy in Canada will likely trigger or exacerbate the rate of decline of neighbourhoods.

This discussion paper has been prepared by the Canadian Community Economic Development Network (CCEDNet) for the Canadian Housing and Renewal Association (CHRA) and intends to explore the issue of neighbourhood decline in Canadian communities. We argue that there is a need to address this decline with neighbourhood renewal initiatives that recognize the complexity of the issue, and are inclusive and community-based. In particular, this paper explores the role of housing in neighbourhood dynamics and, in so doing, aims to answer the following questions: What is neighbourhood decline? How are neighbourhoods in decline identified, and how is the decline measured? What does the current evidence say about the nature and scope of neighbourhood decline in Canada? What is the role of housing in neighbourhood dynamics?

2. Conceptual Issues and Definitions

To identify and understand the role of housing and other factors that contribute to the stabilization, decline or renewal of neighbourhoods, it is important to define the following concepts:

2.1 Neighbourhood

Statistics Canada defines neighbourhoods as census tracts, which are “small, relatively stable geographic areas that usually have a population of between 2,500 to 8000 inhabitants. In this definition, neighbourhoods are delineated
along spatial and economic lines which do not take into account other economic, cultural, or social factors that may influence residents’ definition of neighbourhood.” (Heisz and McLeod, 2004, p. 41).

A neighbourhood is more than a well-defined geographic and socio-economic unit that provides shelter and economic opportunities. According to Power (2007), “[n]eighbourhoods frame people’s lives, providing a bundle of services that people need, and an environment on which families depend. They also provide a vital anchor to individual lives, the ‘container’ within which different social groups develop contact with each other. Neighbourhoods help to shape people’s lives because they do more than house people. They form a base for wider activities, providing many of the social services that link individuals with each other, giving rise to a sense of community.” (Power, 2007, quoted in Smith, 2008, 2nd and 3rd paragraphs).

Like Power, others such as Forrest (2004), Downs (1981), Liebschutz (1983) and Pacione (2001) also highlight the importance of neighbourhoods in providing a “bundle of services” for residents, including the opportunity to establish relationships and networks as well as gain access to housing, safe streets and social services. These ties and networks constitute community assets also known as social capital.

For most, a neighbourhood is a place to live. Neighbourhoods are recognizable to residents of a city and are often defined by their niche character. For the purpose of this discussion paper, a neighbourhood is defined as a geographic unit with physical and social structures that are key determinants of the potential economic, social, cultural and political opportunities available to its residents.

2.2 Community Economic Development

Community Economic Development (CED) is an alternative economic development model that involves disadvantaged communities, neighbourhoods and populations in development strategies on a much larger scale than traditional approaches. It is a strategy that first analyzes the processes by which individuals, families, and communities are shut out of the economic mainstream, and then it creates opportunities to work with these people to improve their lives and take control of their futures.

There is a range of perspectives on community economic development. Some, such as that held by the Economic Council of Canada, focus on the “economic” development of a particular territory (Economic Council of Canada, 1990). Other perspectives such as CCEDNet’s are more comprehensive and include equitable, sustainable, social and economic change:

Community economic development is local action to create economic opportunity and enhance the social and environmental conditions of communities. Its strength lies in its long-term vision and integrated approach – CED concurrently addresses multiple issues. Strategic priorities include but are not limited to: structural economic change, local ownership of resources, social development, environmental stewardship, labour market development and access to capital. These strategies renew community economies by managing and strengthening community resources for local benefit (Canadian CED Network, 2003:1).

In a later section, CED is presented as a framework to maximize social and economic benefits of housing investments in order to strengthen neighbourhood renewal processes.

2.3 Social Housing

The majority of housing in Canada is produced by the private sector for ownership or rental. Social housing, in comparison, is housing stock owned by non-profit housing associations, non-profit co-operatives and government. Often the housing stock produced by the private sector is not affordable for households with low incomes, but government initiatives such as subsidy programs or capital grants for social housing allow such households to meet their housing needs.
Canada has a very high proportion of market housing in comparison to other advanced capitalist economies. Only five percent of the housing stock in Canada is social housing, compared to 20 percent in the U.K, and 40 percent in the Netherlands (Housing New Canadians, 2000).

2.4 Gentrification

Gentrification is an ongoing process in Canada. Housing prices are determined by the real estate market and people with higher incomes are able to pay higher prices for housing. Thus, when certain qualities of housing (or a neighbourhood) become desirable, people with higher incomes move in and eventually displace lower-income households (Centre for Urban and Community Studies, 2007).

Gentrification can also be triggered by renewal initiatives. Indeed, some renewal initiatives, although well intentioned, undermine rather than support the conditions necessary for addressing the challenges presented by neighbourhood decline. Particular attention should thus be paid to the process of gentrification and to the risk of displacement that may be an unintended consequence of neighbourhood renewal initiatives. Gentrification follows the same pattern whether in 1960s London or 2000s Toronto: untended, modest housing is bought and fixed up by the middle classes and developers. Once the process is started it may continue until all of the residences are beautified and all of the original occupants have moved out of the neighbourhood. Interventions in such neighbourhood processes should have the explicit intent to accrue benefits to existing residents and ensure there is no displacement of those residents (Silver, 2008).

3. Neighbourhood Decline

In this section we examine the dynamics of neighbourhoods. How and why does neighbourhood decline happen? The purpose of this section is to understand why neighbourhoods experience decline, how it is measured and the nature and scope of decline in Canada. We examine this to identify policies and programs that support the renewal of urban neighbourhoods and also the development of resilient neighbourhoods that are able to deal with, respond to and adapt to change. Neighbourhood decline has many interdependent factors but is characterized by a shrinking business sector, poverty and deteriorating or degraded housing. Further, in North America, urban decline has been closely linked to suburbanization.

3.1 What is Neighbourhood Decline?

Neighbourhoods are dynamic; they are continuously changing. There are many neighbourhood variables and the balance among the variables, both physical and social, provides neighbourhood stability. A neighbourhood is stable, not because there is a lack of movement, but rather because there is a balance in the outflow and inflow of variables such as people, materials and investments (Downs, 1984). A table of selected variables is included in Appendix 1.

Carter and Polevychok (2006) state that there are many factors that cause neighbourhood decline (see Appendix 2). They argue, however, that neighbourhood decline is usually not caused by one factor alone; instead, a set of circumstances initiates the process of decline, and once set in motion, it gains strength and momentum. In general, the most frequent causes of neighbourhood decline are poverty, racial conflict, aging of population, suburban sprawl, spatial distribution of affordable housing, decline of inner-city schools, absence of a “creative class” and unintended policy effects.

Although neighbourhood decline can be triggered by various factors, the key ones are poverty and inadequate housing stocks (Carter and Polevychok, 2006). Deane (2006) describes the mechanism by which disinvestment in housing and poverty contribute to neighbourhood decline in North America. Policies that favoured suburbs and auto-dependence essentially redirected investments to new developments in suburbs and spurred decline in
urban neighbourhoods. Housing stock in urban neighbourhoods became degraded and households with sufficient economic means moved to the suburbs. In this way, lower-income households became concentrated in urban neighbourhoods. As a property deteriorates it brings down prices and property values in the entire neighbourhood. A smaller population base and lower property values create a lower tax base and municipal infrastructure and services – including but not limited to public art, recreation and parks – become stressed. Concentrations of high poverty reduce opportunities to expand social networks, which are critical to labour market entry and a whole host of services such as doctor’s referrals, childcare and car-pooling. This exacerbates stresses related to poverty and the process of neighbourhood decline gains momentum (Deane, 2006).

3.2 Indicators and Measures of Neighbourhood Decline

There is increasing interest in Canada in identifying and measuring neighbourhood changes. Housing providers, decision-makers, outreach workers and academics have noted a growing correlation between residential clusters of some racialized groups and low income. At the same time, statistics show that the income gap between richer and poorer neighbourhoods is increasing. Murmurs of a permanent underclass, ghettos and ethnic enclaves are growing louder as communities and decision-makers become increasingly frustrated with the lack of appropriate response to issues of poverty such as homelessness, poor health, crime, drug use and violence. It is important to establish indicators to measure neighbourhood decline for two main reasons: to understand the scope and severity of neighbourhood decline, and to establish a transparent system for identifying deprived neighbourhoods that could be the focus of neighbourhood renewal policies and program interventions.

The Royal Institution of Chartered Surveyors (RICS), serving professionals in property, land and construction, has members in 146 countries and is the leading organization of its kind in the world. The Enfield Observatory is a “one-stop-shop” for data and statistics for the London Borough of Enfield. Both list the following indicators for neighbourhood decline:

- Unemployment rates twice the national average and below average wages
- A vacancy rate of over 4.5 percent of properties
- Low property prices
- An abundance of litter and graffiti
- Declining local shops
- Voter turnouts of less than 15 percent
- Above 200 recorded crimes per 1000 individuals
- Housing unfitness level of above eight percent
- Levels of long-term illness 10 percent higher than the national average; good health 10 percent lower than the national average
- Poor educational results
- Poor quality, older housing
- A sharp increase in housing being rented out

Statistics Canada, community agencies and municipal governments collect much of this data, but few studies have analyzed it sufficiently to draw firm conclusions about the severity and scope of neighbourhood decline in Canada.

Toronto, Montreal, Winnipeg, Regina and Saskatoon – all census metropolitan areas (CMAs)¹ – have been the subjects of studies on neighbourhood inequality and concentrated poverty. In the following section we present the findings of select studies that show the trend in Canada’s urban centres, especially the largest cities, towards ‘have’ and ‘have-not’ neighbourhoods. To assess the nature and scope of neighbourhood decline in Canada, we have focused on a key indicator: poverty. We present research findings that describe a Canada with growing spatial income and racial polarization.

¹ A census metropolitan area (CMA) has a population of at least 100,000, including an urban core with a population of at least 50,000. Canada now has 33 CMAs, up from 27 in 2001. Source: http://www.statcan.ca/english/agcensus2006/articles/CMA.htm#cma
3.3 Neighbourhood Inequality

The majority of research on neighbourhood inequality relies on information available through Statistics Canada and in particular, the Census. Statistics Canada defines neighborhoods as Census Tracts (CT), which are “small, relatively stable geographic areas that usually have a population of between 2500 to 8000 inhabitants. The CT’s are defined so as to be as socio-economically homogenous as possible, as well as being as geographically compact as possible. In this definition, neighbourhoods are delineated along spatial and economic lines, which do not take into account other economic, cultural, or social factors that may influence residents’ definition of neighbourhood” (Heisz and McLeod, 2004, p. 41).

Researchers have used CTs in order to better understand the nature and scope of neighbourhood inequality in Canada. Generally, neighbourhood inequality is measured by comparing changes in average individual income of CTs, over time. In other words, the average income of individuals within a CT is compared against average income of individuals within a different CT.

Inequality among neighbourhoods between 1980 and 2000 was observed in cities such as Hamilton, Winnipeg, Calgary, Edmonton, Montreal and Quebec City, where incomes in low-income neighbourhoods fell and in high-income neighbourhoods, increased (Heisz and McLeod, 2004). The majority of studies on neighbourhood income inequality focus on Canada's largest cities. They show an increasing gap between have and have-not neighbourhoods.

The Centre for Urban and Community Studies at the University of Toronto has been cutting the path in this field. In December 2007, they reported that “Neighbourhoods with incomes near the CMA average are far less numerous in 2000 than in 1970 in both the city and the outer suburbs, although the decline is more pronounced in the city. The overall trends are the same.” There was an absolute increase in the number of neighbourhoods with concentrations of poverty. In Poverty by Postal Code (2004), the United Way of Greater Toronto and the Canadian Council on Social Development observe that, in 1981, high levels of poverty were observed in 30 Toronto neighbourhoods; by 2001, high levels of poverty were evident in 120 neighbourhoods.

Prairie cities fared no better. The inner-city neighbourhoods of Winnipeg and Saskatoon are worse off than Winnipeg and Saskatoon overall. Average income for inner-city Winnipeg is $42,477 compared to $63,657 for the whole of Winnipeg; average income for inner-city Saskatoon is $32,475 compared to $62,451 for Saskatoon as a whole (Silver, 2008).

Whereas between 1980 and 1990 there was no significant change in the rate of national family poverty, the concentration of urban poor increased in the poorest neighbourhoods. In Montreal and Winnipeg respectively, 40 and 39 percent of poor families were concentrated in poor neighbourhoods (Carter and Polevychok, 2003).

Neighbourhood inequality is on the rise in Canada. The percentage of poor households that lived in exclusively poor neighbourhoods increased from 12 to 17 across Canada (Carter and Polevychok, 2003). Much of the research is focused on large urban centres where the population is expected to continue to grow. Further research needs to be done to understand the relationship between neighbourhood inequality and neighbourhood dynamics such as decline and renewal.

The correlation between the incidence of low income and racialized groups has been well noted in Canada. New immigrants and Aboriginal people in particular face conditions associated with living on low income. Not surprisingly then, research on neighbourhood decline and inequality has revealed that less affluent neighbourhoods tend to have higher than average percentages of racialized groups.

3.4 Racialized Groups

In Canada, members of racialized groups have a greater chance of living in a high poverty neighbourhood. As Canada is continually striving to realize the dream promised by multi-culturalism, this concerns policy-makers, academics and citizens alike.
Studies have shown a correlation between high levels of poverty and concentrations of specific ethno-cultural groups and racialized people. For example, in Winnipeg and Regina, although the levels of income remained stable between 1980 and 2000, Aboriginal people were at greatest risk of living in low income and low-income neighbourhoods. In 2000 in Winnipeg and Regina, there were 46.2 and 60 percent respectively of Aboriginal people living in low income. Moreover, in Regina about 32 percent of First Nation people were living in low-income neighbourhoods (Heisz and McLeod, 2004). In two of Saskatoon’s poorest inner-city neighbourhoods, almost half of the population were Aboriginal (Silver, 2008).

Other groups at risk of living in low income and in poorer neighbourhoods are recent immigrants, visible minorities, people with disabilities, lone-parent families with children, seniors and elderly women (Heisz and McLeod, 2004; Carter and Polevychok, 2003). Also, in 2001, in four inner-city neighbourhoods in Winnipeg over half (51.5 to 66 percent) of the population was racialized groups.

The most comprehensive study on this topic is Ghettos in Canadian Cities? Racial Segregation, Ethnic Enclaves and Poverty Concentration in Canadian Urban Areas. (Walks and Bourne, 2006). Walks and Bourne conclude that there is little evidence in Canadian urban areas of trends towards U.S.-style ghettos. Specifically, their research shows that “the majority of Canadian urban areas reveal degrees of segregation lower than many cities in the U.S. and Britain, although the four most segregated CMAs, Toronto, Vancouver, Winnipeg and Montreal, have levels of spatial polarization higher than the largest cities in either Britain or Australia.” They further show that levels of segregation are decreasing across Canada with the exception of Toronto.

They conclude that “the confluence of increasing income inequality and the particular geography of housing in each given place, including that of tenure, form and price are more important in determining overall patterns of segregation. [...] a more nuanced appreciation of neighbourhood dynamics and housing stock changes is warranted for a better understanding of the directions of social changes in Canadian urban centres.”

To conclude, it is clear that poverty and income inequality have risen steadily in Canada since the 1970s. Inequality between neighbourhoods has also become more evident. The poor are getting poorer; the rich are getting richer. Racial polarization is a concern, particularly in Canada’s largest cities, namely Toronto, Vancouver, Winnipeg and Montreal. It is not clear whether neighbourhoods are becoming more polarized along racial lines.

Carter and Polevychok identify poverty as one of the key factors in neighbourhood decline and we have presented data that demonstrates poverty is growing and increasingly concentrated in certain neighbourhoods. This suggests that poor neighbourhoods in Canada’s large cities are at risk of neighbourhood decline.

4. Role of Housing in Neighbourhood Dynamics

What is the role of housing in neighbourhood dynamics? The process of neighbourhood renewal can be initiated through many different neighbourhood variables (beautification, employment and training, improved services, community development, etc). Further, neighbourhood renewal may be spearheaded by government intervention, increased activity in the real estate market or by the community members themselves.

A study in the U.S. that examined the issue of housing and property abandonment in 95 cities revealed that housing abandonment can negatively affect, in descending order, the neighbourhood vitality, crime prevention efforts, commercial district vitality, overall quality of life, assessed property values, fire prevention efforts and industrial district vitality (Carter and Polevychok, 2003).

There are many differences in housing: costs and prices, design, tenure, spatial distribution. And these housing differences have different outcomes on neighbourhood resilience through their direct impacts on human health, social capital, the local economy, the labour market and poverty, to name a few. This section attempts to outline some of these differences and their impacts. We look at housing from three different dimensions: tenure, built form and price.
4.1 Price

The price of housing is a key factor of neighbourhood stability in Canada. As reported in the previous section, income inequality between neighbourhoods has become a defining feature of Canada's largest cities. As we also mentioned, neighbourhoods and housing affordability in Canada are being influenced by gentrification because the government seldom intervenes in the housing market. For that reason, neighbourhoods are susceptible to rapid change when we experience real estate booms or other shocks to our economy. The price of housing can cause in- or out-migration, deepening or alleviation of poverty, social inclusion or exclusion and sufficient or insufficient labour supply.

Price and Population Shifts and Displacement

The Centre for Urban and Community Studies explains plainly, “The price of housing is a key determinant of neighbourhood stability or change in societies where the real estate market governs access to housing, with only limited public intervention. Higher-income households can always outbid lower-income households for housing quality and location. If a lower-income neighbourhood has characteristics that a higher-income group finds desirable, gentrification occurs and displacement of the original residents is the inevitable result. The opposite also occurs. Some neighbourhoods, once popular among middle- or higher-income households, fall out of favour and property values fail to keep up with other neighbourhoods. Over time, lower-income households replace middle- and higher-income households.” (Centre for Urban and Community Studies, 2007).

Price and Poverty Alleviation

Providing affordable housing and security of tenure is an effective poverty reduction strategy. It has already been noted that homelessness and inadequate housing in Canada are issues of national emergency. The high cost of housing is a major determinant in financial stress among low income households.

According to Canada Mortgage and Housing Corporation (2005), a household is in “core housing need” if its housing is not affordable (housing cost is more than 30 percent of gross income), not suitable (not enough bedrooms for size and composition of household) or inadequate (in need of major repairs). It is estimated that in 2001, 1.5 million or 13.7 percent of Canadians were in core housing need. In terms of households, in 2001, 20.2 percent were in core housing need due to affordability issues, and 10 percent due to overcrowding and/or housing in need of major repairs. In terms of demographics, in 2001, 30 percent of lone-parent, 18 percent of immigrant and 24 percent of Aboriginal households were in core housing need. Further, 28.3 percent of renters, compared to 6.6 percent of owners, were in core housing need (Statistics Canada and CMHC, 2005).

Social Inclusion and Labour Supply

Housing greatly influences the inclusion or exclusion of an individual in a community because: “housing is a gateway through which we connect to our immediate environment and society at large. It reflects social status, belonging to community, a centre to gather with friends and family and it has a direct bearing on the extent to which we experience social inclusion or exclusion.” In addition, to facilitate social inclusion for an individual, affordable housing is vital but so is a secure and supportive environment where that individual feels at home, enjoys good health, has access to economic opportunities and a connection to a wider social network (Chisholm, 2001).

A comprehensive and affordable housing program attracts residents of various income levels and therefore reduces social exclusion and provides a basis from which to develop strong networks (Strong Neighbourhoods Task Force, 2005). In Canada, there is a strong correlation between income and disadvantaged groups. It is known that women, lone-parent families, immigrants and people living with disabilities face labour market discrimination. Neighbourhoods and cities that lack low cost housing become increasingly homogenous. Social exclusion is reinforced as segregation deepens.

Lack of diversity caused by lack of affordable housing not only affects individuals, it also affects society and, in particular, the supply of labour.
Affordable housing in close proximity to places of employment can better attract and keep skilled workers, who tend to change jobs less frequently. This in turn represents reduced training costs and improved productivity for the employer, while employees save on transportation and spend less time commuting. Therefore, investments in housing can result in a more vibrant local economy (Smart Growth BC, 2005).

4.2 Built Form: Networks and Social Capital

Design of housing and other urban structures has a significant impact on building relationships, trust and norms within a neighbourhood. People are adversely affected by large-scale housing initiatives or rapid neighbourhood changes that disrupt social networks. Although poor people face a multiplicity of challenges due to their limited income, those challenges are not insurmountable if they have and maintain their social capital. The social network plays a fundamental role for the poor as an immediate recourse in adverse conditions. In addition, networks play an important role in labour market entry and attachment.

Networks are particularly important to newcomers to Canada. While an absence of networks is often a condition of immigrating, building networks is, conversely, the key to successful integration. In Storytelling Newcomers’ Experience with CED in Canada, CCEDNet shows that farmers’ markets and co-operative housing in particular are excellent models of community infrastructure, helping to build networks for newcomers.

New Urbanism is a branch of architecture dedicated to place making. Building and city designs that adhere to principles of place making will foster networks and social capital in neighbourhoods. We have included Copenhagen’s 10-step program as an example of New Urbanism.

4.3 Tenure

There are basically four distinctions to make in terms of types of housing tenure. The most common form in Canada is private homeownership (68 percent, Census 2006), followed by rental (31 percent). Statistics Canada includes non-profit housing and co-operative housing as rental units. Within the non-profit housing stock, co-operatives are distinguished from non-profit housing associations in that the residents themselves govern the association. The type of ownership has an impact on neighbourhood dynamics.

For many Canadians, private homeownership is their most important source of wealth. It has also been associated with other benefits including security of tenure, pride of ownership and good maintenance and stability in terms of years lived in a neighbourhood. Private homeownership has been used as an affordable housing strategy by Habitat for Humanity, North End Housing Program (Winnipeg) and through home-save programs that match funds with prospective homeowner’s savings. The rate of homeownership in Canada in 2006 was the highest since 1971.

The pattern of homeownership is changing in Canada. In 2006, over 900 000 households owned condominiums representing 10% of homeownership. In 1981, less than 4.0% of owner households were condominium owners (Statistics Canada, 2008).
Both private homeownership and co-operative housing provide security of tenure for residents. This has several impacts on neighbourhood resilience. First, residents who feel secure in their housing are more likely to make emotional and financial investments in their property. Second, long-term residency provides a sense of security amongst neighbours, and fosters trust and familiarity (Chaland, 2001).

There is enough evidence of the benefits of co-operative housing over other types of non-profit housing to suggest that any new national housing strategy should include the development of additional housing co-operatives. The Canadian housing co-operative sector should also take a leadership role in the development of new housing units.

The benefits of co-operative housing, as summarized by Skelton, include resident empowerment, security of tenure, sense of community, resident satisfaction and cost efficiency. “It is argued that savings accrue to co-operatives for several reasons: continual ownership prevents refinancing costs that force rents up when private apartment buildings change hands periodically (Gilderbloom and Applebaum 1988); stability in the resident population leads to a low vacancy rate (Smith 1990); resident work on repairs (Smith 1990) and management (Miceli and Sazama 1998; Miceli et al. 1993) substitutes for monetary expenditures.” (Skelton, 2002. P.12).

The type of tenure also has implications for the development of human and social capital that enhance a neighbourhood’s resilience in the face of rapid change. New housing projects present an opportunity to build new skills, trust and relationships amongst residents. The rehabilitation of housing stocks in declining neighbourhoods provides greater shelter options for residents. When the rehabilitation of the housing stock is conceived and implemented by the residents, social and human capital is also enhanced. This provides stability for the neighbourhood, but more importantly, it can provide motivation and resources for further improvements. For example, the Waterfront Consumers Co-operative is a housing project in Vancouver that was created in the 1970s. The organizing, marketing, business and community development skills – as well as the relationships created through the development of the co-op – were also applied to other neighbourhood improvement projects. These included “a pedestrian overpass, a municipal park, new sewers, streetlights, curbs and sidewalks.” (Chaland, 2001).

In sum, there is a correlation between poverty and deteriorating housing, high-cost housing, rental housing and population segregation, which, in turn, are linked to lower social and human capital, and thus limit a neighbourhood’s capacity to attract investors and employers. The best protection against neighbourhood decline is new and sustainable investment in affordable housing that ensures a good mix of price, tenure and built form.

5. Examples of Neighbourhood Renewal

To better understand the dynamics of neighbourhood renewal and the roles of various actors in the process, we present two examples: the Fernwood Neighbourhood Resource Group and the Dutch Experience.

5.1 The Fernwood Neighbourhood Resource Group (Victoria, British Columbia)

The Fernwood neighbourhood is characterized by its working-class roots, artistic bent and activist flavour. It is within walking distance of downtown Victoria, and housing is cheaper to both rent and buy compared to other Victoria neighbourhoods. There are a large number of rentals, privately owned homes, secondary suites and a few apartment buildings. The condition of housing ranges from impeccable to severely deteriorated. The neighbourhood is experiencing gentrification as young families who cannot afford homeownership elsewhere in the city buy degraded character homes, fix them up and, as a consequence, increase the value of the property. At the same time, many of these young families cannot afford to become homeowners without secondary suites, so over the last decade, the density of the neighbourhood has increased significantly.
The community has also experienced conflict played out between two neighbourhood groups. The Fernwood Neighbourhood Association and the Fernwood Neighbourhood Resource Group (FNRR) continue to co-exist, however, and the conflict has become less important as a result of the successful neighbourhood renewal process employed by FNRG.

FNRG’s renewal initiative began with the purchase of the Cornerstone Building, which had been boarded up for four years. The building is located in the heart of Fernwood, surrounded by single family dwellings (now each with secondary suites), a pub, a theatre, a town square and the city’s oldest high school—all within one block. Many individuals had expressed interest in purchasing the building but found it was not feasible as an investment. Nonetheless, it is an important building and members of the community had been trying to render it useful for a long time.

The empty Cornerstone Building had 5,000 square feet of retail space on the bottom floor, divided into three storefront shops. Above the shops, there were six apartments that were infamous for squatters and caches of stolen property. People were afraid to walk in front of the Cornerstone building. Across the street, in the town square, tree branches hung low and seemed to present an ideal hiding place. In previous years, the square had a post office box and a telephone booth, but when these urban structures were removed, fewer people visited the square. The area was perceived as unsafe, but in fact, there was no more crime in the heart of Fernwood than in any other part of Victoria.

The FNRG bought the building for $1.28 million—about 25 percent over its current market value. The top floor is now home to six affordable housing units, while on the bottom floor there is a wine bar, art gallery and the Cornerstone Café. The café is a social enterprise owned by the FNRG that generates a surplus of $3,000 per week and provides meaningful employment for some of the local residents. It has also become a well-used community space where various community groups meet, make plans and address other issues of concern for the neighbourhood. Some of these issues include homelessness and food security.

The Cornerstone Café is now the neighbourhood’s living room and it hosts many community events. In 2008, the neighbourhood even launched its own record label called Cornerstone Records. A live album was recorded in the café, which has become a regular venue for Celtic jams, poetry nights, queer parenting groups, storytime for kids and book launches.

The neighbourhood has more community development initiatives than ever before, and the surplus from the café has been used to fund other initiatives, such as opening an infant centre, subsidizing the neighbourhood’s second affordable housing project, supporting the Good Food Box, and contributing to the purchase of an electric truck for the local high school. Some of the key ingredients for Fernwood’s neighbourhood renewal process include tenacious leadership, real estate and housing investments, development of social enterprise, capacity building for residents, and local ownership of the decision-making process.

At present, the FNRG receives recreation funding from the municipal government, which it uses to hire animators to facilitate recreational activities desired by the community. For example, with the support of paid organizers (animators), residents have organized chicken-raising workshops, scuba diving courses and mosaic tiling projects.

The active participation of residents in revitalization efforts helped allay their fears and enhance their sense of community: “we ended up building community by building community. We got 10,000 hours of volunteer time; it not only put the bricks and mortar up but gave the community a sense of pride.” (Martell, 2008, Pers. Comm.)

As soon as the neighbourhood group bought Cornerstone, new investment poured into the community. The building across the street was sold and the new owner has renovated and re-opened it as a new business. These developments have appreciated property values in the neighbourhood. The FNRG is aware that by revitalizing their community, it is pushing property values up and pricing people out of their community. It has therefore made a commitment to intervene in the market and ensure provision of affordable housing. As the key mandate of FNRG, affordable housing will remain central to the Fernwood neighbourhood renewal process.
5.2 The Dutch Experience

(The following is a summary of a keynote speech by Mr. Hugo Prieums to the National Policy Forum on Neighbourhood Renewal held in Ottawa in 2005)

The first wave of neighbourhood renewal efforts in the Netherlands began soon after the Second World War, and the intention was to provide a sense of community to citizens who had lost trust in their democratic institutions. An integrative approach to neighbourhood renewal was implemented through a combination of government-led housing, education and care programs, and by stimulating a sense of community and responsibility among residents. However, this first wave slowly lost its momentum and the integrative approach to neighbourhood renewal was no longer viewed as a top priority.

In the 1970s, urban renewal initiatives once again took priority. The work to implement renewal projects in the targeted neighbourhoods was achieved by groups composed of civil servants, representatives of housing associations and businesses and residents. This second wave of neighbourhood renewal was triggered by the concentration of neighbourhood populations along socio-political lines, demands for socio-economic equality and a call by citizens for a more accountable government.

The neighbourhood renewal strategy, It’s Our Neighbourhood’s Turn, implemented between 2001 and 2004, focused on the participation of residents in creating neighbourhoods with increased safety, liveability, integration, participation and social cohesion. More recent initiatives fall within the spheres of the “new” urban renewal policies in the Netherlands. These policies target post-war neighbourhoods with an integrative approach to improving housing as well as urban structures (buildings, roads, parks) and the living environment.

Housing associations have played a crucial role in neighbourhood renewal in the Netherlands and can be traced back to the start of industrialization, when social housing was necessary for people who migrated to cities in search of employment. By the end of the Second World War, housing associations had become a major stakeholder in the housing market. In the 1990s, housing associations held 42 percent of the housing market; at present this share has decreased to 36 percent.

Although housing associations are non-profit organizations and their main duty is to provide affordable housing to those who need it, they also engage in market operations by providing houses to middle- and even high-income groups. The prominent role of housing associations in the housing market prevents commercial developers from demolishing housing stocks and building new ones to suit the demands of high-income people in depressed neighbourhoods. Thus, gentrification and displacement of low-income people are prevented.

Except for a few brief periods, neighbourhood renewal in the Netherlands has been a continuous process since the Second World War. The main actors involved in these initiatives include the central government, municipalities and housing associations. Residents play an active role in the co-production of neighbourhood renewal strategy and policy.

These examples tell us that: critical success factors for neighbourhood renewal are resident participation and leadership in the development effort; neighbourhood or housing associations must take an active role in the real estate market; and increasing the stock of non-market housing is an effective strategy to mitigate against gentrification and eventual displacement of low-income residents.
6. How Do We Get There?

Neighbourhoods in Canadian urban settings are at risk of decline. The following is a short discussion of frameworks, policy and program examples and suggestions for responsive policy to reverse or prevent neighbourhood decline.

6.1 Neighbourhood Renewal Frameworks

Neighbourhood renewal initiatives need to be placed within a framework that ensures the benefits are directed at the residents.

In *Why Cities Matter: Policy Research Perspectives for Canada*, Neil Bradford (2002) highlights the need to design and develop urban policies that address the shifts and changes that have occurred in Canadian cities over the last few decades. Bradford suggests it is critical to recognize that a service- and knowledge-based economy thrives in those places where the physical and social structures foster both diversity in ideas and cultures and learning and economic opportunities. Urban policies that account for the requirements of the new economy can support the creation of cities that are innovative, cohesive and inclusive.

Bradford (2002) suggests that the following are useful frameworks for mapping out urban policies and urban renewal strategies that recognize the importance of cities in today’s economy:

- **An economic cluster framework** envisioning city-regions prospering by housing spatially concentrated, smaller-scale firms. These firms would strive for global competitiveness by co-operating with one another and with public sector institutions for innovation in knowledge-intensive production.

- **A social inclusion framework** seeking full participation of all citizens in the economy, society, and polity, and emphasizing the fact that barriers to opportunity are increasingly concentrated in certain urban neighbourhoods that spatially segregate poorer residents already at risk of some form of exclusion.

- **A community economic development framework** focusing on local self-reliance and community capacity building in distressed areas. Such a framework would ensure that the marginalized have the information and resources to access wider support services, learning networks and housing and employment opportunities beyond their neighbourhood.

- **An environmental sustainability framework** using ecosystem planning and concepts such as the bioregion to advocate a more compact built form for the city, and to clarify the manifold costs – fiscal, environmental and health – of sprawling development that encroaches on agricultural lands and ecologically sensitive areas.

(Bradford, 2002, p. iv)

These frameworks are important to keep in mind during the development of housing strategies for the revitalization of neighbourhoods. An effective housing strategy for neighbourhood renewal rehabilitates the housing stocks as much as it creates small-scale and local business opportunities (economic cluster); participation by the local residents (social inclusion); empowerment of the community in the conception, design and implementation of the strategy (community economic development); and improvement of the physical environment (environmental sustainability).

6.2 Best Practices in Policy and Programs

In this section we present two examples of neighbourhood renewal initiatives that include housing as a key element. Winnipeg’s Neighbourhoods Alive program funds neighbourhood renewal corporations that employ CED approaches to neighbourhood renewal and the creation of affordable housing. The Quebec government and the City
of Montreal joined hands to fund the conversion of an abandoned industrial building to a residential co-operative, Couvent de Saint-Henri Housing Co-op.

**Neighbourhoods Alive Program (Winnipeg)**

In Winnipeg, the Neighbourhoods Alive Program (NAP) is a neighbourhood renewal initiative that focuses on the role of housing within a CED framework. NAP is being implemented by the Manitoba government. Through the Neighbourhood Housing Assistance program, NAP aims to revitalize neighbourhoods and provide grants for the purchase and renovation of homes.

Skelton et al. (2006) use Community Economic Development principles such as decision-making, employment and training, disposition of housing resources, flow of financial resources and social capital to evaluate the housing projects supported by NAP. Skelton et al. argue that CED ensures the rehabilitation of the housing stock means more than just providing affordable shelter: it also motivates community members because it is visible, stabilizes the population, restores the housing market and provides employment, business and investment opportunities. The construction and renovation of homes by NAP has had significant positive economic impacts; it requires material inputs, labour and investments. Therefore, suppliers of construction materials attain economic benefits, local residents obtain employment opportunities and skill development, and banks and insurance companies gain increased business opportunities.

**Couvent de Saint-Henri Housing Co-op (Montreal)**

The annex that housed Montreal's Dawson College and Aviron Technical Institute was built in 1967 and closed in 1994. After sitting vacant for some time, the building was repossessed by the city for non-payment of taxes. The empty building had become a “nuisance” for the neighbourhood; it contained asbestos and the 0.3 hectare site was contaminated with hydrocarbons.

At a cost of $4.02 million, financed with grants from the Quebec government and the City of Montreal, by 2000 the Couvent de Saint-Henri Housing Co-op had transformed the building into 48 affordable residential units, a small office and a common room for the members.

Many of the original features of the building were retained, although some additions, such as balconies, improved the building’s appearance, and new windows ensured sufficient light in the units as well as energy efficiency.

The 48 residential units provide housing for individuals and families with low incomes. Rental charges for the units range from $334 (643 square feet) to $692 (1,600 square feet) per month. Members of the co-operative are responsible for decision-making and management of the building.

The co-op is located in a mixed-used industrial, commercial and residential neighbourhood, and is close to amenities including shops, schools, a bank, a church and a park, as well as within walking distance of bus and metro stations.

The project faced challenges in decontaminating both the site and building as well as bylaws that only permitted industry, warehousing and wholesale trade in the area. However, given the need for affordable housing, a government subsidy of $360,000 allowed for the decontamination of soils and the removal of asbestos from the building, while the city’s planning commission relaxed the bylaws and accepted a zoning variance for the project.

Despite the challenges, Couvent de Saint-Henri Housing Co-op is a successful example of the revitalization of a vacant building into an affordable housing project.²

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² from Canada Mortgage and Housing Corporation, Residential Intensification, Case Studies: Built Projects
7. Conclusion

Although Canada is a prosperous country, the shift in its economic focus, in the context of a global economy, has led to the increasing urbanization of its population. Evidence suggests advancing neighbourhood decline and inequality in the large cities across the country. Trends raising concern include the concentration of poverty in low-income neighbourhoods, a growing gap between rich and poor neighbourhoods, a significant percentage of people living in core housing need and greater impacts of neighbourhood decline on vulnerable populations such as Aboriginal people, recent immigrants and women.

To reverse the decline of neighbourhoods requires the development of comprehensive and integrative strategies that address the physical and/or social variables causing the decline. Although this paper has highlighted only the role of housing within a neighbourhood renewal framework, other strategies and approaches can help stabilize or renew a neighbourhood: development of a poverty reduction program, diversification of economic opportunities, and regulatory changes that facilitate rather than prevent affordable housing initiatives.

Within a CED approach, housing initiatives can strengthen neighbourhoods by rehabilitating or adding to housing stock, while also contributing to social inclusion and cohesion, social capital, employment opportunities, access to services and an improved quality of life for residents. The active participation of residents in all aspects of the design and implementation of a housing strategy for a neighbourhood renewal ensures that the initiative responds to, and is suitable to, local situations. Importantly, with its focus on redirecting economic and social benefits to community members, CED can play an important role in protecting neighbourhoods and residents from the unintended negative consequences of gentrification.

There are neighbourhood renewal initiatives in Canada and abroad in which housing has played a prominent role. These examples demonstrate that community housing initiatives can play a critical role in attaining the economic and social outcomes necessary to renew declining neighbourhoods. The high level of concentrated poverty and segregation is deeply concerning, but as recently reported by the Co-operative Housing Federation of Canada, the problem is not unmanageable. “The implication of these findings is that, while the total housing need problem in Canada is quite large, Canada as a society can afford to address these problems. The $6.99 billion core need problem should be viewed relative to a $1.5 trillion national economy. The changes projected above (the falling per capita cost) suggest that Canada will become even more able to afford to address these housing problems. In addition, real growth (in excess of inflation) of incomes will further increase the ability of our society to fund the necessary housing programs.” (Dunning, 2007).
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Appendix 1

Table 1: Select Variables in Neighbourhood Stability (Adapted from Downs, 1984, p. 25)

Population change involves shifts in:
- Number of households
- Number of residents
- Socio-economic status
- Age distribution
- Ethnic composition

Physical change involves shifts in:
- Number of structures
- Physical condition of structures
- Vacancy rate
- Mixture of building types
- Mixture of land uses
- Amount and nature of open space
- Amount and nature of vehicle traffic

Economic change involves shifts in:
- Employment opportunities
- Distance from commercial services
- Market value of property
- Sale prices of property
- Rent levels
- Number of housing units occupied by owners
- Amount invested in maintenance, repair and renovation of property
- Amount of new construction
- Availability of real estate financing and insurance

Public service change involves shifts in the quality of:
- Police and fire protection
- Public schools
- Public transportation
- Street and sidewalk maintenance
- Distance from social services
- Trash collection

Psychological change involves shifts in opinions and expectations about:
- Socioeconomic status
- Ethnic composition
- Physical conditions of structures
- Desirability of neighbourhood as place to live
Table 2: Factors in neighbourhood decline (from Carter and Polevychok, 2006)

**Social**
- Poverty
- Racial conflict
- Perception of decline of inner-city schools
- Increased inner-city crime
- Mass in-migration to the inner cities of migrants and immigrants with weak skill sets
- Middle class preference for single-family homeownership on large suburban lots
- Loss of social capital, sense of community
- Resident perceptions and expectations

**Demographic**
- High percentage of elderly people
- High percentage of Aboriginal people with weak skill sets
- Unemployment

**Physical Development**
- Urban sprawl
- Deterioration of inner-city infrastructure
- Chaotic subdivision of inner-city land, as characterized by irrational lot lines, resulting in odd-shaped or small plots that impede parcel assemblage for modern development
- Aging and obsolescence of commercial buildings
- Decline of inner-city housing stock
- Spatial distribution of affordable social housing
- Parking problems and congestion in an increasingly automobile-oriented society
- Mixing of incompatible land uses, ultimately blighting the affected area and reducing property values

**Economic**
- Bank “redlining”
- Low labour force skills
- Investor perception of higher inner-city risk
- Economic restructuring
- Low “creativity” potential as high-tech industries need to be in entrepreneurial environments that attract highly educated people

**Public Finance**
- Reduced tax base and tax revenues resulting from disinvestment
- Reduced quality of inner-city services and fiscal stress because of declining revenue sources
- Perception of lower suburban taxes
- Economic development discouraged by infrastructure that is expensive to repair and/or replace when maintenance deferred

(Carter and Polevychok, 2006, p. 25-26)