



ARTICLE | TRANSFORMING COMMUNITY PAIN INTO COMMUNITY GAIN

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In this thought-provoking piece, Mark Holmgren reflects on the challenges and success of the Edmonton Community Development Company in the launch of Project 10. This article is for community change makers encountering challenges with gaining neighbourhood buy in, navigating existing policies, and acquiring adequate funding.

BACKGROUND

Our offices are located in McCauley, one of Edmonton's founding neighbourhoods. Since 1971, its population has gone from 7,000 to 4,500. The narrow residential streets are lined with mature trees and most homes are 60 to 100 years old. Located in Edmonton's urban core, McCauley is also home for many large social and health organizations, homeless shelters, and dozens of pharmacies – all of them a daily draw for hundreds of homeless and otherwise disadvantaged people from all over the city. Nearly one-third of the housing stock is devoted to non-market housing, which includes permanent supportive housing, subsidized housing, transitional housing, and various types of social housing.

Homeless encampments on empty lots are common. People shoot up in plain sight. A recent article in the Edmonton Journal reported that a friend of mine walking his dog came across six people passed out, seemingly lifeless. A week or so earlier, three people were found dead a stone's throw from police headquarters, dead from overdosing.

It all sounds rather grim, doesn't it? A few years ago, a CBC series on the challenges of living in an urban core neighbourhood was entitled Slum Town. The podcast was well done, but McCauley residents had quite the reaction to the title of the series. Why? Because McCauley residents share a love of and affection for their neighbourhood. If you want to experience community spirit in action, you will find it in McCauley, not to mention in other urban core neighbourhoods.

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Boarded up for years, new family housing planned

A prime example of action-oriented community spirit was when the Edmonton Community Development Company (CDC) teamed up with local leaders to rally the neighbourhood to purchase a long-time problem property, the Piazza, a strip mall in the heart of the neighbourhood, home to drug trafficking, gambling, and gang activity. Serving as the neighbourhood's backbone organization, \$1.1 million was raised by neighbourhood residents (in six weeks, no less) to put down on the \$2.9 million purchase price. The CDC helped create an investment co-op and played an instrumental role in raising the money as well as securing financing from the Social Enterprise Fund.

Our role as a community development organization was one of support, capacity building, technical assistance, and a willingness to take risks with the community. In the end, it was the neighbourhood that pulled this off. It is an example of classic community development that is based on neighbourhood leadership to solve a problem whose

solution is now owned and controlled by the neighbourhood. Nearly 100 residents invested their hard-earned money, knowing full well they could lose it all. The Edmonton CDC has produced a 7-part pod cast series on this project – link at the end of this post – if you want to find out more.

ENTER: EDMONTON COMMUNITY DEVELOPMENT COMPANY

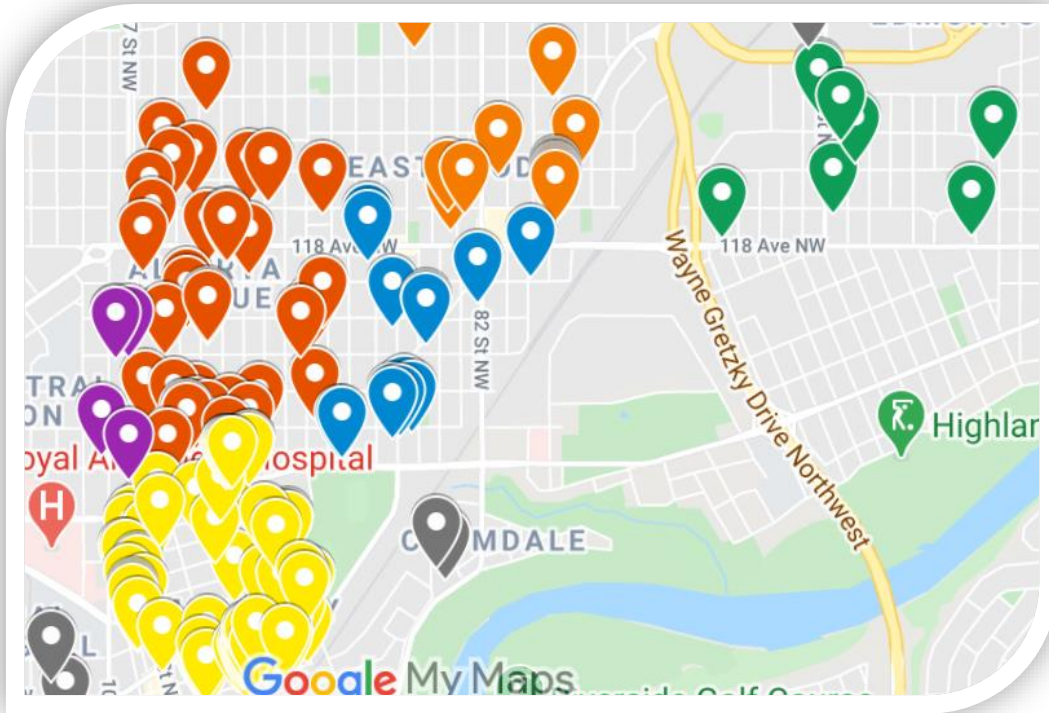
As a small, non-profit community development company we are called to undertake work in core neighbourhoods that no one else is doing. Working with neighbourhoods and allies, we look to solve problems by replacing them with products of neighbourhood aspirations. While we were devoting significant staff time and money to the Piazza project, we were exploring how we might tackle what for many if not most urban core residents is their number one priority, namely to overcome the community pain of residential problem properties, often referred to as “slum” or “drug” houses.

One of these dwellings a few blocks from our office is referred to as “the murder house.” A good many of these properties are derelict, abandoned rooming houses or fire damaged structures.

One of the first things we did was begin to inventory how many of these properties exist in the urban core. As of this writing, 170 have been identified, documented, and mapped. This map shows by different colours, the density of problem properties in individual neighbourhoods within the city.



Edmonton CDC's second purchase, a slum house that burnt to the ground



“... it represents the beginning of what must become a significant municipal strategy to not only overcome the miasma caused by these properties but also to offer tangible supports to those who live in these places.”

Homeowners who live near these problem properties experience a landscape of drug manufacturing (meth labs), drug trafficking and people shooting up on sidewalks, in back lanes, the park, and on their property. Gangs fight at any hour. Yards are vandalized. Tires are slashed. Lives are threatened. The prospect of being able to sell one’s home and move to safer ground is more of a pipe dream than a possibility unless people want to lose their shirts.

After significant planning, the CDC launched Project 10 as our first short-term strategy to buy, demolish, and redevelop 10 derelict properties into market housing aimed at first time homebuyers. Urban core neighbourhoods want more market housing to attract more families and create more population density. We have committed currently \$3.5 million in cash and debt financing to do this work.

Concurrently, we are collaborating with the City’s Community Standards Division, Alberta Health Services, the Edmonton Police Service, and the Fire Department to undertake Social Return On Investment (SROI) research into the financial and human costs of problem properties. And we are working with the City and residents on longer term strategies to shut-down active problem properties.

While Project 10 will deliver wanted impacts, it represents the beginning of what must become a significant municipal strategy to not only overcome the miasma caused by these properties but also to offer tangible supports to those who live in these places. The research should help with making that case. Our thesis is – and we are confident of its validity – that million upon millions of dollars are spent ameliorating the harm caused daily by this nefarious type of housing. Those dollars should be invested in neighbourhood development that not only resolves the problem but creates sustainable benefits in these founding neighbourhoods.

We knew Project 10 would be hard to pull off, but now that we have six properties purchased and are moving toward redevelopment, we are learning just how much more difficult this work is. Without high leverage partnerships and additional injections of money, the work would be doomed. Thankfully, we have discovered the same kind of spirit and goodwill that fostered the success of the Piazza success.

So far, we have paid less than we had envisioned for the six already purchased, but the extraordinary expenses involved in removing meth labs, testing, and remediating Asbestos and then demolishing the building pose daunting obstacles to ending up in the black on our developments. We are content with margins far below the expectations of conventional developers, but we cannot operate in the red.

**Edmonton Community Develop
Company Thesis:**

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While a pro bono lawyer and realtor are cost-reducing god sends, we have also been able to negotiate favorable pricing from builders, although the pandemic's impact on materials costs is a major challenge. A \$100,000 City grant is helping offset our extra staffing costs, but more grants are needed to fuel the expansion of our work to Project 15, 20, 30 and on. We are on that, hoping to raise \$500,000 to support our capacity to do more.

This work is bigger than real-estate development. Systems, policies, and funding are not yet adequately aligned with these efforts. While the City is doing good work to increase non-market housing, especially supportive housing for the homeless, urban core neighbourhoods have more than their share of such housing. Too much of it results in poverty entrenchment and inhibits, if not prohibits, a robust real estate market, which is a critical element of neighbourhood development. Funding requirements for non-market housing include ensuring what is built remains non-market for 30 to 40 years.

UNFORSEEN OBSTACLES

- Development permits for a new build on one single lot are subject to a review of the location and water pressure of the closest fire hydrant. If either are not up to standards, the owner of the lot is required to install a new hydrant. The price tag? \$100,000 or higher. We adapted to this by working with the City to provide its fire hydrant assessment during our offer period.
- In some cases, zoning set up to promote more density has been applied to lots that are much

smaller than a conventional lot, making it more than challenging to fit what is required on the lot. We purchased two properties with zoning that is mismatched to lot size. We could try to rezone but it is expensive, takes a long time, and at the end of the day a zoning change request could be denied, leaving us back where we were. This is a systems issue. Zoning should be relevant to the property to which it is assigned.

- Recently we discovered a property we purchased is listed on the City's list of historical properties. The structure on that property is not salvageable, yet the City will have to approve its demolition. It's another step we have to go through. While we can't imagine the City refusing a demolition permit for a tear down, getting to bare land will now take longer, add to our costs, and the risk remains, however slim, that the permit could be denied, leaving us with a dead property holding a boarded-up building.

We're good at overcoming obstacles and problems; however, we underestimated the time demands on our team of five, which impacts our capacity to address other neighbourhood problems and aspirations. We are confident we will prevail as more partners and money are found. In fact, despite the many obstacles facing Project 10, we are working on how to expand it. If your city faces similar challenges, you might be interested in what we believe are the necessary ingredients of success:

INGREDIENTS OF SUCCESS

Knowledge, experience, and mindset

- Our staff have substantial development knowledge and experience, backed up by a board on which sits several real-estate developers. Along with such capacity, a collective mindset is required that is focused on finding solutions to what stands in our way. Trusting one another is paramount. We need to share our mistakes so we can solve them together.

High leverage partnerships

- Partnerships must be impactful, and partners must deliver what they promise. They must save us money, decrease development time, add value to our decision-making, and some of our partners must provide money. Without high level partnerships, the CDC cannot do this work on its own.

High tolerance for ambiguity

- Resolving problem properties has so many twists and turns that certainty of plans and actions is elusive. The work is iterative and requires a sense of calm in the midst of turmoil. We have discovered this work requires an approach to learning and adaptation that we undertake collaboratively and promptly. We have no time to wait for a summative evaluation of our efforts.

Constructive advocacy

- It's easy to point fingers at others about why so little has been done about this pervasive problem. Pointing fingers is a waste of time. We look instead to work with others who have responsibility for neighbourhoods and often we need to collaborate with others that have contributed to the problem, whether directly, indirectly, or unknowingly. We believe success will be found in a collective approach to solution building. That doesn't mean there won't be hard conversations, but community development requires a convergence of aligned efforts, not

a divergence of blame.

High tolerance of risk

- We have stellar tools and processes to guide our work, including a comprehensive, complex decision tree, detailed proforma based on industry standards, and continual communication amongst our team to ensure we do not stove pipe or worse, ignore issues we must embrace and resolve. Even so, this work poses risks, and both the board and management must be prepared to carry on and trust we have the ability to prevail.

Research, education, and communication

- In addition to the SROI research, we have plans to publish a guide for realtors, builders, designers, engineers, sellers, buyers, and city bylaw officers about the challenges of redeveloping problem properties and how to overcome them. We see this guide as a fundamental requirement if we ever hope to see a significant scaling up of the work.

Ongoing engagement with residents

- While neighbourhood residents are highly supportive of Project 10, they also want to ensure that what we are developing fits their view of what a good neighbourhood should include. They want to know how our builds will create eyes on the street, promote social interactions, and what steps we will take to ensure we are selling new homes to people who will add value to the neighbourhood. Our commitment is to hold block meetings with residents who live around the properties we own. This is more about ensuring voices are heard; we do this because residents have good ideas that do end up influencing what will be constructed – ideas like ensuring we include front porches and/or balconies and that we are paying optimal attention to social-aesthetics.

One can see how this work connects to Collective Impact. Indeed, authentic community development is always a collective undertaking that despite solid planning and well managed execution must persist through the unpredictability of the work. It requires the capacity to learn and adapt quickly and resolutely. The work requires a dog with a bone mentality, driven by community-centric values and the fierce belief that failure is not an option.

RESOURCES

- [90+ McCauley residents pull off investment miracle - Edmonton Community Development Company](#)
- [Podcast Series: PIAZZA DELIVERY - Edmonton Community Development Company](#)
- [Project 10 - Edmonton Community Development Company](#)
- [SROI-Research-Project-Scope.pdf](#)

Mark Holmgren left Tamarack Institute in late 2019 to take the position of Executive Director of the Edmonton CDC. The former CEO of Bissell Centre, Mark served on the Mayor's Taskforce to End Poverty and currently sits on the Stewardship Round Table of End Poverty Edmonton.

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The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the Government of Canada.