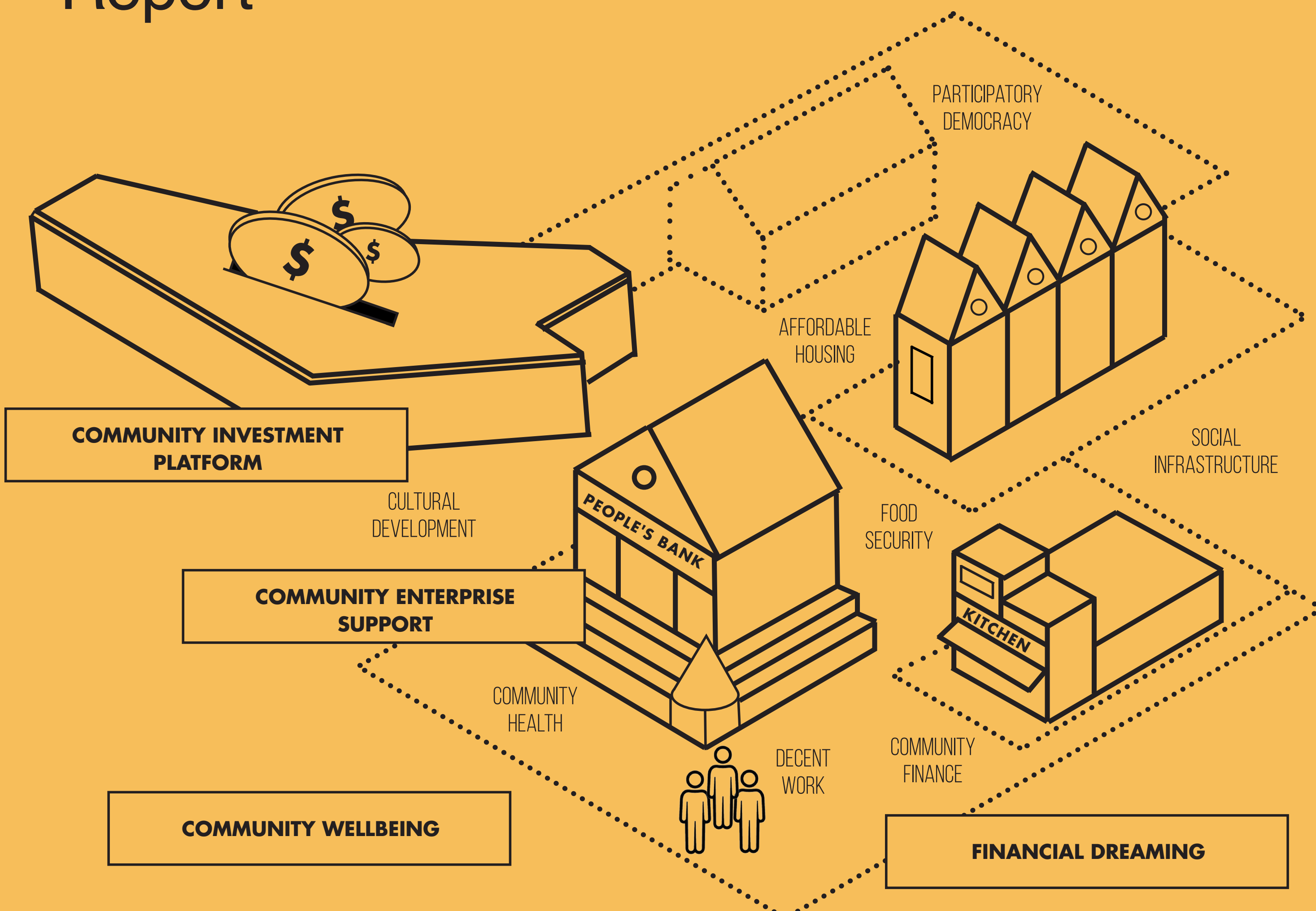
Parkdale People's Economy
Parkdale Community Economy Development (PCED) Planning Project

Full Report
September 2019

Parkdale Community Wealth Building

Community Financing Report



Strengthening the neighbourhood economy through equitable and inclusive community funding in Parkdale.

Version 1

On behalf of the Parkdale People's Economy, we wish to thank a number of people and organizations for supporting the Community Wealth Building Project.

Firstly, great thanks to the Metcalf Foundation for helping us create an understanding of the potential for community funding and community financing to foster an inclusive local economy in Parkdale.

Special thanks to all community members and local agency staff who helped shape, inform, and activate the directions of Community Finance working group.

Finally, we are incredibly grateful to the community enterprises who have informed this report through knowledge sharing. We hope that these contributions will help inform opportunities for community finance to support affordable housing, decent work, and food security in the future.

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Executive Summary

COMMUNITY WEALTH BUILDING PROJECT

The Parkdale People's Economy Community Wealth Building Project aims to strengthen the neighbourhood economy by leveraging equitable and inclusive local investments in South Parkdale. This year-long research project supported the ongoing work of the Parkdale People's Economy (PPE) and its accompanying Neighbourhood Plan (2016). The mandate of the report was to explore how impact investing could be used at a community level to support the community's objectives for shared wealth and equitable development. It was envisioned that impact investors would make financial investments into Parkdale-based community enterprises that were using innovative business models to tackle key Parkdale issues such as decent work, affordable housing and food security. The report that follows walks through the process for building shared language around community investing and community enterprises, how community financing is evaluated, and what role community wealth building plays in the broader Parkdale objectives for economic justice.

KEY FINDINGS

Through an analysis of four community enterprises, the report determines that the opportunities in Parkdale are both complex and highly customized, meaning that the neighbourhood is not ready for a dedicated community finance intermediary. What is needed in Parkdale is a combination of all funding types (repayable and non-repayable), flexibility around term and liquidity, guarantees or first loss reserve funds, patient capital and long term partnerships with government agencies and anchor institutions to ensure that impact investment structures are moving beyond the low-hanging fruit in order to meet the deep social needs in Parkdale.

DEFINITIONS AND TERMINOLOGY

At the onset of the research, it became clear that the existing social finance terminology was fragmented, occasionally conflicting, and often varied by country or region by developing in silos that echoed the local context and ecosystem. In the course of this report, the following terms are used to more accurately reflect local meaning:

6 KEY TERMS

1. **Community Enterprise:** Enterprises - for profit, nonprofit or cooperative - that are grounded in local communities and created to serve local community needs. This may overlap with some local businesses, but community enterprises are distinguished by: (a) their intention to serve a fundamental need of the community; and (b) by their community-driven vs individual-driven development process. Further prioritization is given to community enterprises that align with the objectives of the Neighbourhood Plan (2016) and the ongoing activities of the Parkdale People's Economy.

2. **Community Finance:** The use of repayable financial investment capital to support community-led or community-centric enterprises.

3. **Community Funding:** All sources of capital, including repayable or non-repayable, that can be used to support community-based initiatives.

4. **Community Grants & Donations:** Non-repayable funding made into community enterprises or other community initiatives. Repayable and non-repayable funding is viewed as equally important in supporting community enterprises at all stages of their development and growth.

5. **Community Investments:** Repayable financial investments made into community enterprises. These investments expect a financial return, such as interest payments, dividends, or the sale of shares. There is no expectations on the type or certainty of financial return, but there is an expectation that community investments will have high impact returns.

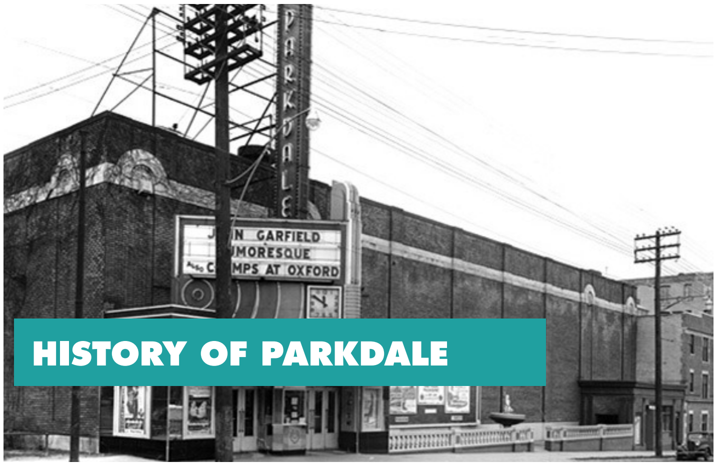
6. **Hybrid Community Funding:** Combinations of community funding sources such as investments, grants, and donations. In many cases, an investment and a grant or donation could be provided by the same source. This would be somewhat similar to the goals of blended finance, but would operate on a smaller and more localized level.

Introduction

On National Housing Day, Parkdale tenants occupied 11 Brock Ave, a former LCBO that has been sitting vacant for three years, to demand for social housing on vacant public land (Parkdale Neighbourhood Land Trust 2018).

Change is an inevitable and constant factor of everyday life. Yet when it comes to neighbourhood change, communities can and should have control over the nature of change - and who benefits from it. Over the past decade, detrimental changes in Parkdale have been driven predominantly by actors who seek to maximize profits regardless of the impacts on vulnerable members of the community. Many of these profit-seeking actors have made financial investments in the neighbourhood under the guise of 'neighbourhood improvement' - from corporate landlords conducting above-guideline rent increases to leverage financial capital through pension fund-backed real estate investment trusts (REITs), to global franchises displacing locally-serving businesses through real estate speculation. The impact of these financial investments in the Neighbourhood Improvement Area of South Parkdale, where a third of the population lives in increasing poverty and 90% of the residents are renters, raises critical concerns about who is benefitting from local investments and who is at risk of being displaced.

Community wealth building, a term first developed by the Democracy Collaborative, offers a transformative approach to community economic development. The concept premises the building of local shared wealth through intentional place-based strategies that localize investment into community-driven entities that support broad-based and democratic ownership over capital. In an effort to build shared wealth for all members of the neighbourhood, this report aims to explore community financing models and mechanisms that can help increase community influence over the flow of financial resources into the Parkdale neighbourhood - and to ensure responsible investments are made for community benefit. By identifying and facilitating investments in local initiatives that enhance the wellbeing of low-income livelihoods, communities can increase collective asset ownership, anchor local supportive employment, and build shared community wealth.



HISTORY OF PARKDALE

Parkdale is located on the northern shore of Lake Ontario. The land now known as Parkdale, was a trailhead for many Indigenous peoples. The infrastructure of portage and canoe routes meant that many peoples utilized this region and is among the reasons that the Anishinaabe, Haudenosaunee and Iroquois Confederacy value the Dish With One Spoon Treaty.

In the colonial period, the lake shore near where King St. W and Gwynne Ave intersect today was the site of a French Fort. The history of the land now known as Parkdale followed the colonial trend and became farmlands surrounding the emerging City of York which would later become Toronto. In 1879, the Village of Parkdale was incorporated.

Through the first half of the 20th century, the neighbourhood was a wealthy enclave that extended down to the shores of Lake Ontario and the Sunnyside Amusement Park. In 1955, the southern half of the neighbourhood as well as the Sunnyside Amusement Park were torn up to make way for the Gardiner Expressway, dramatically changing the neighbourhood's make up. Many of the stately Victorian mansions were demolished to make way for high rises, while others were divvied up into rooming houses and other low income housing options.

Through the second half of the 20th century, Parkdale became a working class neighbourhood and a landing pad for numerous waves of new immigrants laying down their first roots in the city. More recently, and most critically over the last 5-10 years, the neighbourhood has undergone heightened processes of gentrification and an unprecedented housing crisis, which has led to the direct displacement of equity-seeking community members.

Community financing, and more broadly social financing, is inherently different from conventional profit-maximizing investment and financing options in that it has a triple bottom line mission to provide financial, social, and environmental return on investment. This project takes the triple bottom line of social finance projects with the added lens of community wealth by identifying key lessons for local initiatives to retain, increase, and harness financial resources for community benefit in Parkdale. The intentional alignment of social financing with community values of equity, inclusivity, diversity, accessibility, and affordability is defined as 'Community Financing.'

This report emerges from the Community Wealth Building Project, a year-long research project that supported the ongoing work of the Parkdale People's Economy (PPE) and its accompanying Neighbourhood Plan (2016). The mandate was to explore how impact investing could be used at a community level to support the community's objectives for shared wealth and equitable development. The vision was of impact investors making financial investments into Parkdale-based social enterprises that were using traditional or innovative business models to tackle key Parkdale issues such as decent work, affordable housing and food security. This report walks through the process for defining and evaluating community finance and community enterprise and determining what roles they play in broader Parkdale objectives for economic justice.

PARKDALE CONTEXT

In order to build a localized understanding of community wealth building, it is critical to begin by understanding the context of Parkdale and the existing tools and supports that can be used to understand: a) what issues the community had identified as critical, and b) what initiatives were already taking place to support them.

Parkdale is a diverse and rapidly changing neighbourhood. Like many working class and mixed income neighbourhoods in the City, the pressures of a skyrocketing real estate market, gentrification, and the shifting economic labour market have been most heavily born by the neighbourhood's equity-seeking communities, including but not limited to, working class and low-income communities; Black, Indigenous, and racialized communities; newcomers; psychiatric survivors; women, trans, and nonbinary people; people living with disabilities; youth and seniors; lone parents and guardians; and formerly incarcerated people. In an

The Parkdale People's Economy has nine working groups for community action and policy (PCED 2019).

attempt to collectively address and strategize on the issues facing the community, the Parkdale People's Economy (PPE) planning process was born.

PARKDALE PEOPLE'S ECONOMY

The Parkdale People's Economy (PPE) was formed in 2015 to bring together over 30 community-based organizations, nonprofits, and anchor institutions, as well as hundreds of community members to co-create a community development plan by Parkdale, for Parkdale. Out of this 18-month research and consultation process, the Parkdale Neighbourhood Plan was developed. The Plan was brought to life by nine working groups that each work to address specific Action Steps identified in their area. The mandate of the Community Wealth Building Project for exploring community financing in Parkdale originated from this work and was used to identify and evaluate how community enterprises were contributing to a community-defined need.

Drawing from the guiding framework of the 'Community Finance' working group, the Parkdale People's Economy is in an ideal place to engage in a new project aimed at building community wealth by encouraging alternative investment platforms for community initiatives to retain, increase, and harness financial resources for community benefits in Parkdale.

ROLE OF COMMUNITY FINANCE

Many modern impact investing and social finance movements focus heavily on positioning social finance as the miracle solution or the ultimate 'win-win', where society's big social problems can be solved and there is still plenty of money to be made for the entrepreneurs and investors fueling these enterprises. The crux of this argument lies in the belief that government and traditional charities are incapable of solving these complex issues and that traditional business must do better. While social finance can and will play a valuable role in solving societal and community problems, it has many limitations. This can be particularly true at the community level. There are many important projects, organizations, objectives for Parkdale that cannot and should not be motivated by the ability to generate revenue, let alone the ability to turn a profit. These projects cannot be viewed as less than a social finance activity.

The need to balance the allure of social finance with the community's objectives, as articulated in the Neighbourhood Plan, can be seen as a place of tension within capitalist terrains. For example, the project team for the report was made up of a team of professionals educated in a variety of sectors, such as traditional finance, social finance, ecological economics, and community planning. This background put the team in a position where, despite best intentions, there were preconceived notions about how to apply community finance within the Parkdale community. It was not easy for the project team to shed the training and privileged knowledge of finance to recognize the contradictions of the original focus of looking solely at repayable and profitable enterprises.

It was, however, essential to find a way to give equal footing to community actions and visions that were not revenue generating. Community financing needed to be viewed not as something to replace or monetize social issues, but rather as a complement that could help leverage additional pools of capital presently unavailable for certain projects. It is a small step in addressing the systemic discrimination of non-revenue generating activities within local and global economies.

Using the Action Steps in the Neighbourhood Plan, the project team conducted a preliminary analysis of each step to identify what kind of resources would be needed to move the community's vision forward - this included labour, timelines, and financial resources. The purpose was to articulate which activities could be funded by non-repayable community grants and donations, by repayable community investments, or by a blend of both. While this process is dynamic and remains in its early stages, the hope is that it will help shape a community-driven conversation about how all forms of labour and capital can be leveraged to support the community's objectives. The vision is to develop this initiative with the collaboration of the working groups of the Parkdale People's Economy, which will be further articulated in the "Financial Dreaming" section of this report.

Lastly, as one of the few remaining mixed-income neighbourhoods in the downtown core, there is a strong recognition that Parkdale is uniquely positioned to locally redistribute wealth amongst its community members. There is a belief that there is an opportunity to leverage a range of funding sources, from higher-income residents to local anchor institutions to impact investors, to invest in the local social infrastructure of Parkdale to help mitigate displacement of low-income tenants.

ROLE OF COMMUNITY ENTERPRISE

Similar to evaluating how community financing interacts with other funding sources, there was a desire to further understand what made a community enterprise. Much of the social enterprise sector is entrepreneur-driven. Meaning, entrepreneurs identify business opportunities that they believe solve social problems and build their businesses from this lens. This approach can work well for building an individual person's business, but from a holistic problem-solving approach, there are limitations to an individual or entrepreneurial team's ability to align the holistic needs of a community with their entrepreneurial objectives. Does an entrepreneur want to look at multiple opportunities and strategically or concurrently implement? Will they design their research with community planning as a precursor to market research? Will there be space to keep non-revenue generating activities in the pipeline? Are they motivated by the community's greatest need, or the community's voice, or simply looking for input in so far as it creates a profitable win-win?

By contrast, community enterprises are grounded in local communities and created to serve local community needs. This may overlap with some local businesses, but two key distinguishing factors are their intention to serve a fundamental need of the community, and their community-driven versus individual-driven development process. In building a definition for community enterprise, it is important to acknowledge that a broad range of charities and nonprofits have been engaging in enterprising activities for decades. While the concept is not necessarily new, these activities are becoming more mainstream and with that has come formalized language. All revenue-generating enterprising activities by charities and nonprofits is considered to fit under the term community enterprise.

While looking at community enterprises from a Neighbourhood Planning approach, the potential of utilizing the deep community knowledge uncovered through the Parkdale Community Planning Study and the Parkdale People's Economy to identify local market gaps was brought to light. The primary objective of the community planning activities was to identify common needs, assets, and visions of community members most at risk of displacement, which were then framed as priorities for collective community action and policy. This community-centric approach provides space for community members to collectively identify gaps in public services, community services, and market services that could be filled in by a community enterprise or community financing. The following report will provide a deep dive into existing community enterprises in Parkdale that have both formed and dissolved, alongside visions for community enterprises that were generated through the planning study and are in the process of being developed and implemented.

02 Case Studies: Other Jurisdictions

An important part of the project was to look beyond the walls of Parkdale to see if there were other jurisdictions who had gone through a similar process of defining community finance and could provide guidance and insight to the work. A number of key factors needed to be understood, including:

- **Institutions and Organizations**: In other neighbourhoods and jurisdictions, what role did institutions and organizations play in supporting community finance and entrepreneurship? Did an existing anchor institution take on this mandate? Were new organizations created to support this work? Is the work galvanized by a lead group or is it decentralised? Are the organizations or working groups doing this work connected to a city-wide, provincial, or federal organization or initiative?
- **Funding**: How is this work being funded and supported? Through grants from private foundations? Through municipal, provincial or federal programs? Is the work being funded through a community development lens, job creation or other lenses?
- **Public Policy**: Has public policy affected the success of this work? What enabling legislation has allowed it to succeed? What policy has prevented this from working? Is it replicable in Parkdale and Toronto?

In Canada, community investing is not a widely used term or concept. The most relevant local examples came from the work of some pioneering community foundations, such as the Hamilton Community Foundation, as well as the social economy ecosystem in Montreal and more broadly in Quebec. Most references to community investing or community impact investing were tied to US- or UK-based community economic development movements and Community Development Finance Institutions (CDFIs). In these international models, community finance is often used by foundations, credit unions and other mission-driven institutions to support activities such as sustainable agriculture and family farming, affordable housing, decent work, Indigenous reconciliation, alternative lending and sustainability, with loan funds and similar small-scale local vehicles being the most common. This helped reinforce community financing as the appropriate term for framing investing that has the opportunity to be shaped and defined on a local scale.

FOCUS: MONTREAL, QUEBEC

Montreal provides an interesting and highly relevant case for the strength of developing an ecosystem approach to community enterprise and community financing. Due to the language barrier and relatively siloed development of impact investing in Quebec by comparison to the rest of Canada, much of Quebec's social economy research and terminology differs from what is seen in Ontario and other parts of Canada and is not always represented at national tables. From a community lens, the ecosystem is rich, multifaceted and locally driven. A summary of key findings is provided here, with a detailed analysis provided in Appendix 1:

PERMANENT MULTI-LEVEL SUPPORT

Montreal's social economy and social finance sector is supported at many levels, including:

- A permanent Office of Social Enterprise created in 2002, which has implemented several social economy action plans.
- The Comité sectoriel de la main-d'oeuvre en économie sociale et action communautaire (CSMO-ÉSAC), which was formed in 1997 by Emploi-Quebec as one of 30 workforce committees for key strategic economic sectors. It remains active and funded to this day.
- A regional development body, called Comité d'économie sociale de l'Île de Montréal (CESIM), which is provincially funded and supports the social economy in Montreal.
- The Chantier de l'économie sociale. Established in 1997, the Chantier is funded through a provincial grant and acts as a hub and knowledge sharing platform for the regional development bodies.

PRIVATE + NON-GOVERNMENTAL

Montreal's social economy sector is supported by public, private and non-governmental actors, including FondAction, a labour-sponsored fund that invests in Quebec businesses; Desjardins, a credit union with a strong mandate to serve Quebec's social economy, and PME MTL, a network representing six community entrepreneurship hubs in Montreal. This wide range of actors helps ensure that a broad range of services and financing arrangements are available for entrepreneurs. For example, many of PME MTL's funding programs are partnerships that provide hybrid funding such as loans and grants or grants and Lines of Credit. This allows different actors to use their capital in complementary ways, filling in the gap of private- or public-only sources.

LOCAL SUPPORT

Many programs and supports come from the provincial or municipal government, but they are filtered down and allocated at the local level. For example, PME MTL is jointly funded by the provincial and municipal government, but the funding and the specific programs are distributed through the six community PMEs that make up PME MTL.

NEIGHBOURHOOD ROUNDTABLES

The municipal structure of Montreal has neighbourhood round tables that are individually incorporated and linked through a city-wide coalition. These tables are institutionalised version of the Parkdale People's Economy with more access to political power and decision-making as well as consistent funding through the The Public Health Network, Centraide (The United Way), The City of Montreal and the Neighbourhood Roundtables Coalition.

NEOLIBERAL COOPTATION

One of the main challenges for place-based work is the threat of neoliberal forces that worsen local economic conditions beyond community control, not only through exclusionary mechanisms but also through cooptation of language and institutions. In Montreal, urban scholars have critiqued CED corporations for losing sight of the values of the community movement that shaped their origins for the shifting workfare policies and priorities of the provincial government.

03 Case Studies: Parkdale Enterprises

Parkdale is home to a number of community development initiatives that are committed to improving the livelihoods of low-income community members, from The Silver Brush (TSB), a property maintenance enterprise that provides employment opportunities for consumer survivors and people at risk of homelessness, to the Parkdale Neighbourhood Land Trust, a resident-led organization aimed at acquiring and preserving affordable residential, commercial, and community spaces under community ownership. The enterprises and projects spotlighted in this report are at various stages of development. Some are intended to be community enterprises, while others view community enterprise and community finance models as tools to achieve their mission. In each case, these enterprises or projects have been co-created through community-driven processes, such as local consultations, community governance models, partnerships between multiple organizations, and so on. The following section spotlights four community enterprises in Parkdale, highlighting their development path thus far, their next steps, and the role that community finance could play in catalysing their growth. These community enterprises are highlighted to build an understanding of what conditions, support, funding, investment readiness, and enabling legislations are needed to support business models that are developed through a community lens.

SPOTLIGHT: PARKDALE NEIGHBOURHOOD LAND TRUST

PARKDALE NEIGHBOURHOOD LAND TRUST

The Parkdale Neighbourhood Land Trust (PNLT) was first seeded through the collective work of what is now called the Parkdale People's Economy. In 2010, Parkdale Activity-Recreation Centre (PARC) commissioned a report, Beyond Bread and Butter, to study food security in Parkdale. One of the recommendations of the report was to create a Community Land Trust (CLT) to protect and preserve housing and community space in the neighbourhood. In 2012, seed funding was provided by the Metcalf Foundation to explore the CLT model. The work completed in these early stages included a mapping of land use in Parkdale and an in depth exploration of equitable and democratic models for the governance of the proposed land trust. An informal Board of Directors was also formed with residents and representatives from several Parkdale-based nonprofits to ensure that the proposed land trust remained true to its shared community purpose.

In 2014, PNLT was officially incorporated as a nonprofit. Through the support of PARC and other grant funding, PNLT was able to hire its first staff member in 2015 and have over 150 community members elect a tripartite board of core members (vulnerable members of the community identified by their use of PNLT assets), Parkdale residents, and individuals who work in Parkdale.

In 2017, the Neighbourhood Land Trust (NLT), the Charity arm of the Parkdale Neighbourhood Land Trust, acquired 87 Milky Way Lane, a formerly vacant property used for community gardening. This acquisition opportunity is how the first group of core members of PNLT were identified. Older Tibetan english learners were the core users of the community garden and elected two representatives who would sit on the board of the PNLT. The PNLT committed to hiring a Tibetan interpreter for board meetings and through feedback from these core members enhanced the interpretation service to include board member capacity-building and enhanced terminological interpretation. The inclusion of core members also required a style of chairing board meetings that allowed for the space to think and the space to speak. Inclusionary practices at the board level require ongoing learning, feedback, and adaptation.

While pursuing the Milky Way acquisition, the Land Trust also began a study on rooming houses in Parkdale. Rooming houses were selected by the board from a variety of other housing typologies and housing needs identified in Parkdale. The mass eviction of tenants from the nearby Queen's Hotel in 2015 and the likelihood of rooming house tenants ending up house-less and on the streets spurred the board to select this housing issue over other "low hanging fruit" concerns such as mixed-income or larger scale housing. Parkdale is one of three wards in Toronto that has legally zoned rooming houses, and this housing stock makes up a significant portion of affordable housing in the neighbourhood. The study identified a crisis - and an opportunity for acquisition - of this predominantly privately-held housing stock. Since the publication of the study in May 2017, called No Room for Unkept Promises, PNLT has strategically focused almost exclusively on rooming house acquisitions and tenant organizing as an eviction prevention measure. On May 1, 2019, NLT publicly announced the acquisition of its first rooming house which will protect the tenants of a 15-unit building from above-guideline rent increases and renovictions. The success of this start-up phase of the Land Trust has created a replicable pathway for further rooming house acquisitions. In Spring 2019, the Board and general membership selected two new priority areas for the PNLT to pursue: (1) Commercial Property for non-profit organizations, social enterprises, and locally serving businesses; and (2) Cooperative rental housing for families and seniors. In the pursuit of these new directions, PNLT will prioritize partnering with Indigenous organizations while concurrently accelerating the organization's work with rooming houses.

COMMUNITY ENTERPRISE

PNLT has not traditionally framed itself as an enterprise or community enterprise. The Land Trust was formed to address a community need, that of permanent and deeply affordable housing and community space in the neighbourhood it serves. Because this community purpose came first, PNLT took time to carefully develop a community governance model that would permanently enshrine these values and chose to focus exclusively on housing stock that is highly at risk and houses some of Parkdale's most vulnerable community members. Subsequent to the publication of the Parkdale Rooming House Study, the Land Trust continued their market research to develop a deep and specialized knowledge of this housing stock and other at-risk housing typologies in Parkdale.

Over the past two years, the Land Trust has become an expert in the Parkdale rooming house market. The Land Trust has scoped out and prioritized a pipeline of potential properties and developed relationships with many private landlords, putting the Land Trust in a strong position to bid on properties as they become available.

They have also developed a model that will allow for the acquisition and renovation (capital expenditure) and operation (operational expenditure) of the properties to be

BUYING A ROOMING HOUSE TOGETHER

The Land Trust's first rooming house acquisition is a significant milestone, brought about by years of in-depth research, advocacy, and community support. NLT secured the funding for the acquisition through a combination of repayable and non-repayable funding sources. Most notably, the Land Trust worked with Parkdale-High Park City Councillor Gord Perks on a pilot fund for nonprofits to acquire rooming houses. The fund, called the Rooming House Acquisition and Modernization Fund, provided up to $1.5M for the acquisition of a rooming house and was sourced from Section 37 funds. The pilot was approved by Toronto City Council in early 2018 and the Land Trust applied for funding from it in early 2019. In addition to this fund, the Land Trust secured $601,426 from Ontario Renovates and raised $50,000 from a 2018 Preserve and Protect community crowdfunding campaign. the Land Trust secured the remainder of the funds through a mortgage with values-aligned lender VanCity Community Investment Bank (VCIB). This funding combination will allow the Land Trust to provide affordable rent for the next 99 years.

financially sustainable at the deeply affordable housing threshold, defined as shelter allowance rates and rent geared to income for low-income populations. NLT can achieve this deeply affordable rent through housing allowances layered onto affordable rents. The Land Trust financing model has the following key components:

- **Secure housing provider partners**. Housing providers serve two core functions. They provide wrap around support services for the clients (tenants) that they work with, ensuring that they have the appropriate expertise to work with low-income and vulnerable populations. Secondly, they provide stable, long-term rental income through housing allowances. Meaning, the housing provider has government funding that covers the long term housing needs of their clients. This means that the Land Trust only needs to maintain one relationship through the housing provider, while ensuring that the clients (tenants) are receiving appropriate support and expertise. From a conventional real estate perspective, NLT is taking the role of a landlord, while the housing providers are taking more of a property manager role.

- **Secure capital**. Based on the projected rental income for the properties, the Land Trust works to secure long term financing. To make the model work, and keep housing deeply affordable, a 50%-50% balance of repayable and non-repayable financing is typically required in the long term. However, the model can support more expensive financing in the short term or changes in the combination of high interest, low interest and non-repayable financing.

Executive Summary of the Parkdale Rooming House Study (2017)

COMMUNITY FINANCE

Community finance has the ability to play a significant role filling in the specific financing gaps addressed by the Land Trust. Key factors to NLT's success include:

- **TImeliness**. While commercial properties typically do not sell at the same pace as the residential housing market, once a landlord declares their interest in selling, the Land Trust's window for securing financing for the property is generally 60-120 days. Accessing the property, including building inspections and developing a financial model, as well as securing sufficient capital and financing in this timeframe are paramount. Generally the NLT works in the following phases: (1) Offer and negotiation of the Agreement of Purchase and Sale (1-15 days); (2) Conditional due diligence period (45-60 days); (3) Firm due diligence period, financing, and closing preparation (15-45 days); and (4) Closing (1 day).

- **Low-cost long-term financing**: Unlike most affordable housing projects, which focus on providing housing at 80% of average market rent (AMR), the Land Trust is committed to permanent, deeply affordable housing. As mentioned above, this requires a combination of non-repayable and ultra low-cost long term financing, which may be provided by a combination of government agencies, foundations, donors, angel investors, impact investors, and bank or credit union lenders.

Role of Community Funding

As a community-based organization, the Land Trust has prioritized the role of community organizing and engagement in its activities. It is however essential that capital flow into the organizations to achieve the objectives articulated by the community. The goal of this study is to show how capital can be understood as an equitable partner in the process of increasing community control over the flow of capital in Parkdale. To that end, this report endeavours to prioritize all forms of capital equally under the umbrella of community funding. This framing enables the imagination of funding solutions outside of the traditional parameters of social finance. The next section describes how community finance can support the work of the Land Trust and how hybrid community funding can ensure the maximization of community and financial benefit over the long term.

Role of Community Finance

A key driver of NLT's model will be its the ability to compete with other private market forces. For an organization with limited funding and a small asset base (currently two properties), this is a significant challenge. Community finance can be used to address a short- to mid-term financing solution, which will allow NLT to compete with private actors, while also providing enough time for the organization to secure low-cost, long-term financing.

The housing programs available at the municipal, provincial and federal level, such as CMCH's National Housing Co-Investment Fund and Ontario's former Investments in Affordable Housing Program, were not designed to support the acquisition and preservation of existing rental housing as the Land Trust is focused on. Programs either do not permit applications for financing until after the property

Press release for NLT Rooming House acquisition (2019)

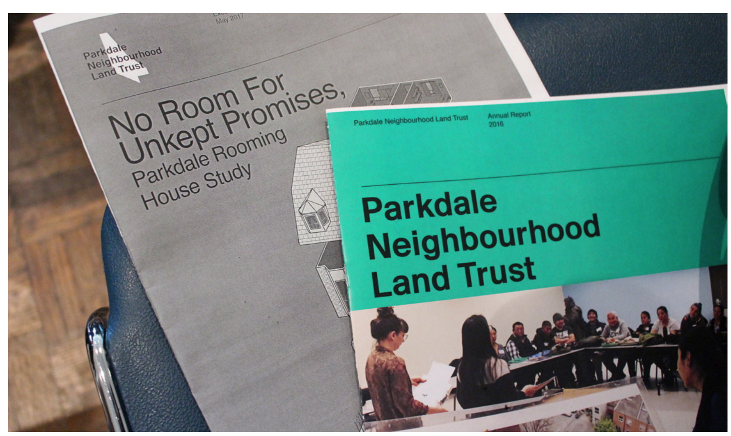
has been acquired, or can take from 5-10 months to approve the application. This lag between short timelines for acquisition in the private market and long timelines to secure long-term, low-cost financing presents a distinct opportunity for community finance. Private capital can support this short-term financing need by providing capital for acquisition. In this proposed model, when appropriate long-term capital has been secured, private investors would receive their capital back, typically in 24-36 months. This may be supported through a fund structure, whereby private capital would be committed up front and deployed as the Land Trust acquires properties.

In some ways, creating a fund for real estate acquisition is relatively conventional, but the way in which the Land Trust has developed its business model and investment thesis are deeply driven by meeting a community need first. Not only was the Land Trust formed and developed in collaboration with the community, but it is also playing an important advocacy and public policy role in supporting the acquisition of affordable housing. The Rooming House Acquisition and Modernization Fund is a prime example of securing capital through advocacy and public policy collaboration. This helps reinforce the Land Trust thesis that everyone needs a seat at the table - community, private investors, and government.

Role of Hybrid Community Funding

The learning achieved by the first rooming house acquisition identified that these projects require between 30-50% cash equity (down payment). The source of this non-repayable community funding to complement community financing has become the main obstacle for the replication of the rooming house acquisition. This could be funded through traditional fundraising, but it could also be sourced through the investment capital of foundation endowments or other value-aligned capital that is currently seeking repayable investment opportunities. The rationale of a perpetual endowment is that the value to society of perpetual distributions of a portion of endowment income is greater than depleting the endowment capital for current investment in community good. This rationale is deeply rooted within the charitable sector. Simply convincing charities to try shifting 5% of endowment capital to impact investments has been a significant success for traditional social finance. The expanded goal of using endowment capital for non-repayable community investments presents an even greater challenge.

In order to demonstrate the potential community benefits that can be generated from hybrid funding, a framework for comparison of the recent Land Trust rooming house acquisition to a hypothetical endowment is provided in Appendix 2. Using the Treasury Board of Canada Cost Benefit Analysis Guide as a starting point, a Community Cost Benefit Analysis was created to imagine a comparison of the baseline scenario of endowment capital in repayable investment to the utilization of an equivalent amount of capital in a mix of community funding and community finance for a community enterprise. The Community Cost Benefit Analysis could even be used to compare the value of non-revenue generating community activities to the baseline endowment. The analysis presents a unique challenge to the charitable sector to demonstrate the tangible changes to material conditions that can be created using hybrid funding models that incorporate non-repayable community investments through endowment capital.



Community-based research informs the PNLT's key priorities (2017)

SPOTLIGHT: PARKDALE FOOD HUB

MILKY WAY GARDEN

The Milky Way Garden, located at 87 Milky Way Lane, is a community-owned garden that provides a site for gathering, learning, growing, and harvesting in the community. The Milky Way Garden was the first property acquired by the Neighbourhood Land Trust, the charitable arm of the Parkdale Neighbourhood Land Trust, in 2016. Prior to the acquisition, the privately-owned vacant property was used as an informal community garden. Newcomer students from an English Language Learning course meeting out of the neighbouring Parkdale Library, many of whom were farmers before moving to Canada, began stewarding the space in 2005. In 2011 Greenest City (GC), a local environmental and food security charity, began managing the garden and providing additional staffing and resources for the growers.

The acquisition of 87 Milky Way Lane was driven by an opportunity to acquire space that was already used by the community and was available to purchase significantly below market rate from two benevolent private owners. Under a collaborative agreement between the Land Trust and Greenest City, NLT acquired the property, while GC leases and manages it for continued community use and has future plans for additional social enterprises purposes.

COMMUNITY ENTERPRISE

Following the community-led acquisition of the Milky Way Garden, Greenest City had an opportunity to develop a long term vision for the space in terms of how it could serve the community's needs and values; how it ould align with GC's mission; and how it could be a financially stable initiative. Unlike a for-profit social enterprise or an entrepreneur-driven business, being a community-centric charity allowed Greenest City to think more deeply about what a GC community enterprise could or should look like. In 2017, GC received a seed grant from the Ontario Trillium Foundation to develop a business and operating plan for the space. As part of the process, GC hosted over 200 community members at consultations to co-create a vision for the space. Following the consultations, GC hired a landscape architect to turn the community's vision into a space design and a business planner to put together a short- and medium-term business and operational plan for the space.

The ultimate vision for the space combines both the work of Greenest City and the broader work of the Neighbourhood Planning Table for South Parkdale. GC's vision includes keeping a sizable portion of the space for community food growing, adding an event space for community gatherings and space rental income, building a greenhouse for early season growing, such as flowers, and using a shaded portion of the space for high output hydroponic growing. This plan would allow GC to earn revenue from several sources including seedling and flower sales, event rental revenue, and sale of herbs and greens from the hydroponic gardening system.

In a related project, GC collaborated with the Parkdale People's Economy to develop a Food Hub for food security, health and economic development through the adaptive reuse of the local church space in conjunction with an expanded urban agriculture site. The Food Hub would be collectively housed in the Milky Way Garden and the adjacent Epiphany St. Mark's Church, where GC's offices are currently located. Under the proposed vision, the main floor of the space would operate as a small coworking space for food-based charities and nonprofits, while the basement would take advantage of the church's two industrial kitchens for food preparation initiatives; this could include space rental to local food entrepreneurs, cooking classes, and value-added food products made from food grown in the Milky Way Garden. As part of this initiative, a new door would be built to connect the Milky Way Garden to the church basement, providing direct access to washrooms and two commercial kitchens.

Working in collaboration with other Parkdale-based groups, a grant application was filed for the Food Hub. While that application was not successful, it led to cooperation between GC and other Parkdale charities that allowed GC to be the only Parkdale-based organization to apply for the Ontario Trillium Foundation (OTF) Capital Grant, ultimately securing $450,000 for 3 years of operating capital and $150,000 in capital expenditures for the Milky Way. This cooperation across Parkdale-based organizations represents a significant opportunity for the strategic distribution of community grants. The success in reducing inter-organizational competition for funding pools was due to strengthened social infrastructure through the Parkdale People's Economy. It allowed for a collective community vision to be prioritized over siloed organizational visions and is a counter-response to the way in which limited funding can often pit value-aligned organizations against each other.

While this project has strong potential to operate as a sustainable community enterprise, there are several key drivers to success that will need to be strengthened before exploring community financing:

- **Capacity**. As a small community organization, Greenest City has limited staffing capacity to dedicate towards social enterprise development. This has been partially mitigated by the hiring of a full time Urban Agriculture Coordinator through the proceeds of the OTF grant. This role has allowed the Executive Director, in combination with the Board and other staff, to put increased time into the Milky Way Project.

Parkdale Food Hub Site Plan and Design (Flower 2017)

- **Site zoning & building permits**. 87 Milky Way Lane is currently zoned as a residential property, which may put limitations on the use of the space. GC has been working with the City of Toronto to determine what may be required in terms of zoning change, minor variance and building permits, but the process is both lengthy and expensive. When systems are not designed to meet the needs of community enterprises exploring new and innovative models, it often falls on the early entrants to play this advocacy and government relations role in order to pave the way for themselves and others. The zoning and permit process is currently designed to address developments proposed by for-profit enterprise. The barriers that Greenest City has encountered raises several critical questions for the policy landscape surrounding community enterprises in the City of Toronto: Are there opportunities to create a policy environment in municipal zoning and permits that is tailored to community enterprise? What are the enabling procedures that can be made to such policies when a critical mass of residents support an initiative, given that the policies have been developed for the public good? How can the municipality's ability to design new zoning and permitting policies be supported, so as not to be usurped by profit-motivated interests? The community enterprise approach facilitates this type of long-term strategic thinking in ways that entrepreneurs are less likely to take on, and in ways that are more collaborative with government than many consumer-driven disruptive startups.

COMMUNITY FUNDING

Many of the costs associated with the Food Hub and Milky Way Garden are one-time, upfront costs, but they do not provide any potential for a traditional financial return. The use of community finance in the case of the Milky Way project is less immediate. In the longer term, it may be possible to explore loan or other debt financing for high volume revenue generating activities, such as the purchase of a large scale hydroponic growing system. Even further down the line, it may be interesting to explore the use of a micro community loan fund to support food entrepreneurs in the garden and the hub.

One the most established forms of impact investing and community investing is microfinance. Microfinance was popularized by the Grameen Bank in the 1970 by creating a bank that provides small, non-collateralized loans to entrepreneurial women in Bangladesh. The purpose of a microloan is to address a gap in the financing provided by conventional banks, which can be very costly, require collateral (security of a tangible asset in case the loan can't be repaid), and only be available for larger scale projects. While often thought of as a solution for rural, developing countries, there remains a great need for character-based, small scale lending in urban, developed countries. Community microloan funds pool together capital from investors (and/or donors) and provide it to small and micro enterprises. Examples of community loan funds in Ontario include Ottawa Community Loan Fund and Access Community Capital. Access serves Toronto, with local chapters, such as Black Creek's Black Creek Microcredit Program, serving the local community with loans ranging from a few hundred to $5,000.

SPOTLIGHT: PROPERTY MAINTENANCE SOCIAL ENTERPRISE

EMPLOYMENT SOCIAL ENTERPRISE MODEL

Through the exploration of community enterprises in Parkdale and beyond, it became clear that employment social enterprises (ESE) were becoming increasingly popular. ESEs are a type of social enterprise where conventional service businesses use hiring as a core social impact - in contrast to other models where the product or service is the impact. The ESE focuses on individuals who, as a group, face barriers to employment - this can include people with intellectual or physical disabilities, recovering from substance abuse, living with mental health issues, or seeking to reintegrate into society after incarceration, among other barriers. These can span a range of businesses including cafes and restaurants, painting, home repair, cleaning services, landscaping, and more.

ESEs are most frequently run by nonprofits or charities, either as standalone nonprofits or as a project of an existing nonprofit. Some larger ESEs break even (they have enough earned revenue to support their operations), but most rely on a combination of earned revenue, granting and donations. Grants and donations are often used to supplement the higher operating costs of ESEs. The Toronto Enterprise Fund (TEF) is a major proponent and financial supporter of ESEs in Toronto. Some specific examples in Toronto would include Goodfoot Delivery, BuildingUP, and Eva's Print Shop. In Parkdale, TSB (formerly known as The Silver Brush) provides basic cleaning and maintenance services for community organizations, while Parkdale Green Thumbs employs consumer-survivors, also known as people living with mental health and substance use issues, on a part-time basis, and manages multiple streetscaping and maintenance contracts for public and private sector customers, including the Parkdale Village BIA.

COMMUNITY ENTERPRISE

From a community enterprise lens, employment social enterprises score highly. They provide vital small business services that make up the fabric of a neighbourhood and community, while employing local community members with barriers to access for employment. They also have the benefit of addressing key indicators of Parkdale wellbeing, including decent work, homelessness prevention and health, as well as keeping vulnerable community members living and working in Parkdale. They have the added benefit of the ability to strengthen community - for a local service-based community enterprise to survive, it must be supported by local individuals and businesses who choose to use and support their services.

In Parkdale, there is a unique opportunity to create a property maintenance community enterprise to service the broad range of multi-unit housing complexes in South Parkdale, including co-operatives, apartment buildings, and supportive housing. The Parkdale Community Planning Study (2016) identified that real estate leasing is the second largest sector in Ward 14, yet there is a significant gap in the quality and quantity of maintenance companies available to small- and medium-sized social housing providers. In the Neighbourhood Improvement Area of South Parkdale, there is a significant number of co-operative and non-profit housing providers that have a large, stable flow of operational funds to spend on maintenance and require reliable, high-quality, ongoing services. There is an opportunity to leverage the steady need for maintenance services and the limited supply of maintenance companies to create supportive employment opportunities for equity-seeking community members through employment social enterprises.

Parkdale has a significant concentration of social housing with 20 affordable housing providers responsible for over 60 residential properties. This sector of housing could be a testing ground to build capacity for a values-aligned employment social enterprise to fill a market gap that meets the needs of local housing providers and create local decent work opportunities. There is also opportunity to grow into the private housing sector. The vast majority of larger multi-unit housing complexes (larger than rooming houses or multi-unit houses) are owned by corporate landlords such as Minto and Metcap, many of whom own multiple buildings in the neighbourhood. In addition to apartment buildings, many new condo buildings have either been built or approved for South and North Parkdale over the last few years. For condo buildings specifically, this dovetails with the work of the Parkdale Community Benefits Framework (2018), which, among other priorities for development, sets local hiring targets for Parkdale. The budget and procurement process for maintenance services are typically led by the cooperative, condo Board of Directors, or the building manager.

There is a significant opportunity to reimagine the current state of an existing local social enterprise, such as TSB, and leverage connections within local housing landscape to respond to the demand for building maintenance services in Parkdale. Preliminary market research demonstrates that the costs for moving to a new maintenance provider are relatively low, and that social housing operators would be interested in working with a social enterprise, as long as the services were comparable to market providers in terms of both price and quality.

COMMUNITY FUNDING

Community grants could play a strong role in determining the feasibility of employment social enterprises, such as a property maintenance enterprise, by supporting market research to understand what services building managers are looking for, what would be their willingness to pay for this service and how high/low touch they would need it to be. Another aspect would be to further understand who would be best positioned to run this enterprise - be it through an existing enterprise, such as TSB, or as a new independent or trusteed project.

That being said, there are fewer examples where an employment social enterprise model could support community financing, especially in terms of repayable financing. Since these businesses work with vulnerable populations, they often have higher operating costs and more difficulty reaching economies of scale. Most ESEs are also non-profits, meaning they do not have access to the type of equity capital from investors that can allow them to be highly unprofitable while they grow and attempt to reach economies of scale. This is certainly not a universal statement and it is possible to reach break even with an ESE. However, ESEs are a vital community enterprise model and it is important not to dismiss models simply because they cannot cover their full operational costs.

The Silver Brush staff providing painting services (PARC 2017)

CASE STUDY: TSB (THE SILVER BRUSH)

BACKGROUND

TSB (formerly The Silver Brush) is an employment social enterprise incubated and operated by Parkdale Activity and Recreation Centre (PARC). Started in 2010, The Silver Brush provided paint and basic repair services to community organizations located in Parkdale. Silverbrush provides training to all its employees and targets those with barriers to employment.

COMMUNITY ENTERPRISE

PARC began this enterprise as a way to provide supportive employment to its clients and community members. PARC secured initial support for The Silver Brush through a grant from the Ontario Trillium Foundation in partnership with Houselink Community Homes. The goal of the enterprise was to provide those with a history of psychiatric health issues, at risk of homelessness, and with other barriers to employment a way to gain skills, increase financial independence, and work in their community. TSB capitalized on its close connections to Parkdale, which included access to potential Silver Brush employees, and the maintenance/repair requirements for their own buildings.

As a community enterprise, TSB continues to operate, but has downsized its portfolio over the last few years. The enterprise went through a period without formal management, which led to challenges with quality of work, timeliness, and reliability. Core sustainable funding remains a major obstacle to the longevity of the program.

While the Toronto Enterprise Fund is able to offset the operation costs of TSB, revenue from services rendered is insufficient to maintain the enterprise. The very premise of the community enterprise, prioritizing participation of workers who have traditionally been excluded from the workforce, makes it difficult for TSB to be competitive against for profit organizations in the broader market. Their target client market is other social organizations with aligning values.

TSB faces unique challenges to workforce management: how to balance an integrated workforce of employees recruited from equity-seeking groups alongside employees who do not necessarily face barriers to participation in the workforce. TSB must consider how to balance a workforce integrating workers who have historically been excluded from the labour force with skilled/experienced workers already participating in the sector. That being said, TSB has proven to be an effective vehicle to move people with mental health issues and a history of disconnection with the workforce into longer-term work. As evidence, 85% of staff hired by The Silver Brush in the last 2 years remain connected to the workforce today.

As of 2019, TSB is now realigning its operations to focus primarily on providing property maintenance services, rebranding from “The Silver Brush” to “TSB” in order to shift away from their identity as only a painting company. TSB has faced challenges in staying competitive in the market of providing painting services. The work required a higher technical skill level and attention to detail beyond initially anticipated. In considering the capacity of the workforce, TSB will now focus on delivering cleaning and maintenance services. This shift allows for the development of more general skills for employees, and makes the schedule flexibility needs of workers more manageable. The greater variety and range in tasks allows for broader skills development of employees, rather than the more demanding skill development process of becoming a painter.

Once TSB completes its transition to cleaning and maintenance services, it can begin to envision a new future. This includes the opportunity to grow the scale of TSB's operations in the broader neighbourhood by supporting community organizations and social housing operators seeking values-aligned maintenance services.

SPOTLIGHT: WEST END FOOD COOP

WEST END FOOD COOP

The West-End Food Co-op (WEFC) was a local, premium grocery cooperative that was founded in 2009 and located at 1299 Queen Street West in a surplus space held by Parkdale Queen West Community Health Centre (PQWCHC). WEFC is well known in Parkdale for its roles in establishing the Sorauren Farmers Market, a farmers market it continues to run at Sorauren Park, and in leading innovative community initiatives such as the Co-op Cred Program, which provided marginalized local residents with work-learn placements at WEFC, Greenest City, and other local organizations in exchange for store credit at WEFC. WEFC also ran local workshops, a commercial kitchen with a baking apprenticeship, and partnerships with local food vendors, and catering services.

In 2017, it was announced that PQWCHC would be taking back the WEFC space in order to consolidate and more efficiently run its own operations. WEFC and PQWCHC were operating on a Memorandum of Understanding (MOU) and after negotiating with the Health Centre, they were provided a two-year notice to relocate. After more than a year of searching for an appropriate replacement location, WEFC was unable to secure a suitable space and formally shut the doors of its grocery operation on July 31, 2018. WEFC received a substantial discount on the rent at 1299 Queen Street West, making it difficult to find a comparable financially sustainable location in the retail landscape of Parkdale. As of late 2019, WEFC made the difficult decision to formally dissolve the co-operative.

THE WEFC COMMUNITY BOND

In 2009, armed with a business plan and a newly incorporated entity, WEFC began looking for a way to finance their planned grocery business. Instead of turning to a credit union or a bank, WEFC secured their seed capital through a grassroots Community Bond campaign. This campaign brought together WEFC employees, farmers, local co-ops and Parkdale community members who purchased small, starting at $100, bonds to help get the co-op off the ground. This initial campaign was successful in raising the $50,000 needed by the co-op for launch.

At the time, the community bond model was not well known in either mainstream and impact investing communities. It used an exemption that allowed cooperatives to do small bond offerings without the costly paperwork and registration typically associated with a larger investment offering. WEFC's bond offering paved the way for numerous larger scale community bond offerings, including those issued by the Centre for Social Innovation and SolarShare. In total, WEFC raised $180,000 across three bond offerings from 230 investors. Bonds were issued in 5 and 10 year terms, with interest rates ranging from 2.5-4%. Investment sizes ranged from $100-$10,000, with many individuals coming in at the $100, $500, and $1,000 level. This low minimum was a pioneering concept that allowed many Parkdale residents to actively participate in investing for the first time and to use their investment dollars to support a business in their neighbourhood.

However, with the loss of the grocery business, WEFC lost its main source of revenue and any ability to repay its investors. When WEFC officially winds down its operations in 2019, it will be forced to default on the remaining $120,000 in outstanding bonds.

The West End Food Coop operated out of the basement of the Parkdale Queen West Community Health Centre.

WEFC LEARNINGS

WEFC's community-based model was pioneering and from it came significant learnings about a local community investment and its successes and challenges. Here are some key takeaways:

Buying community bonds

One of the wonderful aspects of the WEFC community bond was the participation of local community members. Many of these individuals made $100-$1,000 investments, which despite the small size, where financially meaningful amounts to those investors. For community bonds (and some other types of private investments), the issuer is not responsible for determining if the investment is appropriate (called suitability) for the investor. Even if the issuer did have to do a know your client (KYC) and suitability assessment, they do not replace the role of an independent financial advisor.

In launching the community bond campaign, WEFC created an extensive investor package to ensure that potential investors would have the opportunity to learn about the riskiness and nature of the investment and ask questions. However, even simplified investor packages can be extremely complex and often require a high degree of business and financial acumen to understand. There is a high probability that some investors did not truly understand the risks or understand that the investment was not guaranteed or secured. This presents multiple challenges: First, issuing securities is a highly regulated industry, with few exemptions granted. If WEFC bond investors feel they were misled, this could bring significant scrutiny from regulatory bodies. Second, there is a risk that WEFC bond investors, especially local investors, may feel hesitant or skeptical of new community investment opportunities in Parkdale.

Issuing private securities

A second major learning is the significant work it takes to issue private securities. The WEFC community bond offering was put together at a time when there were very few, if any, other organizations offering this type of community product. Meaning, WEFC had few formal resources, industry associations, or peers to speak with. WEFC launched the bond with the support of a cooperatives specialist and a co-op lawyer. These resources were sufficient for the launch of the bond, but did not account for bond sales and ongoing bond management. WEFC then had to lean on existing staff who had no experience managing bonds. There was also significant turnover, causing some potential issues with redemptions, payouts, and investor relations.

Since the WEFC bond offering, community bonds have become more common, mostly notably through the Centre for Social Innovation (CSI) community bond offering and through Tapestry Capital, the community bond administration co-op which was spun out of SolarShare, a renewable energy co-operative.

Due to the administrative and long-term management challenges of community bonds, there has been a movement towards larger bond offerings (Tapestry requires a $500,000 min.) and towards larger investors (many mins. have started at $1,000 or $10,000). Most bonds have also provided security, either through a tangible asset, such as real estate, or through a continued revenue stream, such as a renewable energy contract.

WHY DO PRIVATE SECURITIES (AND EXEMPTIONS) MATTER?

In Ontario and other jurisdictions in Canada, issuing any type of security (a financial investment such as a bond, a stock, a mutual fund, or an ETF) is a regulated activity. This means it falls under the jurisdiction of a securities regulatory body that monitors the requirements for issuing securities. For any kind of public offering, that is, an investment that can be marketed and sold to anyone, there is significant disclosure, audits and other paperwork that is required to make sure the investment is not fraudulent and that investors have all the information they need to make a decision. Only extremely large companies can meet this requirement, making it a very large barrier for selling investments. In Ontario and other provinces, exemptions exist that allow certain private securities to be sold to certain investors. One of these exemptions through the Ontario Securities Act allows private investments to be issued by non-profits, without completing the cost prohibitive paperwork. Co-operatives can also use various exemptions from registering a full offering with the Ontario Securities Commission, including limiting the offering size up to $200,000, or by only allowing a limited number of investors. Without these exemptions, nonprofits and cooperatives would have to create an offering memorandum (OM), often $10,000-$20,000 in legal fees, or only sell their bond to “accredited” investors who meet certain income or assets thresholds. For small offerings, OMs are cost prohibitive and often don’t make sense. More philosophically, a core component of community finance and community bonds is the democratization of social finance (and finance in general), by giving people the opportunity to invest with values and use their financial capital to support their community. Community investments are not always the cheapest or most efficient way to raise capital, but they are the most empowering.

Future community bonds offerings

WEFC’s community bond experience brings to light several key challenges faced by both community enterprises who issue bonds and community investors who purchase them. Issuing securities, for many good reasons, remains a complex activity that requires internal expertise both during the initial phase and the ongoing management of the bond. The use of an external provider, such as a bond administration company and lawyer is almost certainly necessary to ensure that the community enterprise has drafted appropriate investment materials and has an ongoing ability to manage the investments. Because community bonds are small, local investments with very little liquidity (the ability to sell the investment to another party with relative ease) they will always have certain risks that are different than those most investors will have seen from their other investments. It is important for community enterprises to be honest and open about their investment products and equally important for investors to understand some of the different risks associated with their investment.

04 Analysis: Community Finance

A major goal of the Community Wealth Building project was to determine the best mechanisms to generate greater community control over the flow of local financial resources, such as private investment capital and funding dollars, into local initiatives that enhance the wellbeing of low-income livelihoods and equity-seeking community members. By anchoring and redistributing financial capital locally, the project aimed to outline tools for increasing collective asset ownership, generating local supportive employment, and building shared community wealth. From a systems change perspective, the project aimed to offer pathways into transitioning the local economy from one that is extractive, exploitative, and competitive, to one that is regenerative, sustainable, and caring in order to balance the wicked question of leveraging investments while mitigating displacement. The following section provides an analysis of these intended goals, and the findings that were generated throughout the research.

ONE SIZE DOES NOT FIT ALL

At the onset of the research, there was a hypothesis that it might be possible to set up one broad structure, such as an investment platform or loan fund, to support multiple community-driven initiatives. One of the key challenges with this hypothesis on impact investing is that the market is fragmented. Investors spend considerable time seeking out small, private deals and completing complex contracts, while social enterprises spend significant energy and effort attempting to find impact investors and drafting up the appropriate legal material for raising capital. A single platform could have alleviated some of these gaps by creating a centralized location for investors and investees. Yet to get to that end point would have neglected the state of community enterprise and community finance in Parkdale and the importance of a community-led project to put community first.

MOVING BEYOND LOW-HANGING FRUIT

In order to meet the deep social needs in Parkdale, the more typical ‘low hanging fruit’ impact investment opportunities will generally not be sufficient. In impact investing, low hanging fruit opportunities are those that mimic existing business and investment models, while intentionally creating positive social or environmental impact. The benefit of these models in our current economy is that they do not have to radically shift investor or entrepreneur mindsets because they use conventional business models to choose opportunities where there is still plenty of money to be made, such as solar power, electric cars, organic food startups, microfinance initiatives, basic affordable housing projects, and small business lending. While these models can generate significant social and environmental benefits, they do not represent community finance and specifically the deep community needs in Parkdale. What is needed in Parkdale is a combination of all funding types (repayable and non-repayable), flexibility around term and liquidity, guarantees or first loss reserve funds, patient capital and long term partnerships with government agencies. And while some of these constraints may still work in relatively standardized financial structures, more market testing is needed to understand investor perceptions and expectations for investing in this new terrain.

As demonstrated through the community enterprises and case studies highlighted in this report, the opportunities in Parkdale are complex and highly customized, opening space for creative investment structures. Taking the time to iterate and explore more creative community investment models is ultimately more important for the long term viability (and authenticity) of community investing in Parkdale. The case studies and next steps in this report showcase some exciting ways to move these initiatives forward.

WHO TO BRING TO THE TABLE

None of the work moving community finance and community investment forward in Parkdale can or should be done without equity-seeking community members at the forefront. This report has showcased many of the challenges and opportunities of building a collaborative community-lead investment process. Bringing this work forward through collaborative efforts of community members and community enterprises, such as the Parkdale People’s Economy and the Neighbourhood Planning Table, can help ensure that the harder questions are asked, broader perspectives considered, and inequitable power structures are challenged.

There are also many actors that need to step forward to support the development of the new investment and enterprise models highlighted here. Values-aligned players such as private foundations, community foundations, government grantors and policymakers can support through capacity building, granting, tax incentives, and by providing much needed risk capital to seed these innovative new models. While community investing may be siloed into the ‘investing’ bucket it is not simply about shifting investment capital, it is about systems change in a rapidly changing world and cannot always be viewed through the same risk tolerance lens as other investing.

SHIFTING PERSPECTIVES

Another aspect of this report is the role that large pools of capital, such as endowments, play in supporting or challenging the broader capital structures that have perpetuated many of the social issues community financing and charity seeks to address. Through the case studies and spotlights, the report began to interrogate the endowment axiom of the charitable sector. The mission and values of endowments is to support community and social benefit, however investment policies that retain control of endowment capital within financial markets or prioritize 100% repayable capital may be perpetuating a system that drives inequality rather than allowing this capital to flow to prudent long-term investments in the real economy.

While Community Cost Benefit Analyses, as demonstrated in Appendix 2, could support the flow of larger sums of capital to current community enterprise, hybrid community funding does not necessitate this type of analysis. Hybrid or blended capital has already gained support within traditional social finance and impact investing communities. The recognition that social and ecological benefit requires concessions has been a tension within the social finance sector. Many within the sector feel the necessity to legitimize the non-concessionary potential of social finance - that is social finance can solve our problems while providing returns that are competitive or exceed traditional finance.

The rising interest in hybrid funding has been key to facilitating the growth of the sector. It can not be forgotten that the primary motivation of the shift to social finance is to address the challenges of poverty, economic inequality, and ecological degradation, among others. If the solutions needed to address these challenges are beyond the capacity of traditional market mechanisms, then the market approach must be challenged and the redistribution of wealth through the strengthening of collective institutions examined. Whether hyper-local or global, there must be room to think critically about where energy and resources, including financial, should be committed.

05 Conclusion: Next Steps

At all stages in their life cycle, community enterprises face distinct challenges in accessing appropriate financing. More traditional capital providers have been reticent to provide funding on conditions that are suitable to the needs of non-profit oriented enterprises. While social finance providers have attempted to respond to this gap by offering funding tailored to these particular needs, there is still a significant gap in financing initiatives that provide limited returns yet guarantee high impact, such as deeply affordable housing and food security initiatives. The landscape in Parkdale has demonstrated the need to go beyond standard impact investing products, and outlines a path forward for unique models of community funding that are not predicated on high financial returns, but instead are dedicated to advancing community priorities and visions for wellbeing. The following next steps provide a framework for building towards a community financing ecosystem in Parkdale.

FINANCIAL DREAMING

Community Finance is a key component of the Parkdale Community Planning Study, with the goal of exploring community-based mechanisms to anchor financial resources locally. In reflecting on the key findings of the Community Wealth Building research and the function of the Community Finance working group, it became clear that there is a significant role that community funding can play in servicing the Actions Steps articulated in the living document of the Neighbourhood Plan and the evolving objectives and values of the community members who make up the Parkdale People's Economy. A participatory exercise was generated as a means to create structure and efficiency in implementing the Action Steps articulated in the Neighbourhood Plan, as well as a tool to attract community funding (grant, finance and hybrid) to the PPE Working Groups. The activity is named Financial Dreaming to evoke both the analytical and aspirational aspects of building on the practice of participatory budgeting to engage a community in the financial decision-making without the constraints of a budget. The process for this exercise is outlined in Appendix 3.

COMMUNITY FUNDING PLATFORM

The Community Wealth Building research process also identified the potential for developing a Community Funding Platform to service the community enterprises and working groups in the Parkdale landscape. A Community Funding Platform is a mechanism that is envisioned to facilitate all types of community funding into key action areas - Affordable Housing, Decent Work, Food Security, Community Health, Community Finance, Cultural Development, Participatory Democracy, and Social Infrastructure - with the goal of servicing key visions and values determined by the community. The prioritization and allocation of funding would be determined by the community through the 'Financial Dreaming' process, and will initially focuson donations and grants, due to the complexity of community financing in terms of administration and securities regulations. The platform will aim to support the PPE Working Groups to prioritize the allocation of Community Donations and Grants; the logistics of receiving, distributing and bookkeeping of funds; communications to stakeholders; and evaluation. The process for developing a Community Funding Platform is outlined in Appendix 4.

VALIDATING NEW MODELS

Using the case studies and the research on community-based investment models and structures, the next phase of this work will capitalize on the momentum of existing community enterprises in Parkdale. While Financial Dreaming and the Community Funding Platform represent broad, community wide efforts, supporting and elevating the existing enterprises will help provide critical validation that alternative models can be viable. The next steps of the project will focus heavily on supporting the community enterprises featured in this report, starting with the proposed development of a PNLT Affordable Housing Fund.

LONG-TERM VISION

The Community Wealth Building report represents a first major step in understanding the role that all financial capital plays within a community dynamic. It set out to understand how to tap into the growing popularity of social finance with the goal of bringing more financial resources to Parkdale. However, it quickly grew into a more nuanced and critical analysis of how funding sources - whether non-repayable, such as granting and donation, or repayable, such as loans and equity investments - work together. When analysing from a community financing perspective, these different capital sources are not viewed in siloes. Community-led processes are meant to centre community goals and visions, therefore looking at the role of repayable and non-repayable capital together is the only way to ensure all community needs are given equal priority.

This reframing reinforced an understanding of what types of community enterprises can be prioritized and supported in Parkdale, and how the sector can move beyond the low hanging fruit of conventional social enterprise models. The strongest community enterprises in Parkdale were developed through a collaborative community model, rather than entrepreneur-centric model. Unsurprisingly, this development process is more complex and takes longer to build an investment-ready model. However, it is critical to do this work so that more innovative, community-forward models can be developed and validated. Building these models requires collaboration and risk taking. There is a critical role for values-aligned investors to step up and use their capital to build these system-changing models that will move the needle of social change.

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A1 Case Study: Montreal

THE SOCIAL ECONOMY

Many residents of neighborhoods in Montreal are experiencing similar crises of affordability to those experienced in Parkdale. And like in Parkdale, many of these residents have organized themselves to combat displacement — seeking funding and assistance to develop non-profits and cooperatives to more affordably provision a growing portion of their local economic needs. Unlike in Parkdale, however, the community-controlled approach to urban development is much better known and better funded in Montreal, and across Quebec. Residents in Montreal have a larger pool of funds, and a better integrated network of technical assistance experts, than those found in Toronto at present. As a result, Quebec is home to a large array of more affordable and better-waged community-owned goods and service providers than can currently be found in Ontario.

The government of Quebec has been formally dedicated to supporting social economy practitioners for around three decades. Some of these supports accompanying legislative milestones are listed below:

- Quebec's Act Respecting Assistance for the Development of Cooperatives was amended in 1997 so that nonprofit organizations were recognized as eligible to governmental economic development programs traditionally addressed to cooperatives.

- Under Quebec law, if a co-operative decides to dissolve or convert to a for-profit company, the reserves of that co-operative are not divided among its members. Instead, by law, any reserve funds must go to another co-operative. This indivisible reserve is created through the allocation of a minimum percentage of profits, which in Quebec's case is 10%.

- In 2002 a permanent office of the Social Economy was created within the Ministry of Finance and the Economy to research and advise the minister on issues related to the Social Economy. While the Office has moved from the Ministry of the Economy (2002-2007) to the Ministry of Municipalities (2007-2014) and then back to Economy (2014-present), its mission has remained the same.

- The Office has helped produce three social economy action plans: the Action Plan for the Development of Social Economy Enterprises 2003–2005, the Governmental Action Plan in Collective Entrepreneurship 2008–2013, and the Social Economy Action Plan 2015–2020. More recently, in 2013, Quebec adopted a Social Economy Act committing the government to produce 5 year social economy plans.

- Since 1995, the Société québécoise de développement de la main-d'oeuvre (and now Emploi-Québec) has established workforce committees in 29 strategic economic sectors, including aerospace, forest management, and rubber, to identify and address issues in their sectorial labour markets. In 1997, the social economy was given its own sectoral workforce committee—the Comité sectoriel de la main-d'oeuvre en économie sociale et action communautaire (CSMO-ÉSAC)—which is still active today.

- The province also funds a number of regional development bodies specifically dedicated to social economy development. For example, the Comité d'économie sociale de l'Île de Montréal (CESIM) is the regional social economy committee representing Montreal. They act as a forum for disseminating innovative best practices, and for stimulating collaboration between social economy enterprises, local anchor institutions, and local government. To this end, they hold seminars ("Conversations montréalaises sur l'économie sociale"), organize conferences, and provide educational resources through their website.

Though funded by the government, these regional development bodies are steered by and incorporated into the Chantier de l'économie sociale, a non-governmental provincial network of social economy enterprises that launched in in 1997.

CHANTIER DE L'ECONOMIE SOCIALE

Chantier (meaning "construction site") characterizes itself as a "network of networks," a forum where different actors in the social economy can meet, discuss issues , work on new initiatives, and collaborate. It includes a wide range of members, such as networks of social economy enterprises (i.e. daycare and housing cooperatives), regional associations in the social economy, community development centres, technical resource centres that support social economy activities and groups representing a wide range of social movements including labour, environmentalism, women's rights and Indigenous reconciliation. The Chantier receives an annual governmental grant of about $600,000 to run its operations.

In addition to coordinating these regional social economy development committees, Chantier coordinates "TIESS", a group of about 10 researchers who evaluate successful new social enterprise models. They prepare reports on these, which social economy practitioners and local economic development incubators can consult.

The real frontline of technical assistance support, which helps connect local social economy enterprises to these resources, are Quebec's 120 local economic development incubators. Montreal, for example, has six local economic development incubators, known as PMEs. These PME's function similarly to US Community Development Corporations. They act as intermediaries between local social economy enterprises and the wide array of provincial and municipal, financial and technical resources available to them.

LOCAL ECONOMIC DEVELOPMENT

Montreal's six PMEs, collectively PME MTL, play many roles in helping to grow and coordinate Quebec's social economy, and broader local entrepreneurship, including technical support, financing and training. They bill themselves as an entry point for Montreal's entrepreneurs, providing technical assistance and a range of investment opportunities facilitated through themselves and their partners at Fonds locaux de solidarité FTQ, Emploi-Québec, le Réseau M, CréAvenir du Mouvement Desjardins, la Fondation Montréal inc., Futurpreneur Canada, l'École des entrepreneurs Mtl, la Jeune chambre de commerce de Montréal, la Caisse d'économie solidaire Desjardins, l'Association communautaire d'emprunt de Montréal and Réseau de la coopération du travail du Québec. The PME MTL network receives funding from the Ministry of Municipal Affairs and Housing.

In 2017, the PME network provided $14.6M in loans and grants to Montréal enterprises, which helped create 1,350 jobs, maintain an additional 3,000 and help 3,200 entrepreneurs access experts connected to the network. It appears that for 2018-2022 the funds available to PME to invest in local enterprises will double to around $28M annually, funded predominantly by the new municipal government

TECHNICAL ASSISTANCE

PMEs offer technical assistance to social enterprises, helping them prepare business proposals, articulate their value proposition, shape their governance, and establish the most appropriate ownership structure. The PMEs aim to teach incoming enterprises to incubate collaborative mindsets and partnerships, mitigate "cannibalistic" competition, "establish congruencies with other social econonomy enterprises in the neighbourhood".

They also proactively mediate between different local community enterprises and local anchor institutions, promoting knowledge-sharing, collaborations, and mutual procurement. There are countless examples of how integrating social economy enterprises can prove mutually beneficial. One example can be seen in the Fédération des coopératives d'habitation intermunicipale du Montréal métropolitain (FECHIMM), which regroups 75% of the housing cooperatives of its regional territory and represents over 11,000 households. FECHIMM and Montreal-based car sharing startup Communauto have a partnership agreement that provides FECHIMM member cooperatives with deep member discounts for for the use of their vehicles. Another example is Insertech, a non-profit integration company, which provides quality computer products and services, while balancing a mission for social inclusion and sustainability. The partnership established in 2007 between FECHIMM amd Insertech allows housing cooperatives members of FECHIMM and their members to enjoy substantial discounts on the purchase and repair of computer equipment.

SOCIAL FINANCE

PMEs help to bring together diverse sources of financial capital and connect them with promising social economy entrepreneurs. They have six major funds including:

- **CréAvenir** - A joint program of Fonds PME MTL and Desjardins which provides $5K grants and a $15K line of credit to young entrepreneurs.
- **Fonds de développement de l'économie sociale** - $5,000-$50,000 subsidies for social economy projects run by nonprofits.
- **Fonds Jeunes Entreprises** - A $15K subsidy for new Montreal businesses that is combined with a Fonds PME MTL loan.
- **Fonds PME MTL and Fonds locaux de solidarité Montréal** - Up to $400,000 in loan financing for nonprofit social economy enterprises, for profit companies and cooperatives.
- **Community-based Business Fund** - A joint Program between PME MTL's Fonds de développement de l'économie sociale and the Desjardins Caisse d'économie solidaire, which provides a $3,000 subsidy, $10K grant and $10K loan to new community businesses.
- **ADM Fund** - To support 375 preseed stage enterprises who have raised crowdfunding through Quebec's La Ruche platform, with low interest $7,5K loans.

PME MTL's in house solidarity fund, Fonds PME MTL, was created in 2015 with $33M in financing and has channeled a tenth of the total investments in the social economy, often granting to entrepreneurs their initial investments and "personal endorsements", which give other funders confidence to come forward. 80% of enterprises who have used PME MTL resources are still active after five years, compared to 34% for other Québec enterprises.

NEOLIBERAL COOPTATION

Montreal provides a strong example for how to build an institutionalized support system for community financing and community economic development more broadly, yet its success also yields many points of caution. One of the main challenges for place-based work is the threat of neoliberal economic forces that worsen local economic conditions beyond local community control, not only through exclusionary mechanisms but also through cooptation. In the case of Montreal, urban scholars have critiqued community economic development corporations for losing sight of the values of the community movement that shaped their origins in exchange for the shifting policies and priorities of the provincial government. In Montreal, the social economy emerged from the social solidarity movement as an explicitly anti-capitalist project to promote the assemblage of worker-owned projects and grassroots service providers. By the 1990s, the CED sector became codified into municipal and provincial policy as best practice. As a result, Montreal's CED sector has been recognized by the City, the Province, and the Federal government as a means to coordinate economic development and social integration through the social economy.

In the case of Montreal, Shragge et al. (2003) provide convincing historical documentation on how Quebec's social economy partnership has been co-opted by neoliberal ideologies and poverty reduction policies that employ the discourse of social inclusion in order to mask the harshness of workfare practices. As a result, they argue that this approach creates and reproduces a new form of poverty through precarious labour and the rise of the working poor. This example also plays into the critique of Local Economic Development and Market-based Community Economic Development as mechanisms for neoliberal flanking, caused by the downloading of government responsibilities and ideologies onto nonprofits. Caution must be maintained to ensure that local autonomy is preserved and strong coalitions are built between place-based economic projects. The lesson to be learned about Quebec's Social Economy legislation is how to institute a clear commitment from the government while simultaneously protecting the autonomy local initiatives and preservation of local values.

A2 Community Cost-Benefit Analysis

PNLT Homelessness Prevention Through Rooming House Acquisitions

- Rooming houses are the most prevalent low-end market rental housing in Parkdale.
- Real estate investment and speculation is causing the fast-paced conversion and upscaling of affordable rooming house stock.
- Rooming house conversion and upscaling is causing an eviction crisis – displacing tenants from Parkdale and into homelessness. In 2018, 91 deaths of people experiencing homelessness were recorded in Toronto. The median age of the deceased for 2018 is 54. The life expectancy for the general population in Toronto is 82 years for males and 87 years for females.
- There are 198 rooming houses in Parkdale. 59 rooming houses are at risk of conversion, representing a threat to the housing stability and wellbeing of 818 vulnerable residents.
- While many rooming houses receive significant public subsidies, existing programs do not require housing to remain permanently affordable.
    - $9.5 million annually through income assistance rent allowances (OW, ODSP, OAS)
    - $870,000 annually in direct housing allowances such as the Toronto Transitional Housing Allowance Program (TTHAP)
    - 29-69% Property tax benefit for licensed rooming houses
    - CMHC capital grants such as the Residential Rehabilitation Assistance Program (RRAP).

Proposed Use of Funds

To address the risk of homelessness, the PNLT proposes the acquisition and rehabilitation of a rooming house. The Land Trust would own the property in perpetuity and provide long-term head leases to housing providers who manage the properties and provide wraparound supports to tenants. The PNLT requires approximately 50% of project costs as non-repayable capital. The project will cost $3,164,772 and the proposal is a contribution of $1,500,000 in non-repayable capital and $921,000 in impact investments structured as a mortgage. The proposal is to use $2,421,000 of hypothetical endowment capital for the acquisition of the rooming house.

Cost Benefit Analysis

The cost benefit analysis compares the Net Present Value (NPV) to society of maintaining $2.421 million in the endowment to the use of funds for the acquisition of the rooming house. The NPV calculation of the endowment uses the 10 year simple average annualized rate of return of the Winnipeg Foundation at 8.63%. The discount rate utilized for the perpetuity is based on the revised Government of Canada guidance on discount rates (2018) and utilizes the 10 year zero coupon government of Canada Treasury rate. This scenario uses the 10 year zero coupon rate as of April 24, 2019 at 1.69%. The Present Value (PV) of the funds held within the endowment is $12,362,858.

The NPV for the use of funds in the baseline endowment scenario is more complicated and would include factors such as:

1. The value of the social benefit of the distributions from the endowment used to fund grants. This equation would require the subtraction of the distribution rate from the annualized rate of return and a recalculation of the PV of the endowment perpetuity. Then it would be necessary to decide the appropriate methodology to value the social benefit derived from these annual distributions. There would also be a need to consider the treatment of the foundations overhead costs in the administration of grants. A simple valuation of the social benefit would be to see the monetary value of social benefits from grants as equal to monetary value of the grants. While the objective of the grants is to generate a value in excess of the grant value, it is also likely that grants produce a lower social benefit than the value of the grant. The simplest approach for the purpose of this report is to assume that the social benefit generated by the use of grant funds is equivalent to the rate of return utilized to calculate the present value of the endowment perpetuity of 8.63% and maintain the NPV of the endowment at $12,362,858

2. The cost to society of maintaining perpetual capital in financial markets with a high allocation to secondary markets should also be considered. The purpose of this question is to determine the value of funding a community enterprise relative to the investments that are traditionally made by the capital portion of endowments. It is not clear whether this analysis should examine individually or in combination the difference in value to society of: (a) primary and secondary markets; (b) the scale of enterprise in which the investment is made; and (c) impact vs traditional investments. It could be difficult to determine the quantitative difference or even to separate the value of primary and secondary markets due to the dynamism between these two markets. There are however some clear implications in the divergence of financial markets and the fundamental economy, particularly in the inflation of global housing prices. As capital seeks to supplement their bond allocation with investments with lower perceived risk and higher rates of return capital has flowed into real estate markets through direct investments as well as the rise of securitized products like Mortgage Backed Securities and Real Estate Investment Trusts. There are additional demand side forces like urbanization which are driving the rise of global housing (ownership and rent), however the impact of financialized demand cannot be ignored and should be considered as a negative cost associated with the selection of investing endowment capital in financial markets as opposed to funding community enterprises like the PNLT. There are additional negative costs including the known unknowns of post-crisis markets and the differential velocity of funds between a community funding project and the financial investments. The ecological comparison of impacts has a variety of methodologies from the relatively well developed measurement of Green House Gas emissions to the more intangible analysis of intangible benefits of ecology. Environmental economics and the valuation methodologies are robust and would provide significant foundations for the development of a Community Cost Benefit Analyses. Given the developed state of this field, it is worth stating that an exploration of appropriate techniques for the community scale needs to be further explored.
3. The alignment of financial investments with public policies.

Once the costs described above are estimated, then it would be possible to determine the Internal Rate of Return (IRR) of the endowment baseline scenario to the PNLT Acquisition project. The IRR of the endowment baseline would represent the hurdle rate where a positive value would indicate a higher value of funding in the community project and a negative value would indicate a higher value to maintaining the endowment capital in financial markets.

The NPV of the housing acquisition would include:

1. The PV of surplus cash flows to both the PNLT and Operating partner discounted at the 30 year zero coupon treasury rate as proxy for the time value over the lifespan of the property.
2. A local premium that would include a measure of the value of increased velocity of money and quantity and quality of employment creation.
3. A calculation of the Quality Adjusted Life Year (QALY) and Value of a Statistical Life (VSL). The current government of Canada prescribed VSL is $6.1 million in 2004 dollars. The City of Toronto started tracking more robust data about death of people experiencing homeless. This data along with the data collected through the Rooming House Study could be used to determine a locally specific QALY. As rooming houses are in many ways a stop-gap to homelessness it is reasonable to anticipate that preserving such housing typology would lead to saving some value of statistical life, as well as, improving the QALY of persons housed in rooming houses.
4. The Rooming House Study also identified the extraction of large amounts of money from the public sector to the private sector by privately-owned rooming houses. Further exploration of the Community Cost Benefit Analyses could utilize this data to incorporate the value of maintaining these capital flows for community rather than private benefit.
5. Community Cost Benefit Analyses could also explore the financial implications of reducing the number of ownership transactions on a property. There would be a negative economic impact as measured by Gross Domestic Products (GDP), as well as a less well understood positive impact by removing the extraction of capital by intermediary transaction costs.
6. Cost Benefit Analyses also facilitate qualitative representation of non-tangible benefits such as the Parkdale Wellbeing Indicators developed in the Parkdale Community Planning Study (2016), as well as measures such as inspiring the development of community enterprises and sense of community within Parkdale. These benefits may have implications for social capital issues such as the degree of trust and belief in the potential of community action which have legacy implications beyond the current generation.

A3 Financial Dreaming

FINANCIAL DREAMING

Community Finance is a key component of the Parkdale Community Planning Study, with the goal of exploring community-based mechanisms to anchor financial resources locally. In reflecting on the key findings of the Community Wealth Building research and the function of the Community Finance working group, it became clear that there is a significant role that community funding can play in servicing the Actions Steps articulated in the living document of the Neighbourhood Plan and the evolving objectives and values of the community members who make up the Parkdale People's Economy. A participatory exercise was generated as a means to create structure and efficiency in implementing the Action Steps articulated in the Neighbourhood Plan, as well as a tool to attract community funding (grant, finance and hybrid) to the PPE Working Groups. The activity is named Financial Dreaming to evoke both the analytical and aspirational aspects of building on the practice of participatory budgeting to engage a community in the financial decision-making without the constraints of a budget.

Financial Dreaming Spreadsheets

The Financial Dreaming Spreadsheets (The FD Spreadsheets) are a tool to support the PPE Working Groups to implement the Neighbourhood Plan. In the Neighbourhood Plan each Working Group has several Directions that were identified through the 18 month community consultation process and the ongoing work of the PPE. PPE Staff then converted the Directions into tables that break down each Direction into a set of Action Steps required to implement the Direction along with additional planning and project management fields. The FD Spreadsheets further refine the Action Steps to facilitate estimates of resource needs and further facilitate the project management.

Financial Dreaming Process

1. **Survey of current PPE Working Group Action Steps**. Since the publication of the Neighbourhood Plan in 2016, Action Steps may have been completed or changed. The survey allows the Working Groups to update the Neighbourhood Plan with the current PPE Working Groups' articulation of the community's needs and asks the Working Groups to prioritize their Working Groups updated Action Steps.

2. **Validate Prioritized and Updated Action Steps**. Feedback from the Neighbourhood Planning Table identified that the Financial Dreaming process is too labour-intensive to be exhaustive in its preliminary iterations. Prioritizing a few Action Steps as pilots is a prudent given PPE's scarce time and resources. The prioritized Actions Steps will be validated and prioritized by the Neighbourhood Planning Table and the PPE Working Groups as a whole.

3. **Determine type of Community Funding required for the Action Step**. The Community Finance Working Group will identify whether an Action Step can be funded through community finance, hybrid funding or community grants.

4. **Populate The FD Spreadsheets**. The first step will be to break down the prioritized Actions Steps into smaller tasks required for the implementation of the Action Step. Once a clear set of tasks is identified for an Action Step it will be easier to estimate the person-hours required to complete the task. Some tasks will require more time to complete than the required person hours. For example, coordinating a meeting may require 3 person hours of work, but take 1 week to be completed due to time waiting for scheduling input from meeting attendees.

   The next step in populating the FD Spreadsheets is to determine cost of person hours. The Community Planning work in Parkdale has been made possible by the dedication of many types of workers. Workers in the PPE include volunteers, staff paid at a variety of rates, seconded staff, and unpaid students. A core focus of the PPE is Decent Work. This step of the financial dreaming process will learn from the Decent Work Working Group and build partnership with unions and other workers rights experts in order to determine the ethical form of work for each of the tasks in an Action Step.

The final step is to estimate the non-labour related costs associated with each action step. These costs may include office space rental, food, printing etc. Team Leads will review the populated spreadsheet in an accessible way with the working groups. Working Group members provide feedback and refine the costing, timing and other fields within the FD Spreadsheet.

5. **Determine potential resources and timeline of potential disbursements**. Utilizing the community's existing knowledge of funding (grant and finance) and tools like Grant Connect,Action Steps will be mapped with appropriate potential sources of community funding. This will enable the team to anticipate grant writing requirements so as to integrate this work into the costs and comprehensive timeline of the PPE Financial Dream.

6. **Integration of Action Steps**. (a) Convergence of Action Steps and/or tasks for ease of implementation; (b) Determine staffing requirements; (c) Strategic timeline of implementation; (d) Validation of Strategic Plan with PPE Working Groups and NPT.

A4 Community Funding Platform

COMMUNITY FUNDING PLATFORM

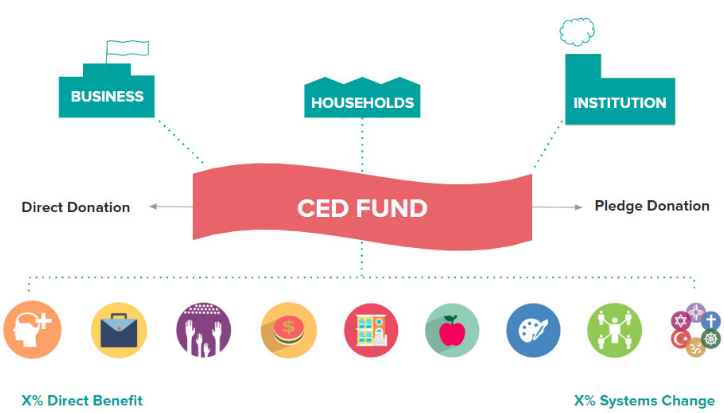
A Community Funding Platform is a mechanism that is envisioned to facilitate all types of community funding into key action areas - Affordable Housing, Decent Work, Food Security, Community Health, Community Finance, Cultural Development, Participatory Democracy, and Social Infrastructure - with the goal of servicing key visions and values determined by the community. The prioritization and allocation of funding would be determined by the community through the 'Financial Dreaming' process, and will initially focus on donations and grants, due to the complexity of community financing in terms of administration and securities regulations. The platform will aim to support the PPE Working Groups to prioritize the allocation of Community Donations and Grants; the logistics of receiving, distributing and bookkeeping of funds; communications to stakeholders; and evaluation.

The platform will require a high degree of specialized knowledge of IT in order to reduce the ongoing administrative requirements of the The Community Funding Platform. For this reason, it is imagined that an initial action towards implementation will be engagement of individuals and/or institutions, such as computer science department of a post-secondary institution, to ensure that the platform is aligned with technological opportunities and limitations.

As a network of community members and organizations, the Parkdale People's Economy faces and additional challenge to the logistics of the funding platform. The PPE is not a legal entity which complicates the logistics of holding and trusteeship of community funds. Early deliberations on this issue have presented two umbrellas of approaches to addressing this challenges. Donations could be pledged or received through a trusteed account (See box below).

The User Experience: Donations

1. The donor will enter the funding platform
2. The donor will select an option for donation: tax-credit or no tax credit
3. The donor will then select which Working Group or Action Step they prefer to fund. The Financial Dreaming process will limit their selection within each working group based on the community prioritization and allocation process. If necessary, additional validation of the allocation will occur at the NPT and PPE Working Groups before distribution.
4. Everyone who donates is recognized equally based on the co-operative principle that one donor leads to one recognition.



Pledge Donation

- Facilitates charitable tax credit
- Higher labour requirements
- Funds flow directly to Charitable organization

Key Components:

1. Website
2. Database Management
3. Donor management to ensure pledge is converted to donation

Direct Donation

- No charitable tax credit
- Cost of Trusteeship (e.g. 10%)

Key Components:

1. Website
2. Database management
3. Distribution of funds to organization or resident group responsible for implementation of funded action

Main Funder

METCALF FOUNDATION

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