



Update

Dear CAIC Members

Welcome to Spring! Or is it summer or still winter? Over the last few weeks we have been inundated with an assortment of weather conditions. From blazing hot days to snow-covered mornings. CAIC too has been inundated—but with requests for financial assistance. I am happy to report that we have had a record year in terms of loan application

requests. Generally, during the winter months, CAIC witnesses a slow-down in the application process. This year has proved a real exception. We have had full agendas for each meeting since the beginning of the year. Applications have come from the east (Nova Scotia & New Brunswick), west (British Columbia) and in-between (Ontario). This

is good news because it allows the board to fulfill CAIC's mandate to provide alternative financing for community-based projects here in Canada. You'll find out more about the projects CAIC has recently supported in "Our Projects ~ Western, Central, Eastern Regions".

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The Advisory Committee~ a fine balance

This year has seen some changes in the makeup of our Advisory Committee. In past newsletters, I have provided "bios" for our advisors. In this issue I would like to introduce two new advisors and bid farewell to another. But first, a brief explanation of the role of the Advisory Committee.

CAIC has a dual mission of ensuring that the funds are being used in a socially just manner while at the same time ensuring that our members' capital is protected with an adequate return. It is the job of the Board of Directors to ensure that a balance exists

between these two objectives when considering a loan proposal. CAIC's directors do not come from the business community and although the ultimate decision rests with the directors, sound business advice as to the credit worthiness and risk of an application is provided by the advisors. CAIC has been very blessed with extremely committed and qualified individuals from the business community who have provided their expertise voluntarily.

Last September, CAIC was fortunate enough to add a fifth advisor to the committee. **Karen Knopf** the Con-

troller for First Ontario Fund, is interested in supporting innovative financial ideas and socially just endeavours.

This January, CAIC bade farewell to **Brian Iler** (a lawyer) who had been with CAIC's advisory committee for the past eight years. Brian recommended that **Lisa Loader**, a lawyer with his firm take his place. I am happy to report that both Lisa and the board are happy with the new arrangement.

Karen and Lisa join **Liz Byatt, Paul Plecash** and **Laura Walsh**.

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Authorised Investment Fund ~ adapting to the changing housing landscape

by Beth Coates, Financial Manager



"The federal government had to come back to the field of social housing. The situation had become an embarrassment. The federal government made it clear however, that it's involvement would be limited."



Social Housing has always been at the heart of CAIC's mandate. For many years the Authorized Investment Fund provided an excellent vehicle for members to provide financing for low cost housing. The fund was able to provide mortgages for housing cooperatives, which were guaranteed by the federal government. During the 90's we witnessed a drastic decline in both the federal and provincial government's willingness to provide low cost housing. Housing became one of the many casualties of cost cutting and deficit reduction. Governments naively hoped that economic growth and market forces would provide housing. We are still waiting. What we have seen is a marked increase in homelessness and cities scrambling to find temporary shelter.

CAIC realized that the old ways of doing business were no longer valid. Guaranteed mortgages would no longer be available to us for investment. We had to find new ways to ensure that our members' resources were available for the construction of affordable housing while at the same time ensuring the investments were protected and earning a reasonable

rate of return.

The federal government had to come back to the field of social housing. The situation had become an embarrassment. The federal government made it clear however that its involvement would be limited. New housing projects would be the result of partnerships between cities, the federal government and local community groups. Since the community group sponsoring the project would not have access to all its resources up front, they would have to finance a portion of the project. Moreover part of that financing may be a higher risk than a conventional lender would be willing to consider. It quickly became apparent to CAIC that we did have a role to play as provider of second mortgages.

CAIC's board of directors worked with staff to develop new policy parameters for considering investment and new materials to explain our criteria to potential borrowers. Our last piece of business was to discuss these changes with our members who had investments in the Authorized Investment Fund and

ask them if they would like to move their investments to the Social Mortgage Fund. In moving investments to the Social Mortgage Fund they would be making funds available for second mortgages to new housing projects provided CAIC was not going to lend more than 75% of the appraised value of the property.

I am delighted to report that the response has been overwhelmingly positive. Of the 28 members who had over \$1.7 million of investments in the fund, 24 have moved their investments, 1 has declined, and I am still waiting to hear from three others. Investment in the fund is now below \$400,000. The \$1.3 million that has been moved to date will now be available for housing projects in the future. We currently have two such projects in our portfolio and are considering a third.

As always "We couldn't do it without YOU!"

Christie Ossington Community Centre ~ a community-based project

by Valerie Lemieux, Outreach Coordinator

The Christie Ossington Neighbourhood Centre is a community-based multi-service center for families and individuals located in a high needs community in the west end of Toronto.

Over the past nine years this grassroots community organization has grown from a small but dynamic group of concerned community residents to a thriving, vibrant neighbourhood centre. Their programs reflect their ability to respond to the needs of their community.

There are a number of programs geared towards engaging children in positive activities. An after-school and summer Literacy Arts and Recreation program, called The Nook has 40 –50 children participating after-school and 175 children during the summer months. Its activities include: Reading circle, sports, dance, drama, music, cooking, Science club, homework, weekly guest artist, computer/internet access and daily snack.

The Centre encourages at risk teens to get involved in their Graffiti Arts program. This program has allowed teens who normally feel like outsiders to participate in their community. The Centre provides an opportunity for high school, college and university students to work

within the various programs. And finally the L.O. F.T. (Life Opportunity, Food & Technology) program provides youth with free access to computer technology, community kitchen facilities and employment supports. The L.O.F.T program collaborates with various community partners to respond to the need for youth employment.

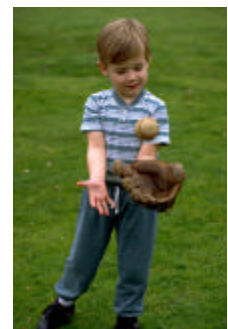
Homelessness is present in many of Toronto's neighbourhoods. The community that the Christie Ossington Neighbourhood Centre services is no exception. A wide range of services for the homeless population have been developed. This includes a 45 bed Out-of-the Cold program run on behalf of the City of Toronto and more recently the addition of a twenty bed program for women. The centre also provides a warm and welcoming environment for homeless people looking for support and assistance with problems that they encounter in their daily lives. Staff makes sure that the most vulnerable members of their community receive proper medical attention, access to resources such as clothing, informal counselling, identification, legal assistance, help finding a place to live and advocacy. They have been able to offer shower and laundry facilities as well as some emergency

transportation.

The Christie Ossington Neighbourhood Centre applied to CAIC in January of this year. They were seeking second mortgage financing to enable them to purchase the building they were currently renting. Their landlord wanted to sell the building and the Centre was not interested in re-locating as they had built up a presence within their community and had also spent a great deal of money renovating the building.

CAIC's board agreed to provide the first mortgage financing, with the condition that for the first 36 months of the loan term additional principal payments would be made to reduce the balance to 80% of the appraised value. I am happy to report that funds were advanced on March 1st, 2002 to the Christie Ossington Neighbourhood Centre ensuring that this vital community-based project continues to serve its constituency.

If you know of any community-based project that could use CAIC's support, please have them contact our office.





Our Projects ~ Western, Central, Eastern Regions

New Loans

La Siembra ~ Ottawa, ON

In our last newsletter I reported that we had sent an offer to La Siembra, a fair trade worker cooperative that needed additional capital to grow their business. La Siembra is one of the first companies to import, manufacture and distribute certified fair trade and organic sugar and cocoa based products in North America. I am happy to report that La Siembra accepted CAIC's offer of an investment and that funds have been advanced.

Saint John Community Loan Fund ~ Saint John, NB

As mentioned in our last newsletter CAIC offered to provide a loan to this community loan fund. I am happy to report that our offer has been accepted and that funds have been advanced.

SAPED ~ Shuswap, BC As reported in our last newsletter, CAIC had agreed to act as a guarantor for this fair trade organization. Unfortunately, VanCity decided not to proceed with a loan to SAPED. CAIC had originally thought of "partnering" with VanCity as we had felt a "front-line lender" might be a better approach. However, when this didn't prove viable, CAIC decided to proceed with the line of credit and funds were advanced in April.

YWCA Halifax ~ NS This project has been undergoing a process of renewal for the past few years. A loan from a conventional lender to fi-

nance some of their renovations and new programs had proved onerous and wasn't enough to complete their renewal process. The YWCA approached CAIC to retire their current loan and borrow an additional amount for more capital improvements. Although the building was appraised at \$2 million there were still a number of factors that needed to be considered prior to CAIC agreeing to advance funds. They were asking for CAIC to provide a 4% interest rate. Given the amount of risk involved, CAIC's board didn't see how they could agree to their request. An innovative solution was found. Four of CAIC's members have agreed to jointly grant funds to cover 2% of a 6% interest rate thus allowing the YWCA to manage their mortgage payments. The other condition was raised by a Phase One Environmental Assessment regarding the presence of asbestos in various materials within the building. With further renovations being planned with some of the funds to be advanced by CAIC, this provided a real area of concern. Clean-up is presently underway of those areas deemed necessary and CAIC will be able to advance funds once this situation has been resolved to our satisfaction.

Saint John the Compassionate ~ Toronto, ON This project has been in CAIC's loan portfolio for the last seven years. However, CAIC's mortgage was actu-

ally with the St. Sophia Religious Society (under the Ukrainian Eparchy). The eparchy decided to sell the building to St. John the Compassionate Mission (who had in fact been paying the mortgage all along) therefore a new mortgage was issued to the mission and funds were advanced on March 1st, 2002.

Christie Ossington Neighbourhood Centre ~ Toronto, ON This group first approached CAIC for second mortgage financing but ended up requiring a first mortgage from CAIC. The board agreed to provide first mortgage financing. However additional payments will be required for the first 36 months of the term to reduce the principal to 80% of the appraised value of the property.

Loan Renewals

The Redwood Shelter ~ Toronto, ON CAIC agreed to renew a first mortgage to this shelter for women and children fleeing abuse.

The Good Shepherd—Hamilton, ON This group provides a shelter for at-risk youth in Hamilton. They have asked that CAIC change the security on this loan. CAIC has agreed conditionally to this request but is awaiting the results of a Phase One Environmental Assessment.



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WEB!
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