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Hamilton has tremendous environmental assets but also some obvious environmental challenges. HCF's Protecting Our Environment Together initiatives are aimed at engaging citizens and youth in addressing these challenges.

Initiatives

Three Community Investing Stories from Edmonton's SEF

Edmonton's Social Enterprise Fund (SEF) is the Edmonton Community Foundation's vehicle for community investing. It is a unique collaboration between the Edmonton Community Foundation and the City of Edmonton, which have both committed \$3 million to establish the SEF's loan fund. In addition, the United Way Alberta Capital Region and the Alberta Real Estate Foundation have each invested \$500,000 in the fund. Launched in February 2008, the SEF combines business expertise with flexible financing to help Edmonton not-for-profit organizations and cooperatives and social entrepreneurs create or expand strong, sustainable social enterprises or social or affordable housing projects.

1. Affordable Housing for Aboriginal Elders

This Investment in Brief

- Market-rate loan of \$500K to complete financing of supportive housing complex
- SEF's commitment helped to leverage \$1 million financing
- Loan fully repaid with interest in two years
- 40 assisted living apartments are made available to low-income aboriginal seniors

Métis Urban Housing is a 30-year-old organization with about 900 affordable housing units for the Métis community across Alberta. While they currently house more than 3000 tenants, they identified a gap: affordable, assisted living housing for urban aboriginal seniors.

When an existing 40-unit supportive housing complex came on the market in North Edmonton, at a cost of \$1.5 million, Métis Urban Housing began to put together a deal. A major bank approved financing of \$1 million. But the not-for-profit couldn't find the remaining \$500,000. Edmonton's Social Enterprise Fund (SEF) stepped forward with that loan.

At the last moment before the sale closed, the major bank pulled out. But with SEF still solidly on board, Métis Urban Housing was able to scramble and replace the first \$1 million from a First Nations/major bank partnership, the First Nation Bank of Saskatoon. The deal went forward and 40 units of affordable, assisted living housing were added to the system for aboriginal elders in December 2008.

SEF was fully repaid with 5% interest in two years.

Métis Urban Housing's executive director, Darlene Lennie, says that SEF responded quickly to their need, without a lot of red tape. "We appreciate the fact that they were committed to our project and saw it through to success."

"We would do another deal with them anytime," says SEF's founding executive director, Bob Ward.

At the Heart of SEF

"If you believe in social enterprise, and its power to make positive change in the community," says SEF's Bob Ward, "you need to provide the financial intermediary. Otherwise it just won't happen."

Traditional lenders aren't interested in providing capital to these enterprises, he explains. Most not-for-profits and charities typically have a balance sheet that doesn't show much in the way of income-producing assets. They don't show big reserves, either. Those lacks are a barrier to traditional financing.

But at SEF, the approach to assets and lending risk is different. "We have a deeper understanding of the strengths of a not-for-profit. We consider their connections to the community, the Board's reputation and skills, the resilience of the organization and its longevity, their business case etc. - a

host of factors that will influence whether a social enterprise will succeed.”

2. Mental Health for Kids Under 18

This Investment in Brief

- To finance the purchase of a non-profit's building
- Stellar reputation but inadequate security for traditional financing
- Two market rate \$500K loans (1 year and 2 years) fully repaid
- Enabled launch of community capital campaign for renovation promising improved services for children with mental health problems

The CASA organization provides mental health treatment services for more than 3,000 children in Edmonton every year. With a history stretching back to 1978, they have for the past ten years operated out of an old school on the South Side of Edmonton.

SEF provided financing for CASA to buy the school. With ownership of the building, CASA plans a campaign to raise \$20 million in the community and construct a purpose-built facility for their programs.

Their present location – a 60-year-old school building – is well situated in the city and the surrounding neighbourhood has become comfortable with CASA's presence. But the old building didn't offer much value as security on a traditional loan.

“SEF made two \$500,000 loans to CASA to finance the acquisition of the school,” says Bob Ward. “That strengthened their balance sheet and started their process of taking control of their future.” One loan was for one year at 5% interest, the second was a two-year loan at 6.5%.

CASA has fully repaid its loans to SEF and has launched its capital campaign in the community. A state-of-the-art, purpose-built facility promises more and better mental health services for CASA's young clients.

“We're deeply grateful to the Social Enterprise Fund for helping us to get where we are today,” says CASA's CEO Germaine Dechant.

3. Strengthening Local Businesses

This Investment in Brief

- Series of start-up and development loans totalling \$400K to a local entrepreneur to strengthen the links between locally owned and controlled business and local consumers
- no traditional assets as security
- enterprise launched in February 2010; currently performing as agreed
- enterprise has strengthened locally-owned businesses; campaign to buy local is supporting neighbourhood economy
- has incubated a new local food home delivery business by creating an electronic marketplace to connect local producers to local consumers

“SEF is awesome,” says Jesse Radies, the executive director of Edmonton-based Live Local Alberta. The entrepreneur worked with the Social Enterprise Fund (SEF) over nine months to develop her business plan for Live Local Alberta – an initiative that promotes local businesses, drives consumers to purchase locally, and provides a network for local entrepreneurs and independent businesses to grow their enterprises. Its rationale: “Independent business stimulates the local economy, creates jobs, sets trends, and supports the community. Locally owned and operated enterprises bring diversity and strength to our city's economy and character.”

Once a solid business plan was in place, SEF financed Live Local's start-up with a \$75,000 loan (3 years at 5%, interest only for first year) and two more loans for further development (5 years at 5%, interest only for first year), for a total of approximately \$400,000.

Live Local grew out of Radies' six-year-old network, “Original Fare,” aimed at strengthening and promoting Edmonton's independent restaurants. Live Local broadens that concept with the addition of “Keep Edmonton Original” promoting local shopping, “Eat Local First,” a public education campaign and distributor of local produce, and “Live Local Wetaskiwin,” a network of independent businesses in Wetaskiwin County.

Radies is an independent restaurant owner with a background in franchising. Her experience in big chain restaurants had taught her about group buying power. Advertising for her independent restaurant cost two or three times what she had paid as part of a chain – she just couldn't afford to advertise enough alone. Her solution was to recruit local restaurants and form the “Original Fare” network of more than two dozen of Edmonton's best independent restaurants. They now collaborate on things like

advertising, an employee benefit plan, a loyalty program for customers, and local buying opportunities. The results have been impressive: the Blue Pear (Radies' own restaurant), for example, has seen a 40-50 percent growth since "Original Fare" restaurants began to work together.

When word got out about the success of the restaurant network, Radies was approached to take the concept into other business sectors. "Eat Local First" now promotes a local grower's network; "Keep Edmonton Original" is a network of more than 50 Edmonton independent shops, bars, restaurants and other services; and "Live Local Westaskiwin" supports a similar network in that smaller community outside Edmonton. The networks are strengthening the bond between local residents and locally operated businesses, supporting the local economy.

They are also incubating new social enterprises. For example, the Good Food Box is a new on-line purchasing portal that matches suppliers of local, sustainably-grown food with people and institutions wishing to purchase local product. The enterprise features home delivery of a box of local fruit and vegetables, soon to be supplemented by meat, dairy, eggs and coffee.

"No traditional lender would have loaned Live Local start-up funds," says Bob Ward, SEF's executive director. "The organization had virtually no traditional assets as security. But SEF looks at assets differently – social entrepreneurship is about the quality of the work and the character of the people involved. The track record is important to us, but it has no security value. We take as much security as we can against a loan, of course, but security is the last piece we look at."

Live Local is repaying its loans as agreed. The additional contribution of SEF was business expertise.

"We've worked closely with Live Local; we've been an engaged lender on this one," says Bob Ward, who helped Radies craft her business plan.

Jessie Radies agrees: "They helped us with planning, they put us in contact with experts, and in the end they funded us. The SEF is great because they let us balance our business with delivering benefits to our community."

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