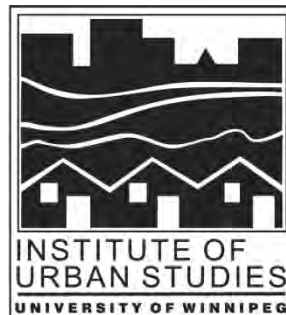
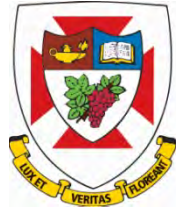


A Market Analysis and Feasibility Study for EMBLA Ltd. Renovators

**by Jackie DeRoo & Christine McKee
1978**

The Institute of Urban Studies





THE UNIVERSITY OF
WINNIPEG

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A MARKET ANALYSIS AND FEASIBILITY STUDY FOR EMBLA LTD. RENOVATORS

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The Institute of Urban Studies is an independent research arm of the University of Winnipeg. Since 1969, the IUS has been both an academic and an applied research centre, committed to examining urban development issues in a broad, non-partisan manner. The Institute examines inner city, environmental, Aboriginal and community development issues. In addition to its ongoing involvement in research, IUS brings in visiting scholars, hosts workshops, seminars and conferences, and acts in partnership with other organizations in the community to effect positive change.

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Jackie DeRoo and
Christine McKee

A MARKET ANALYSIS AND
FEASIBILITY STUDY FOR
EMBLA LTD.-RENOVATORS

Institute of Urban Studies
University of Winnipeg
Winnipeg, Canada

May, 1978



THE UNIVERSITY OF WINNIPEG

WINNIPEG, CANADA

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May 24 1978

EMBLA Limited
161 Grandin Street
Winnipeg, Manitoba R2H 0A8

Attn: Susan Lynne, K. Joan Lyons, Sandi Somerville

On behalf of the Institute of Urban Studies, I am pleased to submit to you our completed Market Analysis and Feasibility Study for EMBLA Limited as requested by you and as outlined in our submission dated May 4, 1978.

As you know, the time constraints have been great and consequently the report has been submitted in an unedited draft format. We stress that some of our investigations have been cursory, again a result of time constraints. However, we feel that our understanding of the overall market trends is sound and we will be happy to discuss our findings with you.

Sincerely,

Jackie DeRoo
Project Manager

JD:nc

ACKNOWLEDGEMENTS

Institute staff assisting in the research for this report were Judy Herscovitch, Sybil Frenette and Barbara Hanks. The willing co-operation of the City of Winnipeg Department of Environmental Planning staff is gratefully acknowledged.

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SECTION 1

INTRODUCTION
AND PURPOSE

This report presents the findings of two weeks of intensive investigations into the field of housing renovation activities in Winnipeg. A number of techniques were used for collection of material including: a literature and statistical review, an analysis of building permit records in Winnipeg, a telephone survey of households having recently undertaken renovations, and the conducting of a number of interviews with selected individuals knowledgeable in the field. Sections 2, 3 and 4 summarize the results of this work. Sections 5 and 6 relate these findings specifically to Embla Ltd. as a renovations business and discusses some areas for change. Finally Section 7 presents a summary of recommendations drawn from the rest of the study.

The purpose of the report is threefold as follows:

- a) to provide Embla Ltd. with a basic understanding of the renovations business and the renovations market
- b) to investigate the feasibility of Embla's success in this field
- c) to accompany and support Embla's application for extended LEAP funding through a process of impartial analysis and documentation.

SECTION 2

RENOVATION TRENDS IN
GENERAL: WHERE AND WHY

2-1 RENOVATION TRENDS ACROSS THE COUNTRY¹

The renovation phenomenon is a rapidly growing consequence of our conservation oriented society. Rehabilitation has been supported and encouraged through various government incentive programs namely, N.I.P. and R.R.A.P. in Canada and Neighbourhood Preservation, Urban Homesteading and Heritage Conservation programs through H.U.D. in the United States. In a study conducted by the Department of Housing and Urban Development to determine the extent of publicly assisted rehabilitation in the United States, 600 cases of locally initiated neighbourhood conservation were reported.

Furthermore there is considerable evidence of private sector investment in the rehabilitation field. A study conducted by the Urban Land Institute determined that of the 260 United States cities with a population over 50,000, almost half had examples of private-market non subsidized housing rehabilitation in progress in their older city areas. A similar survey of thirty-eight Canadian cities with a population greater than 48,000 revealed that thirty-six cities had some degree of renovation activity. (See Table 8)

1. Discussion in Part 2-1 is based on unpublished information as follows: Sybil Frenette, "The Evolution of the Whitepainting Phenomenon in Canadian Urban Centres," (unpublished M.A. Thesis, University of Waterloo, 1978).

The City of Toronto has experienced the greatest incidence of renovation. In terms of only residential rehabilitation, the City of Toronto Non-Profit Housing Corporation is responsible for 1,800 units of renovated housing. In addition to the non profit, cooperative and RRAP renovation work, it was reported that an estimated 60,000 people have bought and renovated older homes in Toronto. Moreover, private renovation has proven itself as a lucrative business in the city. Two Toronto renovation firms, P.H.C. and Innerscity Developments Limited have acquired and renovated 1,000 rental units of older housing.

If the above statistics are any indication of the growing interest in rehabilitation in North American cities, it would appear that there is subsequently a growing demand for persons skilled in the renovation trades.

2-2 WINNIPEG - DEMOGRAPHIC AND HOUSING FACTORS RELATED TO REHABILITATION ACTIVITY

There is always a danger in transposing the experience of other places and applying it to our local situation without undertaking a careful analysis of the factors underlying the rehabilitation activity in Winnipeg. Because of constraints of time and resources, this report cannot provide a definitive or comprehensive analysis, but it can provide indicators about the likely future of rehabilitation activity in Winnipeg.

The housing situation in Winnipeg, particularly in connection with older housing, appears in many respects to be unique in the Canadian context. Factors include the following:

- slow annual population growth but major internal population shifts involving migration from the inner city to the suburbs.²
- recent high rate of household formation, particularly small, young households.³

2. See Table 1.

3. Op. Cit.

Table 1
AVERAGE ANNUAL RATE OF GROWTH

	<u>POPULATION</u>		<u>HOUSEHOLDS</u>	
	<u>WINNIPEG</u>	<u>CANADA</u>	<u>WINNIPEG</u>	<u>CANADA</u>
1961-66	1.3%	1.9%	2.3%	2.7%
1966-71	1.2%	1.5%	3.2%	3.3%
1971-76	0.9%	1.3%	3.9%	2.7%

WINNIPEG'S POPULATION HAS SHIFTED AWAY FROM THE CORE**

	<u>CORE</u>	<u>% CHANGE</u>	<u>OUTER CITY</u>	<u>% CHANGE</u>
1941	128,212	- 38%	171,725	+ 180%
1976	79,334		481,540	

Table 2
HOUSING INEXPENSIVE COMPARED TO OTHER CENTRES

c COMPARING SIMILAR HOUSES, WINNIPEG LEAST COSTLY

	<u>ROYAL TRUST SURVEY JUNE, 1977</u>	<u>AVERAGE MLS SALE (2ND QUARTER, 1977)</u>
MONTREAL	\$40,000	\$41,200
TORONTO	80,000	67,900
VANCOUVER	81,000	69,400
<u>WINNIPEG</u>	56,000	43,000
EDMONTON	71,000	65,100
CALGARY	67,000	70,600
OTTAWA	63,000	56,400

c STILL HALF CURRENT MLS LISTINGS UNDER \$40,000

Source of Tables 1-5: Peter Barnard and Associates, Defining Housing Research Needs. Consultants Report undertaken in connection with the Greater Winnipeg Development Plan Review 1977.

QUALITY OF WINNIPEG'S HOUSING STOCK IS POOR IN COMPARISON TO MOST CENTRES

o HIGH PROPORTION OF POOR QUALITY, OLD HOUSING[#]

	POOR QUALITY AS [#] % OF TOTAL STOCK	% DWELLINGS BUILT [#] BEFORE 1940	POOR QUALITY AS [#] % OF RENTAL STOCK
MONTREAL	15	27%	20%
TORONTO	5	28%	5%
OTTAWA/HULL	6	21%	8%
WINNIPEG	13	38%	16%
EDMONTON	5	12%	8%
CALGARY	5	13%	6%
VANCOUVER	6	33%	6%

o THE CORE AREA HAS HIGH CONCENTRATIONS OF POOR QUALITY HOUSING[#]

VERY POOR	4%
POOR	19%
FAIR	68%
GOOD	9%

Source: [#] CMHC 1924 Survey of Housing Units
^{##} Winnipeg's Core Area, a study by the Institute of Urban Studies
 University of Winnipeg

- a large proportion of Winnipeg's inner city housing stock reaching a critical threshold in terms of age and condition.⁴
- with the exception of Montreal, Winnipeg has the highest percentage of poor quality housing and of housing built before 1940 than does any other Canadian city.⁵
- Winnipeg has a high ratio of single family dwellings available at sale prices much lower than the Canadian average.⁶
- owners on average pay a similar proportion of their household income on housing as Toronto households and a little over the national average.
- the cost of both new and resale housing has increased by almost 250% between 1971 and 1977.

What are the implications of these factors for future rehabilitation activity in Winnipeg?

Until recent years, the pattern of population movement seems to indicate migration from inner city areas to the suburbs and families moving to new and resale housing. It is suggested in the analysis with companies in the rehabilitation industry, set out in Section 4 herein, that in the past people would move rather than undertake rehabilitation work on their homes.⁷ There are several indications, however, which suggest that this trend may not be nearly as strong in the near future and that rehabilitation activity will gather momentum.

4. See Table 3.

5. Op. Cit.

6. See Table 2.

7. See Section 4.

Table 4

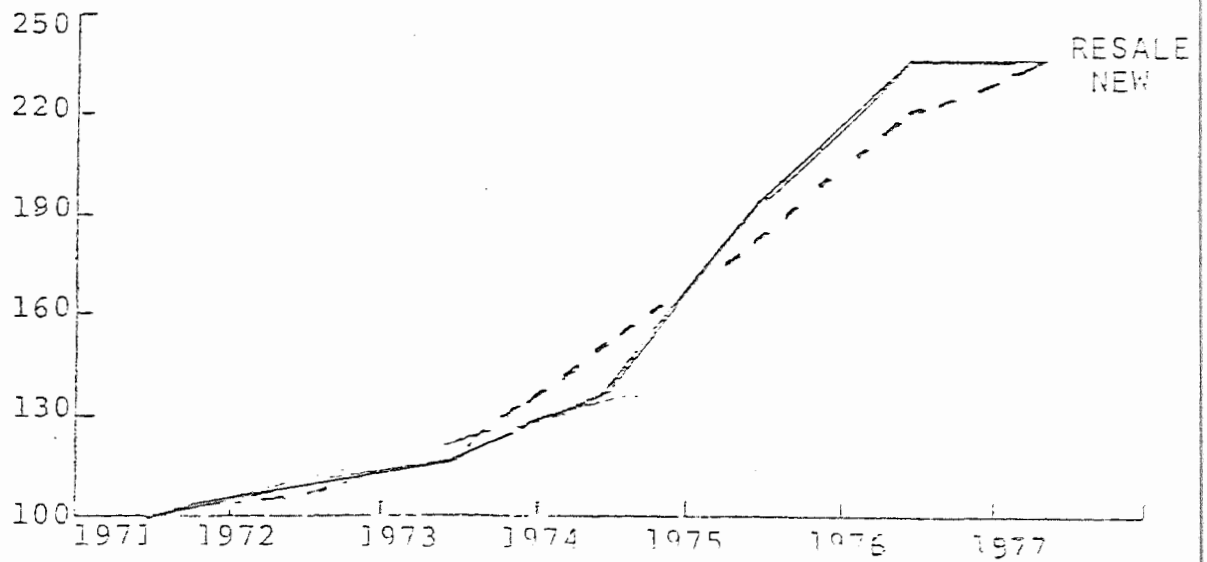
INCREASED COST OF NEW OR RESALE HOUSING

Table 5

PROPORTION OF TOTAL HOUSEHOLD INCOME SPENT ON HOUSING

	<u>OWNERS</u>	<u>RENTERS</u>
MONTREAL	14%	14%
TORONTO	13	18
OTTAWA/HULL	12	18
<u>WINNIPEG</u>	<u>13</u>	<u>18</u>
EDMONTON	11	17
CALGARY	14	18
VANCOUVER	12	20

2-3 LIKELY REHABILITATION TRENDS IN WINNIPEG

The analysis quoted above⁸ reports that almost all the respondents interviewed felt that rehabilitation and renovation of existing homes was a growing business which was increasing. Reasons for this are likely to include the following:

- House prices for both new and resale homes have increased exponentially during the past six years. People may therefore find it more financially expedient to alter or renovate their existing home rather than move, especially if they like their neighbourhood environment.
- Many houses particularly in the inner city are getting old and are in poor physical condition. There will clearly be a renovation/rehabilitation market amongst owners who wish to retain their present dwellings.
- Owner occupation is attractive in Winnipeg. Prices are substantially lower than the national average and owners do not have to pay a more than proportionate amount of their household income on housing costs. Should renovation be desired, the cost should be less of a financial burden on owners than in many other places.
- Because of changes in household formation, there may be a growing market for older, cheaper property requiring rehabilitation amongst young people and smaller households on limited incomes. This potential market may also be affected by very low vacancy rates in cheaper rented accommodation.

Winnipeg has a long way to go before the kind of rehabilitation activity experienced in Toronto takes place. There is no area in Winnipeg where "whitepainting" is going on, at least not on a scale comparable to that found in other major centres. Recent work undertaken by the Institute indicated that there are pockets of rehabilitation activity however; for example in parts of Fort Rouge. From 1951 to 1971, census data reflects Fort Rouge as a relatively stable, perhaps modestly declining, but mostly unchanging area of predominantly low-to-middle-income residents,

8. Op. Cit.

with a diversity of housing types. A process of change accelerated in the 1970's, and with its proximity to downtown, the area has become an increasingly desirable neighbourhood for those who prefer an urban lifestyle. Informal knowledge of the area shows an increase in family and upper-middle income households. Families with children are moving into older, single detached houses, previously occupied by elderly residents and are often carrying out extensive physical rehabilitation.⁹ In other inner city areas such as Balmoral West, some rehabilitation of housing is also taking place, probably by members of new immigrant groups in the area.¹⁰

Information collected during the course of this study indicate the kinds of rehabilitation activity that are taking place in different parts of the city. Several interviews with individuals involved in housing rehabilitation are included in Appendix F.

Most of the information assimilated in connection with rehabilitation activity in Winnipeg suggests that the prognosis for rehabilitation business looks good. It is clear from experience in other cities that square footage costs of renovation are substantially lower than new construction. Tables 6 and 7 illustrate this factor in the case of Toronto. Information therefore suggests that there will be an increasing market for renovation and rehabilitation activity in Winnipeg although perhaps not on the same scale as in other major centers such as Toronto.

9. C. McKee...Innovative Strategies for the Renewal of Older Neighbourhoods, I.U.S., Nov. 1977, p.65-60.

10. Op. Cit., p.56.

TABLE 6

CITY NON-PROFIT RENOVATION CONSTRUCTION PROJECT COSTS

Project	Date of Contract	Date of Completion	Number of Units	Land and Holding Cost		Construction Cost		Total Cost	
				Total \$	Per Sq. Ft. \$	Total \$	Per Sq. Ft. \$	Total \$	Per Sq. Ft. \$
Dundas/Sherbourne Phase I	December 1974	July 1975	74	788,199	13.64	1,374,275	23.74	2,162,474	37.37
Hydro Block Phase I	December 1975	November 1976	39	422,566	7.08	1,363,229	22.90	1,785,795	29.98
Pembroke/Sherbourne	June and March 1976	December and August 1976	7	139,025	14.49	200,206	20.87	339,231	35.36

Source: City of Toronto Housing Department, 1976

Source: Unpublished Thesis. Op.cit.

TABLE 7

CITY NON-PROFIT NEW CONSTRUCTION PROJECT COSTS

A. Projects Completed	Type of Construction	Date of Contract	Date of Completion	Number of Units	Land and Holding Cost		Construction Cost		Total Cost	
					Total \$	Per Sq. Ft. \$	Total \$	Per Sq. Ft. \$	Total \$	Per Sq. Ft. \$
Dundas/ Sherbourne	Medium Rise Apartment	March 1975	November 1976	302	2,735,055	16.65	5,057,000	30.78	7,792,055	47.43
Pape/Caveil	Townhouses	August 1975	August 1976	38	502,878	15.18	768,500	23.19	1,271,378	38.37
Pape/ Harcourt	Low Rise Apartment	March 1975	December 1976	15	135,854	14.43	287,000	30.48	422,854	44.91
B. Under Construction										
1884 Davenport Road	Medium Rise Apartment and Townhouses	July 1976	November 1977	109* <u>71**</u> 261	2,787,267	15.51	5,302,000	27.73	8,809,267	42.28
Pembroke/ Sherbourne	Medium Rise Apartment and Townhouses	June 1976	October 1977	174* <u>22**</u> 196	1,931,299	16.98	3,534,649	31.10	5,465,948	48.09
Hydro Block Phase II	Medium Rise Apartment	October 1976	March 1978	113	927,062	9.20	3,303,935	32.81	4,230,997	42.01

*Medium Rise
**Townhouses

Source: City of Toronto Housing Department, 1976.

Source: Unpublished Thesis. Op.cit.

Table 8

WHITEPAINTING INVENTORY CATEGORIZATION BY CITY.

Cities with...

Whitepainting as Defined*	Commercial Whitepainting	Sporadic Whitepainting	Government Assisted	No Evidence of Whitepainting
Montreal	Winnipeg	Hamilton	Quebec	St. Catherines
Toronto	Brantford	Edmonton	Chicoutimi	Oshawa
Vancouver	Hamilton	Calgary	Calgary	Dartmouth
Ottawa	Burlington	London	Peterborough	Oakville
Kingston	Saskatoon	Halifax	Saint Foy	Guelph
		Sudbury		Mississauga
		Sault Ste. Marie		Thunder Bay
		Peterborough		Regina
		Fredericton		
		St. John's		
		Kitchener		
		Charlottetown		
		Windsor		
		Sherbrooke		

*Whitepainting is the gradual takeover of central city neighbourhoods by renovation entrepreneurs. The target neighbourhoods are often those which are vulnerable to change due to their high tenant population and comparatively low housing costs.

Source: Unpublished Thesis. Op.cit.

SECTION 3

REVIEW OF RENOVATION
ACTIVITIES IN WINNIPEG:
1977

3-1 ANALYSIS OF BUILDING PERMIT RECORDS: 1977

The only existing source of hard data pertinent to this study and readily available for analysis, was the City of Winnipeg's building permit records. Special arrangements were made with City personnel facilitating access to permit ledgers and individual permit files. This work would not have been possible without willing co-operation and assistance from City staff.

a) Discussion of Records - Format and Content

It must be stated at the outset of this discussion that building permit records represent only a fraction of all construction activities that occur in the City. Permits are actually only required when the estimated value of the work is \$500 or greater, or when structural changes or changes involving health and safety are undertaken. Excluded then are all minor construction activities not requiring a permit and all activities possibly requiring a permit but undertaken without either in ignorance or by choice.¹

A ledger of all building permits issued by the City of Winnipeg is maintained by the permits department on a daily basis. The

1. Most of these are likely to be renovation type activities. Although not significant in an analysis of total construction activities in the City, it was impossible to estimate their scale and importance in respect of this study of renovation activities specifically.

permits are listed according to six categories as follows:

- Dwellings (Residential new construction)
- Commercial
- Industrial
- Public Buildings
- Apartments
- Miscellaneous

Summary information recorded includes the date of issuance, the street address of the subject property, the Community Committee Area² in which it is located, the estimated dollar value of the proposed construction and a brief description of the proposed activity.

The miscellaneous activity is a catch all category which includes a wide variety of permit types not readily placed in any of the other categories. Interpretation of this category is, therefore, very difficult as it is impossible to determine exactly what types of activities are included without doing a detailed analysis. All renovations, repairs and alterations to existing residential properties are included but so are activities such as sign construction. Table 9 summarizes yearly permit activities by dollar value for Winnipeg from 1973 - 1977. The miscellaneous category shows a steady increase in value over these years, however, significant anomalies appearing in this data for 1976 immediately caution dependence on a superficial review of such information.

b) Summary of Results

The total number of miscellaneous permits in 1977 was 6,612.³ Information on a specially selected sample of 860 permits was gathered and analyzed. Although this is only a 13% sample of the total permits, it is estimated that it is, in fact, approximately a 50% sample of permits relevant to this study. Appendix C

2. Community Committee Areas referred to in this report are the 13 former Communities that existed prior to restructuring into the present 5 Communities with the amendments to the City of Winnipeg Act in 1977.

3. From Chart supplied by Winnipeg Economic Development Board.

TABLE 9

Breakdown of Yearly Building Permit
Values for all Categories in the
City of Winnipeg: 1973 - 1977

Permit Category	1977 in \$1,000's	1976 in \$1,000's	1975	1974	1973
Residential dwellings	\$118,056	\$123,866	\$ 81,725	\$ 75,753	\$ 55,946
Commercial	3,375	12,775	18,238	7,734	6,662
Industrial	35,179	18,792	24,218	37,934	24,259
Public Buildings	70,456	52,388	50,323	64,047	36,736
Apartments	72,865	53,976	27,171	19,903	34,536
Miscellaneous (includes renovations, repairs and alteration's)	28,022	88,343	21,870	19,175	15,709
TOTALS	\$327,921	\$350,138	\$223,546	\$224,546	\$173,849

Source: Winnipeg Economic Development Board

documents sampling procedures and selection criteria used.

The sample data were initially summarized into actual numbers of permits issued in each Community Committee Area. Table 10 shows that 29% of all renovations permits issued were located in the predominately inner city areas. Since this percentage was so low, it was decided to include the entire city in all the building permit analyses.

Area	Total Numbers	%
predominately Inner City	248	29%
Predominately Suburban	612	71%
TOTAL CITY	860 in sample	100 %

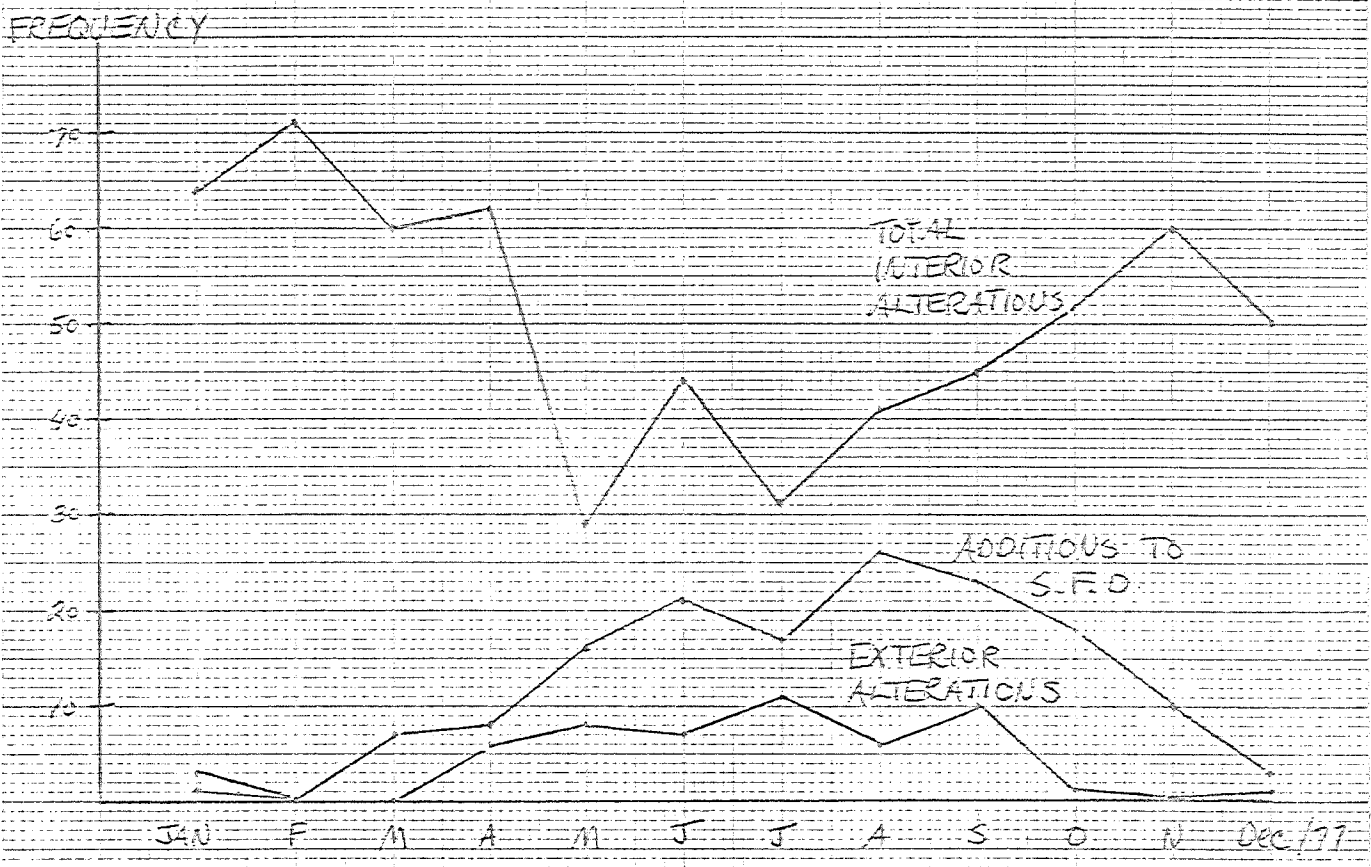
Source: Table C-2, Appendix C includes totals for each Community Committee Area.

Permits selected for analysis were grouped into four sub-categories of miscellaneous:

- Interior alterations
- Exterior alterations
- Fire Repairs
- Additions to single family dwellings

The numbers of permits issued in each category in each month of the year were recorded and plotted in graph form in Figure 1. As would be expected, this graph suggests that there are seasonal variations depending on the nature of the permit activity. Interior alteration activities peaked in February and declined during the summer months, while exterior alteration activities and additions to single family dwellings showed reverse trends. Fire Repair permits were so few in number that no trends could be detected.

Figure 1
SEASONALITY OF RENOVATION
ACTIVITIES IN WINNIPEG
(1977)



Source: Table C-3, Appendix C. Based on analysis of special sample of City of Winnipeg Building Permit records for 1977.

This general indication of seasonality should be read in conjunction with interviews conducted with individuals actually in the renovations business. (See Section 4, Part 4-8). It seems that seasonality is not a significant factor in the interior renovations business while firms involved in both interior and exterior work required a certain element of organization.

A picture of the total building permit breakdown by activity is presented in Figures 2 and 3. These figures illustrate the significant differences in the breakdown by numbers of permits vs. value of permits. For example interior alteration permits represent 71% of the number of permits issued but only 47% of the value of permits issued. By contrast, fire repairs represent 2% of the number of permits and 5.5% of the value of permits.

These differences are further explained in Table 11 which shows the average values of building permits by activity.

	Average \$ Value
Interior Alterations	\$2,075
Exterior Alterations	\$2,069
Interior and Exterior Alterations	\$4,700
Additions to Single Family Dwellings	\$7,330
Fire Repairs	\$7,970

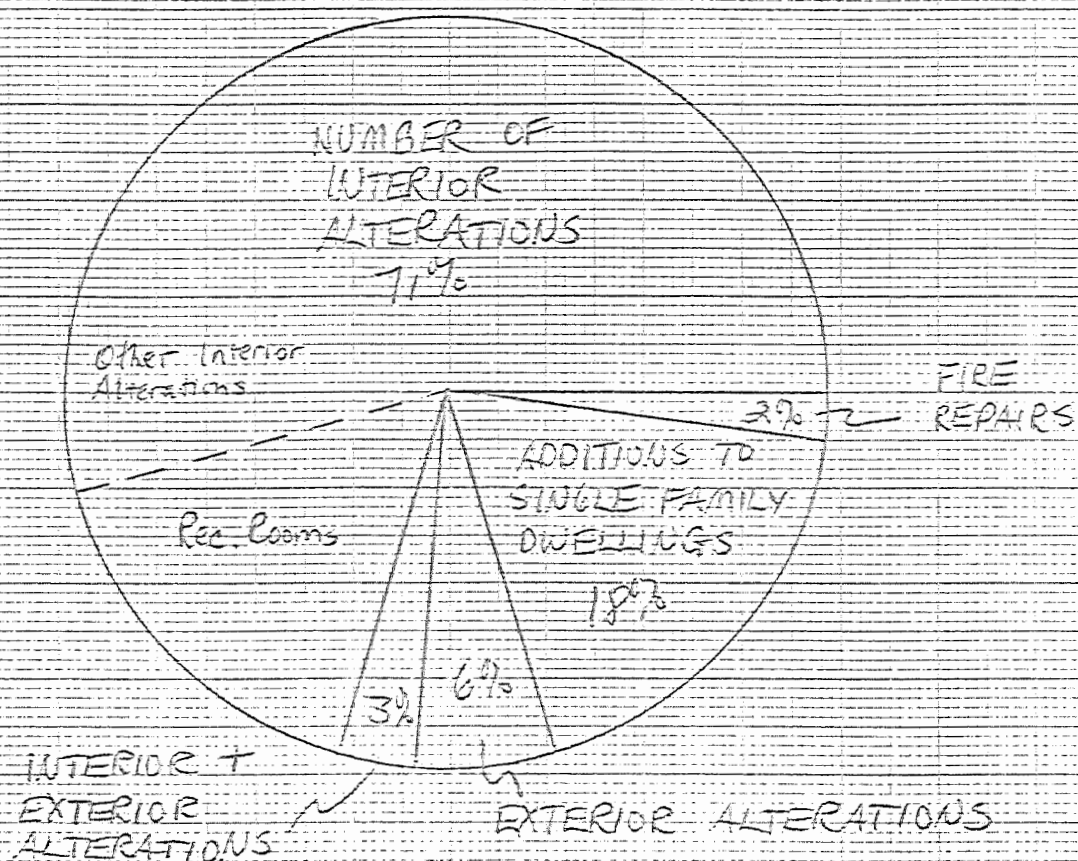
Source: Table C-4, Appendix C.

Fire repairs and additions average significantly higher than the average individual interior or the individual exterior permit.

Figure-2

1977 RENOVATIONS AND REPAIRS:

BUILDING PERMIT BREAKDOWN BY NUMBERS OF PERMITS



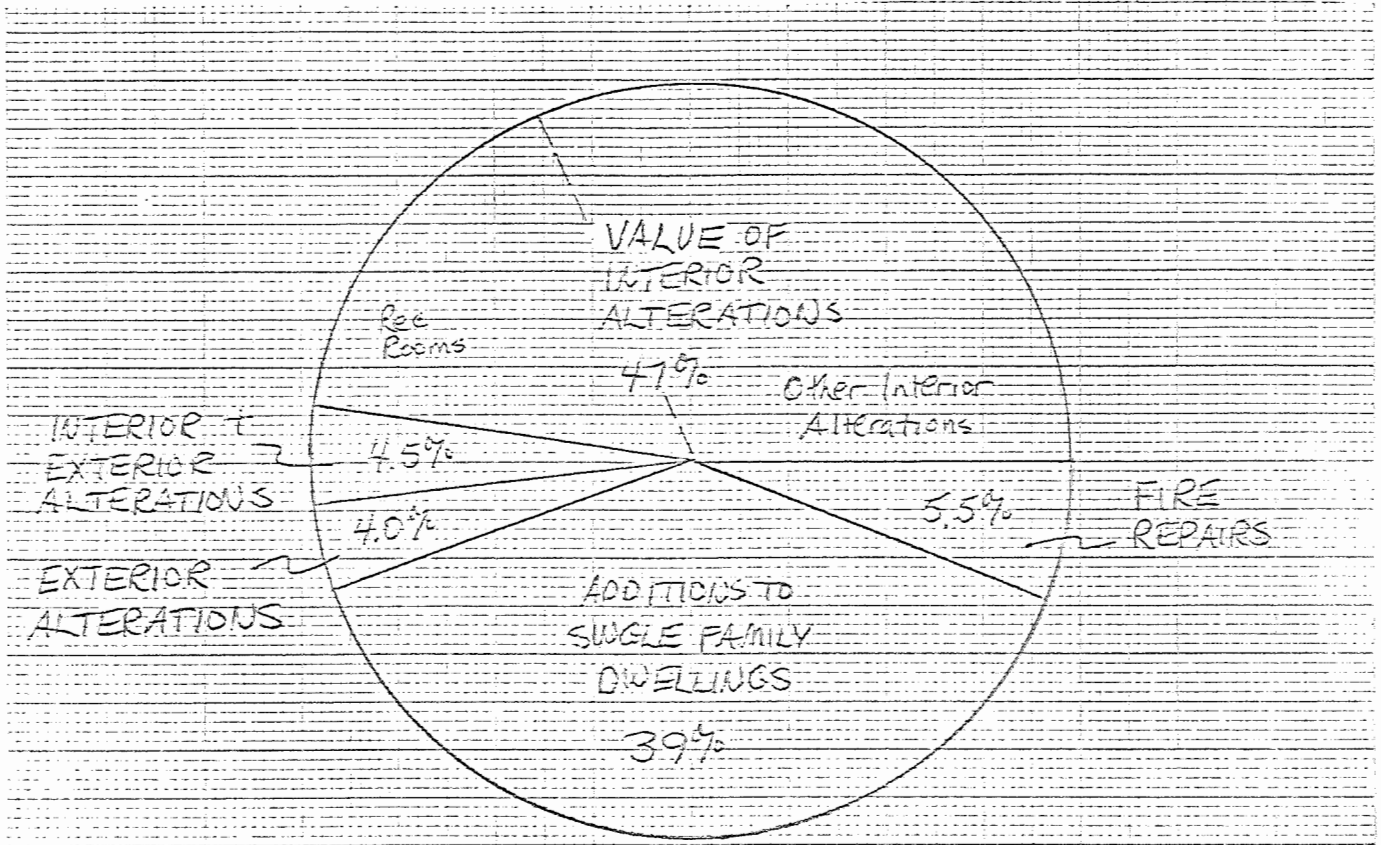
Read: 18% of the total number renovations and repairs building permits in 1977 were taken out for additions to single family dwellings.

Total universe: 860 permits in sample.

Source: Table C-3, Appendix C. Based on analysis of special sample of City of Winnipeg building permit records for 1977.

Figure 3

1977 RENOVATION AND REPAIRS
BUILDING PERMIT BREAKDOWN BY \$ VALUE OF ACTIVITY



Read: 39% of the total value of renovations and repairs building permits in 1977 were taken out for additions to single family dwellings.

Estimated Total Renovations Building Permit \$ Value in Winnipeg in 1977: \$5,667,100.

Source: Table C-4, Appendix C.

3-2 SURVEY OF HOUSEHOLDS HAVING UNDERTAKEN RENOVATIONS IN 1977

In addition to the building permit analysis, a subsample was drawn from the building permit sample for the purposes of making direct contact with actual permit applicants. Appendix D details this exercise. A questionnaire was administered over the telephone, to those individuals who were both traced (ie. located at address and telephone indicated on the permit) and willing to be interviewed. Since only 26 interviews were actually completed, the sample is too small to draw any conclusive results. However, the exercise was not a wasted one. Preliminary results indicate definite trends.

a) Summary of Preliminary Results

The following trends started to emerge from the survey:

- rec room activities were located predominately in suburban areas
- a large proportion of building permit activities were not carried out by contractors. (A closer analysis of this point would be very useful)
- most renovations were done for more space or for general upkeep, not for resale
- actual costs of contracted renovations were approximately 123% higher than declared costs on the building permits (Confirmation of this figure very important for total market discussions - see Section 5)
- no unexpected expenses were encountered by homeowners when work contracted out
- referrals and good reputations important in choice of contractor decisions
- 3 or more cost estimates were received by most respondents who hired contractors
- most self done renovations planned future renovations
- most respondents indicated women carpenters fine if qualified.
- no definite age or income characteristics of respondents emerged, however, most respondents households were large with 4 or more persons

The above points can only be considered preliminary. An expanded survey in terms of additional numbers may be considered by Embla in the future. The specific information that it is possible to

gather using this sort of direct technique would be invaluable to Embla for planning detailed marketing and promotional strategies. The investigators feel that the telephone approach was quite satisfactory and had the advantages of immediacy of response over a mail out approach. Even in a possible expanded survey, a telephone approach would be recommended.

SECTION 4

THE RENOVATIONS BUSINESS IN
WINNIPEG - A SYNTHESIS OF
INTERVIEWS WITH INDIVIDUALS
IN THE BUSINESS

4-1 CRITERIA FOR SELECTION

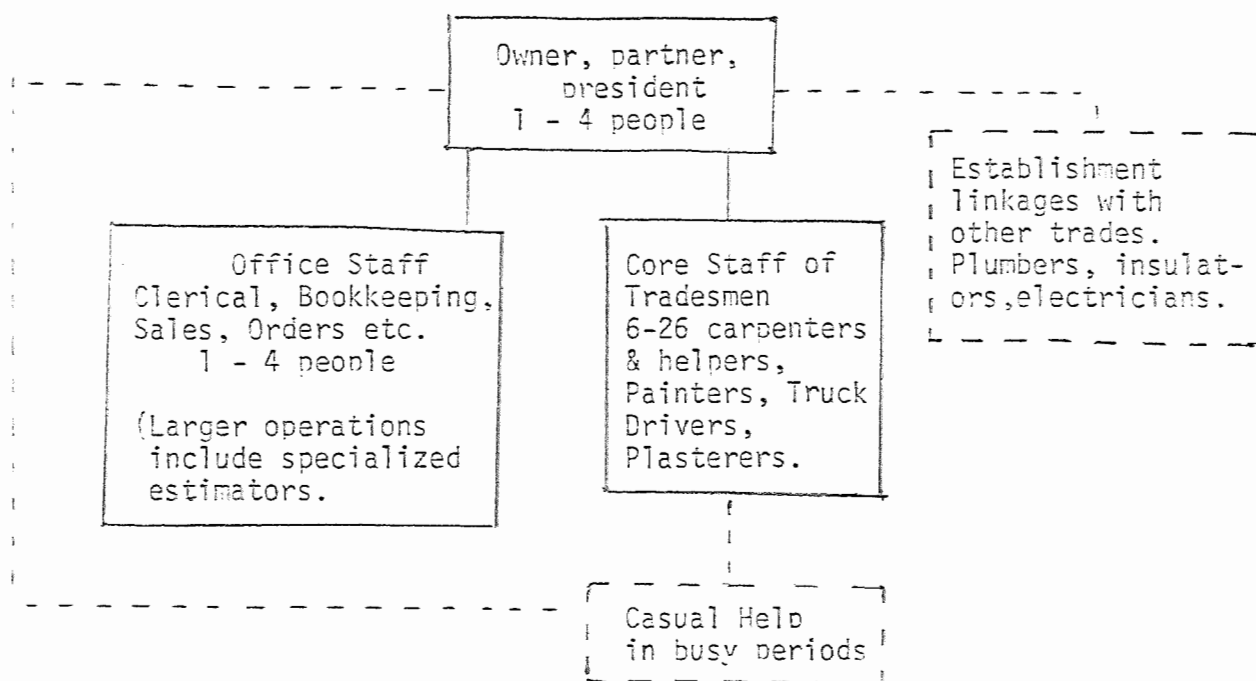
The most important criteria used for selection of companies for interview purposes were: a) nature of their work and b) size of operation. Primarily experts were made to select companies that were obviously in the business of interior renovations. In addition to the yellow page listings, referrals from architects, designers and government personnel involved in some way in the field of renovations and rehabilitation of older houses were used. Secondly, a range of sizes of operations were selected. In total, nine interviews were conducted with individuals in the renovations business.

4-2 SIZE OF COMPANY

The companies ranged in size from one or two men operations to a large company with over fifty employees.¹ The five larger companies in the sample (12 employees and over) seem to operate with similar staff structures; such as one or two senior management personnel who are likely to be the owner and/or president of the company, a core office staff and a core staff of carpenters working on a full-time, year round basis. There were exceptions to this, for example one company with a core staff of nineteen has four owners, each responsible for one of the following aspects of the business; commercial construction renovation and remodelling; new residential and cottages and lake camps. A typical management/staff establishment model for companies with twelve or more employees is set out below.

1. See Appendix E for details of companies and establishment structure.

Figure 4

MODEL MANAGEMENT/STAFF ESTABLISHMENT FOR COMPANIES 12 AND OVER

The four smaller companies (1 to 10 employees) tended to work out of their home, using this as a base for taking orders and organizing their work, often utilizing family help. Like the larger companies, most had sub-contracting arrangements with other tradespeople or companies whose work was known to them. Almost all companies who discussed hiring staff (5) stressed the need to initially select permanent staff carefully and choose people who would have a pride in their work and be trustworthy. Several companies (4) hire casual or part-time help during busy periods. Three interviewees mentioned that they prefer to hire permanent and casual non-union labour. No formal training for new or unqualified tradesmen was specified by interviewees. Most training consisted of on the job supervision by an established staff member, although one larger company was training men in new areas of business such as insulation and swimming pool installation.

4-3 TYPE OF WORK

Type of work undertaken by the nine companies interviewed included recreation rooms, renovations (which involved bathrooms,

kitchens, additions, restructuring floor plans etc.) custom cabinet making and fire repairs. Work of three of the four smaller companies involved mostly renovation work as defined above.² One of the larger companies (19 staff) specialized entirely in fire repairs, 60% - of work being in private homes and 40% - in commercial establishments. They worked mostly in the core area. Another larger company (50+ staff) devotes 25% of its work to fire repairs, 25% to new construction and 50% to renovations. One company specializing in additions and renovations at the upper end of the market mentioned that they were frequently called back by wealthier clients for subsequent maintenance work.

4-4 MARKET TRENDS

All but one of the nine interviewees felt that there was an increasing market for renovation work and rehabilitation of older homes. The one dissenter who felt the renovation business was "slow" at present stated that he personally "always had more work than he could handle." That experience may be related to the fact that he has been working in NIP areas for the past four years and business in the older NIP areas is diminishing.

Reasons for predicting an increasing market for renovation work were related to costs of new housing versus renovating an older house; the importance of established neighbourhoods and the quality of older homes versus new. Quotes such as the following were recorded.

"It's expensive to renovate but still cheaper than buying a new house."

"If people bought a home fifteen years ago it probably cost \$10,000-11,000. On today's market it costs \$45,000. People can spend \$15,000 on renovation and still be ahead."

"People get used to their surroundings. People like their own neighbourhoods."

2. Two of these smaller companies had worked or are working in Neighbourhood Improvement areas, on RRAP program work.

" At one time, if a client required a major renovation, he would sell instead and buy a new house. Now clients are building expensive additions."

4-5 TYPE OF CLIENT

The subjective impressions of clients of the companies interviewed appear to suggest a client group which is predominantly middle-class, likely to be in the age bracket of 35 plus and living in houses of five years of age or older. Other groups, particularly requiring rec.room work are young marrieds, resident in a home for four to five years, who need space for a growing family; and retired people building a rec.room for investment purposes. Two of the larger companies solicit business from the upper end of the market. However, two of the smaller operations undertake a significant amount of work in NIP areas and on low income housing projects for Winnipeg Regional Housing Authority. The majority of companies do not confine their work to a particular geographical area.

4-6 PROMOTIONAL TECHNIQUES

Five of the nine companies relied entirely on "word of mouth" advertising and personal referrals, supplemented by advertising in the yellow pages. These included two of the largest companies and two smallest. All these interviewees emphasized the importance of this type of referral, its 'snowball' effects and the reduction of time spent on estimates. Other techniques used and considered effective were T.V. ads and periodic full page advertisements in newspapers. One or two specialist firms mentioned referrals from insurance adjusters and architects. Word of mouth advertising was however considered the most effective by almost all companies interviewed.

4-7 SUBCONTRACTING

As was mentioned in Part 4-2 of this report, the majority of companies have subcontracting arrangements with other trades-people whose work is known to them. The importance of using

dependable subcontractors who contractors know and trust was strongly emphasized. Smaller operations and again 'non-union' subcontractors tended to be favoured. Ability to "do the job", dependability, and neatness were considered important factors in hiring subcontractors. One of the larger operations puts subcontracts up for bid to ensure a fair price, but he too tends to use the same subcontractors all the time. Work which is contracted out includes plumbing, electrical work, roofing, plastering etc.

4-8 SEASONAL LIMITATIONS

Seasonal limitations were related to the type of work being undertaken by different companies. Those specializing in inside work reported no serious seasonal limitations(4). Those who had experienced "slack" periods, particularly in the winter months, January to March, stressed the importance of "going out to look for jobs", particularly new business such as insulation during 'slow' periods. Those who undertook both inside and exterior work mentioned the importance of organizing throughout the year. One of the smallest operations found summer the busiest time.

4-9 SALES VOLUME

It was difficult to reach any conclusions on the sales volume of companies interviewed. Four refused to divulge any figures and other answers tended to be vague and imprecise. One company with a staff of fifteen indicated a ball park figure of \$500,000. Another smaller company (4-6 staff) mentioned a sales volume of \$175,000.

4-10 SAMPLE PRICES

Information on sample prices per square foot was similarly imprecise. Some respondents were reluctant to discuss sample prices for renovations and mentioned the diversity of work undertaken, the quality of materials used and the difficulty of fulfilling clients requirements as affecting cost estimates.

More precise figures were available for recreation room construction. One contractor (12 staff) quoted a minimum of \$10-\$12 a square foot. The best information was obtained from a company specializing in rec.rooms. He pointed out that recreation room costs have doubled during the last eight years and quoted a similar minimum of \$10-\$12 of square foot including labour and materials and \$17 a square foot for recreation room, bathroom and bar. Also, the minimum cost for a 14' x 18' house addition was quoted at \$50/square foot, which could easily run to \$75 if luxurious.

4-11 STRENGTHS AND WEAKNESSES

In assessing strengths and weaknesses of their companies, several respondents discussed the question of critical size of a company. One or two respondents discussed the dangers of becoming too big. Problems mentioned included supervision of staff, quality control and capital carrying costs. One of the smallest companies (1 owner/carpenter) felt it was best to "work by yourself or have ten to twelve people." Other factors mentioned as being important in developing a viable business were diversification and the flexibility of staff and good staff/management relationships. The following quoted illustrated these points.

"When there is no rec.room business, look for new business in insulating and installing swimming pools."

"Because of versatility we are able to carry on. Carpenters are versatile too. Many have been with the company fifteen to twenty years.- there's co-operation between employee and company. If a carpenter needs to dig a ditch he does it."

One company specializing in fire repairs clearly did not consider diversification important in their case. Their strength was in specialization, but this was an exception.

4-12 STRATEGIES FOR SUCCESS AND PITFALLS

It was suggested by respondents that an important component of success was persistence, determination, and the initiative to

look for work, particularly when first starting up. A company is likely to experience problems of "getting known" at this stage. Comments such as the following were recorded.

"Don't give up. We had hard times - sometimes jobs cost us money." (15 staff)

"Have determination to make a go of the business. Be stubborn."

One larger company stated that "carpenters are a company's most important "p.r." - not because of what they say but because of the quality of work they perform." Honesty, integrity, high quality work, good service and willingness to work long hours were considered important by both larger and smaller companies in leading to a successful business. The need for at least a small amount of capital to 'fall back on' was also mentioned.

One of the major pitfalls in the renovation business was related to estimating. Comments were recorded such as:

"You never know what you are going to find when you open up a wall."

Rec. rooms were considered to be a much safer risk in relation to estimating. Another problem was the number of estimates that are required to generate a job and the problem of people "shopping around." Another factor which could present difficulty was home-owners with high expectations and a low budget and the problem of collecting money from home-owners.

The company which specialized in fire repairs had selected this specialization because of "less competition." The following comment was recorded.

"You're probably competing with one or two other companies whereas the remodelling owner will sometimes get eight to ten estimates, some from handymen doing jobs on a moonlighting basis."

4-13 REACTION TO WOMEN

The companies interviewed had mixed reactions to women in the trades. The owner of the largest company was rather negative

about women entering trades although conceded that women are quite capable in interior decorating, planning and layout. The two smallest companies also had reservations about both employing women or seeing them enter trades. The reactions of other companies ranged from very positive to some reservations because of the need to provide special facilities such as washrooms. One company had a women carpenter presently in its employ but she doesn't "swing a hammer" but works inside on orders, bookwork, timesheets etc. The following comments were recorded.

"Can't see anything wrong with women as carpenters.
The whole world is run by women."

"I am confident my female carpenter employee could
"swing a hammer" if necessary."

"Prospects for women in the trades not that rosy.
A women belongs in the house."

4-14 SUMMARY

In summary, the following significant factors emerged from an analysis of interviews with members of the renovation business:

- There is likely to be an increasing demand in Winnipeg for renovation in the future.
- Personal referral and "word of mouth" were the most effective promotional sources.
- The importance of offering subcontracting arrangements to clients and of using contractors whose work is known and trusted was stressed.
- New companies were advised to be determined to succeed despite inevitable setbacks. It is likely that in "slow" periods they will have to vigorously solicit work.
- In most cases, diversification and the need to build up a company gradually were seen as definite strengths.
- The positive and negative reactions to women as carpenters were fairly evenly balanced.

SECTION 5

DEFINITION OF THE MARKET

5-1 MARKET AREA AND SIZE

For the purposes of this study, the market area for Embla Ltd. was limited to the City of Winnipeg. An attempt was made to investigate all renovation activities relating to existing residential dwellings, including new additions, in the City of Winnipeg. New residential construction was excluded. The limitations of the only comprehensive secondary¹ source of data, ie. building permit records, has already been discussed in Section 3 herein.

Based on this analysis, the investigators estimated that the total \$ value of the renovations market in Winnipeg is approximately \$13 million dollars. (See table 12). This figure is considered a conservative estimate since it is based on an analysis of building permit activities only. All renovation activities not requiring building permits are not included in the analysis. Any single renovation activity that does not involve a building permit is not likely to be high in value, however, the aggregate value of such activities is probably high in terms of total dollar volume. However, no estimate of this total could be made, and the total market value of \$13 million in 1977 must be read with this in mind.

Additionally, this figure includes renovations undertaken by contractors and renovations undertaken by the individual property owner themselves. The investigators were unable to confidently

1. Existing and available recorded hard data.

Table 12

ESTIMATED \$ VALUE OF RENOVATIONS
MARKET IN WINNIPEG IN 1977

Total Building Permit \$ Value in Sample (1977)	\$ 2,678,200
Estimated Total Renovations Building Permit \$ Value in Winnipeg (1977)	\$ 5,667,100
Estimated Total Renovations Market \$ Value in Winnipeg (1977) (plus 123%)*	\$12,751,000

* The addition of 123% is based on an analysis of the household survey interviews whereby a comparison of \$ declared on permits is compared to \$ of renovations actually reported completed. (See Appendix D)

Source: Table C-4, Appendix C

estimate, from the data gathered in the time allowed, the split of the total defined market into these two categories. However, preliminary indications seem to suggest a higher proportion of self-executed renovations.

5-2 STRUCTURE OF THE GENERAL MARKET

The potential demand for Embla's services has been broken down into three basic and mutually exclusive market types described as follows:

- Market A: Low Income/Free Labour
- Market B: Government Program Related
- Market C: Private

To date Embla has concentrated pretty exclusively on Market A, in keeping with their training objectives. A shift to increasing proportions of Markets B and C should occur if the goal of self sufficiency is to be achieved. A brief description of each market type follows.

a) Market A: Low Income/Free Labour

This market for Embla's services has, in a sense, been artificially created for the specific purposes of the project objectives: ie. on site training. As would be expected, response to notices placed in the local Winnipeg newspapers calling for applicants for their services was overwhelming. It is assumed that this market is virtually limitless and will be a source of practice customers as long as required by Embla. Selection criteria should be established by Embla to deal with the applications. The criteria should be based on the initial objectives for creating this market in the first place, ie. on site training. Projects should be selected to provide, initially, for a wide variety of experience. Selection could then focus down on particular types of projects as ventures into Markets B & C dictate in terms of opportunity.

b) Market B: Government Program Related

If Embla goes for a share of this market it will be competing with other renovation businesses. The relevant government programs presently operating or proposed in Winnipeg are geared principally to older properties either by providing loans and grants to low income owners and landlords (CHIP, CHRP, RRAP)² or by direct purchase, rehabilitation and resale or renting (City Non-Profit - not yet operative). Details of programs are included in Appendix B.

This market is also unusual in that no direct soliciting of the actual customer is done. All activities are directed towards the intermediary program administrating agency.

Presently, the long term future of three of these programs is uncertain. CHRP may be cancelled, RRAP may be seriously modified, and the City Non-Profit may never get started. As Appendix B indicates, however, the programs sponsored a demand for the contracting services of smaller businesses, like Embla, and the opportunity for Embla's participation should be periodically monitored. Particular attention should be paid to the City Non-Profit Corporation. This infant agency represents a tremendous potential demand for renovation specialists. It is impossible however, to put a \$ figure on this potential market. Appendix B includes information on past dollar expenditures for CHRP and RRAP programs, however, not even a guess could be made at this time as to what the \$ volumes might be in the future.

c) Market C: Private

By far the greatest amount of renovation activity in Winnipeg, and the most difficult to pin down, falls into what is described as Market C: Private. This market includes all the renovation activities undertaken by private property owners and fully financed by same. The exception to this would be fire repairs,

-
2. CHIP - Canadian Home Improvement Program (federal)
 - CHRP - Critical Home Repair Program (Provincial)
 - RRAP - Residential Rehabilitation Program (federal)

financed by insurance companies but nevertheless included in Market C. Most of the renovation activities included in the total defined market of \$13 M. are considered Market C activities.

This market is considered the most important market for Embla in the future. The competition will be heavy for a share of this market, nevertheless advancing to this market is essential if Embla is to become a viable self-sustaining business. Discussions in the remainder of this section relate primarily to this market.

5-3 MARKET COMPONENT CLASSIFICATION SYSTEM

During the process of doing this study it became evident that the general renovations market could be described using a number of parameter - each describing the market from a different perspective. The following summary (Figure) is preliminary and should not be considered a definitive classification system. It does, however, provide a framework for a more detailed market analysis - one that will be important for Embla in the future, as a more refined understanding of the general market becomes necessary.

Figure 5

THE RENOVATIONS MARKET: COMPONENT CLASSIFICATION SYSTEM (PRELIMINARY)

1. TYPE OF WORK

a. Building Permit Classification

- Interior renovations
- Exterior renovations
- Fire Repairs
- Additions

b. Specialist Classification

- Recreation Rooms
- Kitchens
- Bathrooms
- Insulation
- Doors/windows/walls
- Porches/decks

c. Level of Activity Classification (See Appendix A for definition)

- General repairs
- Renovation
- Rehabilitation
- Restoration

d. Complexity Classification

- Single trade
- Multiple trade

2. TYPE OF CLIENT

a. Property Owner

- Resident-owner occupied
- Landlord - owns to rent-tenant occupied
- Developer-owns to rehab. and sell-unoccupied
- Public Agency - owns to rent or sell

b. Agent for the Property Owner

- Public agency-government assistance program etc.
- Insurance company or adjustor
- General contractor
- Project Manager
- Designer-architect, interior designer etc.

SECTION 6

FEASIBILITY: EMBLA'S PROFILE

6-1 DISCUSSION OF EMBLA'S GOALS AND OBJECTIVES

A review of Embla's goals and objectives as established for the Embla Developmental Phase was made by the investigators. In light of the overview of the renovations business in Winnipeg, it is felt that there should be a shift in emphasis in establishing principle goals for Embla's Operational Phase.

The principle goals of Embla's Developmental Phase as originally established were as follows:

1. To assist low and fixed income people with housing repairs by providing free labour and offering information on loans and grants to cover materials.
2. To provide employment and on-the-job experience for three women carpenters in the fields of renovation, marketing, management and accounts.¹

The originally submitted program also included a number of short and long term project objectives, the last of which was:

...to eventually operate a commercially viable and self-sustaining carpentry business.¹

It is felt by the investigators that if this last objective is to be achieved, given the positive but competitive nature of the renovations business, it must now become of primary concern to the group. Following are suggested principle goals for

1. Schedule 1 - Application for funding under Local Employment Assistance Program, January 4 1978.

Embla's Operational Phase listed in suggested order of priority:

1. TO PROVIDE EMPLOYMENT AND ON-THE-JOB EXPERIENCE FOR PROJECT STAFF IN THE FIELDS OF RENOVATION, MARKETING, MANAGEMENT, AND ACCOUNTS.
2. TO OPERATE A COMMERCIALY VIABLE AND SELF-SUSTAINING CARPENTRY BUSINESS.

On-the-job training and experience for project staff must occur before the group can successfully compete for business in either Markets B or C as defined in Section 5. Quality of workmanship and carpentry skills were of primary importance to success in discussions with people familiar with the business. This on-site exposure is additionally important in the field of renovation because each job must be tailor made to suite the particular circumstances of the existing infrastructure of the building. Not only basic skills must be learned, but versatility and adaptability must also be developed for success in renovations.

This suggests that Embla must place first priority on training the present personnel by on-site exposure in order to be able to achieve the second goal of self-sufficiency.

A new set of secondary objectives should be developed for the Operational Phase based on the primary goals as set out.

6-2 EMBLA PROFILE AND AREAS FOR MODIFICATION

A comparison between Embla's current structure and profile, and information gathered on established companies in the renovation business suggests several areas of change for Embla.

a) Structure

Where companies hire apprentice level carpenters, it seems they are almost exclusively assigned to qualified carpenters on a 1:1 ratio. Embla's current 1:3 ratio (one journeyman to three trainees) may require modification if effective training is going to take place. A suggested minimum ratio would be 1:2 with 1:1 being the ideal.

Additionally, business management is viewed as a definite and

separate component of an overall operation. Very small businesses operated without office support staff. These were, however, cases where the individuals involved were already skilled and competent carpenters. There may be a need for Embla to separate actual on-site carpentry activities from marketing, management, and accounts. This could be done in one of two ways, the first being the most preferable: first, hiring of office management personnel or management services and, second, allocation of one of Embla's existing personnel to this role. The latter would, however, compromise the basic goal of achieving carpentry skills for all the program participants and would not solve the need for basic clerical skills. It is therefore not a recommended alternative. Two modified structural options are summarized below:

Option 1 (preferred)

Ratio of 1:2 Journeyman:Trainee

Hiring of office management personnel or services

Resultant Structure:

2 Journeymen - full time

4 Trainees - full time

1 Management, Co-ordination,
Office Person (possibly part-time)

or

hiring management services as required.

Option 2 (not recommended)

Ratio of 1:2 Journeyman:Trainee

Allocation of one of Embla's present participants to office management role

Resultant Structure:

1 Journeyman - full time

2 Trainees - full time

1 Management, Co-ordination person
and hiring of clerical skills
as required.

b) Services Offered

A second area where Embla's present profile clearly does not match up with other businesses is actual services offered. All individuals in the renovation business had established sub-contracting arrangements with the other trades. Renovation

work often requires input from a cross-section of trades in order to complete any particular job. Establishment of contacts with other trades is strongly recommended.

6-3 CONSTRAINTS TO SUCCESS

In carrying out this study it was possible to detail a format for identifying potential constraints to Embla's success. It is presented below in point form and should be reviewed periodically by Embla to assist in monitoring and pinpointing problem areas:

a) Internal Constraints

- i) Structure and organization,
Rationalizing training and management needs.
- ii) Commitment to goals,
Setting priorities respecting self-sufficiency.
- iii) Personal motivation.
- iv) Carpentry skills and abilities.

b) External Constraints

- i) General economic climate.
- ii) Awareness of the general problems of the renovation business
(as presented in Section 4).
- iii) Understanding of the market demands.
- iv) Availability of Financing
(not a problem provided LEAP funding is available during transition to self sufficiency).
- v) Prejudice against women in the trades.

6-4 OVERALL MARKET POTENTIAL

All indications are that the renovation market is an expanding one. Discussion in Sections 2 and 4 support this general statement and also suggest that the nature of renovation activities may be under-going a subtle shift. The traditional basement finishing and additions to houses are still occurring. However, additionally the purchase and comprehensive rehabilitation and upgrading of older properties is also occurring at an increasing level in Winnipeg.

Embla is facing a transition period and it is only sensible to relate Embla to the demand for services as indicated in the market analysis. This study was able to identify a large and increasing demand for renovation services in general in Winnipeg and was able to outline a preliminary classification system (Section 5) identifying components of this general market. However, with the time and resources available, it is unable to direct Embla, with confidence, to specific components of the overall market.

It is felt that a modified Embla profile, as outlined earlier in this Section, will provide satisfactory basic structure for Embla's immediate future, both in terms of the demand in the general renovations market and in comparison with other renovation businesses. It is, however, highly recommended that additional time be spent on refining and understanding the general market components, using the preliminary classification system, so that Embla can begin to really focus on the winning combination both in terms of personal interests and market demand. It is, in fact, appropriate that this more detailed work not be undertaken until Embla has more experience participating in the general market.

SECTION 7

CONCLUSIONS &
RECOMMENDATIONS

7-1 CONCLUSIONS

1. There will be an increasing market for renovation/rehabilitation activity in Winnipeg although probably not on the scale of some other places such as Toronto.
2. There appear to be seasonal variations related to different types of work, ie.. interior alterations being more prevalent in winter months, particularly January to April and declining in the summer; exterior alterations and additions showing reverse trends. This should not present problems for companies such as Embla if the work load is carefully managed and work is aggressively solicited during slow periods.
3. The volume of annual renovation activity estimated in this report (\$13 million) suggests that the market can bear entry of new companies such as Embla, although competition for business is likely to be keen.
4. In developing an optimum organizational structure and defining functions for a new company the following factors were considered important:
 - Developing a network of contacts and 'word of mouth referral.'
 - Developing linkages with subcontractors.
 - Gradual growth based on analysis of the market.
 - Good workmanship and client service.
 - Diversification of functions.
5. If Embla is to achieve its stated objectives, a healthy balance must be sought between low income, government program related and private work. The selection of work in

two former areas must be closely related to training needs and a realistic proportion of time must be devoted to private work if the objective of ultimate viability and self-sufficiency as a private company is to be achieved.

7-2 RECOMMENDATIONS

Recommendations Related to Goals

Adaption of the following goals for Operational Phase in order of priority:

1. To provide employment and on-the-job experience for project staff in the fields of renovation, marketing, management, and accounts.
2. To operate a commercially viable and self-sustaining carpentry business.

Recommendations Related to Organization Structure and Functions

3. Adoption of a 1:2 ratio of Journeyman to Trainee.
4. Adoption of Option 1 as outlined in Section 6, Part 6 - 2.
5. After the above modifications, adoption of a no or slow growth policy until self-sufficiency reached.
6. Establishment of capital funding for carrying costs related to private work through adjustment of LEAP financial arrangement or independently raised loan capital.
7. Emphasis on diversification of functions and services offered to prospective clients.

Market Involvement Recommendations

8. First priority to Embla participation in the Private Market C on a competitive basis. Use of LEAP funding to supplement actual labour costs over and above going market rates.

9. Development of an ongoing promotional campaign to compliment 8 above.
10. Close monitoring of public agencies involved in Market B and second priority to participation if opportunities arise.
11. Use of Free Labour Market A as last priority, as time permits or as training needs require.
12. Development of selection criteria to apply to requests for work in Market A above based on training needs first, needs applicant second.
13. Establishment of target split between activities in Market A and Markets B and C based on time spent on-site respectively.

Possible target for last 6 mo. of 1st year of Operational Phase.	<ul style="list-style-type: none"> - 50% of time spent on Market B & C activities. - LEAP funding supplementing costs as required
Possible target for last 6 mon. of 2nd year of Operational Phase	<ul style="list-style-type: none"> - 100% of time spent on Market B & C activities. - LEAP funding supplementing costs as required

Recommended Additional Activities

14. Evaluation of progress at end of 1st 6 months of Operational Phase.
15. Maintenance of completed project profiles including the following:
 - locations, client profile, general property details
 - photos - before and after
 - summary sheet of specifications of project (construction details, costs, etc.)
16. Expanded analysis of general market components as detailed in Section 5, Part 5-3.

17. Investigation of feasibility of eventual Embla involvement in creating housing rehabilitation activities through purchase and resale of properties. Including a travel budget to survey and interview known successful renovation companies in other Canadian centres - notably Toronto and Ottawa.

APPENDIX A

DEFINITIONS AND GENERAL
INFORMATION

DEFINITION OF TERMS

When used in reference to housing, the terms rehabilitation, renovation, repair, remodelling etc. are often vaguely defined. The following definitions are based on a cursory survey of rehabilitation literature and they provide a framework within a housing context. Even throughout the body of this report terms are not used in the strictest sense of the definitions, however acceptance of some basic limits in the use of words is important.

REPAIRS: means reconditioning due to age or damage rather than replacing or changing basic components of the property; general property maintenance (i.e. replacing worn floorboards etc.)

RENOVATIONS: means general restyling or updating of particular component of the property (i.e. replacing kitchen, bathroom etc.); adding living space (i.e. rec.room). Other terms; remodelling, reconditioning.

REHABILITATION: means restyling and updating of all or most components of the property. Two types of rehabilitation can be identified:

- a) fundamental rehabilitation - with the objective of overall property upgrading (i.e. wiring, plumbing, foundations etc.)
- b) cosmetic rehabilitation - with an objective of superficial upgrading often masking rather than dealing with the more basic needs of the property.

RESTORATION: means recreating features of historic or architectural merit with the objective of maintaining elements of authenticity conservation and preservation.

Table A-1

CHRP PROGRAM - REPAIR ACTIVITIES RELATED TO AGE OF HOUSE 1975 - JUNE 1976

ACTIVITY	AGE OF HOUSE					Total	Projects
	1960-1975	1945-1959	1930-1944	1915-1929	Pre-1915		
All Activities	9.1%	30.8%	21.9%	26.1%	12.1%	100%	4,621
Wiring	5.1%	19.0%	22.0%	39.3%	14.6%	100%	336
Heating	13.2	37.3	19.3	22.4	7.8	100%	424
Sewer and Water	13.6	30.0	23.5	23.2	9.5	100%	654
Heavy Construction	11.7	31.5	21.4	24.3	11.1	100%	883
Eaves	2.4	23.0	28.6	34.1	11.9	100%	126
Roofs	3.9	31.2	20.2	30.1	14.6	100%	946
Insulation	9.0	30.9	21.4	29.4	9.3	100%	398
Windows & Doors	6.8	31.3	21.9	26.2	13.8	100%	854

ACTIVITY	AGE OF HOUSE					All Activities
	1960-75	1945-59	1930-44	1915-29	Pre-1915	
Wiring	4.3%	4.5%	7.4%	10.5%	8.9%	7.3%
Heating	14.0	11.2	8.2	7.5	6.0	9.2
Sewer and Water	22.3	14.0	15.4	12.0	11.3	14.2
Heavy Construction	25.8	19.7	18.9	17.0	17.8	19.1
Eaves	0.7	2.1	3.6	3.4	2.7	2.7
Roofs	9.3	20.9	19.1	22.6	25.1	20.5
Insulation	9.0	8.7	8.5	9.3	6.7	8.6
Windows & Doors	14.5	18.9	18.7	17.7	21.5	18.5
Total	100%	100%	100%	100%	100%	100%

Source: M.H.R.C. Final Analysis of the 1975-76 Critical Home Repair Program (CHRP), Inter-departmental Memo, Sept. 1976.

MAPS

Map 1: URBAN GROWTH PATTERN (Plate 4)

Only one copy of this multi-coloured map was available and therefore it is not contained herein. It has been given to Embla as it is too expensive to reproduce. It is a map of Winnipeg, extracted from The Metropolitan Development Plan (1968) and identifies the time of construction of different parts of Winnipeg from pre-1872 to 1966. It provides a quick visual reference for the age of housing stock.

Map 2: DISTRIBUTION OF OWNER OCCUPIED DWELLING UNITS

This map has been prepared for Embla's general information from 1976 Census data which has not yet been finally released. Access to the material was possible through the City of Winnipeg Department of Environmental Planning. The map provides an up to date visual summary of Winnipeg housing stock with respect to owner occupancy, an important factor in the home renovations business.

Old houses renovated

Inner city homes given a new life

By Robert Lindsey
New York Times Service

LOS ANGELES, April 19 — When Arthur Thornburg and his wife decided to buy their first home, they spent days looking at model homes in suburban housing developments. Then they decided to buy and renovate a deteriorated, 90-year-old house in the centre of Los Angeles.

"I'd lived in New York until I was 8," said the 34-year-old bank executive, whose Victorian-style home is one of 10 being renovated on the same block in the Echo Park area here. "I learned to love a city then. Besides, you get a lot more for your money in the city."

The Thornburgs are not alone. Many middle-income North Americans, priced out of the market for new houses, have begun to buy and renovate homes in older sections of some cities. Thousands of homes that were spurned not long ago by young buyers in favor of new houses in the suburbs have been bought in the last few years at prices that make them bargains when compared to suburban housing.



The Thornburgs in front of their home

Housing experts say the trend is too new to project its ultimate importance. They point out that a recent Gallup Poll indicated that most people still preferred the suburbs to big cities. And they point out there have been indications of a "return to the city" movement in the past that never materialized.

Nevertheless, interviewers in several cities recently with civic leaders, real estate specialists and families who had decided to live in the city indicated that while the over-all flow continues to be out of cities, rehabilitation of older homes is beginning to have an effect on the population patterns of some cities.

In Boston, New Orleans and Houston, local officials credit residential revitaliza-

tion programs with stabilizing population levels after years of decline.

In other cities, such as Baltimore, Memphis and Pittsburgh, the new interest in old housing has not halted a loss of population, especially where the local economy is based on a declining or troubled manufacturing industry. But even in these cities, the trend appears to be increasingly important in reducing the rate of population loss and in bringing more middle-class people to the cities.

Moreover, there are indications in some cities, such as San Francisco, Washington and Philadelphia, that simple population figures do not show the full picture. Even though census figures in these cities show a continuing loss of residents, the total number of families appears to be increasing.

This, demographic studies indicate, is because of changing living patterns, especially in the decision of many young couples, who make up the vast majority of people renovating old homes, to have few or no children.

(Interviews with real estate experts in Winnipeg indicate that, though the trend is not so well established here as in the large American cities, it's beginning to be felt. A growing number of young couples are moving into the central parts of the city, "particularly in the last two or three years," says Nora Bottomler, a real estate agent with S.S. Stevenson Co.)

Many of the homes they're buying have been broken up into flats or small apartments and require extensive renovations, "but that's what seems to attract them," she says. They can get a lower price than they would on a new home, and "they like working on them over a period of time.")

Steven Taber, a demographer for the City Planning Commission in Philadelphia, said that it was hard to draw conclusions from the statistics but that "there's been a tremendous turnabout in the kind of people living in the centre of the city."

"Older people in the suburbs aren't moving back in," said Jerry Doctorow, administrator of the Maryland Housing Rehabilitation Program in Baltimore. "But their children are buying in the city; new households are seeking city property."

Experts say the reasons for the recent upsurge in the acquisition of older urban housing included the following:

Large numbers of children born after the Second World War have reached the home-buying age.

The soaring cost of new homes has placed new homes out of reach for many young people, prompting them to consider buying an older home in the city.

Low-interest loans have been made available both in Canada and in the U.S.) for certain kinds of home projects.

Increasing energy costs have made commuting more expensive.

Winnipeg Tribune, May 13, 1978

Students provide advice

By Darlene Meakin
Tribune Business Writer

A group of university students will put their academic know-how to practical use this summer in a federally-funded program to offer small businesses consulting services at a nominal fee.

The program is called the MBA Student Management Consulting Service.

For the past six years it has been under the auspices of the faculty of administrative studies at the University of Manitoba.

The 10 students involved have all completed their first year in the master of business administration program after receiving degrees in their own fields.

They hope to work with 40 to 50 small and medium-sized firms in and around Winnipeg which require advice about some aspect of their operations.

Students are paid under the Student Temporary Employment Program for the length of the program, which began May 1 and will run for 16 weeks.

Last year, students managed to complete 30 projects, which were met with some very positive response from businessmen who enrolled.

According to Dennis An-

derson, faculty director, the student consulting service may be even more popular than ever this year.

Objectives of the student consulting program are to offer a consulting service to small and medium-sized businesses that may not be able to afford professional consultants, and at the same time to provide students with a useful learning experience.

Businesses are eligible if they are Manitoba-owned and located, employ no more than 75 people, and generate no more than \$3 million in sales.

Businessmen applying are asked to indicate the areas of their operations they would like assessed — sales, accounting, personnel, planning or marketing.

The client controls most of the information, so it's important for the students to gain his co-operation.

Businessmen are given full assurance that all information about their operations will be handled in the strictest confidence.

A typical project might take two to four student-weeks, said Dr. Anderson.

The student consultant will prepare a final report with the help of one or several faculty advisers and sub-

mit it to the businessman reviewed.

The cost of the service is \$150, half payable before start of the project and the remainder after the report is submitted.

This year, the same number of students as before will be attempting to complete at least 20 more projects, said Dr. Anderson.

In the past, students tended to take too much time trying to solve all the problems businessmen listed. But this year they will evaluate the applications and stick only to priorities.

Also, it's hoped that students can be teamed up to handle three or four projects which may be similar in nature.

Dr. Anderson stressed that the program is not designed to undermine professional consultants.

More information about the program can be obtained by writing to the faculty of administrative studies, University of Manitoba, or calling 474-9143.

APPENDIX B

GOVERNMENT PROGRAMS

Table B-1

<u>Summary C.H.R.P. Program</u>	<u>Provincial (in \$1,000's)</u>
Total program \$ volume Fall 75 - Spring 77	\$ 6,500
Total approved applications to Spring 77	7,751
Total \$ volume for fiscal year Spring 76 - Spring 77	4,300
Winnipeg \$ volume Fall 75 - Spring 76	1,070

Source: M.H.R.C. Annual Report 1976 - 1977 and M.H.R.C. Inter-departmental Memo - Sept. 1976.

Table B-2

<u>Summary RRAP Program</u>	<u>Federal (in \$1,000's)</u>		
	Spent to Date	Approved Loans to Date	TOTAL
Centennial NIP area	654	782	\$1,436
St. Boniface NIP	292	403	695
North Point Douglas	1,453	2,073	<u>3,526</u>
Total Winnipeg \$ volume 1973-1978			\$5,657

Source: From discussion with RRAP personnel in Winnipeg.

CHIP

Progress Report on the Canadian Home Insulation Program

Early in 1977, a home insulation grant program was announced by Energy Minister, Alastair Gillespie and Urban Affairs Minister, André Ouellet, to assist householders in Prince Edward Island and Nova Scotia in alleviating their high energy costs. The Home Insulation Program in P.E.I. and Nova Scotia is administered by CMHC through its regional offices in Charlottetown, P.E.I. and Halifax and Sydney, Nova Scotia.

The cost of insulation materials for self-done work is covered by direct grant to the householder of up to \$350 and, if the work is done by a contractor, one-third of the cost is paid as a grant, with a maximum of \$500. Most homes in the two provinces have inadequate insulation and it is estimated that the average saving will be 40 per cent after full insulation. Eligible work costs include the insulation of ceiling, basement walls and above-grade walls, weather-stripping, caulking, and multiple glazing (i.e., storm windows and doors). All materials used must be approved by CMHC. Homeowners, tenants and landlords in buildings of three storeys or less are eligible for grant assistance.

The response by the residents of P.E.I. and Nova Scotia has been excellent. By the end of November in Prince Edward Island, 89 per cent of approximately 20,630 homeowners have applied for the grant; 17,823 applications have been approved, and 10,276 grants paid. In Nova Scotia, of 147,115 homeowners, 58 per cent have requested an application, 79,238 applications have been approved and 20,326 grants paid. The federal government recently extended funding under this program by some \$28.8 million.

The need to save energy is clear and at this time conservation is less costly than the provision of new energy supplies. Thus with the proven success of the Home Insulation Program in the two

Maritime Provinces, a new program was designed to make financial assistance for home insulation available to householders across the country. The Canadian Home Insulation Program (CHIP) will be in effect for seven years during which homes completed before September 1, 1977, will be eligible for a grant.

At the present time, however, only older homes qualify: those built before 1921 in New Brunswick, Québec, Ontario, Manitoba, and Saskatchewan, and those built before 1941 in Newfoundland, Alberta, British Columbia, the Yukon and Northwest Territories. The programs in P.E.I. and Nova Scotia are unaffected by CHIP.

Within the present eligibility limits, approximately 20 per cent of the housing stock can benefit from the CHIP Program. The provinces of Québec and Alberta have recently joined CHIP. In Québec, 305,000 dwellings units are immediately eligible for CHIP grants. Whereas, in Alberta, 104,000 units are eligible.

The qualifying dates will gradually be shifted as more insulation becomes available to encompass all housing completed prior to September 1977. There are two main reasons for phasing the Program in this manner: the limited supply of insulation material and the limited funds available. As older homes are generally the most poorly insulated, they were chosen to become eligible at the beginning of the program.

Under CHIP, the householder can receive up to \$350 maximum payment in the form of a taxable grant to cover two-thirds of the cost of CMHC approved insulation materials for use in walls, ceilings, basement walls, or floors over unheated spaces. Grants are applicable to all self-contained units used for permanent residency, as well as hostel and dormitory units owned and operated by charitable, public, or non-profit

organizations, in buildings of three storeys or less. All tenure types (owner, landlord, tenant, etc.) are eligible. The grant scale is:

- maximum \$350 per unit for detached, semi-detached and row units;
- maximum \$200 per unit for self-contained apartments in buildings of 6 or less units;
- maximum of \$150 per unit for self-contained apartments in buildings of more than 6 units;
- maximum \$70 per bedroom for hostel and dormitory units.

At the present time, CHIP is administered from Montreal offices by a central organization which manages the providing of information and the processing of applications. Up to the beginning of December 1977, 67,434 information kits had been sent out. As well as an application form, the kit includes an ENERSAVE questionnaire. The answers to the questions provide a comprehensive outline of the house structure and present insulation levels. The questionnaire is mailed to Ottawa for processing and the householder receives a computer printout offering suggestions on adding insulation and other energy conserving measures.

It is early yet to attempt to judge the success of the program, as it only applies to insulation work completed after September 1st, and application can only be made after the materials are purchased, or work completed. It is hoped that Canadians will respond to the incentive and that a major portion of the housing stock will be upgraded. Insulation is certainly a desirable investment as full re-insulation can cut residential heating energy demand by 37 per cent a Canadian home giving average savings of \$140 a year, with payback of the re-insulation cost in under five years at current energy prices.

At the recent federal/provincial energy meeting chaired by Alastair Gillespie, Energy, Mines and Resources Minister, he stated that "both levels of government were solidly committed to taking effective conservation measures with their respective jurisdictions."

The federal energy minister agreed to remove the four preconditions for

provincial participation in CHIP (e.g. adoption of thermal efficiency standards in the building code and reduced speed limits) in return for the provinces overwhelming support of the principles involved.

In addition, Urban Affairs Minister, André Ouellet, announced that CMHC will be conducting discussions with the

provinces in the near future on the integration of federal and provincial efforts to promote home insulation, improvements in the CHIP program, and development of consumer protection. (Prepared by Yvonne Van Ruskenveld, research officer for the Office of Energy Conservation, Department of Energy, Mines and Resources, Ottawa).

ACTIVITIES (1 Sept. - 25 Nov. 1977)

Provinces	Total no. of kits requested Dossiers demandés	Applications received Applications reçues	No. of Grants No. de subsides
Newfoundland Terre-Neuve	1,356	89	16
New Brunswick Nouveau-Brunswick	4,928	473	164
Ontario	41,846	3,189	1,450
Manitoba	4,016	339	148
Saskatchewan	2,961	163	61
British Columbia Colombie-britannique	10,211	842	431
NWT/TNO			
Yukon	23	1	—
Alberta	15	—	—
Québec	194	—	—
Total Canada	65,580	5,096	2,270

Source: Table A-1 and Table E / Tableau A-1 et Tableau E
Operation Report: Canadian Home Insulation Program
Rapport d'Activités: Programme d'Isolation thermique des résidences canadiennes
 Appendice HWSA-2 1-12-1977, (Health, Welfare and Social Affairs Committee,
 Comité de la santé, bien-être social et affaires sociales)

CITY OF WINNIPEG NON-PROFIT HOUSING CORPORATION

Tribune, May 12, 1978

re: Winnipeg Rehabilitation Housing Corporation

New rules for housing corp.

The city's newly-formed Winnipeg Rehabilitation Housing Corporation will have new rules to deal with when it makes a pitch for federal help to launch its program.

The federal government has just dropped its program of providing low-interest loans to non-profit housing corporations, and will instead guarantee the loans the corporations get from private lenders such as banks and trust companies.

Gone also is the direct grant of up to 10 per cent of the capital cost of non-profit housing projects.

Instead, Ottawa is offering an interest reduction grant which will ensure that the corporation can pay its mortgage payments and operating costs without pushing rents above tenants' ability to pay.

The city's non-profit corporation was approved unanimously by council nearly a

year ago, but to date has not rehabilitated one house.

Council is still attempting to get the Conservative provincial government to honor a promise of former premier Ed Schreyer to give \$1 million to put the city corporation on its feet.

The Lyon government hasn't exactly reneged on the Schreyer promise, but suggested in a letter to the city last month that the corporation should seek funding somewhere else.

The city has intended to use both the provincial \$1 million and federal funding for the corporation. Provincial money was to be used to buy up older homes in the Inner City, repair them, and then sell them to local families. Federal money would be used to repair homes which would then be rented by the non-profit corporation to tenants.

Federal regulations in the past stipulated that federal

money received by non-profit housing corporations must be used on only rental housing.

The new regulations modify that somewhat, said Les Freudenberg, program manager-social housing for Central Mortgage and Housing Corporation, in an interview Wednesday. They say that tenants of non-profit housing corporation homes can now be given an option to purchase "somewhere down the pipe".

No details are available on just how that would work, Mr. Freudenberg said.

The new federal program must get the agreement of the provincial government

The city's non-profit housing scheme was born at a time when stiffer city fire safety and building regulations were forcing the closure of a number of low-rent housing units in the Inner City. The housing corporation was to be a way of

providing low-cost family housing in the area.

APPENDIX C

BUILDING PERMIT ANALYSIS

BUILDING PERMIT ANALYSIS

Discussion of Sampling Procedures

The sampling was limited to the complete calendar year, 1977 in order to provide annual summaries and to monitor possible seasonal variations. The sample was drawn from the 6612 Miscellaneous Permits issued in 1977 by recording all relevant permits issued on the first ten working days of each month. The selection criteria applied to determine relevance were subjective to some extent but basically included the following:

- All single family renovation and repair activities either interior or exterior.
- All residential addition activities (which are often basically new construction but related to existing dwellings).
- All fire repair activities.

The basics for selection was limited to the information about the nature of the proposed work actually recorded in the ledger. It was obvious as one progressed through the ledger that no set terms for description of the work were used. However, it is felt that the total of 860 permits actually recorded represents most of the permits from the first ten days of each month relevant for Embla.

In order to convert the sample data to annual estimates a factor was calculated based on the sample proportion of the total number of working days in the year i.e. 2.116.

Table C-1

MISCELLANEOUS BUILDING PERMITS:
DETAIL SAMPLE DRAWN FOR ANALYSIS
1977 PERMITS

Total Number of Miscellaneous Permits 1977	6612
Estimated total number of Repair, Renovation and Alterations Permits in 1977	1820 (approximated)
Total Sample Size	860

Total Renovations Building Permits in Sample by
Permit Types and by Season (1977)

	Rec Room/ Basement	Interior Alterations	Total Interior Alterations	Int. & Exterior Alterations	Exterior Alterations	Additions to s.f.d.	Fire Repairs	Total
January	21	43	64	0	1	3	3	71
February	29	42	71	0	0	0	1	72
March	29	31	60	3	0	7	4	74
April	10	52	62	0	6	8	3	79
May	5	24	29	6	8	16	3	62
June	13	31	44	1	7	21	1	74
July	4	27	31	5	11	17	0	64
August	5	36	41	3	6	26	0	76
September	16	29	45	1	10	23	1	80
October	1	51	52	3	1	18	1	75
November	2	58	60	3	0	10	1	74
December	0	50	50	1	1	3	4	59
TOTALS	135	474	609	26	51	152	22	860 in sample

Source: Analysis of Special Samples of City of Winnipeg building permit records for 1977

Table C-4

\$ Values of Renovation Building Permits in Sample and
in Winnipeg by Permit Type (1977)

	Rec Rooms	Other Interior Alterations	Total Interior Alterations	Interior & Exterior Alterations	Exterior Alterations	Additions to S.F.D.	Fire Repairs	TOTAL
Total \$ Value in Sample (1977) in \$1,000's	\$416.7 ¹	\$ 847.3	\$ 1264.	\$ 122	\$ 107.2	\$1033.6	\$ 151.4	\$2678.2
Estimated Total \$ Value in Winnipeg (1977) in \$1,000's(x2.116)	\$881.7	\$1792.9	\$ 2674.7	\$ 258.2	\$ 226.8	\$2187.1	\$ 320.4	\$5667.1
Average \$ Value (1977)	\$1811	\$2150	\$ 2075.	\$ 4692	\$2061	\$7330	\$7968	\$3162

1. The \$ split between rec room and other interior alterations has been adjusted to compensate for changes in record keeping style in 1st half and 2nd half of 1977. The authors feel the rec room share of total interior alterations, even as adjusted, is on the low side and that other interior alterations still include some rec room \$'s.

Source: Analysis of special sample of City of Winnipeg building permit records for 1977.

S. F. D. - Single Family Dwellings

APPENDIX D

HOUSEHOLD SURVEY

HOUSEHOLD SURVEY

Discussion of Sampling Procedures

A sub-sample of names was drawn from the larger sample of 860 records drawn for the building permits analysis, using a cluster sampling technique. The purpose of cluster sampling approach is twofold: to reduce sample size to manageable proportions and to deal with time constraints. Cluster sampling is generally used when there are constraints of cost and time and when no satisfactory sampling frame for the whole population exists.

Since inner city permits represented only 30% of the total universe of 860 (See Table C-2) it was decided to draw the sample from all five inner city areas (Lord Selkirk, Midland, Ft. Rouge, Centennial, St. James) and draw from four randomly selected suburban areas (St. Boniface, St. James/Assiniboia, East Kildonan, Assiniboine Park) as summarized in Table D-1. It was decided to draw a 10% sample from the total universe of 860. In fact, eighty-four were drawn, as summarized in Table D-1 at this point. The procedure broke down somewhat as it became evident that full information on names and telephone number was not going to be readily available and as time advanced. In the end, a total of twenty-six interviews were completed as indicated in Table D-2. Due to the breakdown in procedures and the small numbers, it became impossible to document with confidence any inner-city/suburban differences however, the overall results suggest the emergence of some definite trends.

Table D-1

COMMUNITY COMMITTEE AREAS - SAMPLE DRAWN

	Totals	Sample
Inner City Sample		(1 in 5)
L. Selkirk	75	15
Midland	44	9
Fort Rouge	51	10
Centennial	24	11
St. James	<u>54</u>	<u>5</u>
	248	50
Suburban Sample		(1 in 10)
St. Boniface	79	8
St. James/Assiniboia	70	7
East Kildonan	102	10
Assiniboine Park	<u>90</u>	<u>9</u>
	341	<u>34</u>
		84

Table D-2

HOUSEHOLD SURVEY: SAMPLING DETAILS AND RESPONSE RATES

	Inner City	Suburbs	Total
Name Sample Drawn from Building Permit Sample	50	34	84
Portion of Sample with names available			
Self	33	26	59
Contractor	14	4	18
Total	<u>47</u>	<u>30</u>	<u>77</u>
Interviews Attempted			
Self	17 (50% of 33)	13 (50% of 26)	30
Contractor	10 (70% of 14)	4 (100% of 4)	14
Total	<u>27</u>	<u>17</u>	<u>44</u>
Interviews Completed			
Self	7	10	17
Contractor	6	3	9
Total	<u>13</u>	<u>13</u>	<u>26</u>
Success Rate (% of attempted that were completed)			
Self	41%	77%	56%
Contractor	60%	75%	64%
Total	<u>48%</u>	<u>76%</u>	<u>59%</u>

HOUSEHOLD SURVEY
SAMPLE QUESTIONNAIRE

1000-0-1
2000-0-1

EMBLA EVALUATION - Telephone Survey

Building Permit Number _____
Address of Respondent _____
Community Committee area _____
Date of Interview _____ Questionnaire No. _____

Introduction

I am calling on behalf of the University of Winnipeg, Institute of Urban Studies. We have been asked to undertake an evaluation of different kinds of home renovations in Winnipeg. We understand that you recently completed or are in the process of completing renovation work on your home. Would you be willing to answer a few questions about it? This survey will enable improved renovation services and techniques. It shouldn't take any longer than 10 minutes at the most.

1. What is the age of your home? _____

2. What work was done on your home? (name rooms, type of repair etc.)

3. Did you hire a contractor to do the work? Yes _____
No _____ Go to Question 13.

4. How did you hear about the contractor you selected?

- newspaper _____
- yellow pages _____
- referral _____
- TV/radio _____
- Other (Specify) _____

5. Why did you choose the contractor that you did?
 cheapest price _____
 good reputation _____
 variety of services offered _____
 other (specify) _____

6. How many estimates did you receive?
 1 _____
 2 _____
 3 _____
 4 or more _____

7. Did you have any unexpected expenses in addition to those estimated?
 yes _____
 no _____

8. What was the total cost of the work done by the contractor? _____

9. What was the total cost of renovations done to your house in 1977? _____

10. What problems, if any, did you encounter throughout the course of the work?
 (specify)

11. Would you recommend this company to others? yes _____ no _____

12. Are there any things you would have done differently if you were doing it
 all again? (specify)

13. How was the work done? self _____
family/friends _____
other (specify) _____

14. What was the total cost of renovations done to your house in 1977? _____

15. What problems, if any, did you encounter throughout the course of the work?
(specify)

16. Are there any things you would have done differently if you were doing it all
again? (specify)

17. Why did you undertake the renovations?
resale _____
more space _____
general repair/unkeep _____
other (specify) _____

18. What would be your reaction to the idea of hiring women to do this sort of work?

19. Are you planning any further renovations? yes _____ no _____

20. Could you have any suggestions or recommendations for a group of young women carpenters starting up in the renovation business? (specify)

21. How would you rate the overall condition of your house?

excellent _____

good _____

fair _____

poor _____

22. How old is the head of your household?

under 15 _____

15 - 24 _____

25 - 34 _____

35 - 44 _____

45 - 54 _____

55 - 64 _____

65 + over _____

n/a _____

23. What is the total number of people in your household? _____

24. From the following general income brackets where does your total household income fall?

under 4,999 _____

5,000-9,999 _____

10,000-14,999 _____

15,000-19,999 _____

20,000-24,999 _____

over 25,000 _____

THANK YOU VERY MUCH FOR YOUR TIME. WE REALLY APPRECIATE YOUR WILLINGNESS TO HELP US IN OUR RESEARCH.

HOUSEHOLD SURVEY
TABULATION OF RESULTS

0 2. Work done in House.

Self done renovations - (17 responses)

Inner City:

- rec room
- rec room
- sun porch
- new walls, windows, rear addition
- new roof, insulation kitchen
- rec room, basement alterations

Suburb:

- rec room
- rec room
- rec room
- sun porch, enlarge living room
- attached garage
- exterior front, straighten roof, remodel interior
- basement partitions, rooms and storage
- garage
- insulate basement
- rec room
- rec room

Contracted renovations - (9 responses)

Inner City:

- interior and exterior remodel
- ceilings, rec room, bedroom, bathroom
- rewiring, kitchen cabinets, doors and aluminum windows, fence
- roof repair (fire)
- rehabed entire house except frame
- insulate attic/basement, rec room, kitchen cabinets

Suburb:

- rec room
- rec room, office, bathroom
- rec room, bathroom, laundry

Question Number	Question	Response Categories	Response Frequencies	
			Self-Done Renovations	Contracted Renovations
3.	Was contractor hired?	Yes (self hired)	0	6
		Yes (hired by others)	0	3
		No	17	0
			<u>17</u>	<u>9</u>
4.	How heard about contractor?	newspaper	N/A	2
		yellow pages	N/A	1
		referral	N/A	3
		T.V./radio	N/A	1
		Hired by outside agency	N/A	3
				<u>10</u>
5.	Why chose contractor?	Cheap price	N/A	1
		Good reputation, interested & professional manner	N/A	3
		Random choice	N/A	2
		Hired by outside agency	N/A	3
				<u>9</u>
6.	Number of estimates received?	1	N/A	1
		2	N/A	0
		3	N/A	4
		4 or more	N/A	1
		hired by outside agency		
		- none	N/A	<u>3</u>
7.	Any unexpected expenses?	yes	N/A	0
		no	N/A	9
				<u>9</u>
13.	How was work done?	Self with family and friends	17	N/A

Question Number	Question	Response Categories	Response Frequencies			
			Self-Done Renovations		Contracted Renovations	
8 & 9 (combined for contractor)	What was total cost of renovation in 1977?		response	bldg. permit	response	bldg. permit
14 for self only		4-\$5,000	\$1,200	16,000	10,000	
		?	800	?		
		?	600	2,100	300	
			3,000	3,500	3,500	
			4,000	20,000	10,000	
		500	800	14,000	5,000	
		100	1,000	1,000	800	
			2,000	5-10,000	4,000	
			200	6,000	1,500	
		1,500	2,500	70,100	31,500	
			300			
			1,000			
			2,400			
2,000	1,200			permit as declared plus 123%		
	600					
	700					
	1,000					
		\$23,000				
10 for contractor	Problems encountered in doing the work.	none	10	5		
15 for self		disatisfied with contractor	0	1		
		wiring	1	0		
		plumbing	0	1		
		money	3	0		
		time	2	0		
		government agencies	2	0		
		weather	0	2		
		(multiple answers recorded)	18	9		

Question Number	Question	Response Categories	Response Frequencies	
			Self-Done Renovations	Contracted Renovations
11.	Would they recommend company?	yes	N/A	8
		no	N/A	<u>1</u>
				9
12 for contractor	What done differently if had the chance?	Nothing	12	5
16 for self		Hire contractor	2	N/A
		Hire different contractor	N/A	1
		Use different materials	0	1
		Would do more	3	0
		Wouldn't do it again	0	1
		Ignore advice from building inspector	0	<u>1</u>
		<u>17</u>	9	
17.	Why renovations done?	Resale	3	0
		More space	7	2
		General upkeep	4	5
		Other	<u>3</u>	<u>2</u>
		<u>17</u>	9	
18.	Reaction to hiring women.	Yes	3	0
		Fine if qualified	9	6
		Fine if qualified and strong	0	2
		Fine if cheap	1	0
		Unsure	3	2
		No	<u>2</u>	<u>0</u>
	(multiple answers)	<u>18</u>	10	

Question Number	Question	Response Categories	Response Frequencies	
			Self-Done Renovations	Contracted Renovations
19.	Future renovations planned?	yes no	9 8 <u>17</u>	1 8 <u>9</u>
20.	Suggestions for women setting up business.	No suggestions Don't do it Do it Men do heavy, women do light Get experience Do good work and get a good reputation Lower prices Advertise	10 1 0 1 0 4 1 2 <u>20</u>	3 0 1 1 1 3 0 0 <u>9</u>
21.	Condition of house.	Excellent Good Fair Poor	7 9 1 0 <u>17</u>	5 4 0 0 <u>9</u>
22.	Age of head of household.	15 - 24 25 - 34 35 - 44 45 - 54 55 - 64 65+ no answer	2 5 4 6 0 0 0 <u>17</u>	0 3 3 2 0 1 0 <u>9</u>

Question Number	Question	Response Categories	Response Frequencies	
			Self-Done Renovations	Contracted Renovations
23.	Number of people in household.	Single	0	1
		2	3	2
		3	4	2
		4 or more	10	4
			<u>17</u>	<u>9</u>
24.	Total household income	under \$9,999	0	0
		10 - 14,999	2	4
		15 - 19,999	1	1
		20 - 24,999	5	1
		25,000 or more	3	2
		no answer	6	1
	<u>17</u>	<u>9</u>		
1	Age of house	0 - 15 years	10	4
		16 - 30	2	2
		over 30	1	3
		unknown	4	-
			<u>17</u>	<u>9</u>

APPENDIX E
INTERVIEWS WITH
INDIVIDUALS IN THE
RENOVATIONS BUSINESS

APPENDIX E

INTERVIEWS WITH INDIVIDUALS IN THE RENOVATIONS BUSINESS

Following are summaries of interviews conducted over the telephone between May 8 and May 18, 1978. In most cases the interviews were with the owner or chief management personnel and in all cases the individuals were assured of anonymity with respect to their personal and company identity. An attempt was made to achieve a cross-section of company types particularly with respect to size of operation. Below is a list of companies interviewed - identified by number in rank order of size.

<u>Company Number</u>	<u>Size (full time employees)</u>
1	50
2	24
3	15
4	14
5	4
6	4
7	1
8	1
9	former owner of large company

INTERVIEW WITH: COMPANY 1 - 50 full time employees

TYPE OF WORK: 50% renovations - 1/2 of which is painting and
decorating
25% new homes
25% repairs after fires
- 50 % of work requires building permits

CLIENTS: Major part of renovation and new construction is in Tuxedo, River Heights area but do not work entirely in this area. Interviewee claimed his clients represented a pretty complete cross-section of geographical location and income groups.

Fire repairs are equally distributed throughout the city.

Homeowners only - no work done for people who buy, make cosmetic changes, then sell.

MARKET TRENDS: Interviewee feels there is no question that there is an increasing trend to renovate and improve and add to existing housing as opposed to moving to newer areas - "this is our busiest year ever." He conceded that his firm's reputation would be a factor in increasing volume of work, but saw other factors as equally important.

(a) "You can buy a house for \$60,000 in River Heights, make \$30,000 in improvements and end up with a house that would cost \$140,000 in Tuxedo.

(b) All the choice lots in the River Heights area are developed, so if you want a new house you have to build "out in the boondock". People want to stay in the choice areas, don't like commuting from the suburbs. Houses are selling briskly in River Heights.

Interviewee finds that you have to price carefully, give good advice, so that improvements can be made as economically as possible without cutting corners. Labour costs are high and are bound to get higher. People know, however that the price of housing can only increase so they do what has to be done, ie. make the necessary improvements.

In the River Heights area people are doing both additions and renovations to existing space.

SEASONAL LIMITATIONS: "If you handle the work properly" men can be kept busy all year round. Foundations and outside work are done in good weather, inside work in winter. Has a regular contingent of tradesmen whom he employs all year round, hires casual help in summer.

PROMOTIONAL TECHNIQUES: No media advertising. Restricts promotion to word-of-mouth, advertising in yellow pages. His firm also sponsors, or donates to worthy causes, benefits.

SIZE OF COMPANY: 50 construction employees - 70 in summer.

BREAKDOWN: 16 carpenters, 25 painters, 10 helpers plus 4 estimators, 4 girls who work in office, 2 partners.

There is no official training program. It is imperative to make good initial selection of perspective employees, new employees are sent out to work with experienced men.

STRENGTHS & WEAKNESSES: In business since 1953 - Goal to be in business 35 years. Will consider self a success then. Considers own company a middle size in relation to construction companies as a whole, one of the biggest in the field in which they specialize. "You can't stay at a certain size when the work is there," although company does turn down work that is not in their field, ie. heavy construction, ie. apartment blocks. Sees self as a "general contractor" - feels that people don't like to deal with all kinds of contractors when they have work done. It's easier to deal with one person." He sub-contracts electrical, plumbing etc., but he supervises and is responsible for their performance.

PITFALLS: Renovating and decorating is "the toughest business in construction". If you satisfy the husband, you can't satisfy the housewife and vice-versa. They pick out plumbing fixtures and when fixtures are installed, homeowner complains they don't look the same as they did in the picture. Homeowner picks out paint colour, which he/she hates when it's on the wall, etc.

Problems with tradesmen - want to be paid well for doing nothing, or as little as possible. Those not successful "don't pay attention to business - they're out driving around town chasing women - have other interests"

REACTION TO WOMEN IN THE TRADES: "Women are quite capable in interior decorating, planning and layout" - Re: women tradesmen - "Well, I like to keep my wife at home where she should be." When asked if he would consider hiring a female tradesmen, he replied that no such had approached him for a job and he hoped they never would. That would be a problem that I hope I never have." He added that he did not wish to answer any more questions on this subject.

STRATEGIES RELATED TO SUCCESS: Keep plugging away.

PRICES: "I don't give any prices over the telephone."
"I don't do any hiring over the telephone."

SALES VOLUME: Does "thousands of jobs/ year." ranging from \$100 to \$200,000."

Probably takes out more building permits than any other company in town.

BUILDING PERMITS REQUIRED ONLY WHEN STRUCTURAL CHANGES ARE INVOLVED.

SUB-CONTRACTING: Uses 2 electrical firms, 2 plumbing firms, whom he has worked with for 25 years. Also sub-contracts roofing. Knows these people to be dependable, trustworthy - doesn't worry about their over-charging - "we all know what the price should be - they just go in and do the work." Working with same companies allows for quality control.

"Not enough young people are going into the business - very few good carpenters." University is not salvation. "I hire strictly on ability - don't worry about papers or university."

Interview with: COMPANY 2 - 24 full time employees

MARKET: Company does everything in the construction field - commercial, residential, new homes. 60% - 70% of business is in additions and renovations. A very versatile company "when we build a home we're like a caretaker for the rest of our lives" - clients are wealthy. Call contractors back for maintenance work i.e. have built homes outside the perimeter - if there is a flood threat owner calls - contractor who prepares area for diking, does sandbagging if flood happens, takes responsibility for security if owner evacuates, then cleans up after flood. Built seven private camps near Kenora - contractor opens them up in spring, closes them in winter. This year built a rock garden for the Japanese consulate.

TYPE OF CLIENT: We "go after people with money". Clients mainly middle and upper class - i.e. did a renovation for Guslitts (architect) for \$150,000.
We "don't go out and initiate changes to the core area" but wouldn't turn down jobs there."

MARKET TRENDS: There is a trend toward renovations and additions - if people bought a home 15 years ago it probably cost \$10,000 - \$11,000. On today's market it costs \$45,000. People can spend \$15,000 putting on an addition and still be ahead. People like their own neighbourhoods. People get used to their surroundings. There's all kinds of business there (in renovations and additions). No man needs to be out of work. People have better taste now - there's quite a bit of remodelling in bathrooms and kitchens where styles have changed most. Recreation rooms are out of style. People would rather have a family room addition. "To me a basement is a basement." People still have money for luxuries - it's a case of hoarding it or not hoarding it.

PROMOTIONAL TECHNIQUES: Only advertising is in phone book. "Once in a while I take somebody for lunch." Most of clients are in business so "if we do their house, they'll call us to do their office" or vice versa. We've worked with some people for 23 years, we get recall after recall.

SEASONAL LIMITATIONS: Business is never slack in winter.
Last time anyone was laid off was 10 years ago.

SIZE OF COMPANY:- 4 owners - 1 supervises commercial construction
1 in charge of remodelling
1 in charge of new residential
1 in charge of cottages or lake camps.
Each has own specialty. All workers are non-union. Fifteen man crew year round - 8 carpenters and 7 helpers, 5-6 additional men in summer, 4-5 office staff-bookkeeper, typist etc. Considers company middle or below middle in size. Training consists of hiring a new man, assigning him to work with one of regulars.

STRENGTHS & WEAKNESSES: Feels company is neither big enough nor small enough. With a 2-3 man operation you have no overhead - able to keep head above water. Can do overtime yourself. Noted that he a couple of times tried to go big "damn near went broke".

PITFALLS: Had 50 men there was too much supervision involved. Now sticks with 15 regular carpenters and helpers and five casual in summer. Because of versatility "we are able to carry on". Carpenters are versatile too - Many have been with the company 15-20 years. There's co-operation between employee and employer. If a carpenter needs to dig a ditch he does it - he's not proud. Maybe new blood is needed though. Have been in business for 25 years.

SALES VOLUME: --

STRATEGIES FOR SUCCESS: Versatility - high quality work - good service. "Go to Alberta young man."

REACTION TO WOMEN: Can't see anything wrong with women as carpenters - "the whole world is run by women" - No women have approached him for a job but perhaps some hesitation re: hiring because of need for special facilities i.e. washrooms.

SAMPLE PRICES: No square foot basis for prices. No two houses are alike, no two people have the same taste.

SUB-CONTRACTORS: Sub-contractors all handling plumbing and electrical work. Uses same sub-contractors all the time to maintain quality. Has a small pool of sub-contractors in each trade - puts own sub-contracts up for bid. That way ensures a fair price. Also their work volume is so large that one small sub-contractor probably couldn't handle all the work.

May 9, 1978

Interview with: COMPANY 3 - 15 full time employees

Personal Interview recorded from notes - Interviewee refused to have interview taped.

TYPE OF WORK: 60% of business involved in renovation after fires in private homes. Majority of work in core area but some suburban work. 40% commercial renovation after fires. Small and decreasing amount of renovating in private homes on contract ie. kitchens, bathrooms.

CLIENTS: are, in fact, insurance companies who hire this company to do renovations after fire damage. Work is done mostly on older homes in the inner city but contact is between insurance adjuster and contractor rather than homeowner and contractor.

MARKET TRENDS: From his own observation, interviewee believes there is a strong trend to renovation "almost every house you see is having something done." So far as his own business specialty is concerned, number of houses burned per year presents a stable and/or increasing market.

SEASONAL LIMITATIONS: do not apply. Renovation after fires "good for winter work."

PROMOTIONAL TECHNIQUES: Company when still involved in private renovations- used to advertise re: bathroom, kitchen - remodelling. They no longer do so. All business now comes through contacts with insurance adjusters, primarily, and through word of mouth, and ads in the newspaper calling for tenders. Private remodelling "just didn't work out." Company still advertises in the phone book but will not continue to do so when new directory comes out. Company is discontinuing all remodelling in homes unless major work ie. large additions is involved.

SALES VOLUME: Last year - ball park figure \$500,000

STRATEGIES RELATED TO SUCCESS - PITFALLS: Don't give up.

"We had hard times - sometimes jobs cost us money". Must have a source of capital to fall back on but not necessarily a large amount. Must be "on your toes all the time". Other tradesmen will take advantage if you don't know them, keep an eye on them.

REACTION TO WOMEN IN THE TRADES: Company employs a female carpenter but she doesn't "swing a hammer" - works inside, takes orders (re: materials required, equipment, etc.) does book-work re: men's times, etc. Interviewee positive toward female employee, is confident she could "swing a hammer" if necessary.

SAMPLE PRICES: Price/sq. ft. dependent on sort of house that has been burned ie. more costly to repair a \$150,000 in Tuxedo, than a little house in the core area. Couldn't give firm prices as each house is repaired in accordance with its condition prior to the fire. (In case where the house is more that 50% gutted it is considered a total write-off - the house is gutted completely and they start from scratch.

SUB-CONTRACTING ARRANGEMENTS AND RELATIONSHIP TO OTHER TRADES:

Company employs only carpenters and plasterers on full-time basis - some casual trade help during busy time but considers casually employed tradesmen as a risk.

Remainder of trades work sub-contracted - no problems with sub-contractors. Company has sub-contractors whom they favour and who know what company's standards are. (Some sub-contractors union, some non-union). Feels sub-contractors "off the street" will take advantage of company if not supervised carefully.

Good long range forecast for own company. Feels construction activity which has been sluggish will pick up and sees future optimistically.

May 10 - 10:00 AM

Interview with: COMPANY 4 - 14 full time employees

Telephone Interview: 35 minutes

TYPE OF WORK: Recreation Rooms - 65%
Renovations & Remodelling - 35%
Additions
Renovations inside

Throughout Metropolitan Winnipeg -
Very little in core area. Majority of rec rooms in areas
where houses 5 - 10 years old or older. In new houses
people have no money.

CLIENTS: Couples in age bracket 35+, mostly 40 - 50.
middle class living in houses 5 years old and older.

MARKET TRENDS: Luxury buyer no longer as common. Down to
recession business. Customer really needs what he's
buying. Business is here but you have to look for it.
Framing and insulating business a new trend - Doing it
for energy saving.

SEASONAL LIMITATIONS: All year round business. During slack
periods go out to look for jobs. During winter months
when slow looked for new business, re: attic insulation.
During July and August install swimming pools.

PROMOTIONAL TECHNIQUES: T.V. Show - Advertising campaigns
"like farmer considers fertilizer"- Diversified media -
advertising of all kinds. Have an advertising budget.

SIZE OF COMPANY: Staff of 12 - tradesmen (non-union) - full-time
subs. - insulators
electrical - annual agreement with each sub-contr.
plumbers
- Always use same ones, if any problems have a little power.

STRENGTHS & WEAKNESSES: 18 years in business and growing.
Strength is in diversification. When no rec room business,
looked for new business in insulating and installing
swimming pools. Intensive advertising when new area of work.

SALES VOLUME: Refused to divulge

STRATEGIES RELATED TO SUCCESS: You can't give up - Stay through thick and thin. Determination to make a go. Stubborn management. Start small if you have no back-up capital.

PITFALLS: Giving up too easy.

SAMPLE PRICES: how range - rec. rooms- minimum \$10 - \$12/sq. ft.
Kitchen renovation,
bathroom renovation - impossible to say - depends on type of materials used.

SUB-CONTRACTING: Have thought about hiring women - was tempted. Problem in training side. If we train - one tradesmen, one trainee. Carpenters like artists. Personality conflicts a possibility.

Continue on same growth - 25% growth/annum.

STAFF: Basic tradesmen ie. carpenters hired on year round basis. Essential since they must be trustworthy - often working in house when whole family is out. Except for older men, who do rec rooms only - men trained in new areas of business ie. insulation, swimming pool installation - training is slow but men are "proud to learn" new skills. Tried hiring carpenters on piecework basis but just didn't work out. Men have been petitioned by unions on 3 occasions, but were not interested.

Telephone Interview with: COMPANY 5 - 4 full time employees

TYPE OF WORK: Whole gamut of renovation and remodelling - bathrooms, rec rooms, kitchens, additions as well as total re-organization of floor plan - ie. tearing out all first floor walls and relocating, etc. If the owner knows what he wants company will do a drawing and build from that. Some architectural referrals but minimal number.

TYPE OF CLIENTS: Mostly middle class, but not necessarily in suburbs - located all over city. Would like jobs in core areas - referred interviewer to Cam Newman"and ask him why he hasn't given me any work lately."

MARKET TRENDS: Definite increase in trend to renovations and remodelling rather than buying a new home. New houses are "too expensive and they're garbage - you don't get good value for your money" -"Winnipeg is lucky - you have nice neighbourhoods." Interviewee comes from States where nice neighbourhoods in cities not so common. In Winnipeg, people find that their houses are too small, they want more space or they want to "change ther space", ie. tear down walls, etc. - "but they like their neighbourhood, don't want their children to have to change schools, so instead of moving, they add on or renovate.

SEASONAL: In this business there is work all year round because it's mostly inside.

PROMOTIONAL TECHNIQUES: Best is word-of-mouth. Company does advertise in the newspaper. On occasion take out a full page ad in the TV times (Saturday edition Winnipeg Free Press). Some referrals from architects but forms only small % of business.

SIZE OF COMPANY: 4 - 10 people depending on volume of work. No office staff - works from home office. There is self and silent partner (who is not active in nuts and bolts of business but provides capital). Employs from 2 - 8 tradesmen - carpenters and helpers.

STRENGTHS & WEAKNESSES: Would like to be bigger. Has been in business for 2½ years. "Getting known" is a big problem,

especially since he is not originally a resident of this city. Took his training, plus his trade (carpentry) in the States so does not have contacts he might otherwise have.

STRATEGIES RELATED TO SUCCESS: Attributes own success in working with private owners to his own personality. About 10% of people he encounters are "crazed householders" who want something for nothing - are difficult to deal with. He sees himself as a good salesman, articulate where many tradesmen are not, able to project confidence that he doesn't really feel.

PITFALLS: In starting new business - finding capital and dealing with banks can be difficult, also dealing with "crazed householders". So far as work itself is concerned - estimating for renovation is "a gamble - strictly guesswork" because you never know what you're going to find when you open up a wall. Only when you're doing rec rooms or putting on an addition do you avoid those problems.

SUB-CONTRACTING ARRANGEMENTS & RELATIONSHIP TO OTHER TRADES: Has regular sub-contractors whom he uses for all jobs. It is "super-important" to have sub-contractors you know and trust - Finds these by "trial and error."

Renovation carpenters are a "special breed." He doesn't hire many young carpenters because they don't enjoy the work. Most carpenters hate the "dirt, dust and tearing out" involved in renovations, and although he doesn't actually have trouble recruiting help - he is careful to explain to each new prospect that renovation and remodelling is the only work they do. Encounters problems only when people don't speak English well and who, despite his careful explanations, are surprised to find that this is the sole work they will be doing.

At this point interviewee became rather suspicious and curious about the reason for the interview and interviewer, after explanations and thanks, terminated same.

INTERVIEW WITH:

COMPANY 6 - 4 full time employees

TYPE: Basically renovations and additions. 60% - 70% of work requires building permits.

CLIENTELE: Works all over the city (about 30% in core area). 50% of clients lower middle class. 50% of clients upper middle class.

TRENDS: Increasing demand for renovations and additions. At one time if client required a major renovation he would sell instead and buy a new house. Now clients are building more expensive additions. Most add one or two rooms (mainly bedrooms) or enlarge existing rooms. Don't know reason - maybe more people are putting down roots in a certain area and don't want to move. Some people who are building out of necessity may skimp on finishing details but people are still buying a lot of frills, ie. fireplaces.

SEASONAL LIMITATIONS: When company first started didn't have contacts and business was slack in winter. Now things are a little slow from Christmas to March but usually has a little bit of work. Each year he gets more referrals.

PROMOTIONAL TECHNIQUES: Has a running ad in the classified ads - run by the month. Cost accounts for very little. Does estimates - usually gets 1 job for every 2 estimates he does. Telephone inquiries are usually a waste of time. Still has difficulty telling who is sincere.

SIZE OF COMPANY: Interviewee and wife are co-owners. No office staff. Employees vary. Usually employs 4 - 6 carpenters and helpers. (2 full time carpenters). Full time carpenters supervise new employees.

STRENGTHS & WEAKNESSES: Feels company is just about the right size. If it were any bigger would have to have work because of large amount of money tied up in equipment. At this size he can still be versatile. Has difficulty hiring reliable people and if bigger this would present a greater problem.

Has been in business 7 years.

SALES VOLUME: Varies - last year approximately \$175,000.

STRATEGIES RE SUCCESS: Have to remember that running a company is not an 8:00 - 5:00 job. Hours are long. Have to be prepared to work hard.

PITFALLS: Learned early to get a written contract. If possible places a "Mechanics Lien" or a "Builders Lien" on projects - 2 or 3 times on bigger projects you know you wouldn't get your money without something signed.

PRICES: On new additions works on some kind of formula but even that varies with shape of addition, ie. long and narrow or square - how you have to attach addition to existing roof - whether you can get machines into the yard to dig piers or whether they have to be dug by hand - etc. On older additions and renovations it's impossible to work on a formula - every situation is different. Have to be very careful when estimating - use a little foresight. You have to be interested in it - it can never be approached as just a job.

REACTION TO WOMEN: Have hired women for clean-up work and they "worked out great". In regards to regular work it would depend on the job. As far as carpentry skills concerned wouldn't hesitate to hire a women. For jobs requiring strength, ie. moving forms underground - would be concerned about a woman's strength.

SUB-CONTRACTING: Sub-contracts electrical and plumbing work. Hires basically the same people - they give a good price and he knows them to be reliable.

May 10, 1978

Telephone Interview with: COMPANY 7 - 1 full time employee

STIPULATIONS FOR INTERVIEW:

1. No personal questions.
2. Under no circumstances is name to be published in any reports.

TYPE OF WORK: Interviewee is a carpenter by profession, works in all types of construction involving renovation and remodelling of older homes. Does no work on new construction - finds renovations interesting - "nothing is uniform" - "you have to use your head" - would feel like "a piece of machinery" building new houses in the suburbs for a large construction company.

MARKET: For past 4 years majority of work had been on RRAP and NIP projects - mostly in the core area. Also has work for private owners - no pattern as to area - works "all over" for private customers. Does no work where tenders are advertised in paper.

MARKET TRENDS: Has no knowledge of new housing starts but remarks that renovation construction has been slow since last fall and he has noted no significant increase this spring. Personally he always has more work than he can handle.

SEASONAL LIMITATIONS: Summers are usually busiest but it's "up to the individual when he works." He usually tries to get time off for holidays but even during winters he sometimes finds he's too busy to take time off. "There's always work if you want it."

PROMOTIONAL TECHNIQUES: Does no advertising. All private business he gets from word-of-mouth, ie. referrals from previous customers. He submits a bid for work with RRAP and NIP. Used to to a lot of estimating but wasted a lot of time. With private customers now he usually knows from experience who really plans to hire him and 50% of the time he has the job before he gives a price. For rest of time gives a price and gives people time to think, but people know his work and are prepared to pay for good craftsmanship.

SIZE OF COMPANY: Works entirely on his own. If he needs a carpenter's helper he takes one of his sons out on the job. He hires sub-contractors for roofing, plumbing and electrical work.

STRENGTHS: Has been a carpenter for 35 years - always working entirely on his own. He feels it's good to do a little of everything, i.e. tiling, painting. If a room needs painting he doesn't sub-contract that, he does it himself. If you have to hire sub-contractors there is a long of book-keeping involved, "I might as well keep the money myself." Unless sub-contractors are well known must be constantly supervised to ensure quality materials used and quality labour completed.

Specialized in all renovation - bathrooms, kitchens, additions - no new construction.

SALES VOLUME: Refused to divulge.

STRATEGIES RELATED TO SUCCESS: "You just have to be honest" - Reputation is extremely important. "You can't expect jobs to come knocking on your door" - Although after 35 years work does come to him unsolicited - his reputation having been established.

REACTION TO WOMEN IN THE TRADES: "Not that rosy" - "A woman belongs in the house."

SAMPLE PRICES: "I couldn't say" - "Depends on what people want." Makes own kitchen cabinets so price would depend on kind of wood, layout and size of kitchen, etc. When bidding on RRAP and NIP contracts uses good materials, withing certain guidelines - ie. would probably not use walnut for cupboards.

SUB-CONTRACTING ARRANGEMENTS: Sub-contracts roofing, plumbing and electrical work. He "has connections" with small sub-contractors (all non-union) and uses the same people from year to year. "Dependability is the main thing." If you pick contractors off the street you can't trust them - too many out for a fast buck. If he has to change sub-contractors for some reason, always uses someone he knows or someone referred by a trusted colleague.

May 11, 1978

Interview with: COMPANY 8 - 1 full time employee

Telephone Interview:

TYPE OF WORK: 1. any kind of woodworking cabinet making
2. rec rooms, renovations - not quite half

MARKET: Works all over city, primarily for private homeowners. Last year did quite a bit of work for Winnipeg Housing in low rental areas i.e. Burrows Development but no contracts this year - believes their budget was cut back. Clients mostly middle income but has worked for some low income families, mostly re: Winnipeg Housing.

MARKET TRENDS: Believes trend to renovations will increase because of cost of new homes. It's expensive to renovate but still cheaper than buying a new house. People in older houses tend to change bathrooms and kitchens which have become out-of-date-add new vanities, new kitchen cupboards and sinks and basement rooms.

PROMOTIONAL TECHNIQUES: Limited to telephone book. "If I go out and really want to get more business I can" - "but I'm not a big business promotor". "I don't have to look" for work. Does not bid on contracts, customers come on referrals from other customers.

SEASONAL LIMITATIONS: Don't apply. All of his work is inside - works all year round.

SIZE OF COMPANY: Does all work himself unless he gets really busy - then hires part-time help ("I have people I know who work in the evening") or hires people from Temporary Employment Service - "I ask for people I know. I try to get the same people every time". All part-time help is non-union.

STRENGTHS & WEAKNESSES: One man operation is "not a very good way. It's not efficient" although he believe his clients get good service. It's "better to be a bigger operation - you can produce more- but then you got more headache with

the helps". "You gotta be bigger, 2 or 3 people are no good - they go out on a job and waste their time, don't do much work. You can't charge that much. How much can people pay? With 2 or 3 people to supervise I can't do that much work myself - it's too much aggravation - not profitable. You should either work by yourself or have 10 - 12 people on an assembly line manufacturing a product - something they can sell in the stores i.e. coffee tables. That could be profitable if it (manufactures product) was not too expensive. With a larger company you would need a salesman, a promoter, and you would have to put in bids. When you're on your own nobody is standing and watching. I make a living. I'm happy because I don't have that much headaches." With a larger operation "If I have people I don't have work, If I have work, I don't have people." There would be constant problems with help. Young people are not interested in woodworking - they go to university - take science. In fine work they are interested - not cupboards, renovating houses.

SALES VOLUME: Did not ask.

STRATEGIES RELATED TO SUCCESS: "You gotta start small, work up a clientele - vanities for small apartment blocks. If you are a good craftsman be honest, give proper service, do the job properly, be straight-forward and the work will come.

REACTION TO WOMEN: Carpentry is "not the best job" for a woman. If they like dust, rough work, I guess it's alright. I wouldn't encourage my daughter to be a carpenter. In a factory assembly line women are as good as men. In construction carrying and hanging would be hard but I guess women could do it.

SUB-CONTRACTING: Gives sub-contracting to plumber, electrician - all small, individual operators - non-union. They're "people I've known for years - reliable - I know they're dependable ." "You gotta know with who you're dealing."

INTERVIEW WITH: COMPANY 9 - former owner of large company

TYPE OF WORK: Interviewee is the former owner of a large construction company which specializes in building recreation rooms and fireplaces. He has recently sold the company to his brother, who is now president of the company.

Interviewee has written a book on building recreation rooms for the do-it-yourselfer, appears on open line programs (radio) across the country and appears on a CKY-TV program for the home handyman. He also writes a column for the Winnipeg Free Press. He is a consultant to his brother's company - because of his high profile the company has no need to advertise.

SEASONAL LIMITATIONS: re: rec rooms - none

TYPE OF CLIENTS WHO BUILD REC ROOMS: Whole spectrum of income groups but two groups mainly:

(1) young married people who have lived in their homes 4 - 5 years, have paid off debts re drapes, second mortgage, etc. and who need more room because of birth of children.

(2) retired people who have a rec room built for an investment.

MARKET TRENDS: Interviewee disagreed that there was a trend away from rec rooms to main floor family rooms or away from luxurious to more functional family rooms. He claims that his brother's construction company is busier than it ever has been and that many of the rec rooms built run between \$8,000 - \$16,000. Many people now installing steam rooms, whirlpools, etc. It is energy saving (trend) to finish basement. He disagrees that the country is in a recession and that even if that were so, recession motivates people to invest in real property, particularly in their own homes. Fact that more and more homes are being built each year, population is increasing means that market is growing.

On the prairies where it is colder, people tend to spend money inside the house whereas in Vancouver, for instance, they might be more likely to spend money on the exterior, i.e., decks, landscaping, etc.

PROMOTIONAL TECHNIQUES: The most effective advertising is word of mouth. Second most effective is T.V. advertising - It is expensive and must be presented, on prime time or on a program where people interested in refinishing rec rooms, remodelling, etc. would be likely to be watching.

STRATEGIES RELATED TO SUCCESS AND PITFALLS: Most companies try to take on too much, get too big too fast. They lose control, begin to hire tradesmen who are not competent. When he was president of his construction company he would not hire inexperienced carpenters. People would ask, "Where do we get experience then?" "My answer was, from working with our competitors". When carpenters have worked two-three years in the field and know what they're doing, we'll pay them \$2.00 to \$3.00 more/hour than they get elsewhere. Not concerned whether carpenter has his papers or not, only if he had built recreation rooms before.

QUALITY WORKMANSHIP IS THE MOST IMPORTANT FACTOR IN SUCCESS:

Carpenters are a company's most important p.r. - not because of what they say, but because of the quality of work they perform.

There must not be friction between management and tradesmen. When that happens, tradesmen start to steal time - which is money - and frequently materials.

Many tradesmen try to go into business but have no management ability. It is essential that every employee have pride in his work. His (interviewees) company always assigned one carpenter/rec. room. That way, if a rec room was photographed for interviewee book, carpenter could point to it and say, "I did that", not "Joe and I did that." When two carpenters/job, they would leave the dirty jobs for one another.

SAMPLE PRICES: Recreation room costs have doubled in the last 8 years. Minimum cost for i.e., 14' x 18' house addition is \$50/sq. foot - could easily run to \$75 and if luxurious, the sky is the limit.

Recreation rooms \$10-\$12/sq. ft. (includes labour and materials) for \$17/sq. ft. recreation room, bathroom and bar.

SUB-CONTRACTORS: Only sub-contractors who had been recommended could be considered. All things (i.e., cost, ability to do the job) being equal, neatness was a deciding factor - did a plumber clean up the mess he'd made, etc. Tended to hire same sub-tradesmen over and over even if someone came in with a lower bid. He found that a sub contractor would bid low on the first few jobs, then his prices would rise to the same level as everyone else's after he had an "in" with the company. Best sub-contractors to hire are small - with owner and a couple of helpers. With larger companies, the employees usually don't care about their work unless the boss comes along.

APPENDIX F

INTERVIEWS WITH
INDIVIDUALS INVOLVED IN
HOUSING REHABILITATION

Interview with:

INSURANCE APPRAISER

AREAS:

Old River Heights: from Kelvin High School, south and west.

In this area little or no complete gutting of houses. Zoned for single family dwellings. People are replacing plumbing, electrical wiring, putting in kitchen cupboards and adding closet space.

Fort Rouge: S. of McMillan - Corydon, Cambridge.

Two types of renovations, 1) owner occupant upgrading his own house, 2) conversion of single family to duplex or rooming house if zoning allows. In this type of conversion you see two entrances on front. Necessary to add full bath and kitchen to second storey or to add bathroom to main floor if original house had a bath only on 2nd floor. As a rule bathroom is added to basement as well. Problems arise with adding plumbing lines running through middle of your main floor living room. If you add a basement bathroom it has to be tied into the existing line. In the basement, flooring and weeping tiles must be replaced. Foundations are pre-1920 - mostly stone. Frequently they end up replacing plaster and drywall, adding new flooring, which requires new underlay (depending on flooring used).

In most cases in this area the home is owner occupied - he builds suite to rent upstairs. He does part of the work himself - sub-contracts what he hasn't the skill to do.

West End: Sherbrooke, west to the River, north to CPR

This area occupied by ethnic groups; many of whom are tradesmen or are handy. They tend to do their own renovations. Some homes are single family - in other cases a suite is created for revenue purposes - Depends pretty much on size of house.

North End: Not too familiar with this area. Problems with renters on welfare. If homes are not owner occupied they're usually in terrible shape. City finally condemns them. If houses are structurally sound it's 50-50 rehabilitation or demolition.

PROCESS:

(a) Typical Property: Frequently estate property or a house where owner has lived 20 - 30 years and has done little or no modernization. Other types are the house that is a, 1) wreck or is, 2) really dirty - needs painting and minor repairs.

West End: s. of Portage - older house, bungalow - fireplace - preferred by young couples as starter homes - larger house requires too much maintenance.

(b) Price: depends on location, condition of the house. If it is in a good location and is in pretty good shape the purchaser will fix it up. If the condition is really poor and location not so desirable, ie. in north end, occupied by native Canadians on welfare, the purchaser may demolish the house and start fresh.

(c) Dollars Spent: In West End interviewee knows of one man who spent between \$15,000 and \$20,000 on renovation but that is not the norm.

YOU HAVE TO BE CAREFUL NOT TO OVERDEVELOP.

In the West End if you overdevelop, ie. put so much money into improvements that your house is the best on the block, you end up in financial trouble because the resale value will not match your investment in the house.

In River Heights the area is so desirable that over-development is not the same concern.

SALE PRICE AFTER IMPORVEMENTS: In West End -
 800 sq. ft. bungalow - \$30,000 - \$40,000
 1000 sq. ft. - \$50,000 - \$60,000

TURNOVER TIME: If the purchaser is not occupying the house he is renovating he must turn it over withing a couple of months - its' too costly to hold longer. It's very easy to run short of money before necessary improvements are completed.

OWNER OF PROPERTY SHOULD EXPECT: 1%/month return on investment.

HOW PROPERTIES ARE LOCATED: People who are continually buying and selling usually have a contact in the real estate business. Lots of these properties are advertised in the paper, many are private sales; estate sales. Properties could also be sold by word-of-mouth advertising.

DOLLAR VOLUME: Profit depends on when house bought, when sold, desirability of property, location. Minimum \$5,000/house?

FINANCING: CMHC home improvement loans - requires no 2nd mortgage registration. Most lending agencies prefer to give a straight loan or a personal loan, 2nd mortgage or collateral loans (on latter two interest may run 12% to 18% with 6 month interest penalty). Many purchasers attempt to refinance a 1st mortgage, after improvements have been made and purchaser wishes to sell - financial arrangements vary depending on how much cash the new purchaser has. Some assume existing mortgage, but as a rule they refinance.

PEOPLE WHO BUY & SELL:

- (a) real estate people - people in this business of buying and selling sometimes get up real estate company of their own. -additional profit here as they save 3% agents fee when house purchased.
- (b) tradesmen
- (c) people who are handy - renovate houses as a sideline, ie. teachers who have all summer to do the work. They'll buy in May or June, sell as soon as work is complete. ie. preferably before end of August.
- (d) people who work for department stores or lumber yards who can get materials for renovations at a discount.

REHABBERS: In ethnic areas and where tradesmen are involved - a kind of co-op may be involved, ie. carpenter decides to renovate home - his brother, or a man he works with will do the wiring on the house the carpenter is renovating if the carpenter will come and help the electrician when the electrician renovates his house. People tend to hire subcontractors they have had recommended to them by friends, neighbours, etc., or will call someone advertised in yellow pages. They will probably require estimates.

BUYERS AFTER REHAB: In modestly priced houses it's frequently people with children or people without time, money or skills to do the renovations themselves.

In higher priced homes the new buyer may simply appreciate what the renovator has done; likes downtown location.

MAJOR PROBLEMS IN REHABILITATION:

(1) Few people like to quote on renovations because they don't know what they're getting into until they actually begin the work.

(2) Financing: Lenders want to see all of the renovators money invested in the property before they lend any money - want to ensure that the equity is there.

ie. Renovator wishes to invest \$20,000 in improvements to his home. He can invest \$10,000, a large portion of which comprise his labour. He will need a \$10,000 loan from the bank. He begins work, runs out of money. He has invested, let us say \$5,000 in cash, \$5,000 in labour. Bank will not lend him money, because he hasn't invested cash of \$10,000.

ZONING: no real problem

ADVICE:

(1) Make sure foundation is sound

(2) DON'T buy most expensive house on street if you want to improve and sell. Do find structurally sound house that is DIRTY; needs floor covering, painting and decorating. Lots of money to be made in making cosmetic improvements and re-selling.

(3) Buy as much house as you can afford as soon as possible.

Interview with: Individual (Who wishes to remain anonymous) Who renovates for speculative purposes.

LOCATIONS: To date has worked primarily in Fort Rouge, Fort Garry area, has worked in Riverview (good area but has trouble getting money out here), but is moving to N. Kildonan area - Knowles Bonmer. Warns against ends of Warsaw, Mulvey, anywhere in Fort Rouge within six blocks of Pembina.

PROFILE OF INTERVIEWEE: Has been in business of renovating five years. Carpenter by trade. Started by doing renovating for real estate companies. Two years ago went to work in Ottawa on Heritage Home restoration. Returned to Winnipeg and went into business for self. Has done 32 -33 total renovations. Has eight trades ("I just picked them up.")

Interviewer renovates a house, then rents. He has none of his own money in house. See Financing below. Rental covers cost of mortgage payments plus a small profit. He is presently selling a couple of houses in poor areas. See above. But as a rule is holds his houses, speculates on their increasing in value.

He takes a wage out of the business as well "because I have to live too."

TYPICAL PROPERTY: Interviewer's note: What he's looking for might be different because he's renting houses after rather than selling.

Numerous combinations: i. ugly, beaten up but has new furnace, new wiring
ii. really well maintained, good oak showing but needs electrical work

Basic features to look for:

- i. Wiring - too expensive to do a total rewiring so look for some new work
- ii. basically sound structure, roof doesn't sag, walls straight, eaves troughs and soffits in good shape
- iii. aluminium windows

PURCHASE PRICE: Typical example in Fort Rouge, Fort Garry.
Buy small house for \$20,000 - \$25,000 .

DOLLARS SPENT: Spend \$4,000 plus own labour (average 1 month)

SALE PRICE: Sell for \$32,000, \$35,000.

In Riverview recently spent 8500, eleven weeks on a house but couldn't get value out of the house. Seemed to be a problem with the house itself rather than the area.

NEWEST PROJECT: Bought a bungalow in N. Kildonan area for \$37,5000. Surrounded by \$100,000 houses. House is in good shape but basement is only 6' x 2'. He will raise house, put new basement underneath, convert house into bi-level, He will tear down walls, add to bedrooms, change location of kitchen. Plans to spend \$15,000. Believes he can sell for \$70,000.

TURNOVER TIME: Averages about 1 month to do renovations.
Then rents house.

PROPERTIES LOCATED: By a couple of real estate agents when he first went into business, saw about forty houses/week. Took same agents with him. Educated agents to features he was looking for. Now they know exactly what he wants and they contact him when properties come up.

AVERAGE RETURN: For every \$1 spent, get \$1 return. Interviewee is unusual because he can do so much of the work himself. Would average about \$4,000-/renovation.

FINANCING ARRANGEMENTS: Example: Bought a house on Lipton Avenue for \$27,000. Made \$4,200 down payment (must be 15% because he is a commercial firm). Spent \$3500 plus three weeks of him time. Had house reappraised - appraiser appraised it at \$36,000. Now he takes out \$9,000, 2nd mortgage which covers his down payment, money invested and "small profit". House on Lipton is rented to cover mortgage payments. Interviewee uses \$9,000 to invest in new house.

If he sells, tries to persuade purchasers to assume existing mortgage. However, if purchasers wish to re-finance, have no trouble getting CMHC mortgage, as he follows their standards carefully i.e. headroom, stairways, foundations, furnaces, electrical.

Doesn't always agree with their standards - "I use a lot of carpet" - they don't care if the carpet is \$30/yd. or \$5/yd. as long as the floor is covered. If I use 2' x 4' in the basement rec.room or 2 x 2's, it is all the same to them.

SEASONAL FEATURES: You can work all year round but you have to pick your houses right. Might buy three houses in the fall with possession dates, say Nov.15, Jan. 1st and Feb.1st, all with work that can be done inside.

SUB-CONTRACTORS: Sub-contracts plumbing and electrical work - "when you're renting a house you have to be really careful about wiring in case of fires".

Contacts are really important. You have to know the right tradesmen. Does a lot of work on the barter system i.e. plumber is coming over to do a house for him next week, three weeks from now interviewee is going to take to do work on plumber's cottage.

Also has contacts with people in carpet business - uses same people, at least once/month - spends about \$5,000/yr. Does favours for them. Then he knows he can get a good price in return.

Contacts re: other materials on same basis.

If he needs a sub-contractor "I don't look in the Yellow Pages - I look in a couple of the pubs I know. I know 100's of tradesmen I can bargain OK." If the strike goes on for a few more weeks, you'll be able to get any tradesman for \$4.00/hour. Wouldn't hire an electrician or a plumber because he has his regulars, but if he needed some roofing or a stucco job done will get it done cheaply this summer.

MISCELLANEOUS: There will be a definite trend to renovating especially if the strike continues as tradesmen will try to pick up a little money this way.

There's lots of competition in this area; but "I'm good friends with people. I know when to buy lunch.

Can't pinpoint "a major problem." There are about 125 different points to renovating, all inter-relating". Every place is different.

Renovating learned by trial-and-error. It's difficult and costly if you don't know what you're doing. i.e. House on Harrow was burned, "gross" job of renovation. People need a renovation consultant. About six sub-contractors are working at the same time. "They tore out oak floors - I drove by- some guy was digging it out of the garbage. I checked it out, about 4 sq. inches was actually damaged. So they spent money to tear out a good floor, paid someone to haul it away, now they have to install a new floor, which will be plywood, so now you have to think about carpet. That mistake cost them about \$2,000.

Interviewee's method of operation most economical because of flexibility it allows. If he were renovating for someone else, he would have to give an estimate, provide homeowner with a plan which he would have to follow. This way, he has a plan, but if he gets halfway through the job and sees a way which would be cheaper and better he can do it that way.

Interview with: REAL ESTATE AGENT

TRENDS: Many young couples are buying older homes and fixing them up. Many of them are do-it yourselves. Tradesmen's wages are prohibitive. Most do their own carpentry - hire electricians. There is a trend to taking courses at Red River College.

When people buy houses to resell they tend to make cosmetic changes only. When do-it yourselves get into trouble they'll hire a tradesmen to clean up the mess.

AREAS OF INTEREST: West End - Polo Park to City Core - south and north of Portage, but south of Portage preferred. Many of the houses in the area are sub-divided revenue houses, often ruined by sub-division. These are now be de-converted to single family dwellings - especially if old wood is still there.

CORE AREA: Trend to conversions to multiple dwellings if zoning allows it. In areas like Armstrong Point, Home-owner's Associations are blocking conversions to multiple dwellings.

RIVER HEIGHTS: Trend to add extra rooms, sun decks, converting attached garages to family rooms. In this area people hire tradesmen.

Lots of work available - new tradesmen must do good work, make a name for themselves.