



CHRA CONGRESS SESSIONS SERIES 2017

A Critical Dialogue on Affordable Homeownership & Demand, Development & Market Analysis



BC Housing

With thanks to BC Housing for
their generous support for this initiative

May 2017

Introduction

Speakers:

Peter De Barros, Vice President, Government Relations, Habitat for Humanity Canada (Nat'l)

Founded in 1985, the core vision of Habitat for Humanity is that everyone deserves a safe and decent place to live. Their mission is to break the cycle of poverty by building affordable housing with volunteers and community partners, including those from the private sector and government. Homes are sold to low-income earners who do not qualify for mortgages at financial institutions. Habitat for Humanity employs a self-sustaining model where they hold the mortgages. No down payment is required by the homeowners, mortgage payments are geared to income, and interest is not charged. Owners receive financial training and help with construction, putting forth 500 hours of sweat equity. In 2007, the organization partnered with the Assembly of First Nations to launch an Indigenous housing program, which includes teaching building and maintenance skills and training for youth and women. In 2016 Habitat for Humanity assisted 273 families, since its inception in 1985 it has helped over 3, 000 families.

For more information visit <http://www.habitat.ca/en/about>

John Harrop, President & CEO Attainable Homes, Calgary (AB)

Attainable Homes is an independent non-profit organization, which is a subsidiary of the City of Calgary. Formed in 2009, it helps moderate-income Calgarians achieve home ownership. Home buyers contribute \$2,000 to the down payment, and Attainable Homes provides the balance of a 5% down payment. When an owner sells the home, a portion of the appreciation goes back into the program. For example, if the owner sells after 2 years, 75% goes back to Attainable Homes, after more than 3 years it drops to 25%. In 6 years they have helped over 800 families. The group feels they need to dig deeper in order to help more people achieve quality homeownership.

For more information visit <http://www.attainyourhome.com>

Gary Gould, Former Executive Director, Skigin-Elnoog Housing Corporation (retired) (NB)

The Skigin-Elnoog Housing Corporation is a non-profit organization aimed to improve housing conditions for the Indigenous population in New Brunswick. It started with rental units in 1973 but moved to ownership for low to mid-income families (<\$50,000 year) in the 1990s. The Housing Corporation gives loans to new buyers, 10% of which is forgivable after a few years. Early in the program mortgages were locked in at an interest rates of 2% for 25 years (rates in the program are lower now). Over 90 mortgages are held by the Corporation. Seventy percent of the original families are still in the program, others have moved on(up). The Skigin-Elnoog Housing Corporation has been highly successful and in 2008 won the CHMC award for innovation home ownership program.

Marissa Toohey, Manager, Government Relations & Committees, Calgary Region, BILD (AB)

BILD's mandate is to be a respected voice in the building industry. Their vision is to, 'create the most livable communities in the world'. The organization resulted from an amalgamation of the Canadian Home Builders' Association, the Calgary Region and Urban Development Institute, and the City of Calgary. There are over 700 members representing all facets of land development and building. Affordability is one of BILD's prime objectives. There are an estimated 280,000 first-time buyers each year in Canada. Maintaining affordability of market housing allows critical movement in the system and eases pressure on subsidized housing.

For more information visit <https://bildcr.com>

Kira Gerwing, Manager, Community Investment Impact Real Estate, Vancity (BC)
Vancity is a values-based financial co-operative that serves over 500,000 members and has 25 billion dollars in assets. Canada's largest credit union was founded in 1964 to provide financial service to all members of society. Their vision is to redefine wealth; where social and environmental well-being are considered together with financial well-being. Vancity is a long-term financial partner with its members that also assists with feasibility studies, business plans, pre-construction, construction, and beyond. Their community investment program puts 30% of profits back to individuals and communities through support of programs such as local organic food and clean energy. Their affordable home ownership program is geared to households whose annual income is less than ~120% of the median income of their area. At the time of resale, 20% of the appreciation feeds back into the program. Currently the affordable home ownership program is administered on a case by case basis; Vancity wants to scale this up in the future.

For more information visit <https://www.vancity.com>

Moderator:

Karen Hemmingson, Chief Research Officer, BC Housing (BC)

Date:

May 3, 2017

Affordable homeownership is an essential building block along the housing continuum. As real estate values skyrocket across Canada, and rental vacancy rates are at historic lows, securing appropriate and affordable housing is a significant challenge for many low to middle income Canadians. This session will take the form of a critical dialogue on the role of affordable homeownership from the perspectives of builders, financial lenders, and non-profit housing providers. It will question homeownership issues around regional planning, urban versus rural and Indigenous communities, government plans and priorities, critical partnerships, as well as approaches to impact real estate, the role of private sector investment and ultimately, the long-term financial stability of the affordable homeownership sector.

Discussion

Question 1

Karen: The sector is at a critical junction as we have heard in terms of messaging the value and importance of affordable homeownership with government at all levels.

- **Peter, Marissa:** How do we work more strategically within the sector to partner, and better ramp up advocacy efforts?

Peter – This is a very topical question. One, we need to mobilize, and two, we need to send a strong message to the government. The CHRA and other groups need to band together to get the message out. We should be meeting with ministers and opposition critics explaining the value of home ownership. There can be a reluctance to invest money in what is perceived as private equity. The social benefits are either misunderstood or overlooked. We need to explain the value in terms they can more easily relate to. For example, for every \$1 spent the return is over \$4.

Melissa - Ownership programs are less understood than rental programs, as they are not as common. The housing system, in its entirety, needs to be discussed. Diverse sectors, such as non-profits and developers who want the same things, adequate, safe and affordable housing, need to be working together. Bringing such sectors together can be a

challenge due to language barriers. Therefore, using plain language and getting away from acronyms is essential. One example of such a collaboration is the RESOLVE Campaign (www.resolvecampaign.com); a Calgary-based partnership between social service agencies, private industry, and government, which creates affordable rental units.

Question 2

Karen: The federal government recently wrapped up consultations on a National Housing Strategy.

- **Gary, Kira, John: What are the benefits of affordable homeownership as you see them in terms of prioritizing federal program needs?**

Gary - Offering an Aboriginal perspective, the urban off-reserve population needs to be a focus, and based on this morning's talk from Adam Vaughan, I don't have a good feeling. The Federal government has had the fiduciary responsibility for Aboriginal people for many years, thus far they have ignored the urban off-reserve population. There needs to be an emphasis on the +70% population that lives off reserves, particularly in western Canada. They have been marginalized and have many issues that need to be addressed. There was a housing program in the 1980s for urban Aboriginals, but in 1985 when Bill C31 was passed making it easier to become a status native, the urban Aboriginal housing program ended.

Kira - Vancity believes that an affordable home ownership program should create long lasting and meaningful impact, assisting those households that have as low an income range as is practical for ownership of suitable and adequate housing units. As we know, the market value for residential real estate has expanded more rapidly than incomes through the Metro Vancouver region. To address that imbalance, an AHO program should be designed to do two things: be affordable at the outset and remain affordable over the long term. Most recently, we've promoted a 'shared equity' program for home ownership. One of the benefits of this model is that capitalization of the unit can be split between the land owner's, the buyer's, and a not-for-profit program manager's balance sheets. From Vancity's perspective, a fundamental principle of any affordable home ownership program is to ensure the long-term affordability of the units it generates. Partnerships that deliver an AHO program should be designed to enable organizations to learn as they go. The goal for the federal government at this stage should be to establish the fundamental principles of a program framework, and then create a process of engagement that enables values-aligned partners to evolve, react, and pro-act as opportunities present themselves. Alternatively, we run the risk of trying to pre-determine so many elements of the program that we fail to launch, or we fail to achieve the social objectives established at the outset.

John - The ownership aspect is not strong in the National Housing Strategy. It's not unresponsive, just silent. The Department of Finance on the other hand is in fact putting up barriers to home ownership. The recent stress test for example impacts our clients significantly. The Minister of Finance is concerned about household debt levels and I agree with him fully in this regard; I just wish he targeted "bad debt", i.e. credit cards, payday loans etc., as opposed to homeownership which I would consider "good debt".

Question 3

From floor: How do you deal with the high and increasing housing prices?

Kira - Land is the biggest barrier. In BC lower mainland, it's too expensive so we need a capital subsidy of some kind. Access to community owned land is a critical piece of the puzzle, some governments are selling land they own for short-term gains, this is a crime, governments need to hold onto their land. Perhaps they could let non-profits use land for housing. Adam Vaughan didn't speak about other ways, why aren't financial institutions delivering community type services like the co-op, offering a below-market mortgage product? The non-profit sector needs to be running developments, not just governments, non-profits are positioned to do it better.

Gary – Municipalities say it's not our mandate, but it needs to be. There is too much NIMBYism. For example, in St. John there are old buildings they don't know what do with; these could be revamped and made into affordable housing. Levels of government need to stop fighting and start working together. I hope they can share and work together using innovative solutions.

Marissa - Some clarity of what the roles of each level of government are would be helpful.

Question 4

From floor: I work with churches in Ontario and Manitoba that have land and vision, we are building daycares and affordable housing relying on private developers. How can organizations such as yours help us?

John – I see that as a huge opportunity. As a non-profit, we work with private sector builders who are experts at cost efficiency and speed. Non-profits come in with long-term vision and keep the price capped that is our role. The perpetual element required for affordable housing is a hurdle, therefore a partnership with a housing non-profit could assist with that aspect.

Kira - There is a great example of such a partnership in Vancouver. Oakridge Lutheran church was approached by developers who wanted to buy the property, but the church didn't want to move. A non-profit developer stepped in to help the congregation. They worked with church and produced a joint-venture approach, which has ground floor commercial space, with flexible space on the second floor used for the church, yoga, etc. Rent from the ground floor and rental units pays for the church space.

Gary – The legacy of residential schools is still present. Maybe churches want to reach out to the Indigenous population?

Question 5

From floor: Where should ownership and rental meet?

Peter – There is \$5.2 billion being administered by CHMC for co-investment. They are looking for partnerships to make projects more viable.

Gary – In New Brunswick we did a strategic plan. We have clients that have improved their lot in life, and want to become owners. Our organization has flexibility, we can turn rental units into ownership, providing a range of options. We have funds for different program streams and need to think outside the box to move money between programs. For example, some agreements are expiring in 2020, this will be a chance to renew and restructure.

Question 6

From floor: Why is Vancity unusual in its role?

Kira – I'm surprised how few people manipulate their credit unions. Seventy years ago there was a redline down Main Street in Vancouver, one could not secure a loan if from the wrong side. People banded together to collectively buy mortgages, this is the origin of the financial co-op. This curated a community, whole family approach, where children and grandparents live in the same community. We are directed by our membership, members drive co-op direction from the bottom up, others should follow this model.

Question 7

From floor: What can empower us to deal with poverty?

Peter – Housing strategies needs to be a long-term approach, addressing all parts of the continuum. They also need to help people move along the continuum, ownership goes a step further along that spectrum. Strategies can't just focus on the bottom (entry) level.

Marissa – There is considerable competition in the affordable housing sector for limited resources. There needs to be greater connection with the private market, banks, and government.

Kira – We need to understand what is happening to adverse groups. With a shared-equity model you can build assets for the non-profit sector, creating financial resilience that will last through changes of government. We also need a paradigm shift in thinking about home ownership because it's not for everyone. What is the end game? We need to talk about this. For instance, Millennials may not want to purchase a home.



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