

# **Moving to Homeownership In Kahnawake**

**Aboriginal Housing Caucus Day  
Canadian Housing Renewal Association**

**April 12, 2016  
Montreal**

# Moving to Homeownership in Kahnawake

- Background and Context
- Innovative Products and Features
- Continuum Impact
- Success Factors/Results

# Background on Kahnawake

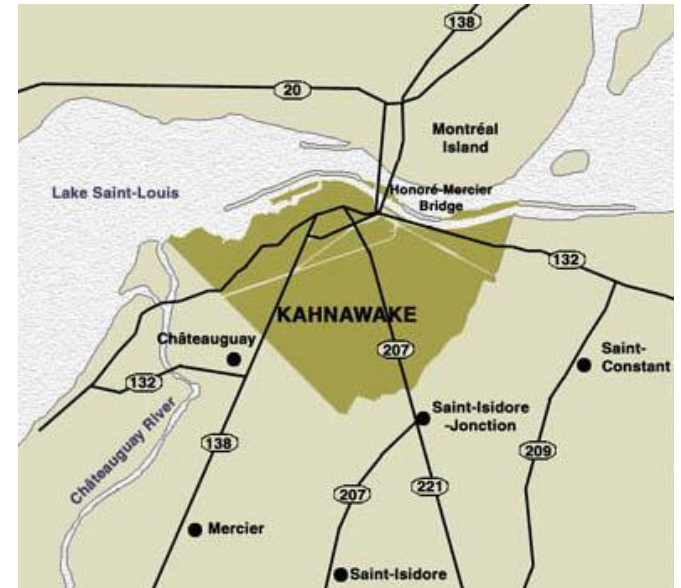
Located on south shore of Montreal

Always a strong economic base

Land tenure for most part is CP

8,000 on reserve, 2100 households  
88% homeowners

Social housing was taking root in the 1960s but stopped by strong leadership





## Key Interventions that moved Kahnawake to Home Ownership in 1977

- Move away from “welfare homes”.
- Leadership wanted to lever government funds.
- Community members were willing to put “skin in the game” – pay Principal & Interest.
- Kahnawake wanted ownership and control of financial lending resources.
- Need to create revenues to run Kahnawake Housing Department ( KHD) like a business.

# Kahnawake Housing Products Today

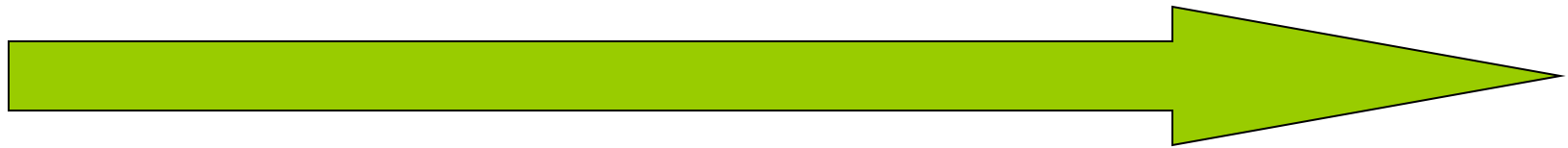
- New construction and renovation RLF loans: up to \$175K. (KHD)
- Rent to Equity and HOPE initiatives new since 2014-2015. (KHD)
- Shared Equity Affordable RLF Housing Loan \$60K  
( with INAC Subsidy of \$25K). (KHD)
- Major Housing Repair (CMHC & INAC) and Minor Housing Repair RLF  
(\$25K). (KHD)
- 36 (3 bedroom) Rental Units and Single Rental Units ( both Section 95).  
(KHD)
- Improved Housing Loans: 5% down payment (lender CPK or BMO) with  
\$175K cap.
- Trust Deed Loans and of course conventional mortgage ( lender CPK)

# The Housing Continuum: Current First Nation Instruments in Canada

Social Housing

Rental Housing

Market housing



**Shelter Allowance**  
**Section 95 subsidy**  
**MLGs**

**Rent to Own**  
**(limited)**

**Down payment assistance**  
**Revolving Loan Fund ( limited)**  
**FNMHF ( limited)**  
**Band Guarantee/MLG ( limited)**

**Trust Deed Model**  
**Designated**  
**Land Model**  
**(very limited)**



Low Income

High Income

# Revolving Loan Fund KHD

The New Construction Loan Program has been the main product line since the loan fund began in 1977 with initial capitalization of \$150,000 and has now grown to \$27.7 million ( \$14.5 loans)

Over the years the loan amount available has changed:

1977	\$25,000	2001	\$60,000
1984	\$35,000	2006	\$75,000
1994	\$55,000	2014	\$150,000
Today	\$175,000		

In 1998 RLF started providing new product lines to bridge the gap between Section 95 and New Construction loans. These transitional products include the Affordable Loan ( since discontinued), Shared Equity, Rent to Equity and the Home Ownership Program Enhancement ( H.O.P.E.) programs.



# Revolving Loan Fund KHD

The New Construction ( and Renovation) Loan Program:

- Maximum loan amount \$175,000.
- Mortgage rates set as per market conditions.
- Minimum 5% down payment.
- Flexible repayment plan (weekly, semi).
- Maximum 30 Year amortization.
- Choice of fixed, variable or hybrid mortgage.

# The Shared Equity Program

- This program started in 2007. A three bedroom semi detached affordable unit could be purchased for \$60K with no down payment required with purchaser immediately having title to unit.
- Unit cost of \$85K was financed by KHD (RLF Loan of \$60K) and INAC Subsidy of \$25K. Owner can resell unit to another qualified ( by RLF) community member and earn equity in sale.
- Allows an “affordable builder home” step up from rental to detached home ownership. This program evolved from Affordable Loan Program developed in early 2000s.
- 28 built to 2008 and currently re-engineering program.

# The Shared Equity Program



# Rent To Equity (RTE) Program

- A total of four units built in fiscal 2015 and minimum of three units ( and up to 10 more) to be added in 2016. All are three bedroom.
- Tenants pay below market rent (\$500 per month, plus utilities).
- Tenants also pay and save equity payment of \$200 that are 50% matched by KHD in order to purchase or build a new home after 25 months. ( grows to \$7,500)
- The premise is to move these clients away from long term rentals and prepare for homeownership.

# Rent To Equity (RTE) Program



# H.O.P.E. Housing Program

- Four units built in fiscal 2015 with five and six projected for fiscal 2016 and 2017. All three bedroom and unit location not segregated. Focused on single parents ( includes men) with children.
- Home Ownership Program Enhancement ( HOPE) features affordable housing, training/education leading to full time job and a home ownership savings plan with case management support.
- Similar to RTE in features but with four year horizon to save down payment ( to be saved in last two years).
- Units financed by RLF with CMHC subsidies and a number by private sector.



# H.O.P.E. Housing Program



# Caisse Populaire Kahnawake

- Improved Housing Loans: (with KHD) featuring:  
5% down payment and \$175 loan cap  
New construction, purchase, refinance or renovation  
KHD and CPK share risk with borrower.
- Trust Deed Loans featuring:  
Loan to 75 % appraisal value of house or cost of construction  
No cap on loan size  
Equivalent to mainstream mortgage.
- Conventional Mortgage (for off reserve).

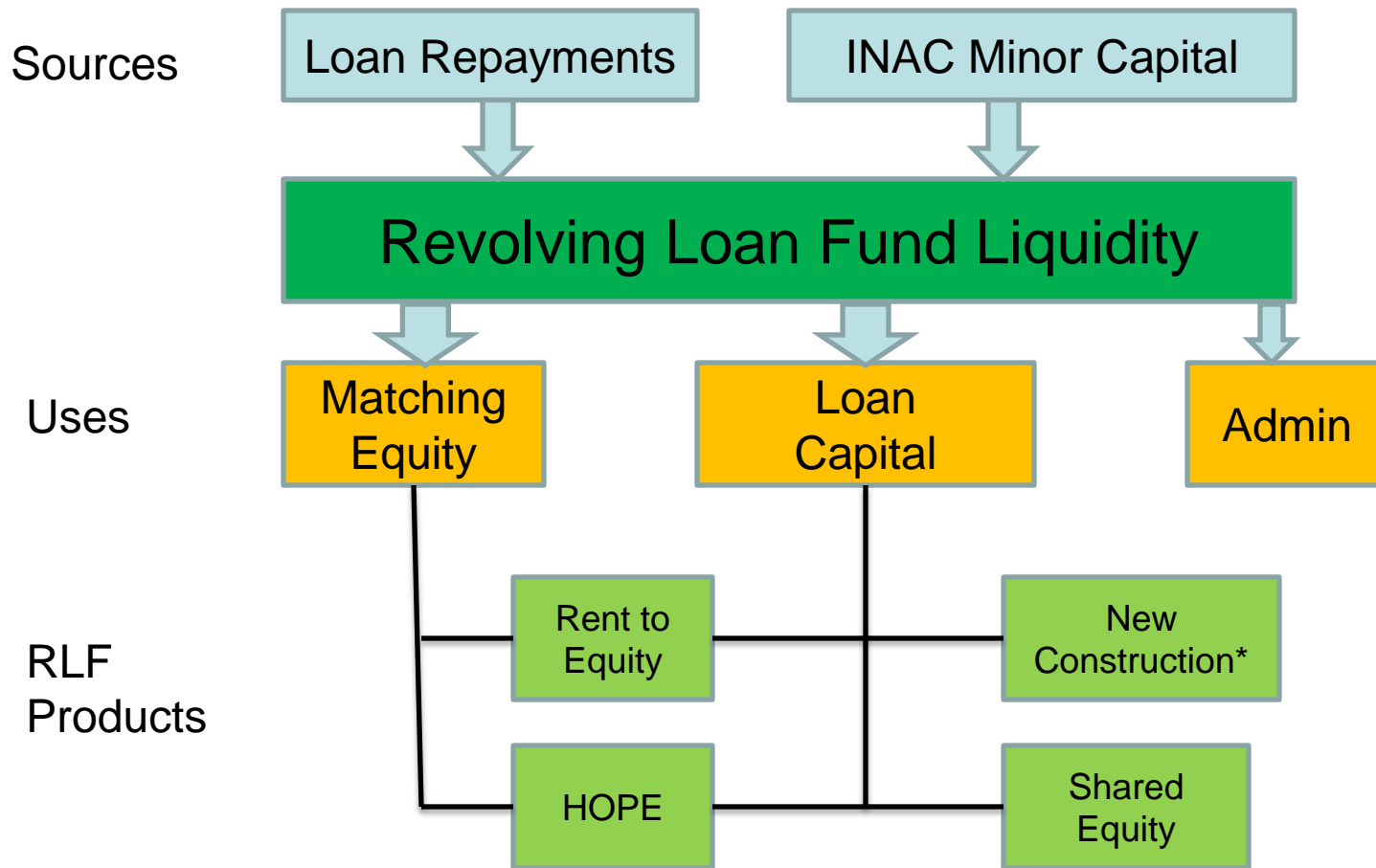
*No more MLGs or Section 95s left.*



# Trust Deed Loan Fund (CPK)

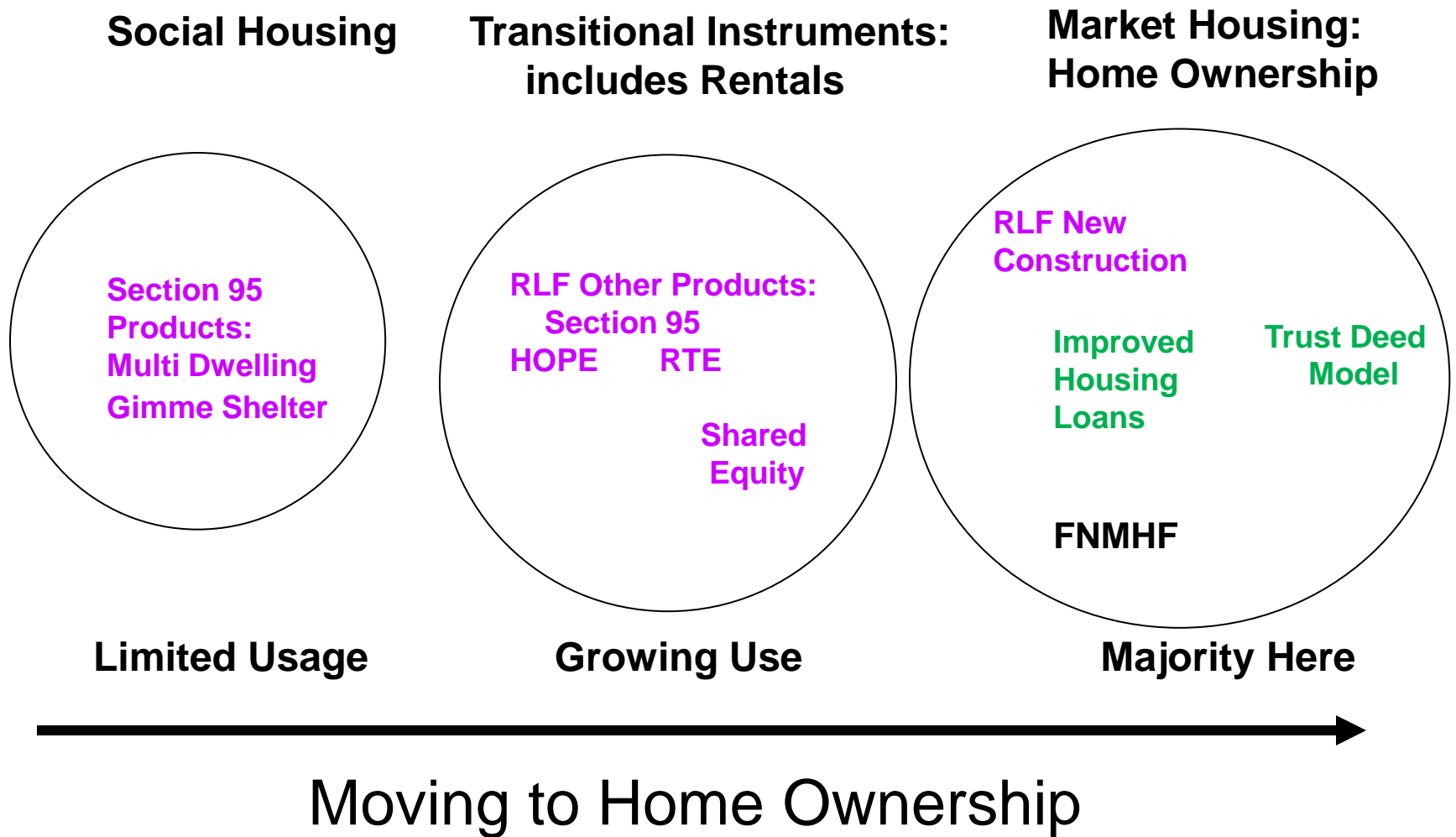
- Used exclusively by CPK since 1988.
- Allows basic economic principles: attach value, lever and accumulate wealth.
- Section 24 transfer registered by INAC.
- Up to 500 housing and commercial loans exceeding \$40 million.
- Facilitate development of resale market.
- Only five executions and all loans outstanding recovered.
- Uses conventional limits for residential (75%) and commercial (60%) lending amount based on valuation.

# REVOLVING FUND GROWTH HAS LEAD TO DEVELOPMENT OF TRANSITIONAL PRODUCTS



\*New Construction only product line from 1977 to 1997

# Kahnawake Housing Products Continuum



## Common Features of Housing Products Which Contribute to Home Ownership

- Ownership and financial obligation established upon occupancy/purchase.
- Establishes risk sharing of all participants in lending transaction which instils discipline.
- Provides incentive to move out of long term rentals.
- Promotes basic economic principles: attach value, lever and accumulate wealth (equity).

# Key Results

- Greatly reduced backlog in housing financing needs with 550 homes ( majority New Construction) built since 1977.
- RLF has built up sizeable fund liquidity available ( greater then \$10 million) and has flexibility to build new products ( e.g. loans to meet lower income backlog) to fill gaps.
- Kahnawake has ownership and control of housing solutions: resources, enhancement, partnerships in place, etc.

# Key Results

- RLF a key instrument in anchoring a full continuum of products and moving more to home ownership.
- KHD has developed strong capacity to manage and innovate programs as required.
- Transitional products encourage financial literacy.
- No sense of “ something free owed to me” - everyone works to support collective.
- Increased values of homes (asset building).

Thank you!

## Contact Information

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