



## CHRA Congress Session Series 2020

# Affordable Homeownership Models - Shared Equity Mortgages, Partnerships, Community Land Trusts

### SUMMARY AUTHOR

**Roxane Geubue,**  
Senior Analyst Multi-Unit Underwriter,  
Canada Mortgage and Housing  
Corporation

### SESSION MODERATOR

**Ray Sullivan,**  
Centretown Citizens Ottawa Corporation  
and Vice President of the Canadian  
Housing and Renewal Association

### SESSION PANELISTS

**Jeff Evenson,**  
Vice President, Partnerships and Strategy,  
Options for Homes Non-Profit

**Alex Miller,**  
Chief Executive Officer,  
Big Block Construction

**Tiffany Duzita,**  
Executive Director,  
Community Land Trust Group of Society



**Canadian Housing and  
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## Affordable Homeownership Models - Shared Equity Mortgages, Partnerships, Community Land Trusts

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### THIS SUMMARY

This is a summary of the webinar, "Affordable Homeownership Models - Shared Equity Mortgages, Partnerships, Community Land Trusts", which took place virtually during the Canadian Housing and Renewal Association's Congress Webinar Series on July 7, 2020.

The session explored examples of affordable homeownership models and practices being used across Canada.

### THANKS TO



The Canadian Real Estate Association for their sponsorship of this virtual event, and



BC Housing for their generous support to this initiative

Thanks to the work and information of

- Options for Homes Non-Profit
- Big Block Construction
- Community Land Trust Group of Society

# Shared Equity Mortgages, Partnerships, Community Land Trusts

Homeownership is not affordable to all Canadians which makes it an issue at the forefront for our governments and the housing sector. Many organizations have long recognized the importance that everyone in Canada have a place that they call home and have been diligently working on making that possible.

In an effort to increase accessibility to affordable homes for more people in Canada, many measures have been put in place to build affordable, social, and non-profit mixed-income housings. The success of those projects is a result of having used proven and effective models.

This webinar presented affordable homeownership models used by Options for Homes, Big Blocks Constructions and Community Land Trust to make housing affordable and accessible for Canadians.

## **Shared Equity Affordable Homeownership**

**Jeff Evenson**, Options for Homes Non-Profit

**Options for Homes (OFH)** is the largest non-profit condo developer helping people become homeowners through down payment support and affordable prices, in Canada. It is a mission-driven social enterprise turning homeownership dreams into reality over the past 25 years. OFH provides the opportunity for people with moderate means to become homeowners, and therefore, build equity for themselves and their families.

Since its inception, OFH has built more than 3,300 units, supporting thousand of people with their “pay-it-forward model” by providing up to \$150,000/ unit for down payment support. The affordable and quality homes are built with the support of partnerships with entities such as Deltera (Tridel Group of Companies), City of Toronto, CMHC, BMO, Meridian Credit Union, Vanity, and others.

OFH works together with Homeownership Alternatives (HOA), a non-profit financial corporation. OFH develops the condos and provides down payment support in the form of an Options Down Payment Loan (a second mortgage worth 10-15% of the purchase price up to \$150,000). HOA holds that second mortgage which is repayable upon resale or when the unit is no longer occupied by the purchaser. The repaid loan is then used as seed money for future homebuyers. No payments are due on the loan until the purchaser resells, no longer wants to occupy the house, or if they decide to voluntarily repay the second mortgage.

With the OFH/HOA down payment support in the form of a loan, the required household income is reduced since the mortgage required amount is much lower. When the house is sold, the shared appreciation model takes place. For example, if the Options down payment Loan was 10% of the purchase price, at the time of sale, the client will pay back 10% of the value of the house at that date (in case the value has appreciated) or 10% of the original value of the house (in case the value has depreciated).

Therefore, OFH/HOA funds come from the "value initially created through the development

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and a proportionate share of the increase in value over time" said Mr. Evenson. That pool of assets represents "social equity" that grows as revolving funds for future affordable housings. In addition to their growing, sustainable, and revolving fund, OFH also looks to government and private sectors for additional investments.

Their target niche is first time homebuyers who have bought units in Options for Homes developments and who meet certain criteria.

OFH has many development opportunities in progress at this moment. Currently, the Humber project is under development. It will consist of 232 units, a 22-story tower starting in July 2020. That project is well located with attractive amenities. The other pre-development in the Highlands project where they collaborated with Habitat for Humanity focusing on family-oriented housings. Besides those, they have many other pre-development in progress such as the Hall's Pond and the Donways developments.

### **Partnerships**

**Alex Miller, Big Block Construction**

Many leaders are looking to create, navigate, and deliver successful development projects while minimizing risk but often themselves caught up by rock blocks and give up mid-way.

Mr. Miller, through their story of finding a new path forward, informs on the importance of starting by asking the right questions.

To undertake any project, a leader should define the problem until obtaining clarity and then should look for actions steps to take. It is important to know where you are going, which efficient process is needed to execute that vision, which structure to adopt, and which partners to work with – as the right people are needed in the right seat for a goal to be met.

*"If I had an hour to solve a problem, I'd spend fifty-five minutes defining the problem, and only five minutes finding the solution" Albert Einstein.*

To revolutionize the construction industry and provide a large impact in the community, emphasis should be placed on that initial stage. Successful residential developments start with the road map, which defines the process to solve the problem. In addition, it is important to make sure that the team members (architects, engineers, energy advisors, finance etc.) have the knowledge, skills, and time to develop the projects. The process in place and the right team members will maximize the value to stream out the process in a faster, cost-effective way and with lower risks

*"Having some pieces and not knowing what to do with them leaves the organization spinning the wheel for years" Alex Miller*

To maximize effectiveness in any residential development, Mr. Miller advised that leaders should start their journey by defining what the problem is and how to solve it. They should write it down and make it clear. As a leader, to consider your team member, ask yourself if they are experienced or just people surrounding you. Furthermore, partnerships are beneficial and being able to leverage them is essential. Therefore, be prepared to have tough conversations as your



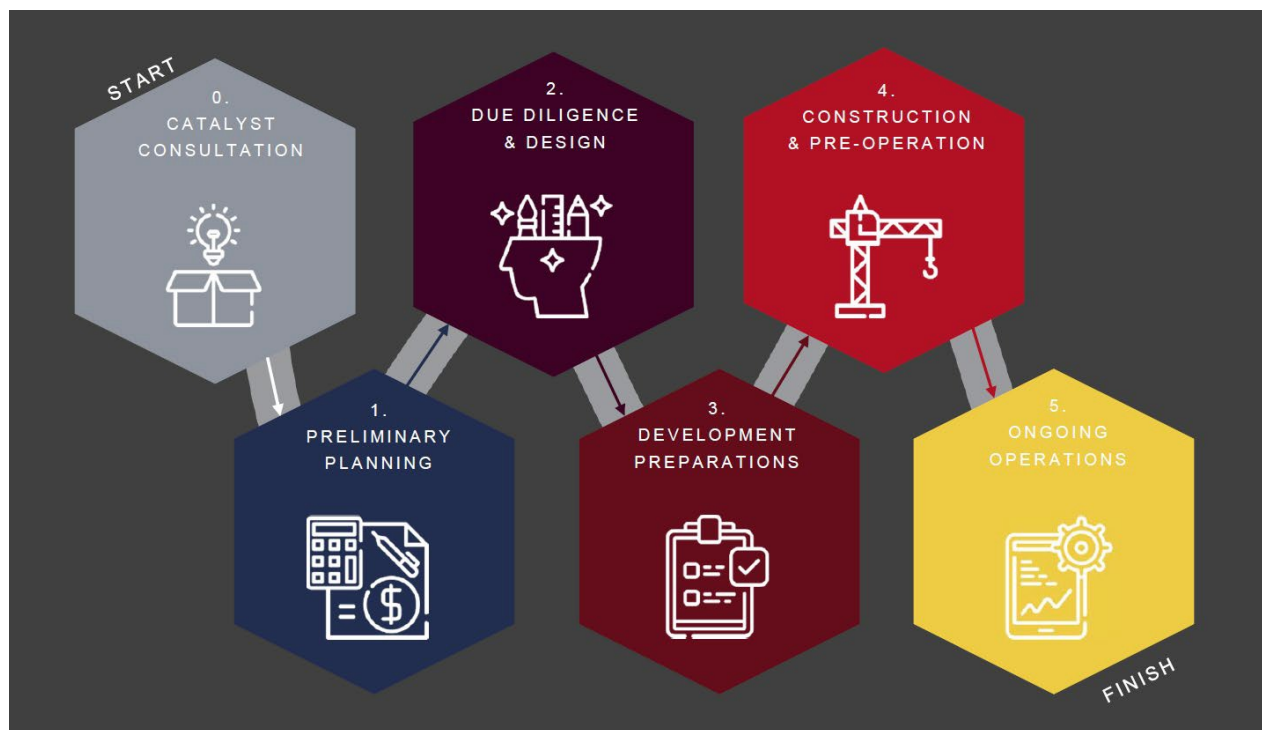
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team members must understand the process from start to finish and should have the organization's best interest in mind. Before taking out the concept, go through your analysis - budget, equity, source of program, create the proforma etc. -and have them approved by your financial institution. After that step is completed, you can move on with your project. As the buildings being constructed, you will start seeing your vision becoming reality and the big impacts your organization is having in the communities.

“Great impacts can be made using tested and proved processes,” said Mr. Miller. Therefore, to help prospective leaders with similar projects, **Big Block Construction** has developed a kit (that can be downloaded on their website: <https://www.bigblockconstruction.ca> ) to assist leaders with similar projects.

*"We don't have to waste our time learning how to make pastry when we can use grandma's recipes." Orson De Witt, Earth will not Miss you*

### **The kick-start kit**



### **The Community Land Trust Model for Affordable Housing**

**Tiffany Duzita** Community Land Trust Group of Societies

**Community Land Trust (CLT)** is a non-profit social purpose real estate developer with goals to control, obtain, steward, and hold lands to solve problems. Their model focuses on perpetual affordability and community control of the lands.

CLT has built community resilience and provided affordable homes to families, individuals, and seniors in British Columbia since 1993.

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Engaging the community in dialogue on any key decisions, onboarding programs, and tough conversations regarding a better future, have been important starting points to understand the community and meet their needs. All conversations with the community are brought to the table which has helped to identify new opportunities.

CLT's model is unique in Canada. It has evolved with time and is continuously gaining more attention due to its success. Originally, CLT was a holding entity (early 1990s) and from 2010-2015, it became a "Real Estate Development Vehicle" and now, it is a "Real Estate Developer and Portfolio Manager" managing thousands of homes. Its focus is on low-to-moderate income households.

CLT's funds for investment come from provincial involvement, municipalities, cooperative sectors, partnership arrangements, and Rental Construction Financing Initiatives (RCFI) from Canada Mortgage Housing Corporation. It offers housing at the fair market price, secures the tenure and works in involving communities - CLT is a strong partner of community advocates.

To make homes affordable, CLT acquires lands from municipalities at a nominal value for a long-term lease, renovates buildings, develops, and purchases newly completed buildings. Its social priorities-approach focuses on inclusion of vulnerable populations, aging-in-place and pet-friendly buildings.

In its portfolio, CLT has a total of 75% co-op housings, and about 25% non-profit housing all of which are mixed-income projects and financially sustainable. CLT has been very successful throughout these years. Growing from 1993 with about 354 homes to 2019 with about 2,600 homes, and planning for another 1,500 homes to be developed within the next three years, the CLT model has been effective at meeting the needs of many people.

In summary, homeownership affordability and accessibility continues to be a prevalent topic for people living in Canada. In the summarized webinar session, we were introduced to affordable homeownership models and practices being used across Canada by Options for Homes, Big Block Construction, and Community Land Trust. Through their success stories and their affordable housing projects currently in progress, their models have been proved effective. They have been, throughout their mixed income housing projects, making homeownership accessible for low to medium income households. Although there is still need for more supply in order to resolve the shortage of affordable housing, there are many reasons to be optimistic due to the substantial number of affordable houses been developed in recent years. To facilitate the process for prospective leaders interested in getting projects off the ground, resources such as the shared kick-start kit exist. Most importantly, involving the community in any project is the key as it brings into effect the collective vision of the community and makes them a part of the process.