

REPORT Regional Council

DATE:

March 14, 2011

REPORT TITLE: HOME IN PEEL: AFFORDABLE HOME OWNERSHIP PROGRAM - PHASE

TWO INFORMATION UPDATE

FROM:

Janet Menard, Commissioner of Human Services

RECOMMENDATION

That the Regional Chair write on behalf of Council to Minister Diane Finley, Minister of Human Resources and Skills Development Canada and Minister Responsible for the Canada Mortgage and Housing Corporation and Minister Rick Bartolucci, Minister of Municipal Affairs and Housing to request their government's positions on their commitment to Years 3 to 5 of the Canada - Ontario Affordable Housing Program. including the Affordable Home Ownership component.

REPORT HIGHLIGHTS

- In April 2010, the Region of Peel was allocated \$1.533 million from the Ministry of Municipal Affairs and Housing to administer Phase Two of the Affordable Housing Program- Home Ownership Component.
- The Program provided 80 families and singles with a down payment loan assistance to purchase a home in Peel.
- All funds allocated for the Internal Home Ownership Program have been exhausted.
- Client response to the program is positive.
- Staff will use the \$400,000 of the \$16.8 million that was approved by Council in the February 2011 budget to re-launch the Region's Affordable Home Ownership Program.
- The Federal and Provincial governments are urged to honour their funding commitments under the Affordable Housing Program, including the Homeownership component.

DISCUSSION

1. Background

The Region of Peel's Home in Peel Affordable Ownership Program is designed to provide low to moderate income residents, who are currently renting, with the opportunity to qualify for down payment loan assistance. Affordable home ownership is a viable option in the range of housing choices that should be available to Peel residents.

In April 2010, the Region of Peel was allocated \$1.533 million dollars from the Ministry of Municipal Affairs and Housing (MMAH) under the Home Ownership Component of the Canada-Ontario Affordable Housing Program (AHP) Extension (2009) - Year Two (known as Home in Peel), to assist purchasers with down payment assistance. Approved applicants

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with an annual family income of \$77,900 or less, were eligible to receive \$10,000 in down payment assistance to be used towards the purchase of a re-sale home in Peel that did not exceed the purchase price of \$270,000.

Phase Two of Home in Peel was launched on May 17, 2010, and concluded February 28, 2011. Initially, the program was to end on December 31, 2010; however, the Region requested an extension from the MMAH in order to allocate the funds received. The Ministry acknowledged the Region's ongoing commitment and success of Home in Peel and approved the extension.

2. Program Results

During Phase Two of Home in Peel, 378 applications were received and based on the program maximum, 150 applications were approved. During the duration of the program, 80 families and individuals (including two Habitat for Humanity Partner Families) purchased a re-sale home in Peel Region with the down payment assistance. In total, \$830,000 was allocated.

Of the 80 homes purchased, 33 (41 per cent) were located in Mississauga and 47 (59 per cent) in Brampton. No homes were purchased in the Town of Caledon due to a limited availability of homes under \$270,000.

Types of homes purchased include:

Type of Home Purchase	Number Purchased
Detached	12
Semi-detached	19
Condominium townhouse	32
Freehold townhouse	5
High-rise Condominium unit	10
Habitat for Humanity	2
Total Homes Purchased Total Down Payment Assistance	80 \$830,000 (78 x \$10,000 = \$780,000)
	(2 x \$25,000 = \$50,000)

The Region has informed the MMAH that the nature of the program's funding and timing limitations restrict Peel from fully allocating the funds received. Although a time extension was approved until February 28, 2011, it was only granted on December 30, 2010, thus not allowing applicants approved in January the full 120 days to submit their purchase and sale agreements. This restriction deterred some applicants from participating in the program and in turn, did not allow the Region to allocate the full funding commitment.

3. Partnership with Habitat for Humanity

In Phase Two of the program, Service Managers were encouraged to work with Habitat for Humanity (HFH) affiliates to assist with down payment funds for their eligible purchasers (Partner Families). Service Managers were encouraged to assist these families by providing the maximum amount of \$50,000 down payment funds available for HFH deals under the Phase Two guidelines, regardless of the estimated value of the home. The

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Region was able to assist two partner families in Brampton who each received \$25,000 towards the down payment on their home.

4. Internal Home Ownership Program

In June 2009, Council approved funding to supplement the provincially funded Home in Peel program. The Region's Affordable Home Ownership Program received \$300,000, allowing 30 individuals and families to receive down payment assistance. As of November 1, 2010, the internal funds were exhausted. Out of the 30 purchasers, seven were previously Peel Living market rent tenants and six co-op tenants. This internal initiative was successful at increasing the number of market rental vacancies of social housing units.

5. Client Service

Client satisfaction is measured through a voluntary post-closing survey. From the surveys collected, program participants were very satisfied with the operation of the Home in Peel program. Through the survey and general discussion with clients, staff learned that the program has meant an opportunity for many families and individuals to qualify for a mortgage and purchase their own home, which otherwise, would not have been achievable. Many clients have informed staff that home ownership has been a dream and moving to their own home provides them and their family a better quality of life. The Region has received positive comments from purchasers about the program and the excellent customer service they received. This has been rewarding for all staff involved with the program.

Summary of Client Service Responses:

	Survey Question	'Strongly Agree' responses received	'Agree' responses received
1.	Regional staff provided enough information to guide me through the process of becoming a homeowner	88%	12%
2.	I felt comfortable asking questions to Regional staff and my questions were answered to my expectations	88%	12%
3.	Regional staff clearly explained their responsibilities as the service manager and my responsibilities as the participant	75%	25%
4.	I felt empowered to purchase a home	88%	12%
5.	I would recommend this program to my family and friends	96%	4%

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Staff also collected feedback from approved applicants who were unable to purchase a home with the program to determine the barriers experienced. The reasons included: inability to obtain mortgage pre-approval, strict time restrictions and a lack of availability of homes under \$270,000 in Peel. In future, staff will be evaluating how these barriers can be eliminated with possible alterations to the program.

6. Revolving Fund

As a condition of the provincial program, the Service Manager must use the Region's Revolving Loan Fund (RLF) in order to accommodate receipts of funds from the MMAH and for default payments returned to the fund by purchasers. This RLF must remain in effect for the duration of the Program Affordability Period (20 years after the purchase of their home).

Purchasers are required to remain in the home purchased, with the assistance of the Home in Peel program, for 20 years for the down payment loan to become forgivable. Conditions of default include: failure to remain in the home as their sole and principal residence for the full 20 year program affordability period, bankruptcy or insolvency, death of a purchaser, and misuse of the down payment loan funds.

Should purchasers default and there is a value increase in their home, the purchaser is required to repay the down payment loan, plus a percentage of the capital gain to the Region's RLF. In the event that a purchaser defaults and does not receive a capital appreciation in the value of their home, the purchaser does not have to repay the initial down payment loan amount, or any interest to the Region's RLF. Any funds that are transferred back into the RLF during years one through 15 may be redistributed to future eligible purchasers under the program. After year 15, Service Managers may submit a phase-out plan for approval to the MMAH that details how future funds that are returned to the RLF will be redistributed within the Service Manager's area toward affordable housing initiatives.

7. Re-launch of the Region's Affordable Home Ownership Program

Based on the success of the previous phases of the Home in Peel program, staff will use the \$400,000 of the \$16.8 million that was approved by Council in the February 2011 budget to re-launch the Region's Affordable Home Ownership Program. The internal program will be modeled after the Home in Peel Program and will provide approximately 33 clients with down payment assistance. These clients will be selected from the current program's wait list, which stands at 122 applicants.

In order to reflect inflation and Peel's housing market realities, staff will slightly alter the program criteria. Changes include increasing the maximum purchase price from \$270,000 to \$280,000; the maximum household income from \$77,900 to \$80,000 and the loan amount from \$10,000 to \$12,000. Staff will report to Council later in 2011 on the outcome of the program.

At the direction of Council on April 14, 2011, the Regional Chair will be writing the respective Federal and Provincial Minister's to determine their respective positions on Years 3 - 5 of the Affordable Housing Program including the Affordable Home Ownership component.

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8. Alternative Home Ownership Models

As indicated in the Region's recent Housing Strategy, there is a need in Peel for a range of housing options, including affordable home ownership. Building on the success of Home in Peel, staff is exploring alternative home ownership models, including new homes. While it is understood that home ownership is not an appropriate option for everyone, it is a valuable component in a range of housing choices. Staff will report back to Council with the details and potential proposals.

CONCLUSION

The Home in Peel program has met its objectives by assisting families and individuals move along the housing continuum into home ownership. The policy objectives of the program were also met by increasing social housing vacancies and allowing support for some families waiting on the centralized waiting list. The Region is advocating for future federal-provincial funding, which would allow for the continuation of the program. While we wait for future funding announcements, staff will continue to explore other home ownership models and ideas that may be of interest to those looking for modest home ownership opportunities. Recommendations will be included when the Housing Service Manager reports back to Council on proposed next steps later in 2011.

Janet Menard

Commissioner of Human Services

Approved for Submission:

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