



We build strength, stability, and self-reliance.

Habitat for Humanity Canada Response to the Canada Mortgage and Housing Corporation Call for Ideas

January 31, 2022

Habitat for Humanity Canada (Habitat Canada) is pleased to share our recommendations with the Canada Mortgage and Housing Corporation (CMHC) as it designs two potentially important programs to increase housing supply in Canada.

Habitat Canada is committed to helping families build strength, stability, and independence through affordable homeownership. Safe, decent, and stable housing can improve employment, health, and education outcomes, and have benefits that transcend generations.

Below you will find our thoughts on both the Housing Accelerator Fund and the proposed Rent-to-own program.

Housing Accelerator Fund

Habitat Canada welcomes the federal government's commitment to help local governments speed up the creation of new and needed housing supply. We recognize how essential it is for municipalities to have the policy tools and resources they need to make significant investments in affordable housing in partnership with the housing sector. Federal investments risk stalling if they aren't accompanied by coordinated efforts and support to help modernize municipal and provincial policies and regulations to increase housing supply.

To ensure this funding can have the greatest impact for a range of individuals and families, we make the following recommendations:

- CMHC should work with a range of stakeholders including housing providers as it determines which changes in municipal capacity will trigger the release of funding so that the fund addresses the biggest challenges for those who develop and build. For example, our 50 local Habitat organizations across the country have indicated that the biggest municipal barriers to building are land availability, funding specifically for affordable homeownership projects, and costly and long permitting and approval processes.
- Expand the goals and eligible projects of the fund to include non-market projects in a range of tenures, including affordable homeownership.
- Expand access to include communities of all sizes. We see clearly from our work in communities big and small that housing affordability is no longer just a big city problem. All communities need tools to respond, especially for vulnerable and lower-income populations.

- Consider how the fund can be used to leverage market rate development to support affordable housing development. For example, allow municipalities to access additional funding to offset development charges if they commit to providing other fee waivers for affordable housing developments.

Rent-to-own Programs

We are pleased to see the federal government examining how to make homeownership more accessible. Habitat's experiences with supported homeownership strongly suggests that going slow and doing this right will ultimately help put more families successfully on the path to homeownership. Based on our experiences and those of our 50 local Habitats across the country, we would share the following considerations:

- Ensure that any initiative results in significant equity building and be open to alternative shared equity and long-term affordability models to achieve this. This could include land trusts, long-term ground leases, long term deed restrictions with resale restrictions, and limited equity co-operatives.
- Consider allocating a portion of the \$1B investment to innovative projects that provide a pathway to homeownership. There is great potential to explore a range of equity-building models and relying exclusively on traditional rent-to-own may limit the impact of this investment.

In some cases, local Habitats use a deferred homeownership model that could inform this discussion. Ownership is not transferred for a period, usually 15-20 years. The model allows the purchase price to be agreed on at the time of occupancy. A portion of the rent is held in an equity reserve fund, which the tenant may access when they leave the program, either through ownership of the home at the agreed upon transfer date, or when they leave the home and purchase another. Habitat retains the first buyback option on the home being vacated. Families are provided with decent, affordable housing while they build equity that will support a future market home purchase/mortgage.

- Consider expanding or clarifying the target income levels for this program. Homeownership has a significant impact on the social and economic prospects of those living with low income and their communities, not just the middle class. A model that supports solutions both for low- and middle-income households could have a far greater social and economic impact than one that targets a "middle income" group exclusively.
- In designing this program, CMHC will have to carefully consider the financing model that would be needed to support the cost of construction of units for rent to own, given the delay in the transfer of the homeowner's mortgage. Clarity on what CMHC's role



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would be in financing the costs of the housing units prior to that transfer would be helpful.

- The barriers to entry in the rent-to-own program must be kept low. Traditional rent-to-own models often charge an upfront option fee, require the tenant take on maintenance, and may still include other fees on top of the rent payments, such as condo fees or other administrative fees. Careful consideration will need to be given to the additional costs prospective homeowners will need to bear to determine if they are truly having the opportunity to build significant equity and move along the path to homeownership.
- We support some of the proposed parameters around the program, including the commitment to charge lower than market rent, a commitment to ownership in a maximum time (although a longer time frame may be better in high-cost markets and for those living with low income, should the program be extended to include them), and the inclusion of safeguards to protect the future homeowner.

Habitat Canada appreciates the opportunity to help shape these programs. We value our partnership with CMHC and look forward to continuing to collaborate to help ensure everyone in Canada has a safe and decent home they can afford.

If you have any questions or wish to discuss further, please contact Alana Lavoie, National Director of Government Relations at alavoie@habitat.ca or 437-317-8612.

About Habitat for Humanity Canada

Founded in 1985, Habitat for Humanity Canada is a national charitable organization working towards a world where everyone has a decent and affordable place to call home. Habitat Canada brings communities together to help families build strength, stability and independence through affordable homeownership. With the help of volunteers, Habitat homeowners and 50 local Habitats working in every province and territory, we provide a solid foundation for better, healthier lives in Canada and around the world. Habitat for Humanity Canada is a member of Habitat for Humanity International, which was established in 1976 and has grown to become a leading global nonprofit working in more than 70 countries. For more information, please visit www.habitat.ca.