Innovative Affordable Homeownership Initiatives

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Introduction

This paper builds on a workshop presented at the Canadian Housing and Renewal Association's (CHRA) 2015 Congress on Housing and Homelessness. The workshop, titled *Innovative Affordable Homeownership Initiatives*, highlights the work of three organizations developing affordable homeownership strategies for low and middle-income residents in cities across Canada.

Owning a home is associated with a variety of benefits, such as economic stability, personal security, and a sense of community and wellbeing. However, homeownership is becoming increasingly difficult to obtain for many low and middle-income households. Unable to gain the financial traction necessary to become homeowners, many households may be faced with relocating to more affordable neighborhoods and cities, or with continuing to rent, in which case households are less able to accumulate long-term financial savings. As these outcomes dismantle social networks and create barriers to asset generation and the survival of dynamic and inclusive cities, there is a pressing need to develop a variety of solutions to increasing opportunities for affordable homeownership across Canada.

By expanding on the three presentations delivered at CHRA's 2015 Congress workshop *Innovative Affordable Homeownership Initiatives*, this paper provides further background on the various ways in which organizations are delivering affordable homeownership in Winnipeg, MB, Abbotsford, BC and Toronto, ON. These case studies include:

I. Manitoba Tipi Mitawa: Homeownership for First Nations Families (Winnipeg, MB)

Harry DeLeeuw: *Associate Broker, Shindico Realty* & Jason Whitford: *Director, Eagle Urban Transition Center, Assembly of Manitoba Chiefs*

Manitoba Tipi Mitawa is working to dismantle the barriers to homeownership that are disproportionately affecting off-reserve First Nations individuals and families by developing culturally sensitive homeownership initiatives that include financial supports.

II. Harmony Housing: An Affordable Housing Partnership (Abbotsford, BC)

Reuben Koole: *Senior Planner, Community Planning, City of Abbotsford*

Harmony Housing is creating partnerships between the private, public, and non-profit sectors to develop affordable housing in an area where the limited availability of land and the increased demand for housing are driving up property values and pricing out residents.

III. planningAlliance: Affordability Through Design (Toronto, ON)

Drew Sinclair: *Principal, planningAlliance*

planningAlliance is contributing to innovations in affordable housing by designing projects that challenge contemporary notions of what housing is required to be, and by allowing for an incremental and progressive approach to homeownership.

These projects demonstrate three unique approaches to improving affordable homeownership for low and middle-income households in Canada. In doing so, they highlight a series of key barriers including economic, social, and cultural access to affordable housing. In response to these barriers, each organization provides insight into how they were able to provide affordable housing through innovation, creativity and key partnerships.

CASE STUDIES

I. Manitoba Tipi Mitawa: Homeownership for First Nations Families (Winnipeg, MB)

The current rental housing vacancy rate in Winnipeg is 2.5percent, representing a significant shortage of affordable and safe rental properties in the city. As a result, many low-income individuals and families are forced to live in inadequate housing in undesirable areas of the city. In addition, low-income renters are often less able to transition into homeownership as they are unable to accumulate the savings necessary for a mortgage down payment. As perpetual renters, low-income households are less able to build equity, and as a result remain in a cycle of disadvantage in terms of wealth accumulation and security of tenure. One group disproportionately experiencing this cycle of asset disadvantage in Winnipeg is the Aboriginal population.

Winnipeg's Aboriginal population is the fastest growing in the city, at a rate 4-times that of any other segment of the population. However, this population is significantly underrepresented in terms of homeownership. Only 27 percent of the Aboriginal population in Winnipeg owns a home, compared to 72 percent of the city's total population. Although the reasons for this underrepresentation are complex, local groups working with Aboriginals living in or relocating to Winnipeg, such as the Eagle Urban Transition Center, have noted that this outcome stems in part from a lack of supports that address the unique barriers to homeownership that this community faces.

Aboriginals relocate to Winnipeg for a number of reasons such as overcrowding on-reserves, evacuation due to environmental issues, or requirement of specialized health services. As a result, individuals are often in a vulnerable state when they relocate, and require safe and affordable places to live to provide them with security and stability. However, without specialized services that address their unique circumstances, individuals often enter a cycle of renting, unable to acquire the capital required for homeownership.

As such, there is a pressing need in Winnipeg for culturally sensitive programs that address the unique barriers to homeownership that are disproportionally affecting the off-reserve Aboriginal population.

About Manitoba Tipi Mitawa

In 2008, the Manitoba Tipi Mitawa program (MTM) was established from a unique partnership between the Manitoba Real-Estate Association (MREA) and the Assembly of Manitoba Chiefs (AMC) to address barriers to Aboriginal homeownership. The objective of this program, which means 'my home' in Ojibwe, is to utilize the strengths of the two partner organizations by facilitating a process in which off-reserve First Nations can realize their dream of first time homeownership.

Established in 1949, the MREA, who represent over 2,100 real-estate professionals across three different real-estate boards, works to educate the general public and professionals about the local housing market. In addition, the association works to improve the quality of life for Manitobans by undertaking, advocating, and volunteering for projects that promote safe and affordable communities in Winnipeg.

The Assembly of Manitoba Chiefs is an elected body of Manitoba Chiefs from participating First Nations members. The AMC is responsible for protecting, preserving, and strengthening the culture, tradition, language, economies and societies of First Nations people in Manitoba, and to ensure that Aboriginal and Treaty rights are upheld.

Although these two organizations are distinctly different in their primary objectives, it is their shared responsibility to care for the needs of people in their respective communities that align and make the partnership successful.

Through this partnership, MTM works to break the cycle of poverty and promote Aboriginal homeownership through a series of key components that include: 1) identifying eligible applicants; 2) educating applicants on the responsibilities of homeownership; 3) helping applicants find a home that suits their needs, and 4) making homeownership viable through creative financial solutions that make mortgages affordable.

Eligible Candidates & Homeownership Education

In order to be eligible for the MTM program, applicants must first meet a series of stringent requirements. First, applicants must have a household income that is between $25,000 and $64,000. Second, applicants must demonstrate job stability by proving they have held the same job for the last two years. Third, they must obtain a mortgage pre-approval from Assiniboine Credit Union, a local program partner, and lastly, they need a strong credit rating. These requirements ensure that those selected for the program are low-income individuals able to make mortgage payments, yet who may otherwise be unable to accumulate capital in their current situation.

If approved and selected for the program, applicants are required to participate in a series of homeownership education seminars before they can purchase a home. This includes a home maintenance course with the Canada Mortgage and Housing Corporation (CMHC) and a 10-week financial management seminar. Applicants are further required to attend a home buying orientation seminar, which includes presentations from a real-estate lawyer, home-inspector, and realtors.

By educating participants about the responsibilities of homeownership, Manitoba Tipi Mitawa is working to ensure homeownership is sustainable, while eliminating some of the uncertainty individuals may have before making the transition.

Once all the seminars are completed, applicants are provided with a list of realtors. These relators have all received specific training, including cultural sensitivity training, through the MTM program. This ensures that realtors are aware of the unique situations applicants may be facing, and can more appropriately ensure they receive the services they require. After the completion of these initial steps, participants are able to begin looking for a home on the open market for purchase.

Choosing a Home, and Securing a Mortgage

Qualifying Manitoba Tipi Mitawa families are able to choose a home from any neighborhood or community they want to live in as they search for houses on the open market. The freedom afforded to participants to choose their desired home is a defining characteristic of the MTM program that separates it from others that provide pre-selected low-income housing in specific areas. This element of choice allows qualified individuals to not only become first time homeowners, but it allows them to do so in an area that they feel reflects their own values and well-being, adding to a sense of safety and community.

Although applicants are not geographically bound, the maximum housing price they can spend is $225,000. Before purchasing an eligible home, the mortgage is determined on a case-by-case basis that is representative of the household's income. However, the maximum monthly mortgage subsidy is $541 over a10-year period. Once the mortgage subsidy is set, the amount remains consistent for the full 10 years.

In order to purchase the house, MTM provides the participant with a 15 percent down payment. Prior to 2015, 5 percent of this down payment was provided by the MREA, while the Manitoba Government, through the HOMEWorks! program, provided 10 percent of the down payment. However the Government of Manitoba has recently cut funding to the program, jeopardizing its future.

One of the most sustainable benefits of the MTM program was that the 10 percent down payment HOMEWorks! provided did not cost the government any additional money, as the program converts existing government rental subsidies into mortgage subsidies for MTM homes. Conversely, MTM estimates that converting rental subsidies to mortgage subsidies in fact saves the government money, as one MTM home represents approximately one third of the cost of a provincially funded rental property over the same period of time.

In addition to saving the provincial government money, MTM also increased the rental housing pool as participants move from rental housing and into homeownership. This also directly addresses Winnipeg's low vacancy rate by freeing up rental properties.

Conclusion

By supporting Aboriginal Manitobans to become first time homeowners, Manitoba Tipi Mitawa is not only helping to break the cycle of poverty by finding ways to transition long-term renters out of provincially subsidized rental housing and into homeownership, but they are also helping to tackle the disproportionately low rate of Aboriginal homeownership in Winnipeg. To date, the program has helped fourteen Aboriginal families become first time homeowners. These individuals not only have safe and affordable places to live, but they have gained financial independence, as seen by the fact that over the past seven years the average increase in homeownership equity has risen by up to $30,000 as the market value of homes increase. The success of the program has put it in high demand and there are currently over 100 people on the waitlist to transition from renting to ownership through the Manitoba Tipi Mitawa program.

II. Harmony Housing: An Affordable Housing Partnership (Abbotsford, BC)

The city of Abbotsford is situated within the mountainous region of the lower-mainland in British Columbia, adjacent to the metropolitan area of Greater Vancouver. Although Abbotsford has a population of only 133,497 residents, the city's boundary encompasses an area that is 375.55 square kilometers, making it geographically the largest city in British Columbia. However, this amount of land does not accurately portray the area available for development, as the topography and zoning within the city drastically limits the amount of land that is suitable for construction.

Agricultural Land Reserves (ALR), areas of land protected from development, account for about 70 percent of the land in Abbotsford. Land suitable for development is further restricted when considering the mountainous geography within the city. When accounting for these two factors there is only about 60 square kilometers, or 16 percent, of the city's urban area that is suitable for development.

However, the demand for this land has been increasing over the last 50 years, as the Abbotsford population has grown by over 500 percent since 1961. This population growth is in large part a result of the development and the expansion of the Lower Mainland. As the population has grown in Abbotsford, so has the need for housing, and with the finite land available, developers are trying to construct housing utilizing the least amount of land to provide for the maximum occupancy. As a result, since 1981, more then half of the units built in Abbotsford have been multi-family units, and currently 80 percent of development applications are for townhouses or apartments.

Furthermore, Vancouver and the adjoining metropolitan areas are also continuing to grow, putting external pressures on the availability and affordability of housing in Abbotsford. As the demand for housing increases in Greater Vancouver and Abbotsford, the cost of owning or renting a home is also increasing. This means that low and middle-income individuals are finding it increasingly difficult to live in Abbotsford, threatening the city's diverse identity.

In 2011 the Abbotsford City Council adopted the *Affordable Housing Strategy* to address these challenges and to ensure Abbotsford maintains its identity as a complete community, in which all residents are able to work and live in the city regardless of the their economic standing. As part of this commitment, the city of Abbotsford has partnered with the private and public sectors to create Harmony Housing, a unique affordable homeownership initiative.

Harmony Housing: The Idea and the Solution

Harmony Housing emerged from a partnership between the city of Abbotsford, private developer Van Maren, the Canada Mortgage and Housing Corporation (CMHC), and mortgage provider VanCity Credit Union. The project, which began in 2009 brought these partners together to address the issues of limited land suitable for development, increasing land values, and the exclusion of low and middle-income individuals from homeownership.

In order to tackle these issues, Harmony Housing project partners came together to develop and finance eleven townhouses, situated within two buildings, to be sold exclusively to low and middle-income families. Each of these eleven townhouses also contain a separate secondary bachelor suite, which owners can rent out to offset their mortgage costs, for a total of twenty-two affordable unites. These rental suites are further intended to assist financially vulnerable individuals, as tenants are required to be low-income seniors or adults with disabilities.

In order to accomplish their objectives and ensure suites remain affordable for low and middle-income residents of Abbotsford, each partner had to fulfill a distinct set of responsibilities from the projects inception through to completion and beyond.

The City of Abbotsford

The city of Abbotsford had three primary responsibilities to ensure the success of Harmony Housing. The first of these was to provide land suitable for development. The second was to select a private developer to construct the housing. The final responsibility was to identify eligible applicants to occupy the housing once it was constructed.

In order to initiate the project, the city of Abbotsford had to identify and secure land suitable for development. To accomplish this task the city took three existing parcels of land that it owned and redrew their boundaries to create one large parcel that was more equipped for a development of appropriate size. The city then rezoned the parcel as Multi-use Residential Flex (RMF) and approved variances for on-site parking and reduced setbacks between buildings. These variances allowed for the maximum number of unites to be developed within a limited space, increasing the availability of affordable housing for low and middle-income residents.

Once the land was secured, the city of Abbotsford initiated the request for proposal (RFP) process to find suitable developers who would comply with specific terms and conditions. The Van Maren Group won the bid, in part for their willingness to comply to an open book process with the city. This open book process allowed the city of Abbotsford to have access to the developer's financials and host regular meetings with the developer throughout the duration of construction. These stipulations allowed the city to monitor the developer's expenses and keep them accountable to ensuring the affordability of housing to applicants down the road.

In order to make sure that Harmony Housing units were sold to the target group of low and middle-income individuals, the city of Abbotsford was responsible for finding suitable applicants. To be eligible for ownership, potential buyers needed to fulfill the following set of criteria: 1) have resided within Abbotsford for the previous 12 months, or have been employed by the city of Abbotsford for at least 35 hours a week during the last 6 months; 2) be pre-approved for a mortgage in relation to an affordable housing unit; 3) have a gross annual household income that is less than the annual median household income of Abbotsford ($60,000 in 2010); 4) not currently own real-estate property anywhere in the world, and 5) the owner(s) would be the primary resident(s) of either the rental suite, or the main home.

These criteria ensured that homeowners were not only Abbotsford residents, which continued to build into the complete community goal, but also that only the targeted low and middle-income residents who required the programs assistance were considered. Conversely, should the owner decide to sell the home in the future, the city of Abbotsford enacted a policy requiring any future purchasers to fulfill the same criteria. In doing so, the city has ensured that the eleven townhouses contribute in-perpetuity to the pool of affordable housing.

These steps taken by the city established the framework required to initiate the development process, ensure the development was conducted responsibly and on budget, and that the units were delivered to the target population. However, while the city provided the framework for the project, it was the developer's role to ensure that the new housing remained affordable.

The Van Maren Group

The Van Maren Group's primary role in the Harmony Housing project was to ensure that units remained affordable to low and middle-income individuals by keeping construction costs to a minimum and taking on the responsibilities otherwise contracted out to other businesses.

The first way the Van Maren Group was able to reduce costs was by working with the city to acquire the land for a reduced price. After the city created and rezoned the new parcel of land, they had it appraised and sold it to Van Maren for 20 percent below market price. Furthermore, by selling the land directly to the developer, Van Maren then assumed all the construction and development risks, and this off-loaded any potential risk to taxpayers.

Van Maren also reduced costs by assuming the responsibility of selling the homes directly to eligible candidates. By eliminating the services of a realtor, the developer was able to save an additional $10,000 per unit.

Accruing these savings during the construction and sales process of the project was essential for the developer to ensure that their involvement remained profitable, as Van Maren agreed to sell the units to eligible applicants at 27 percent below fair market value (FMV). This agreement between the city and the developer was vital to ensuring mortgage rates were obtainable for low and middle-income residents.

By passing on all of these savings, the developer made only a 10 percent profit on the project. Although these profit margins are quite low relative to other projects of a similar scale in British Columbia, they are essential to delivering affordable housing to low and middle-income households. The developer's willingness to participate in the Harmony Housing project while understanding profit margins would be relatively minimal also demonstrates that there is interest in the private sector to engage in projects of this nature.

Although the original budget for the project, which included land, planning, financing and construction was set at $2,834,000, Van Maren completed Harmony Housing for only $2,580,000. This meant Van Maren was able to deliver the project $306,000 below budget and subsequently reduce costs to the point where they continued to make a profit while selling the units at an affordable rate.

Canada Mortgage and Housing Corporation

The affordability of these new units, made possible by the marginal profits for Van Maren, was further subsidized by the financial support provided by the Canada Mortgage and Housing Corporation (CMHC). From the beginning of the project CMHC provided funding to conduct a feasibility study. This removed financial barriers for the city and the developer to explore their potential options, and allocated them the resources required to determine what course of action was most appropriate to achieve their objectives.

Furthermore, CMHC provided developers with Proposal Development Funding (PDF) in the amount of $40,000, of which $8,000 was forgivable. The PDF, which is a repayable interest-free loan given to affordable housing projects, allowed Van Maren to further reduce the upfront construction costs. This financial support from CMHC helped ensure private sector interest by mitigating the costs of development, helping to secure desired profit margins.

Further along in the project, CMHC also provided financial support to eligible homeowners from their Residential Rehabilitation Assistance Program (RRAP). The RRAP provided residents with $24,000 to complete and renovate the secondary bachelor suit units. In a unique circumstance, these loans were given all at once to the homeowners, so the developer could build and renovate the suites during construction, allowing them to be rented out immediately.

By providing these financial services, CMHC not only allowed the city and developers to explore the most appropriate solutions to affordable housing, but it also reduced the construction costs to the developer, and reduced the burden of developing the secondary suites on the homeowner. This ultimately led to reduced mortgages to the homeowner, and provided affordable tenancies to a vulnerable low-income sub-section of the community.

Conclusion

The ability of Harmony Housing to deliver affordable homeownership to eleven low and middle-income families, and to provide affordable rental properties to individuals that are either seniors or adults with disabilities, demonstrates that there are opportunities to develop affordable ownership amidst significant economic barriers. By establishing a partnership between the city, a private developer, and a crown corporation, Harmony Housing was able to overcome the challenges of limited available land, increasing land costs, and increasing housing prices to ensure Abbotsford maintains a dynamic and complete community identity well into the future.

III. planningAlliance: Affordability Through Design (Toronto, ON)

Founded in 1978, the planningAlliance works with both the private and public sector to provide planning and design services for a range of urban, rural, and regional projects around the world. As a firm with international experience, planningAlliance has recognized the importance of including cultural and contextual sensitivity in the planning and design process to ensure their projects' sustainability and success.

This sustainability and success is routinely achieved in part by planningAlliance's adherence to ten guiding principles. Among these principles is a commitment to developing an intimate familiarity with the history and geography of the places they work, working with local stakeholders in the planning process, and taking into consideration the current as well as future needs of potential residents.

Although these principles are important in all projects undertaken by planningAlliance, they are particularly evident in their projects pertaining to the designing of affordable housing for low-income populations domestically and abroad.

Early and Influential Experiences in Botswana

The planningAlliance first began pursuing the goal of affordable housing in 1970 while working with the community of Old Naledi in Gaborone, Botswana. At the time of their work in Old Naledi, the dominant North American planning philosophy used in response to developing impoverished communities was to demolish and build anew. This philosophy was in large part due to a misinterpretation of the organic structure of these communities that is not complementary to traditional western planning paradigms. It was overlooked that community members felt they owned the land because they had built on and inhabited it, regardless of rebuilding practices. Furthermore, their ownership was recognized and accepted by other members of the community.

In understanding this, planningAlliance worked with community members to plan a development project that utilized the previously de facto property lines in Old Naledi to establish and provide land titles to residents. By initiating a process recognizing land titles as they corresponded to original structures of the settlement, planningAlliance contributed to providing legal rights to community members who were then able to invest and build on their land without worry of displacement. Compared to North American trends, Old Naledi individuals only built what they could afford. As a result, people always owned what they had built, and did not require mortgages. This practice reflects an incremental approach to housing that has allowed households to build out as they acquire wealth.

By maintaining the organic structure of the community and encouraging locals to develop within their means, planningAlliance recognized there was no singular path to providing housing. Instead of imposing a decentralized mandate onto the community, they rather listened to the community and learnt a series of key values from them.

The first of these lessons was that not every community or cultural group sees housing in the same way, and therefore not everyone needs, requires, or desires a similar model of housing. The second lesson was that affordable housing does not have to be delivered in its final form, but instead it can be a dynamic process in which the definition of home can evolve and change as households acquire wealth.

These lessons have since been incorporated and repurposed into numerous housing projects conducted by planningAlliance both domestically and abroad. The following four case studies of affordable housing proposals or projects by planningAlliance contain elements of these lessons learnt from Old Naledi. These include: 1) a 1990s housing proposal that uses low cost down payment assistance as an approach to incremental housing; 2) the Pan-American Games Athletes Village use of high density design and low square footage to provide affordable housing after the games leave; 3) the packaging of micro-units in a large-scale housing project as rental properties to subsidize mortgage costs for homeowners; and 4) building creative partnerships to assemble the land required to develop economies of scale in expensive urban neighbourhoods.

Pro-Home Model: A Progressive Approach

Designed by planningAlliance in the late 1990s, and supported in part by a grant from the Canada Mortgage and Housing Corporation (CMHC), the Pro-Home model sought to deliver a path to homeownership that was based on providing low-income households with initial land for development that was flexible and compatible for progressive development as a households income and equity changed.

Although only a single prototype unit was built, the concept was to sell individual parcels of land to then be developed by landowners for approximately $4,000. With minimal upfront financial investment required, securing one of these parcels of land would be an affordable option for low-income household to secure tenure and own property. This land would then be a starting point from which to build a home on as capital was accrued.

In addition to building a primary residence, a clause was included in the original proposal that would allow owners to construct an additional development, or secondary suite, on the same site that could be used to provide a supplementary income to offset the costs of building the legacy home.

This model thus adhered to the principle that housing could be made affordable by first providing households with the land required to build an initial investment, and allowing it to be developed over time as they accrued additional capital. Although the initiative did not take off, the key components of incremental construction, flexibility, and affordability are evident in future housing plans designed by planningAlliance.

Pan-American Games Athlete Village

Recently architectsAlliance, a branch of planningAlliance, took on the unique challenge of developing the Master Plan for the Athletes Village for the 2015 Pan-American Games in Toronto. The site of the Athletes Village is set within the West Don Lands, a neighborhood transitioning from a former brownfield site into a sustainable mixed use community that is currently undergoing an accelerated period of growth and re-development.

Although the design of the Athletes Village required there be space to accommodate up to 8,500 athletes and officials during the games, it would also need to function as a vibrant sustainable mixed-income neighbourhood for nearly 4,000 community members following the games that will include student housing for residents for George Brown College, and a new YMCA facility. Furthermore, 5 percent of the newly created units were required to be reserved for affordable homeownership.

The required dual function of the units to serve both for the games and as legacy planning challenged planningAlliance to consider how much they could design on the front end that could remain intact once the units were converted into housing. In considering this they also looked at how they could use the physical design of the units to promote affordability once they were converted.

By designing a space that was compatible for both the games and homeownership, planningAlliance set its design apart from other projects of a similar nature. Often, legacy facilities built for specific events are gutted, reconfigured, and refinished to reflect more traditional housing layouts following their initial use. In some cases the retrofit can entail converting two or more original units used to house the athletes into a single housing unit once repurposed. However, planningAlliance developed a design that would use the same footprint for both purposes. This was achieved through a series of small square footage designs that were minimal enough to ensure a specific quantity of homeownership units, yet large enough to accommodate the maximum number of athletes per unit during the games. Once converted, the property will have a mix of single and two-bedroom apartments, the size of which will depend on the original layout used for the games.

By keeping the square footage to a minimum, planningAlliance could reduce the price of units for future homeowners. Although the small size of a unit is not traditionally a marketable characteristic of a property, planningAlliance has proposed an innovative and novel housing concept, one in which they argue that not everyone requires or desires a lot of independent space.

By designing completely functional small square footage units, planningAlliance offers the potential of affordable housing opportunities for low and middle-income households. In doing so, planningAlliance has also contributed to the design of a future legacy of development that could provide housing for an array of lifestyles, incomes and households while also offering temporary accommodation to thousands of athletes. planningAlliance's innovative design was critical to Toronto's successful bid for the 2015 Pan-American Games. While a team led by Dundee Real Estate and Kilmer van Nostrand are currently completing the final implementation, the structure of the outcome remains consistent with the original Master Plan.

SILO: Affordability Through Design

While the Pan-American Games project demonstrated an example of how planningAlliance was able to use the design of single units to mitigate housing costs, they are currently working on a project that uses the complementary design of multiple apartments to provide affordable rental and homeownership properties.

As of 2015, planningAlliance is working on a housing project on the historic Victory Soya Mills Silo Site in Toronto's downtown waterfront area. Although the area is home to some of the most

expensive real estate in the city, the parcel of land used is subject to an inclusionary zoning by-law that requires at least 25 percent of the units to be sold as affordable housing. In order to provide affordable housing on such an expensive piece of real estate, planningAlliance is designing floor plans and units that support a progressive process towards homeownership and affordable housing. In order to ensure that 25 percent of units are affordable, and that the project remains attractive for developers, planningAlliance is proposing that the building consist of numerous micro-units, or sub-bachelor units. These units are designed to have a significant amount of flexibility built into the floor plan thus allowing each owner to define unit layouts instead of the developer. Each unit's flexibility also allows for the owner to combine multiple units into a single property.

Capitalizing on flexibility and selling multiple units packaged together allows for affordability to be achieved. By selling multiple units to one qualifying household, it allows that owner to take up residence in one or more of the suites, while renting out any additional units. Similar to the Pro-Home Model, these rental units could then generate additional income for the homeowner, aiding them in mortgage payments. Furthermore, once homeowners accrue increased equity through the contribution of rental income to the principal on the mortgage, they could gradually acquire and occupy the additional unit(s).

To ensure that the initial price of units are affordable and that rental properties are accessible to low and middle-income households, planningAlliance is addressing the inclusionary zoning by-law by using an incremental approach to homeownership in one of the most expensive areas in Toronto.

Queen Street East Dispersed Assembly Toronto

Another barrier to development in Toronto is the inflation of land prices that has occurred in the downtown core and surrounding urban areas. Currently, planningAlliance is working to reduce this barrier by strategically partnering with private sector developers to initiate innovative approaches to delivering affordable homeownership in these areas.

One strategy to overcome the effects of land prices in the urban core is to adhere to the economies of scale principle and build developments large enough so that the number of unites created exceeds the threshold in which development would otherwise be too expensive. By constructing projects beyond this threshold, planningAlliance is using the scale of development to disperse the burden of inflated land prices among more unites to make them more affordable. However, in these high demand areas it is difficult to acquire a single parcel of land large enough to develop to the scale required to overcome land prices.

In response to this problem, planningAlliance is working with medium scale private developers to acquire a dispersed number of detached parcels of land throughout a neighbourhood instead of singular adjoining parcels of land. In doing so, they are seeking to acquire the critical mass required for economically feasible development by distributing an aggregate amount of land across multiple properties.

The critical mass is then accomplished when they account for all the land accumulated from multiple sites. In other words, the overall capital cost efficiencies associated with a large development are achieved by disaggregating that same scale of development across multiple sites.

In addition to lowering the land costs associated with development in high value areas, this approach can have added benefits when an affordable homeownership investment fund, such as Trillium Housing, provides potential owners access to a second mortgage that helps lower the owners share of the purchase price. Through this approach, planningAlliance is working to overcome the effects of inflated land values and provide affordable housing in areas where it would otherwise not be available.

Conclusion

The planningAlliance has worked to develop an innate familiarity with the history and geography of the places they work, partnering with local stakeholders and considering the current and future needs of potential residents. Through these means, planningAlliance has been able to approach affordable housing through a series of variable housing models that make use of innovative, affordable, and flexible designs that are redefining contemporary understandings of housing and housing delivery. As such, planningAlliance is creating and unlocking new and unique opportunities for affordable homeownership.

Session Summary

The Canadian Housing and Renewal Association's 2015 Congress workshop, Innovative Affordable Homeownership Initiatives showcased three different approaches to addressing cultural, social, and economic barriers associated with affordable homeownership in Canada. To overcome these challenges, each organization profiled has used unique and innovative approaches. In Winnipeg, MB, culturally sensitive programs were developed to address the disproportionate number of First Nations excluded from homeownership. In Abbotsford, BC the city and private developers came together to construct affordable housing and rental properties to surmount land costs and availability, while in Toronto, ON a planning firm was able to use design to reduce costs and provide an incremental approach to homeownership.

Despite these different approaches, they all share a similar belief that improving access to homeownership for low and middle-income households is important to maintaining the dynamic and inclusive identity of cities. Through creative programs, these organizations have overcome challenges plaguing many cities across Canada to demonstrate how innovation can create opportunities for affordable homeownership.

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