

To: Warden and Members of County Council

From: Chief Administrative Officer

Affordable Home Ownership Program Update

RECOMMENDATION

1. That County Council approve By-law No. 6404-2022, being a by-law to amend the existing Municipal Housing Facilities By-law (By-law No. 4664-2006), for the purpose of updating the County's Affordable Home Ownership Program to ensure greater alignment with the current housing market, and to support more first time home owners enter the housing market.

REPORT HIGHLIGHTS

- On November 10, 2021, Council directed staff to amend the existing Affordable Home Ownership Program to ensure greater consistency with the current housing market.
- The proposed Municipal Housing Facilities By-law amendment will increase the maximum household income for those participating in the Home Ownership Program, as well as the maximum forgivable loan amount for each participant.
- Existing funds in the Affordable Home Ownership account will assist up to 27 households entering the housing market, moving them to a more secure shelter within the housing continuum.

Implementation Points

Upon Council approval, staff will release a communication to the existing social housing tenants that are currently paying market rent. The opportunity for the existing tenants to submit an application will remain open for 60 days (from January 13th to March 14th).

If sufficient interest is not received from the County's existing social housing tenants after the 60 day period, a media advisory will be issued to the public.

Financial Impact

The current balance of the revolving loan fund for the Affordable Home Ownership Program is approximately \$570,000. The original funds for this Program were approved by the Federal and Provincial governments in 2008, under the Canada-Ontario New Affordable Housing Program.







For Council's information, if a homeowner sells their home within the 20 year term of the loan, the principle amount, plus applicable capital appreciation (5% of the increased value of the home), is required to be paid to the County. These funds are deposited into the revolving Home Ownership loan fund, and are repurposed for future applications.

As required by the Province, any funds issued under this program are secured on title as a second mortgage, in favour of the County.

Communications

This report pertains to an existing housing program that is available to the public. In light of this, details of the updated Home Ownership Program will be shared with the community by way of the County website and a subsequent news release, following the 60 day application period for the County's existing tenants.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
1.i. 1.ii.		3.iii.			

DISCUSSION

Background

The County's 10-Year Shelter Plan includes recommendations to assist in meeting the community's shelter needs across the shelter continuum, including affordable home ownership. In particular, the Shelter Plan indicates that the County will "support tenants paying market rent and occupying rent geared to income units in an effort to move them along the shelter continuum into home ownership or private market rentals".

The County's Home Ownership Program was first implemented in 2007, under the Canada-Ontario New Affordable Housing Program. The original program carried on until 2010, and was later reinstating in 2016 and updated in 2019.

The County's current Affordable Home Ownership Program provides low to moderate-income households with a forgivable down payment assistance loan that is equal to 5% of the purchase price of an eligible home (to a maximum of \$10,000). The intention of this program is to ease the demand for rental housing by assisting rental households to purchase affordable homes and build client equity.

Given recent significant increases to the County's current average residential home price, it is necessary to update the existing parameters of the County's Home Ownership Program to ensure greater assistance is available to the community.

Comments

Since the Home Ownership Program was reinstated in 2016, a total of 26 households have received support to purchase a home. The average loan amount equates to approximately \$9,500, with the average home price being \$199,985. That said, the majority of these applications were approved before 2018.

When households who received funding under this Program sell their home within the 20 year term of the loan, they are required to repay the borrowed funds, plus capital appreciation, if the home was sold for more than the original purchase price. When funds are repaid, they are placed in a revolving fund for the purpose of supporting additional home ownership assistance loans.

Due to the current average residential home price in Oxford County, being approximately \$670,000 as of November 2021, applications for the Program have been decreasing since 2018. In addition, in light of the current housing market, many applicants have opted to sell their homes for a significant profit. As a result, the majority of the down payment assistance loans have been repaid in full, with capital appreciation.

Notwithstanding the above, there is an immediate need to address the gap in the housing continuum with respect to home ownership.

Current Program Eligibility Criteria

The Home Ownership Program was last updated in March, 2019, and currently includes the following eligibility criteria:

- Maximum home purchase price: \$264,619 (10% below the average home price for the County as of 2019);
- Maximum gross household income: \$63,630 (median household income as per Statistics Canada);
- Maximum loan amount (5% of purchase price): \$10,000.

Maximum Household Income and Housing Price Considerations

In accordance with the existing Municipal Housing Facilities By-law, the maximum home price that qualifies under the Program is 10% less the current average. Given that the average resale price of a residential home in November 2021 was approximately \$670,000, as reported by the Woodstock-Ingersoll & District Real Estate Board, the maximum home price that would qualify

under the home ownership program would be \$603,000, which is not affordable for a household with a median income of \$63,630 or less, being the current maximum income threshold.

Notwithstanding the above, the maximum household income for the program can be increased to \$92,700, in accordance with Ministry funding guidelines. A household with this income would generally be able to afford a home with a purchase price of approximately \$370,000 to \$425,000. While the supply of homes in this price range is minimal, a total of 4 homes were listed under \$425,000 as of January 4, 2022, which is relatively low given the time of the year. Notwithstanding this, it is still important to note that at the very lowest purchase points, many less qualified purchasers are competing with investors, with multiple offers being submitted for these properties.

For Council's information, the Ministry's maximum household income for the program is reflective of an income that is higher than 60% of the households in the County. As such, those households who are eligible for the program, with an income below \$92,700, generally have an income that is less than the majority of the population.

Proposed Amendments to the Municipal Housing Facilities By-law

The County's Municipal Housing Facilities By-law was approved by Council in 2006, and later amended in 2016 to address the reinstated home ownership program. The following amendments are proposed to ensure greater alignment with the current housing market:

Provision	Current Requirements	Proposed Amendment
Affordable Home Ownership Definition	<ul style="list-style-type: none">- <u>Maximum Purchase Price</u>: 10% below the average purchase price of a home in the County (\$603,000).- <u>Total Household Income</u>: less than the median household income, as per Statistics Canada (\$63,630).	<ul style="list-style-type: none">- <u>Maximum Purchase Price</u>: Adjust to \$425,000 to be consistent with the affordability of the proposed new household income.- <u>Total Household Income</u>: Increase to \$92,700, being the maximum that is permitted by the Ministry.
Affordable Home Ownership Down Payment	<ul style="list-style-type: none">- <u>Maximum Down Payment Assistance Loan</u>: 5% of the home price, to a maximum of \$10,000	<ul style="list-style-type: none">- <u>Maximum Down Payment Assistance Loan</u>: Increase to \$21,000, to generally reflect 5% of the increased purchase price (\$425,000)

To ensure greater discretion in the maximum home purchase price, staff are recommending that the Affordable Home Ownership definition be amended to provide the Director of Human Services with the ability to adjust the maximum price in accordance with the current market. While the maximum threshold of 10% below the average purchase price will remain in place, this amendment will ensure the average price remains at a range that is affordable for the maximum household income.

Home Ownership Program Highlights

The updated home ownership program will include the following criteria, should Council support the above noted changes to the Municipal Housing Facilities By-law:

- The applicant(s) must be at least 18 years old and currently renting in the County;
- The total household income of the applicant(s) must be less than \$92,700;
- The maximum home purchase price must be less than \$425,000;
- The applicant(s) must not have any interest in a home;
- The applicant(s) must not owe money to a Community Housing landlord;
- The applicant(s) must pre-qualify for a mortgage;
- The home must be the sole and principle residence of the approved purchaser(s) and located in Oxford County;
- The maximum down payment assistance loan is 5% of the purchase price, to a maximum of \$21,000; and,
- The forgivable loan will be registered on title as a second mortgage, and is repayable in full, plus capital appreciation, if the home is sold and/or transferred before the 20 year term is complete.

Conclusions

The proposed updates to the Home Ownership Program will provide an opportunity to assist applicants who are seeking to purchase their first home in the current housing market. The Program will also assist to ease demand on the rental market and enable the approved home owners to establish equity. The existing funding dollars are expected to assist up to 27 households.

SIGNATURES

Report Author:

Original signed by _____

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Manager of Housing Development

Approved for submission:

Original signed by _____

Michael Duben, B.A., LL.B.
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