



INFORMATION REPORT

TO:	Chair and Members Emergency & Community Services Committee
COMMITTEE DATE:	November 9, 2015
SUBJECT/REPORT NO:	2015 Down Payment Assistance Program (CES15054) (City Wide)
WARD(S) AFFECTED:	City Wide
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SIGNATURE:	

Council Direction:

On June 11, 2014, City Council approved the following:

"That the current balance of \$365,577 and any future funds in the Revolving Home Ownership Reserve (#112254) be utilized for down payment assistance as outlined in the Provincial Investment in Affordable Housing Program and that the program be targeted to priority neighbourhoods identified in the City's Neighbourhood Development Strategy."

Information:

In 2005, the Federal and Provincial governments launched the Canada Ontario Affordable Housing Program (COAHP). One component of this initiative targeted affordable home ownership by providing down payment assistance to low to moderate income renter households to purchase a home.

In 2011, the Investment in Affordable Housing (IAH) Program replaced the COAHP, based on the principles of Ontario's Long-Term Affordable Housing Strategy. IAH also has an affordable homeownership component.

The City of Hamilton was the delivery agent for both the COAHP and the IAH Programs. The homeownership components were delivered successfully through three phases, with a total of 271 participants in Hamilton receiving down payment assistance.

As part of the agreement between the Province and the City of Hamilton to deliver the IAH Program, the City was required to establish the Revolving Home Ownership Reserve (Account #112254) ("the Reserve"). Repayments of home ownership loans are deposited into the Reserve to be reinvested in future home ownership programs.

Repayments are due to program participants no longer meeting the program requirements, e.g. selling the home, being in default of the mortgage, no longer living in the home as their principle residence, and renting the home to another occupant.

At the June 9, 2014 Emergency and Community Services Committee meeting (Report CS11017(d) – Housing and Homelessness Action Plan), members approved the recommendation that the current balance of \$365,577 and any future funds in the Revolving Home Ownership Reserve (#112254) be utilized for down payment assistance as outlined in the Provincial Investment in Affordable Housing Program and that the program be targeted to priority neighbourhoods identified in the City's Neighbourhood Development Strategy.

On March 30, 2015, the fourth iteration of a home ownership assistance program was launched in accordance with the provincial IAH guidelines. The program was aimed at low-middle income households that can afford regular mortgage payments but for whom home ownership is out of reach due to the inability to raise a lump sum down payment. The objective was to assist households to transition to homeownership and free up much needed affordable rental accommodation. By the time the program was launched, the Reserve had grown to over \$400,000. It was anticipated that the funds would assist 20 – 25 households.

The new Down Payment Assistance Program (DPAP) was offered on a first-come, first-serve basis until funding in the Reserve was exhausted. Eligibility criteria for applicants were as follows:

- Must be over the age of 18 years old;
- Must be renting in the City of Hamilton for at least the previous six months;
- Does not currently own a home or property;
- Legal resident of Canada and intend to have this home as their only residence;
- Can be pre-qualified for a mortgage;
- Must purchase a home in one of the neighbourhoods determined through the Neighbourhood Action Strategy;
- Maximum home price of \$275,000;
- Household cannot exceed a maximum gross annual household income of \$70,000 (excluding full time students), and;
- Cannot have a spousal relationship, including a same-sex spousal relationship with a person that has, any form of interest in ownership of another property.

The DPAP provided assistance of either 5% or 10% of the purchase price depending on household income and whether the household included dependents. As with previous programs, participants must retain the home as their primary residence for a 20-year period after which time the loan is forgiven. If the property is sold or the terms of the loan agreement are breached within the 20-year period, participants must repay the principal loan amount and either 5% or 10 % (depending on the percentage down

payment assistance received) of any capital appreciation. All repaid funds are reinvested into the Reserve.

Given the high interest and demand, the program take-up was rapid.

In April 2015, Housing Services hosted two information sessions for prospective applicants, bringing in expertise from Horizon Utilities, Union Gas, Catholic Family Services, Canada Mortgage and Housing Corporation, the Realtors Association of Hamilton-Burlington and City staff to discuss homeownership readiness. Attendance was at capacity and the feedback from the events was positive. Many of the program participants are taking advantage of the energy audit programs offered by the utility companies and programs such as “Financial Fitness” offered by Catholic Family Services.

Housing Services is currently working on an additional information session for program participants, to be held in November 2015, which will offer information on minor home repairs through a hands-on instructional class at a local home repair retailer.

Data and Demographics

As a result of the Down Payment Assistance Program, 23 households were able to purchase homes (65 individuals including 32 children). The total amount from the Reserve spent through the DPAP was \$456,455.

Six participant households were living in social housing units thus freeing up social housing units for households on the social housing waitlist. Additionally, one of the successful participants was on the social housing wait list.

Household size ranged from 1 – 8 people. The family composition is varied as seen below:

Household Type	Average Annual Income (\$)	Average House Price (\$)
Single (5)	46,917	197,100
Couple (3)	53,690	197,000
Lone Parent Families (7)	52,606	222,857
Families with Dependents (8)	54,550	213,571
All Households (23)	52,187	210,904

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The average income of participants as seen above is significantly less than the 2011 National Household Survey Data (NHS) Hamilton household income of \$76,742.

The average home purchase price in the DPAP was \$210,904. This is lower than the 2014 average sale price in the Neighbourhood Action Strategy neighbourhoods of \$211,684 and lower than the average home price across Hamilton of \$354,702 (according to the Realtors Association of Hamilton Burlington).

Eighteen participants purchased single detached homes, two purchased semi-detached homes and three purchased townhouses in the following neighbourhoods:

Crown Point	7	Davis Creek	2
Sherman	4	Rolston	2
McQuesten	3	Keith	1
Gibson-Landsdale	3	Riverdale	1

Seven participants withdrew from the program prior to purchasing a home. When withdrawing, all indicated discouragement and attributed their inability to purchase in the prescribed neighbourhoods due to the current market which they found exceptionally challenging as a result of rapidly rising housing prices. In addition, many homes were selling for above list price or there were “bidding wars”. In these cases, DPAP participants had a disadvantage as many were limited by how much they could spend and program guidelines required participants to only submit offers conditional on final mortgage financing approval and home inspections.

The chart below shows the average house price increase from 2012 to 2015 in the priority neighbourhoods.

	2012 Average Price	2015 Average Price	Price Increase	% Change 2012-15
Beasley	\$160,981	\$232,692	\$71,711	45%
Jamesville	\$198,590	\$284,897	\$86,307	43%
Keith	\$112,454	\$144,110	\$31,656	28%
Sherman	\$178,394	\$247,376	\$68,982	39%
Gibson-Landsdale	\$144,183	\$209,605	\$65,422	45%
Stinson	\$181,746	\$292,439	\$110,693	61%
Crown Point	\$168,142	\$232,478	\$64,336	38%
Rolston	\$219,067	\$253,993	\$34,926	16%
McQuesten	\$178,749	\$235,378	\$56,629	32%
Riverdale	\$149,772	\$185,463	\$35,691	24%

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Davis Creek	\$219,674	\$218,819	-\$855	0%
Hamilton Overall Average	\$289,586	\$354,702	\$65116.	22%

Source-Realtors Association of Hamilton Burlington

All participants who purchased homes noted the opportunity for homeownership through the DPAP was transformational and a positive change for themselves and their families. Many indicated they had little hope that they would own a home or if that were a possibility, it was years away. The following quote from a new home owner demonstrates the significant impact that the Down Payment Assistance Program has on the lives of its participants.

“I just bought my first home with DPAP! Homeownership to me is a sense of security and a dream come true. It is an asset for my son and gives me a great sense of belonging to a community. It makes me a little more in control of my life, an example for my child and family, and flexibility in regards to my options because of the asset that I am investing in now.

My son and I are so grateful that we have a Home. There is no ways to describe how thankful I am for this program. It makes so much sense.

I am hoping you all can see the incredible difference your ongoing commitment and work has made and will continue to make in Hamiltonians lives.” (Program participant – employed, lone parent with one dependant)

There continues to be significant interest in the program. Housing Services Division receives daily inquiries, demonstrating the desire and demand in Hamilton for a Down Payment Assistance Program.

The Reserve will continue to grow as a result of repayments made. Housing Services Division staff will evaluate these current and past iterations of the DPAP and return to Council with recommendations for a future program when sufficient funds are available in the Reserve. The evaluation will be informed by valuable feedback from past participants, the current real estate market, and housing needs in the Hamilton community.