

Texte présenté et déposé par
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le mercredi 3 décembre 2003

My name is Linda Babins and I am here to speak about permanent affordable homeownership.

The Benny Farm site and its buildings are a legacy that the community has inherited. I believe that this is one reason that it has been so difficult to decide how to treat this area. I would suggest that we look ahead to what kind of legacy we will be leaving future generations. Benny Farm's 'raison d'être' is that it was a solution to an affordable housing problem after the Second World War. We are experiencing a crisis today, and we would be naive to think that there won't be housing crisis and affordability problems in the future.

In Montreal in particular and Canada in general there seems to be a general lack of initiative at the government level in promoting and supporting progressive models for homeownership as envisioned by communities. There is an unwillingness to use the tools that will allow for permanent and affordable homeownership.

The reason for this reticence is unclear. Is it because people who have equity going into homeownership want equity on resale and can't believe that there exist people who would accept limited equity? In my experience people who have no equity can easily accept the prospect of limited equity in the future when the homeownership today provides them with security of tenure, the stability of having a home and a community that they can participate in and in the case of Benny Farm the accessibility of quality schools and services.

Others say that in 25 years these homes are going to be shabby or in need of a lot of repair, as if to say that only the open market could compensate for the money that will need to be re-invested to make these homes acceptable. Well I say that housing shouldn't be designed or built for planned obsolescence. Housing is a durable good, it is not a computer or car that has to be tossed in 5 or 10 years and it should be built as a durable good. In the hands of a non-profit, the community can work together to repair, renovate and beautify the homes. Homeowners will be part of the same horizontal condominium agreement as all the other residents of Benny Farm. As far as interior renovations and fixes, the City itself has used programs that teach inexperienced first time buyers how to budget for the broken water heater, how to do minor repairs. It is well documented that providing seminars on mortgages, budgeting and repairs educates the first time buyer and leaves them prepared for the challenges of homeownership. The non-profit itself could be involved in teaching homeowners how to do improvements or in the pooling of resources from within the community to help in home improvement.

I am a great believer in seizing an opportunity. I see the Benny Farm redevelopment as a golden opportunity for all levels of government involved and especially for Canada Lands. Permanent affordability would ensure that the investment stays in the community and that future generations will benefit from today's investment. Permanent affordability is a safety net, because there is a community standing behind the success of the home and the household rather than just an individual.

The City also has much to gain through the promotion of a Land trust. For instance:

- ❖ more stable communities that enjoy greater participation of more citizens
- ❖ improved economic development for the community
- ❖ safeguarding of all the public subsidies invested in this project
- ❖ creation of wealth and independence for low-income households

I encourage the City to promote permanent affordable homeownership, specifically in the form of a Non-profit Land Trust. The resources, both the skills and the knowledge, already exist in the community for this to occur and the will to make a land trust work is very strong.

Key Features of a Land Trust (the following information is from the study: Permanently Affordable Homeownership: Does the Community Land Trust Deliver on its Promises? (May 2003) by John Emmeus Davis and Amy Demetrowitz)

- ❖ Establishment of a Non-Profit Corporation -with a mandate to provide housing for low-income people (neighbourhood revitalisation could also be mandated)
 - Establish the Geography of the Land Trust (in this case NDG)
 - The Board has a 3-part structure
 - 1/3 represents the people leasing land or apartments on the site
 - 1/3 represents the interests of people in the community but not living on the site
 - 1/3 represents public officials, local funders, non-profit providers of housing or social services, and others who presumably speak for the public interest
- ❖ The Land Trust acquires land in its area by various methods. They will hold onto the land forever. The buildings will be sold off to individuals, or to a cooperative housing corporation or to a non-profit developer of rental housing and so forth.
 - The land associated with a building will be leased to the owner of the building, for as long as the owner wants it.
- ❖ The Land Trust holds first right to purchase a building back from an owner. The resale price, which is set at the time of the initial sale by the land trust to the owner, provides a fair return. The homeowner receives their original down payment, and any equity earned by paying off the mortgage, and the value of any capital improvements made on the home, plus 25% of any appreciation in value on the home. When the Land Trust has bought the home from the first owner, they turn around and resell to another low-income homeowner.
 - Absentee ownership is strictly forbidden, subletting is very difficult.

Some interesting results from the recently published study

Affordability

Page 9: "our analysis revealed that BCLT homes not only remained affordable on resale, they become more affordable."

Retaining Community Wealth

Page 12: "at initial sale, the subsidies contained in the 97 houses and condominiums totalled \$1,525,148- an average of \$15,723 per home. At resale, the subsidies retained in these same homes had a total value of \$2,099,590- an average of \$21,645 per home. Had these subsidies been removed, carried away in the pockets of the departing homeowners, the City of Burlington, the Vermont Housing and Conservation Board, or some other public agency would have need to re-subsidize this housing to the tune of \$2,099,590, in order for it to be purchased by households at the same average level of income as those who were served by the BCLT on resale."

Expanding Homeownership

Page 15: "on average the BCLT served households at a lower level of income the second time around, although the difference was slight."

Creating Individual Wealth

Page 21: "The BCLT's homeowners received less equity and a somewhat lower return on investment than they would have received had they been able to make the leap into market ownership - if their market rate homes had subsequently appreciated in value. The return received by the owners ... was higher, however than other investments realistically within their reach.

Enabling Residential Mobility

Page 23: 61.9% of the homeowners went on to become owner-occupiers of market rate housing.