

First Nations Housing Development Corporation

Developing
Housing Options
for
First Nations



Our Vision

First Nations people will
enjoy the benefits of
Home Ownership.



First Nations Housing Challenges

- Many members expect the First Nation to fund all their housing needs, through government contributions and band funds.
- Much of the available First Nations housing budget is spent on debt servicing and Operations & Maintenance for existing houses.
- A growing backlog: The increase in supply can't keep up with demand – with new family formation at 8% per year.
- With few new units, overcrowding grows worse every year.

Recommended Housing Strategy for First Nations

- Increasing housing supply, maximizing benefits of existing budgets and achieving economic benefits by emphasizing affordable home ownership.



What Services Does the Corporation Offer?

- Opportunities for First Nation members to purchase homes, off reserve, through the FNHDC Off Reserve Home Ownership Program;
- Housing development opportunities;
- Research, housing program planning and development services, both to First Nations and government agencies; and
- Technical support for First Nation housing programs.

Home Ownership

Why Focus on Home Ownership?

- Affordability – many First Nations members can afford to pay and want to own their homes.
- Leverage – the First Nation's small investment in down-payment assistance. i.e. (5%) can leverage personal debt of 95%.
- Freedom – the First Nation is freed from ongoing Operating & Maintenance costs for the new homes.
- Economic Benefits – housing can become an economic engine that could create secondary benefits.

Off Reserve Home Ownership Program (ORHOP)

- Currently the FNHDC has a partnership with “The HOME Program” to administer the ORHOP:

“The HOME Program” was developed to assist moderate income individuals and families in becoming homeowners. This program encompasses education, referrals, one-on-one counseling, down payment assistance, matching with housing product, housing professionals and ongoing support. The counseling and follow-up are essential elements of the program in ensuring the families/individuals have the resources, support and advocacy in the process toward home ownership

Off Reserve Home Ownership Program (ORHOP)- Program Overview

The program weaves together five elements to address obstacles faced by households working to become home owners;

1. Education

Session 1: Preparing for Homeownership

Session 2: Obtaining a Mortgage, Shopping for a Home & Closing

Session 3: Home Care-Financial Management/Repairs & Maintenance

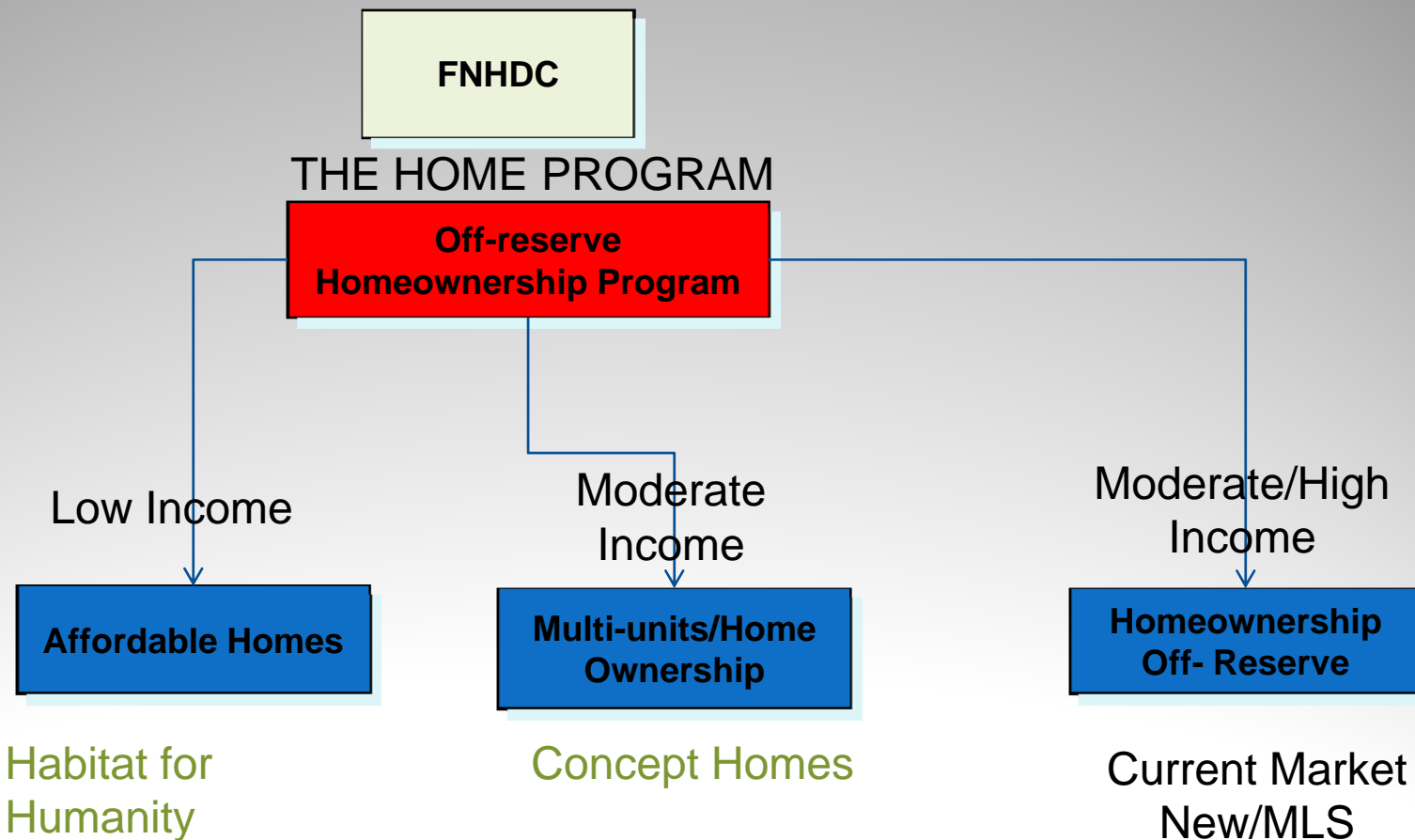
2. Individual Support and Advocacy

3. Downpayment Assistance

4. Underwriting Assistance

5. On-going Support

First Nations Housing Development Off-Reserve Home Ownership Program Flow Chart



Questions for consideration

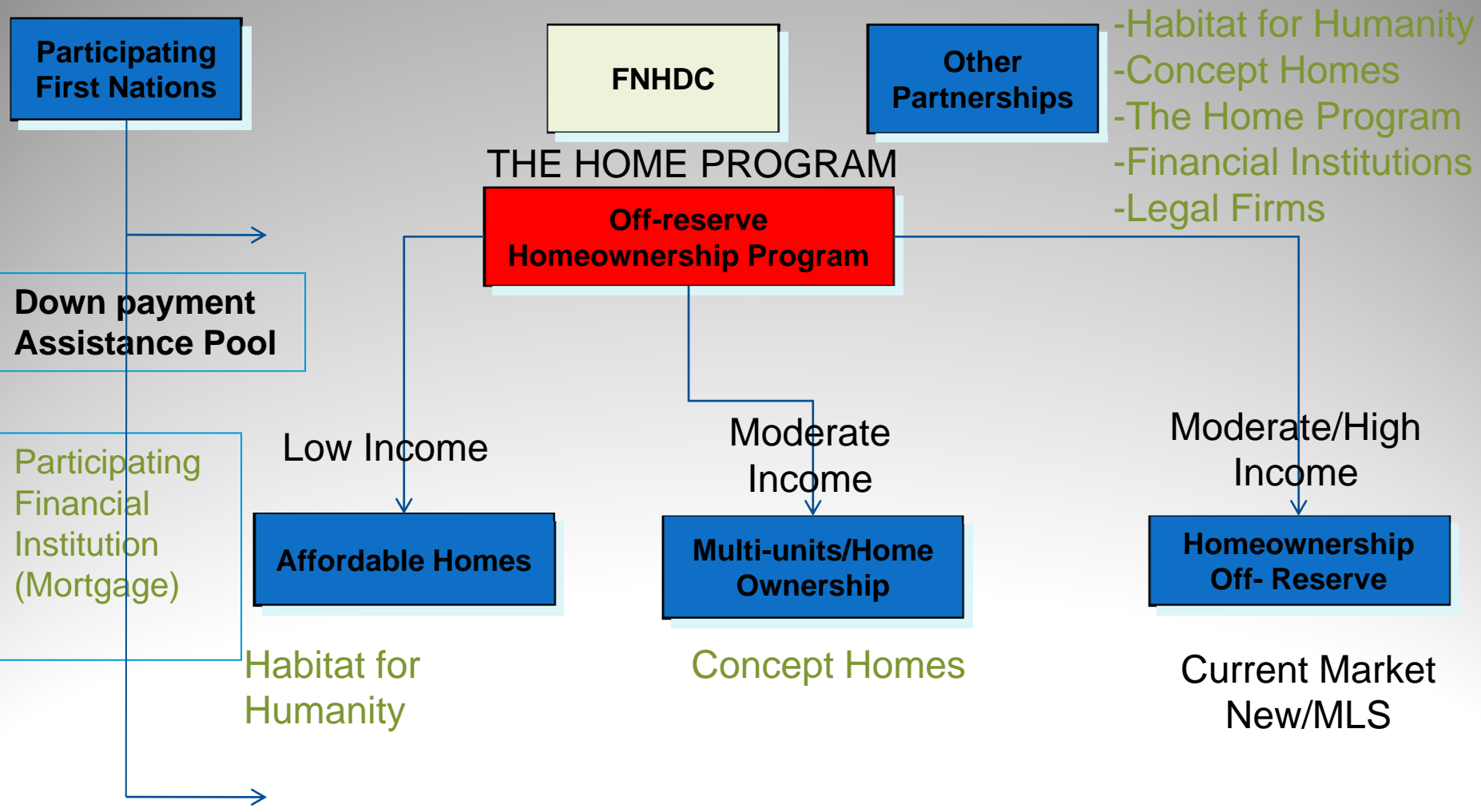
- What if there was a way the Nation could minimize the responsibilities relating to debt servicing, insurance costs and the maintenance provided to very minimal to none?
- What if there was a way to provide homes for 6 to 8 families for the same costs it would take to house one family?
- What if there was a way to increase housing by simply providing another housing option for membership?
- What if Leadership could escape the hassles, pressures and bias that come from a housing program?

Off Reserve Home Ownership Program (ORHOP)

- Each First Nation could work with the Corporation to design its own program and ensure that down payment assistance will be:
 - One-time only (i.e. the home owner, rather than the First Nation, will be responsible for operations, maintenance and mortgage costs);
 - Percentage of Down payment Assistance
 - The maximum down payment allowance per household
 - Percentage of households contribution; and
 - That the down payment will take form of an investment, not a grant.

First Nations Housing Development Off-Reserve Home Ownership Program

Flow Chart



Off Reserve Home Ownership Program (ORHOP)

- First Nation Benefits:
 - Increased Housing options for both on and off reserve members (alleviates waiting lists);
 - The home owner, rather than the First Nation, will be responsible for operations, maintenance and mortgage costs;
 - Increases the number of families housed for minimal dollars per house hold;
 - Fully secured by an interest in the real estate and can become a part of a First Nation's economic development strategy; and
 - Self-contained to ensure that investments by individual First Nations are not affected by the management decisions and practices.

Off Reserve Home Ownership Program (ORHOP)

- Individual Benefits:
 - Credit enhancement;
 - Equity;
 - Bankability;
 - Pride of ownership;
 - Increased Self-esteem;
 - Satisfaction;
 - Contentment; and
 - Fulfillment.

Example: A Sustainable Housing Program for a First Nation

- Typical Housing Situation of a First Nation in Alberta:
 - Housing waiting list of 297 families.
 - Expect annual increase of 8% in new families.
 - Current annual housing budget is \$825K, including administration. Assume no new money coming in.
 - All new housing is completely financed by the First Nation:
 - The First Nation spends 100% of construction costs @ \$100K per unit
 - The First Nation absorbs 100% of operating costs of home.
- There are households could afford to pay over \$1000 per month for mortgage payments and utilities (based on what families with comparable income pay for the homes that they own off-Reserve).
- What would happen if the First Nation concentrated on investing into members who were willing and able to buy, own and maintain their a home?

Comparing the Home Ownership Option to the Typical Housing Programs: Annual Investment of \$100K

Housing strategy	100% FN Responsibility	Off reserve Ownership
Approx. Average price Per Home	\$100K	\$318K*
First Nation Investment per unit	\$100K	\$16K (5%)
Number of Homes	1	6
Total Value of Homes	\$100K	\$1.9M

*Average residential sales price in Alberta is \$318,321 as of Aug/09. Sourced from the Realtors Association of Edmonton.

Developmental Opportunities

- The FNHDC have secured partnerships to carry out joint ventures developing affordable home ownership and/or rental units:

The Corporation could also provide investment and partnership opportunities for First Nations for similar developments. These developments will provide First Nations with further housing options for both on and off reserve members.

Developmental Opportunities

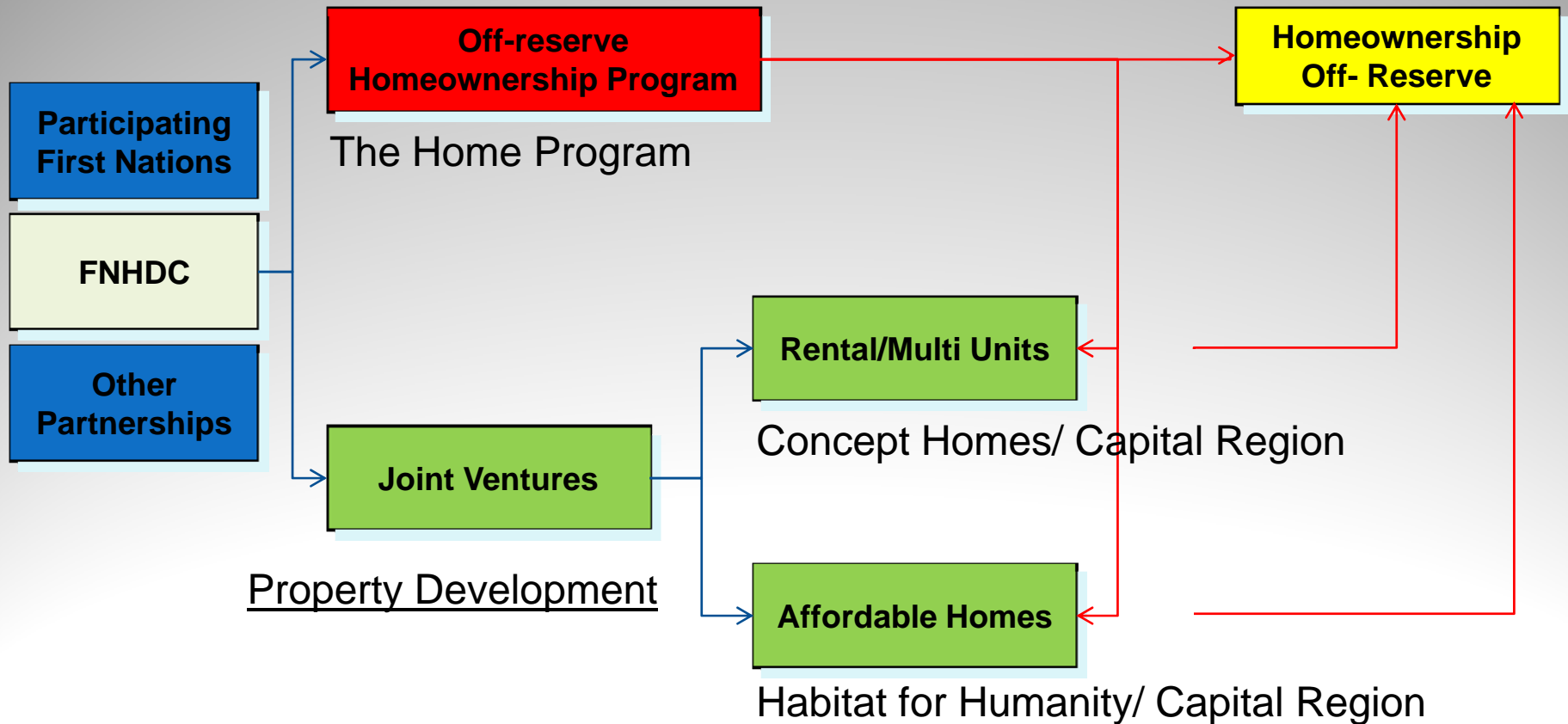
- Benefits:
 - Increased housing options for members;
 - Equity within properties;
 - Leverage within the Bands Economic portfolio
 - Property Management
 - Separates politics from the development;
 - Un-biased selection process(Property Management Situation);
 - Students housing options; and
 - Rental units.

Overall

How could the Corporation Deliver VALUE to First Nations and their Members?

- Assist you in developing sustainable housing strategies and programs off-reserve.
- Provide you with a “bridge” to the full range of technical disciplines and resources required to sustain effective housing programs (i.e., finance, developers, builders, government programs, etc.).

FNHDC Flow Chart



In Summary

What Difference could the FNHDC Make for a participating First Nation?

- Increase construction of First Nations housing;
- Create housing choices for First Nations, including home ownership;
- More First Nations members enjoy the opportunities and benefits of homeownership;
- First Nations address the backlog in housing demand through sustainable housing programs; and
- Provide opportunities for First Nations to make secure housing investments and avoid ongoing operating costs.

First Nations Housing Development Corporation providing the benefits of Affordable Housing/Home Ownership.
QUESTIONS?

