



**AHCYR**

**AFFORDABLE  
HOUSING  
COALITION  
OF YORK  
REGION**

# **Housing Ownership Models Evaluation REPORT**





# Housing Ownership Models Evaluation

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## INTRODUCTION

The HOME (Housing Ownership Models Evaluation) Report is the result of research by the HOME sub-committee of the Affordable Housing Coalition of York Region (AHCYR). This report showcases alternative affordable housing models, all of which can offer home ownership solutions.

We hope this report sparks a conversation about the need for affordable homeownership in Canada and leads to its development throughout the country.

We use a comprehensive 4A's Assessment Scorecard to compare each model and conclude this report with recommendations aimed at enabling and supporting the development of alternative, affordable homeownership.

This report highlights that there is not a single, obvious solution to the enormous issue of affordable homeownership in Canada, but rather a variety of small and innovative community-based solutions driven by affected communities. The findings of this report can play a key role in creating awareness and motivating future work and efforts in this key area.



# AHCYR

## AFFORDABLE HOUSING COALITION OF YORK REGION

### **COMING TOGETHER FOR THE RIGHT to HOUSING**

During the Winter of 2020, under the support and leadership of the Social Development Council of York Region, a group of concerned citizens and non-profit organizations came together to discuss the growing issue of the lack of affordable housing. Initially, there were a range of opinions on what specific area of affordable housing to focus on. For example, there was great concern about growing homelessness in the region. There was also a recognition of the severe shortage of affordable rental stock and homeownership opportunities that negatively impact the working poor. After several meetings, which coincided with the start of the pandemic, the group established their vision and action areas for implementation.

### **AHCYR ROLE/PURPOSE**

The role of the Affordable Housing Coalition of York Region is to promote Housing as a Human Right, to take leadership on sharing information and increasing understanding about the steps and resources necessary to increase safe, affordable housing options for residents of York Region and to facilitate capacity building and networking among the coalition members (community leaders, organizations, and individuals with lived experience of homelessness or who require affordable housing) toward these ends.

### **AHCYR OBJECTIVES**

- Coalition building among those interested in advocating for affordable housing
- Research, education, awareness and advocacy
- Serving as an Advisory Council to progressive mayors and others on this issue
- Support organizations in the non-profit sector at stages of affordable housing work
- Identifying opportunities for project builds that members may choose to initiate together

As the coalition identified priority areas, new subcommittees were established such as the Advocacy and Public Awareness Committee and the HOME Committee. The HOME Committee has produced this report to highlight models of homeownership for low income earners that allow a vehicle to build equity.

# A CLOSER LOOK AT "ONTARIO'S RISING STAR"

## York Region has one of the lowest supplies of rental units in the GTHA at 14%

With a population of 1.2 million to serve, only 14% of the units in York Region are rental households (YorkRegion.com, 2019).

## More than half of York Region renters spend 30%+ on rent

Renters struggle to build equity due to surging housing rental prices. A family of four with one minimum wage earner spends 68% of their income on food and rent (PROOF, 2019).

## York Region is expected to grow to 1.8 million in 2041

Representing the highest growth rate in the GTHA, York Region will have to meet the demand for the supply of housing (YorkRegion.com, 2019).



# ASSESSMENT CRITERIA SCORECARD



## **AFFORDABILITY**

Affordability reflects the extent to which the housing option is reasonably priced, as measured by its cost relative to the amount that section of the society whose income is below the median household income can pay. In Canada, housing is considered affordable if the associated costs (mortgage/rent payments) are within 30% of the person's income.



## **ACCESSIBILITY**

Accessible and adaptable is the extent to which the housing option enables people of all ages and abilities to stay in their community as long as possible. This criterion also shows how a house that is located on an accessible route (public transportation) and location (urban/rural, workplace) can be approached, entered, and used by its occupants, including people with various abilities.



## **AVAILABILITY**

Availability refers to the extent to which the housing option is obtainable; viability of being constructed (zoning or bylaws) and financed (investment or financing programs). In our assessment, this criterion also refers to how likely the housing model and/or approach is to be replicated in other settings.



## **APPROPRIATENESS**

Appropriateness refers to the extent to which the housing model is convenient and accommodates the buyer/owners' needs and expectations. It reflects to what extent the individual has meaningful participation in the process (decision making) and how the model allows for the individual to generate and accrue financial equity overtime, to reduce or overcome poverty.

The four criteria above will be used to assess each model, using 1 for the lowest and 5 for the highest alignment; considering the ability of each model to meet the specified criteria. A scorecard will follow each housing model showcased.

# MODULAR HOUSING



## OVERVIEW

Modular housing units are built on an assembly line in a factory and transported to the construction site. Modular units can be combined side-by-side or top and bottom to create larger or more accommodation or to extend existing buildings.

Modular building systems can have advantages over traditional on-site construction:

- (1) Site work can happen at the same time as units are being built in the plant;
- (2) Modular units can be built when weather does not allow outdoor construction;
- (3) Manufacturing efficiencies on the assembly line can result in cost savings; and
- (4) Because units are built indoors and closely supervised, they can be of higher quality.

However, there are also a variety of potential challenges with modular and prefabricated construction:

- (1) Modular units may have to travel long distances to the site, which can be costly;
- (2) Modular units are typically lifted off a truck with a crane which can be costly;
- (3) On-site integration of units, systems or pods can be a challenge;
- (4) If units or systems get damaged on route or deficiencies are noticed once the unit is on-site, it can be ambiguous whether site labour or the plant is responsible for making the repairs; and
- (5) Modular units using standard designs may not work in all climates and mistakes in the design can be repeated on the fast moving assembly line.

# MODULAR HOUSING

## TORONTO'S APPROACH

The City of Toronto is moving forward on its plan to increase the supply of affordable housing across the city. As part of the HousingTO 2020-2030 Action Plan, the City committed to create 1,000 new modular homes in municipality. Toronto is proposing an affordable housing development for 11 Macey Avenue including 56 bachelor units and support services. The plan aims to address homelessness and housing with modular supportive housing.



"As Toronto continues to grow, we are working to find unique and modern ways to address the ongoing challenges that we will face, including the need for more housing options," reads a statement from Toronto Mayor, John Tory. "I have led City Council in supporting the modular housing initiative because it is a key way in which we can provide residents access to stable, affordable, high quality housing as quickly as possible. Through modular housing we can quickly create permanent housing options that will impact the lives of many people in our city."

## SCORECARD

4/5

**Cost-Effective & Controlled Construction Process**



# TINY HOME VILLAGES



## OVERVIEW

Tiny home villages hold a lot of potential to transform the lives of low-income citizens. The "tiny house movement" is a social movement that encourages comfortable and economical living. This movement can be traced back to 1998 when Sarah Susanka published "The Not so Big House." Her book has inspired people with her arguments regarding the **environmental benefits of living in small houses**. The idea of living in a small house was powered by the unending fluctuation in the real estate business. A tiny house community is where tiny houses are brought together in one place that creates a community that shares land, time, support, skills and other resources. Land, time, support, skills and other resources are shared among the people that compose it.

With more and more housing developments containing smaller, compact homes, the need for placement options is at an all-time high. The desire for community living is trending as well. Across North America, dozens of cities have welcomed tiny-home friendly communities and the number of these communities is steadily growing. This includes backyard co-ops, eco-villages to resort-style developments.

As the tiny house movement gets bigger, so does the need to live a simple and minimalistic life within a community. There are various types of tiny home villages, including: (1) backyard co-ops; (2) eco-villages; (3) resort-style developments; (4) trailer parks for mobile houses; (5) tiny cottages and more!

# TINY HOME VILLAGES

## THE BRINKS FAMILY VILLAGE

*This family of four lives in a private tiny home village where the kids have their own homes. The two children, Lennox and Brodey, live in their own 160 square-foot homes. Additionally, they own a pool home and a guest home. Their parents, Keli and Ryan Brinks, said they live in their village to promote a sustainable lifestyle. In 2015, the family bought a 21-acre piece of land in Kentucky for \$57,000 and turned it into a private tiny home village. For \$20,000, the family was able to buy six tiny homes and placed them on this piece of land.*

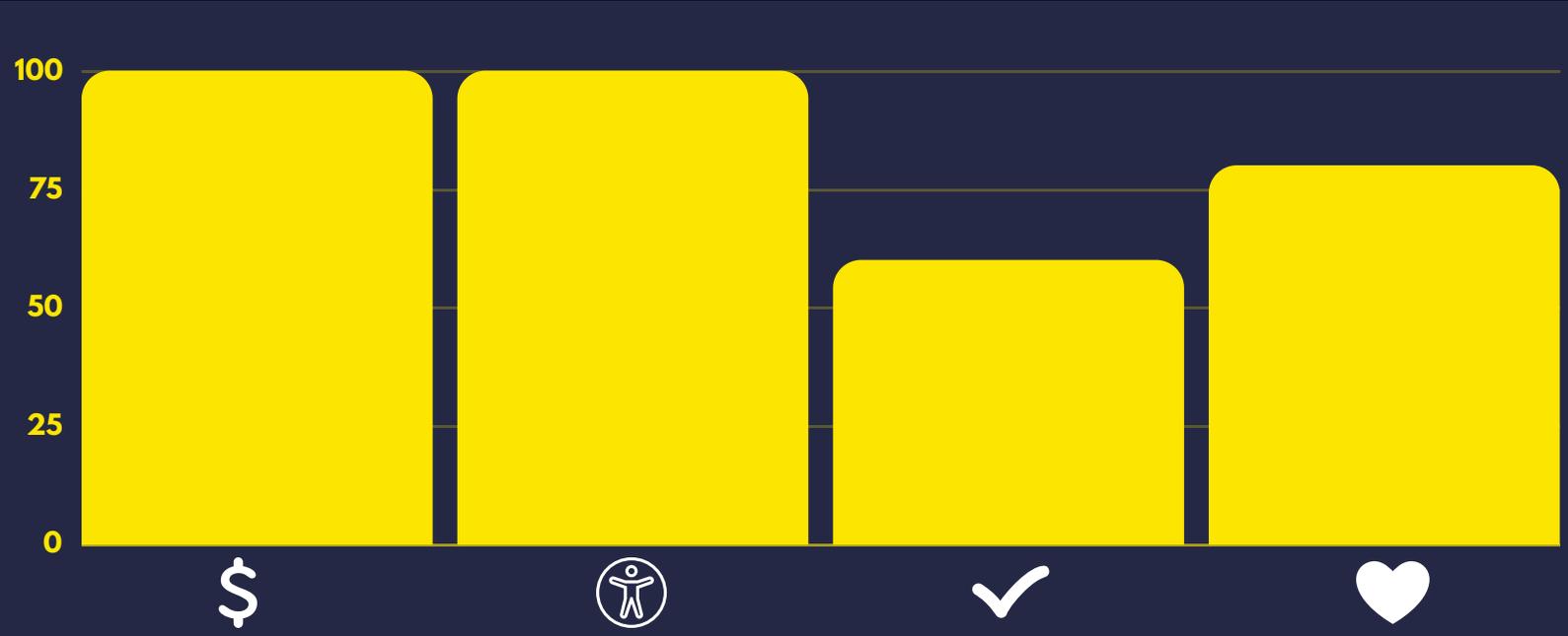


*The first tiny house in the village is where Keli lives with Ryan. At 280 square feet, it was purchased for \$9,000. Though it's a tiny home, the living area is not lacking space. It has vaulted ceilings to make the area look more spacious. Next to that is a tiny home made up of two bathrooms for the couple's children, which also includes a guest bedroom and laundry/washer machines. Next to that is a 64 square foot home that the family uses as an office. Adjacent to that is the 180 square foot pool home, where the family comes together to connect. Finally, 18-year old Lennox and 16-year old Brodey live in their own tiny homes that includes couches, dressers, TVs, and full-size beds.*

## SCORECARD

4.25  
/5

**Builds not only Homes but Purposeful Communities**



# CO-HOUSING



## OVERVIEW

Co-housing has the potential to create a trend of affordable housing while using unique architectural methods that could enhance social interaction. Co-housing creates a community with a social collection of individuals. The aim is a supportive social environment for like-minded homeowners to work collaboratively, live in close proximity, support each other and simply enjoy the company of the community.

The greatest benefit of co-housing developments are that they're designed to foster connection. The physical spaces allow neighbours to easily interact with others, just outside their private homes. Common areas including kitchen, dining space, and gardens bring people together. Many co-housing groups reduce the size of their private units since owners are able to use the common spaces for social events. Although each home has its own complete kitchen, shared dinners are common and are available a few days each week at the common house for those interested in participating.

Co-housing communities are usually legally structured as condominiums, which allows for security in individual ownership of homes and common ownership of the shared amenities. Co-housing neighbourhoods tend to rely less on vehicle use and more on environmentally sensitive designs for pedestrians. For most, co-housing provides relief from loneliness and is a space where anyone can enjoy a rich sense of community and contribute to a more sustainable world.

# CO-HOUSING

## CANOPY IN TORONTO

"Co-housing means that the community and the initiative starts with the people that are going to live there," explains Kai Millyard, a founder of Canopy Co-housing in Toronto. At Canopy, residents aren't forced to share their spaces. "You have your own fully self contained unit; your own kitchen, your own bathroom. You have private space," Jessica Park (a Canopy Member) says. In addition to the private homes, the development includes a common house, a greenhouse, a workshop and a children's room.



The real hurdle for Canopy and other future co-housing communities will be high land costs. "This is not some form of affordable housing," says Millyard, "it's high amenity housing." Tax credits and land allotment are provided to co-housing developments in Denmark and Germany, but this is not the case in Canada. The community's success is reliant on the residents. "The community comes together, decides what it wants to do and then goes out and hires the professionals it needs," says Millyard. "It's designed to facilitate community period, and that's primarily to facilitate community among people who are living there, but it ends up facilitating community for more than the people living there."

## SCORECARD

4.25  
/5

**A Great Example of  
Supportive Shared Living**



# RETROFITTING BUILDINGS



## OVERVIEW

In 2015, the asset management advisory committee at Anglican Diocese of British Columbia commissioned a research study which examined existing models where church, housing, education and activity centres with strong community interaction co-exist and thrive. While some of the land use studies provided excellent examples of successful affordable housing models, some also required high financial commitments and faced increased political challenges when seeking property approvals. Additionally, one of the more concerning findings of the research was that church attendance was declining universally.

The goal for re-developing church lands is for churches to be viable long term by not relying solely on congregation generosity, but rather drawing on other revenue streams, such as: (1) housing; (2) education and; (3) daycares. This is not a short term plan, rather one to extend for 25 to 40 years. A community-led approach with the help of non-profit organizations would assist church's in planning a vision for such community projects.

Re-developing church lands for community needs presents many opportunities. It allows the congregation to maintain the value & control of the church's assets (land & building), create multiple revenue streams, leverage physical assets to improve quality of life in communities and re-engage ministries. These opportunities can help negate the current challenges church's are universally facing, including: (1) declining church membership; (2) disconnect between church and local community; (3) limited and declining financial resources and; (4) underutilized buildings.

# RETROFITTING BUILDINGS

## ST. STEPHEN'S CHURCH

*"We need a new building, but our spirit is very strong. We asked people, 'If we didn't exist, would anyone miss us?' Definitely. It would be a big hole in the community." Ron Lackner, a congregation member at St. Stephen's for 42 years said. Lackner, Rev. Alex Wilson and others at St. Stephen's looked at numerous options, including amalgamating with other congregations in the area, which churches didn't seem to want. "If they couldn't agree on a new direction, we were looking at a date to close" Wilson said.*



Affordable housing in Scarborough is scarce and St. Stephen's took action. In April of 2019, St. Stephen's launched a bid to receive funding for an affordable housing project. Instead of allowing their church to go under, they decided to create a proposal that would allow them to tear down the church and rise again as a church with a new, diversified community right on top of it. Congregants at St. Stephen's voted in April to rebuild the 62-year-old church along with 11 storeys of apartments. The 11 storeys would be able to 101 affordable housing units, with 37 of those units reserved for Indigenous persons and youth in the community.

## SCORECARD

3.5  
/5

Repurposing for People  
and the Environment



# LEASE TO OWN AGREEMENTS



What is a  
**RENT-TO-OWN**  
**HOME?**

## OVERVIEW

In a lease-to-own agreement, the ownership of the home remains with the landlord until the renter decides they would like to exercise their option of purchasing the home. Essentially, the starting point of this kind of an arrangement is a tenancy, not a home purchase. The agreement in a lease-to-own arrangement is therefore similar to a regular lease agreement between a home owner and a renter, including terms such as the length of the lease period, the amount of rent to be paid, and repair and maintenance responsibilities of the home owner and renter.

There are a few ways lease-to-own agreements vary from traditional leases.

(1) In a lease-to-own arrangement, rent payments are often higher than they would have been had the transaction been a standard lease agreement

(2) Unlike a traditional lease, in which the landlord is typically responsible for making all repairs, rent-to-own tenants usually repair the rental property at their own expense.

(3) Until the tenant exercises the option and purchases the rental property, the premises are owned by the landlord. So, in addition to making repairs, the tenant must also comply with all other duties outlined in the lease.

Since the rent is higher than average due to the lease-to-own agreement, the landlord is to set aside a percentage of the rent. This way, the tenant builds equity in the home during the duration of the lease agreement.

# LEASE-TO-OWN AGREEMENTS

## BUILDING HOME EQUITY

*A lease-to-own agreement is very beneficial for tenants looking to build equity. Due to bad credit or lack of capital to make a down payment, many renters are unable to qualify for mortgages. Tenants also are given the option to walk away if they are no longer able to exercise the option to purchase the home. The tenant, however, would lose out on the money invested in the lease-to-own agreement if they decided not to purchase the home. A decision to forfeit the purchase however would not impact the tenant's credit.*

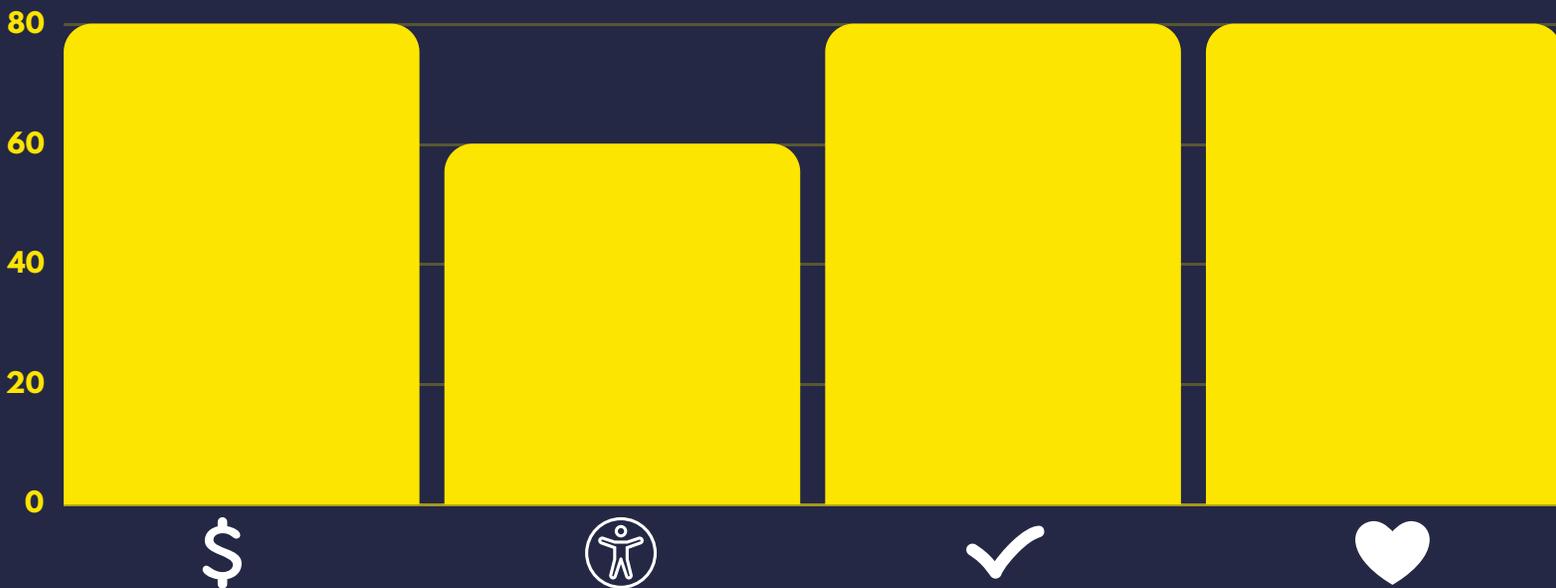


Landlords stand to benefit from lease-to-own agreements as well, as landlords enjoy a reliable, long-term tenant and usually does not have to deal with maintenance expenses. Additionally, if the tenant does not exercise their option to purchase the home, the landlord would retain the fees and funds invested by the tenant. However, lease-to-own agreements have some downfalls for landlords as well. The landlord is contractually obligated to sell the home to the tenant if the option is exercised by the tenant. The landlord is therefore not able to sell the home to a third party during this period, even if the tenant doesn't end up purchasing the house at the end of the agreement.

## SCORECARD

3.75  
/5

**Landlords and Tenants  
Can Mutually Benefit**



# WHAT WE LEARNED...

## CONCLUSIONS

The creators of this report hope the information presented has attracted interest in innovative homeownership models and that this interest will lead to the development of alternative, affordable home ownership in our communities. As the divide between those able to take advantage of the benefits of homeownership and those who cannot increases, the time to enact access to homeownership for low to medium income earners is now. The models illustrate that not for profit, community-based organizations can bring about homeownership for the working poor, especially when private developers show no interest in addressing this issue. Municipalities must have a role in facilitating the creation of these and other models of home ownership; enhancing access to services, information, and programs to positively impact the development of affordable, accessible, available, and appropriate homeownership.

Based on the models presented in this report, strengths and challenges as well as recommendations for further work have been identified.

## STRENGTHS

- The alternative housing models presented in this report help to resolve the issue of affordable homeownership and offer viable options to share supports among those involved (amenities, costs, use of land, financing) resulting in added benefits.
- Models showcased in this report could reduce the cost of homeownership by customizing the use of land and/or living space according to each person's needs, which will result in efficiencies and a lower carbon footprint.
- Given the relatively small scale of the homeownership solutions presented, these models could be easily and quickly replicated and implemented with appropriate access to land and municipal zoning and bylaw accommodations.

## CHALLENGES

- Due to limited awareness and understanding of alternative homeownership models, there is a lack of supportive bylaws and zoning at the municipal level to facilitate the development process.
- There is a lack of existing financing programs at the micro and macro levels, including municipal, provincial and federal levels, to assist in the development of alternative homeownership and access to personal financing by banks and credit unions.
- More research on alternative homeownership models is necessary to obtain new learning and to create a framework for community organizations and government to collaborate on the growth of alternative and affordable homeownership.

# WHAT IS NEEDED

## FINAL RECOMMENDATIONS

Designated staff at the municipal/regional level to assist community-based groups seeking alternative housing ownership development would increase the exploration and success of this approach. For-profit housing developers enjoy many privileges such as tax incentives and bylaw considerations. Similar assistance for non-profit groups would level the playing field, and lead to increased homeownership for those for whom it is currently out of reach.

Municipalities should adopt a Right to Housing Charter, underscoring the importance of housing to a strong and vibrant economy and community. Reinforcing that assertion, provincial and federal legislation should ease the path forward, in compliance with the United Nations declaration that the right to adequate housing is a human right. Alignment with this 'big picture' will lead to more understanding and innovation in addressing the lack of affordable housing and the lack of will in providing affordable homeownership options.

Promoting and enabling the conception and development of alternative models of homeownership as showcased in this report can guide much needed new policy and programs at the government and mortgage financing levels.

Finally, it is critically important that any new service and/or related policy should be complemented with financial assistance to assess, plan, and develop alternative housing ownership models. Strategic financing of social housing has been proven to provide an excellent social return on investment.

**THANK YOU!**

## ACKNOWLEDGEMENTS

The creators of this report would like to express their deep appreciation to all those who encouraged its production and provided us with support necessary to write this report. A special thank you is extended to members of AHCYR's HOME Committee, whose suggestions and encouragement stimulated conversation and research, helping us to complete this report.

Finally, we believe that the right to housing is becoming recognized more widely as a human right. Housing, and more specifically, homeownership is one of the driving forces in Canada's economy and homeownership is for most, the biggest financial transaction people will make, and ultimately their biggest asset. The issue of having access to affordable homeownership is of high significance for a society's social and economic development. For these reasons, there is an urgent need to recognize existing barriers for those with low to medium incomes to become homeowners and to develop and implement policy options and programs to reverse the trend away from homeownership for those with lower incomes.

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# **Housing Ownership Models Evaluation REPORT**

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