

MAKING HOMEOWNERSHIP HAPPEN

*Success Through
Partnerships*



An Affordable
Homeownership
Client Survey

Affordable Housing Office



Acknowledgements

This report, and the survey on which it is based, would not have been possible without the participating organizations and survey respondents. The many people who contributed to the survey's design and distribution, as well as the report's writing and editing are sincerely thanked.

City of Toronto - 2012

Executive Summary

Homeownership is a widely-accepted way to build equity and ensure one's housing quality, yet it is out of reach for many Toronto households. This study examines the impact of federal and provincial investments and the work of the City of Toronto's Affordable Housing Office, in partnership with non-profit housing providers, to facilitate affordable homeownership, between 2006 and 2011. This report uses a client satisfaction survey – the first of its kind in Canada – completed by 236 respondents (a 40 per cent completion rate). Some 215 respondents received down payment assistance loans from federal, provincial and municipal programs. The survey also asks how well the City and its non-profit partners have supported low and moderate income individuals through homeownership.

“I used to have to live in shared accommodations because I couldn't afford to rent on my own. I'm now paying roughly the same for housing but I live by myself in a beautiful, sunny one-bedroom less than a mile from my sister. It feels like heaven.”

~ Survey respondent

Respondents generally reflect Toronto's population in age and occupation, but have more moderate household incomes. About 12 per cent earn less than \$30,000 per year, and 64 per cent earn between \$30,000 and \$70,000. Some 14 per cent were on the social housing wait list or renting in Toronto Community Housing before purchasing.

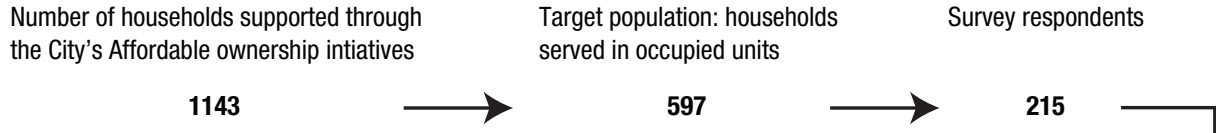
Survey results indicate the stability and housing quality acquired through homeownership produce broad positive impacts. The move from rental to ownership improved the following quality-of-life measures: personal privacy, feelings of safety, physical health, ability to work from home, and children's performance in school. Homeowners were generally satisfied with their home, its size and amenities, as well as the process of attaining homeownership. Some 78 per cent of respondents were more satisfied with their home than they expected.

Some 62 per cent said they had not even considered homeownership or believed it was out of reach until they received assistance. Moreover, the three most common reasons respondents gave for purchasing a home were that it made financial sense, that it offered stability and that they liked the location. The lower the household income, the more important “stability” was and the less likely they were to have considered ownership before this opportunity came along.

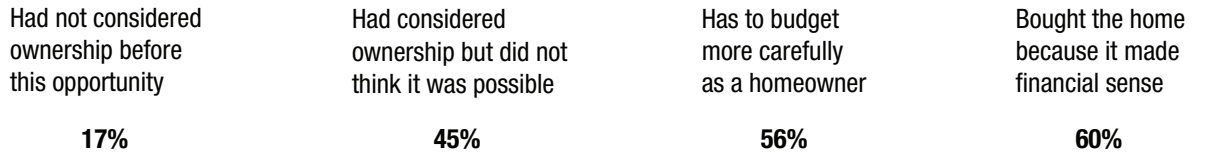
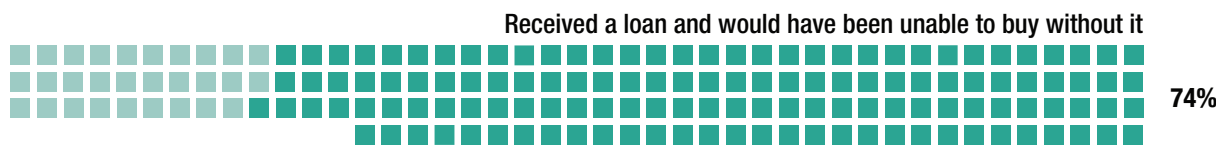
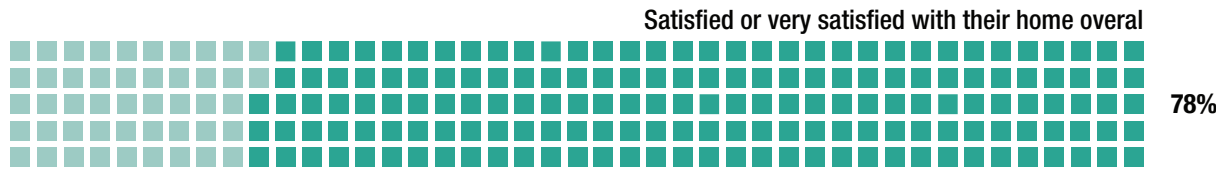
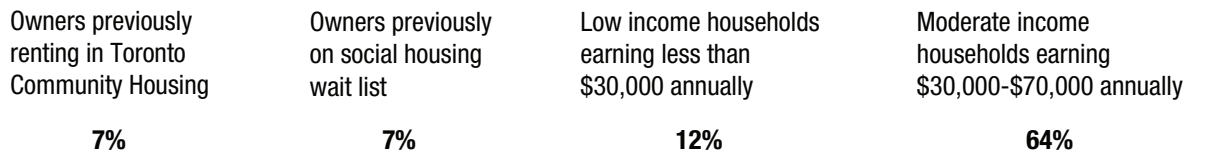
Many respondents reported having to “tighten their belt” and budget more carefully to afford a home. Indeed, over half spend more per month in housing expenses as owners than they did as renters. Many more said they expect to gain financially from becoming a homeowner (35 per cent) than those who face financial strain, such as having to cut back on essentials like food and transportation (nine per cent). Down payment loans appear to make a significant contribution to helping low and moderate income households buy a home.

One way to improve client satisfaction is to increase the use of plain language documentation in outlining the homeownership process and financing.

Homeownership Survey Results At A Glance



Respondents by Partner Organization



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Background

Context

The City of Toronto, using federal/provincial funding, has helped more than 1,100 households achieve homeownership since 1992. Homeownership is a widely-accepted way to build equity and ensure one's housing quality, yet it is out of reach for many Toronto households¹. The City of Toronto, through its "Housing Opportunities Toronto: An Affordable Housing Action Plan (2010-2020)", recognizes affordable homeownership as an important way to bridge the gap between house prices and household incomes. The majority of assistance has been between 2006 and 2011, corresponding to federal/provincial program funding. The federal, provincial and municipal governments support affordable homeownership in Toronto for three reasons:

- 1) To help low and moderate income households build equity and escape the cycle of poverty;
- 2) To make more social housing and private rental housing units available by helping renters become homeowners and direct property tax payers; and
- 3) To develop more socio-economically mixed neighbourhoods.

Previous research has shown that a down payment is the largest barrier to homeownership for low and moderate income households. Most of the City's support for affordable homeownership has focused on the provision of down payment loans. These no-interest loans, supported by the federal/provincial housing program, are forgivable after 20 years. The proceeds from increased housing value are shared by the owners and the City – or the City's non-profit partners – upon resale.

The survey on which this report is based is the first of its kind in Canada. The purpose is to evaluate affordable housing policy objectives and gauge client satisfaction. The report demonstrates the federal, provincial and municipal governments' accomplishments, and opportunities for improvement. This work will provide direction for improving the process of supporting low and moderate income homeownership in Toronto and other jurisdictions.

Partnerships

The Affordable Housing Office has so far worked with six non-profit partners to produce affordable ownership homes, from detached houses to condominium units. With government support, the non-profits have produced 1,143 ownership homes in 22 of Toronto's 44 wards.

This report groups the responses of homeowners from the City's various partners. As such, it does not, in every analysis, reflect the partners' differing approaches and housing forms.

Scope of the evaluation

Study goals

The primary purpose of the study was to measure the effectiveness of the City's delivery of affordable homeownership initiatives. The study was also designed to shed light on how the City's efforts contribute to meeting the goals it shares with its non-profit partners, as well as other broader government goals.

Methodology






The survey and process

This report analyzes results from a 31-question survey administered in September through November of 2011. The City's partner organizations distributed the survey to their purchasers to be completed online or over the phone.

The survey creation process involved an intensive review of questions over several months. It included consultation with researchers in other City divisions, the Affordable Housing Office's non-profit partners and the Ontario Ministry of Municipal Affairs and Housing. Before launching the survey, it was tested repeatedly including input from recipients of City homeownership assistance. The respondents' confidentiality was assured in accordance with City policy and provincial law.

The survey targets homeowners who received government financing and currently occupy their home, and was designed to shed light on their experiences and level of satisfaction. A second group of purchasers who did not receive government loans but indirectly received support through a proponent's financing also answered the survey. This was because contact information for assisted homeowners is held by the City's six partner organizations. With only a few exceptions, the partners sent the survey by e-mail to their most current distribution lists. Due to the survey method, not all respondents were necessarily recipients of government financial assistance.

Who completed the survey?

	Total occupied units (2011)	Total responses	Response rate
 ARTSCAPE	45	15	33%
 & Women's Religious Project	109	32	29%
 Home Ownership Alternatives Non-Profit Corporation	309	150	49%
 Miziwe Biik	12	3	25%
 Toronto Community Housing	122	35	29%
Unknown	1	1	NA
Total	598	236	40%

Selecting the respondents

The City of Toronto facilitates assistance to low and moderate income homeowners primarily through down payment loans. There are three core criteria home purchasers must follow to be eligible for this assistance, all verified at the time of purchase:

- A maximum household income (adjusted annually);
- A maximum home purchase price (adjusted quarterly); and
- Purchasers must be moving from rental housing.

To determine who the City served with homeownership assistance, those who did not fit the above criteria were removed from the final analysis. Purchase price was not collected in the survey. Respondents were not removed for household income as inflation, income mobility and becoming two-income households may have increased self-reported incomes since the date of purchase. However, 21 respondents said they were not previously renting, and were removed. This report is based on the 215 respondents who were renting before they purchased their current home.

Findings

Who are the program's clients?

Owners from social housing or the wait list

Seven per cent of respondents were on the social housing wait list and another seven per cent lived in Toronto Community Housing prior to purchasing their home². These 14 per cent demonstrate that the programs contribute to the reduction of the social housing wait list, a core objective of the City's affordable housing work. Not only do owners generally vacate a rental property, they are also transitioning out of social housing or off the wait list. The number of residents who move from social housing or leave the wait list should increase as the City continues to promote and support ownership among these households.



Household income

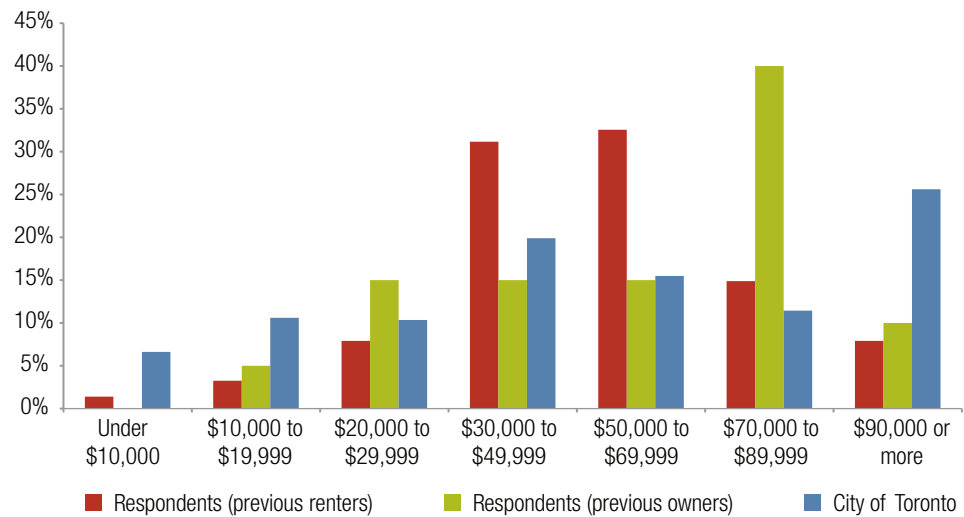
Almost two-thirds of assisted homeowners earned between \$30,000 and \$70,000, a proportion that is 28 per cent higher than the general Toronto population. This occurs for two reasons. First, most homeowners are likely to have higher incomes because the carrying cost of owning is, on average, higher than that of renting. In 2006, average monthly ownership costs were \$1,312, versus \$931 for renting – a \$381 difference, or more than \$4,500 per year⁴. Second, over one-quarter of Toronto households earn more than \$90,000 annually, which makes them ineligible for City loans.

Maximum household income for eligibility³

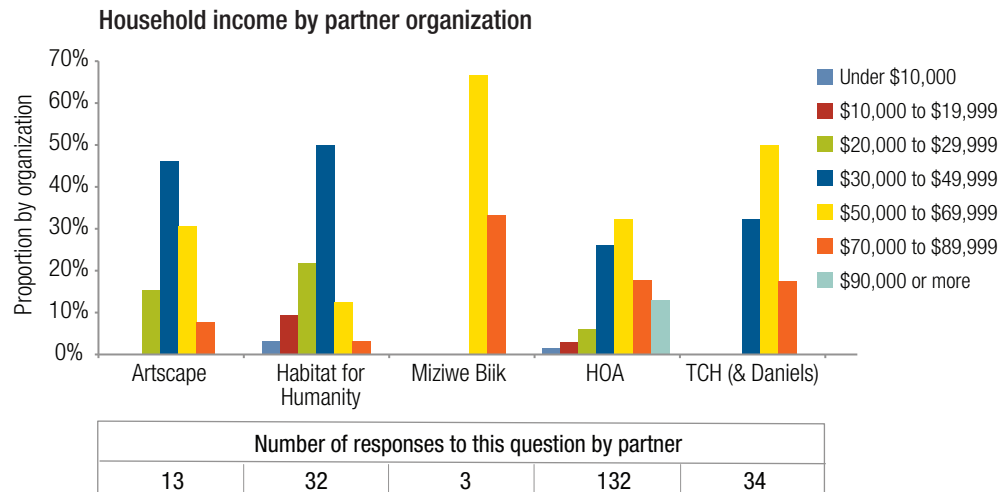
2008	\$75,800
2009	\$77,900
2010	\$78,200
2011	\$81,000

Therefore, the majority of assisted households have moderate incomes, and about 1-in-10 earn less than \$30,000 annually. The survey's findings correspond to the verified income of assisted households at the time of purchase. The documented median household income is \$47,800⁵. Median income in the survey is slightly higher than verified income, likely due to inflation, income mobility or becoming two-income households since the time of purchase. The same factors explain why some respondents claimed their household income as more than \$90,000 per year.

Comparing household income of previous renters and owners with all Toronto residents



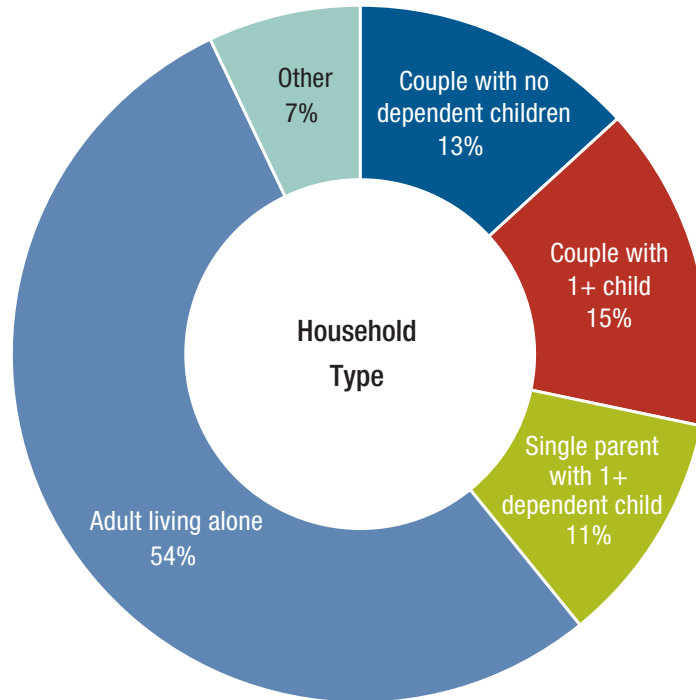
At the other end of the income spectrum, some low income households can afford homeownership due mostly to higher subsidies from partner non-profits, below-market-price units, retirement savings, and sweat-equity contributions.



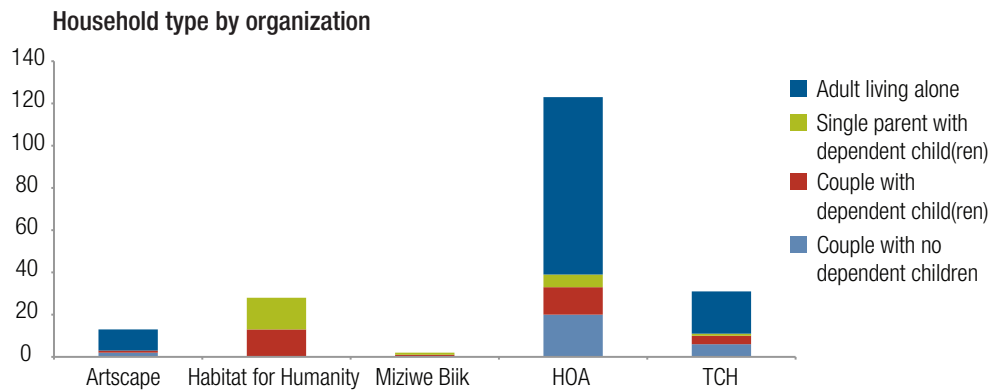
Some of the variability in income is explained through the different models of the City’s partners. The above graph shows the income bracket distribution by proportion for each partner. The variability between organizations can be explained both by the number of surveys originating from each partner’s residents and from their affordability model. For example, Home Ownership Alternatives (HOA) had the greatest number of survey respondents, thus explaining part of their variability, and Miziwe Biik had only three respondents (though, a 25 per cent response rate), which explains their lack of variability. More importantly, we can compare the organizations based on how many low income households they serve. More than one-third of Habitat for Humanity owners and more than one-tenth of HOA and Artscape owners earn less than \$30,000 per year. Both Habitat for Humanity and HOA make significant contributions to affordability beyond what the federal, provincial and municipal governments offer. Both use a second mortgage model to increase affordability. Additionally, Habitat provides donated materials and volunteer labour. These reduce the home’s initial purchase price. It was the City’s intent to leverage the modest affordable ownership funding available from government by supporting groups that contribute their own resources. Layering funding and contributions in this way makes homeownership accessible to low income buyers.

Household type

More than half of respondents were adults living alone. This is almost 25 per cent more than the Toronto proportion. This reflects trends toward smaller household sizes across Canada, especially among urban residents, and the building of smaller units. Moreover, just over one-quarter of respondents have children. Seven per cent said they were living with more than one adult, sharing a residence, living with extended family, or selected “other.”



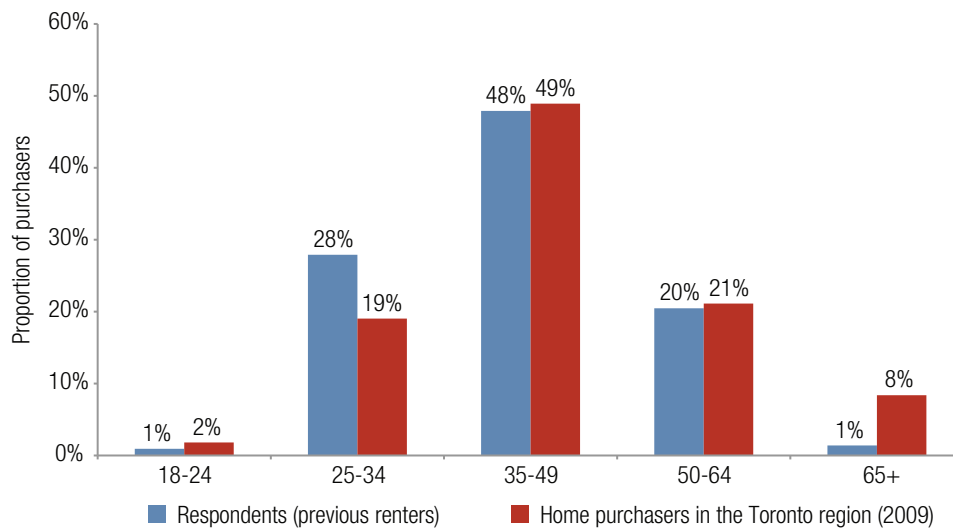
Household type can largely be explained by partner organization. Habitat for Humanity and Miziwe Biik target families, whereas Artscape, HOA and Toronto Community Housing (TCH) house roughly two-thirds of adults living alone. Because the majority of survey respondents were from the latter three organizations, “adult living alone” fares high in the findings.



Age and occupation demographics

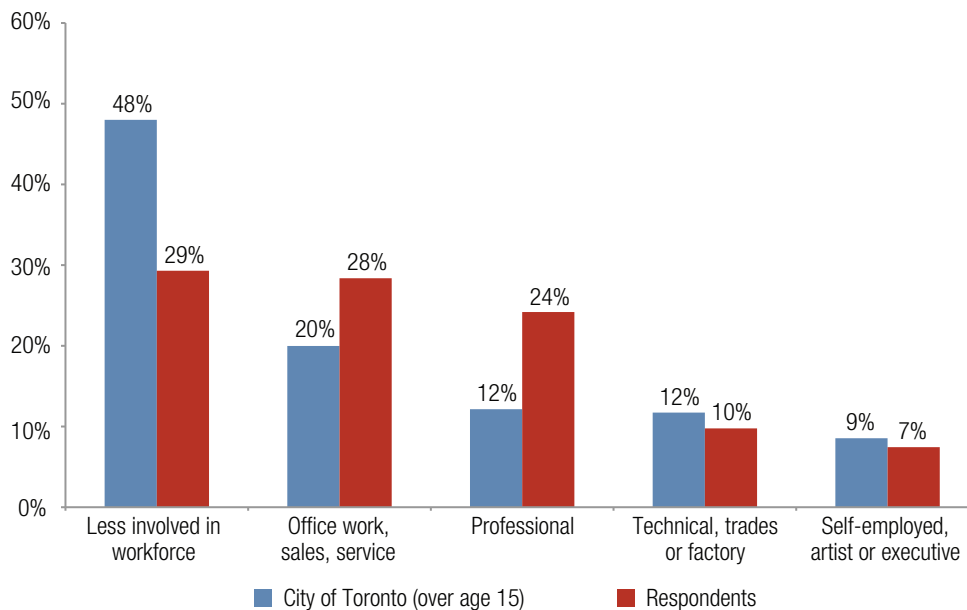
Respondents' age and occupation data were analyzed against census and Toronto region purchaser data. Survey respondents resemble the Toronto population in both age and occupation. For both respondents and home purchasers in the Toronto region, almost 70 per cent were between 35 and 64 years old. Both respondents and Torontonians have higher numbers of office, sales, service and professional workers than trades, factory or self-employed. The proportion who are "less involved in the workforce" is lower among respondents than the Toronto population. This may be because students, retirees, the unemployed and people on disability are less likely than employed people to purchase a home due to income stability.

Comparing age of respondents to Toronto home purchasers



Proportion of the population in occupation groupings

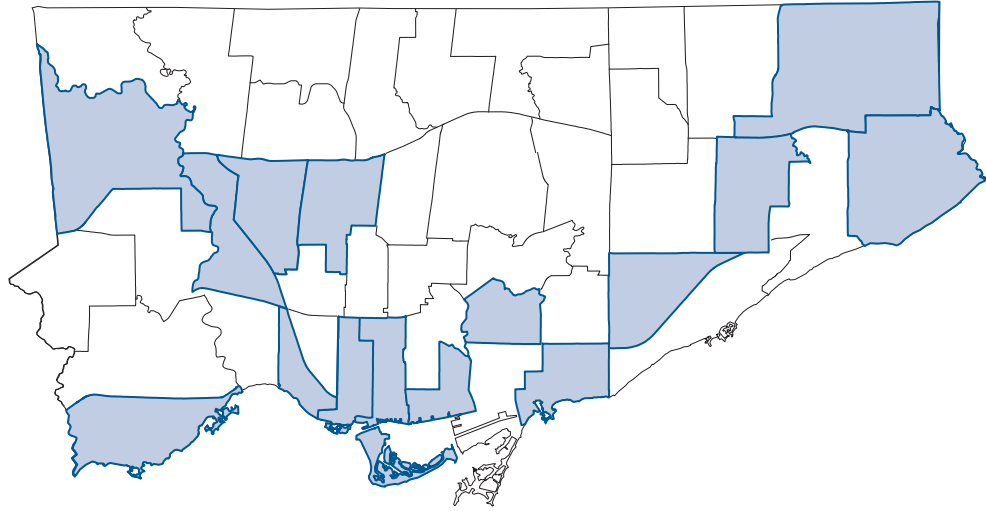
More assisted homeowners are professionals or in office, sales or service than the working Toronto population



Where owners live and previously rented

Before purchasing their home, 93 per cent of respondents were living in Toronto, six per cent in other Greater Toronto Area municipalities, and one per cent elsewhere in Canada. Of the 22 wards where the City has assisted homeowners, respondents currently live in 15.

Respondents live in 15 Toronto wards



Client satisfaction

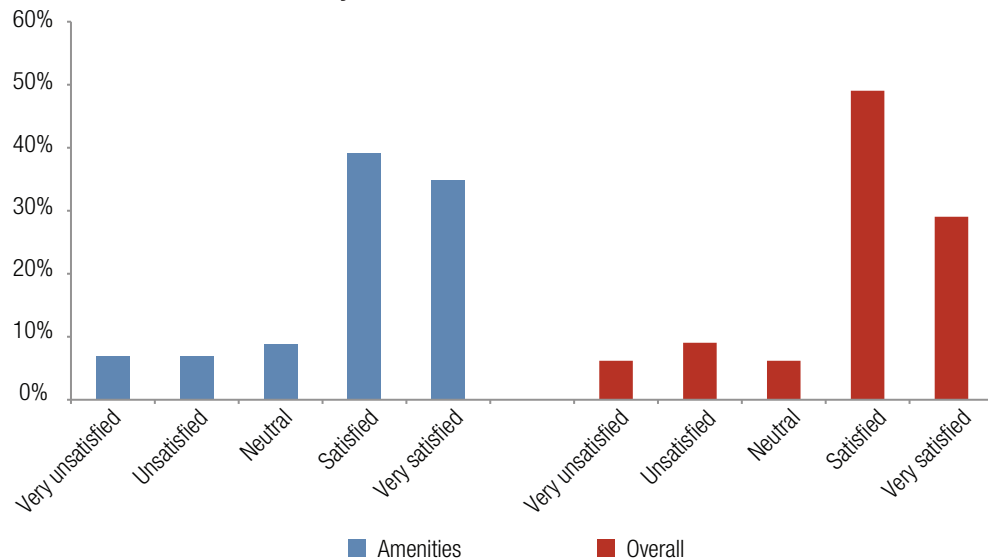
Housing quality

Respondents were quite satisfied with the overall quality of their housing and amenities compared to their expectations. Over three-quarters said they were satisfied or very satisfied overall and with amenities. Overall satisfaction increased slightly with both household income and age, and was not affected by household type or the cost or size of housing.

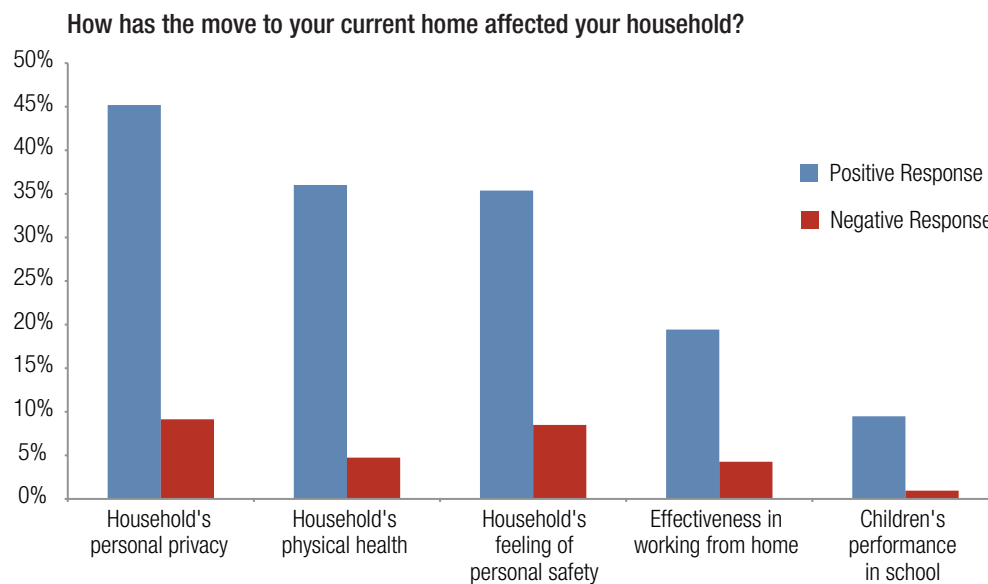
“My space is more enjoyable and has more light and better air quality. I sleep better. Air quality and soundproofing [is] superb, and an obvious amount of thought and care has gone into the building design.”

~ Survey respondent

Compared to expectations, how satisfied are you with the level of amenities and your home overall?



Respondents were asked how several factors in their lives have been affected by their move to ownership. In a number of satisfaction measures – such as personal privacy, physical health and feeling of safety – many more respondents noted a positive change. Some 33 per cent more respondents said their personal privacy and their household’s physical health had improved since moving to ownership. More respondents reported positive feelings of personal safety and improved effectiveness in working from home. Moreover, while only one-quarter of households (55 in total) reported having dependent children, 20 said that their children’s performance in school had increased and only two said it had decreased since the move to ownership. These results suggest that the stability and housing quality gained from ownership can produce broader positive impacts for people, such as increased participation and success in school as well as physical and mental well-being.

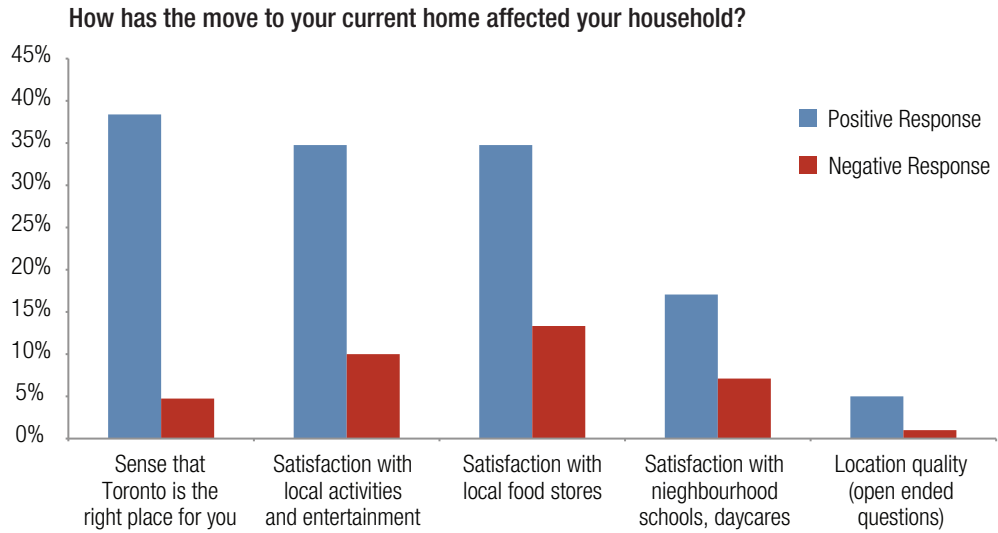


“I have a better life for me and my children and grandchildren. I’m not ashamed of where I live anymore. I feel more secure in life.”

Affinity for the neighbourhood and Toronto

Despite low and moderate income households’ limited options in the housing market, location is still an important factor in their decision. Respondents were given up to three choices from a list of 10 for their top reasons to buy a home – 40 per cent of all responses related to location.

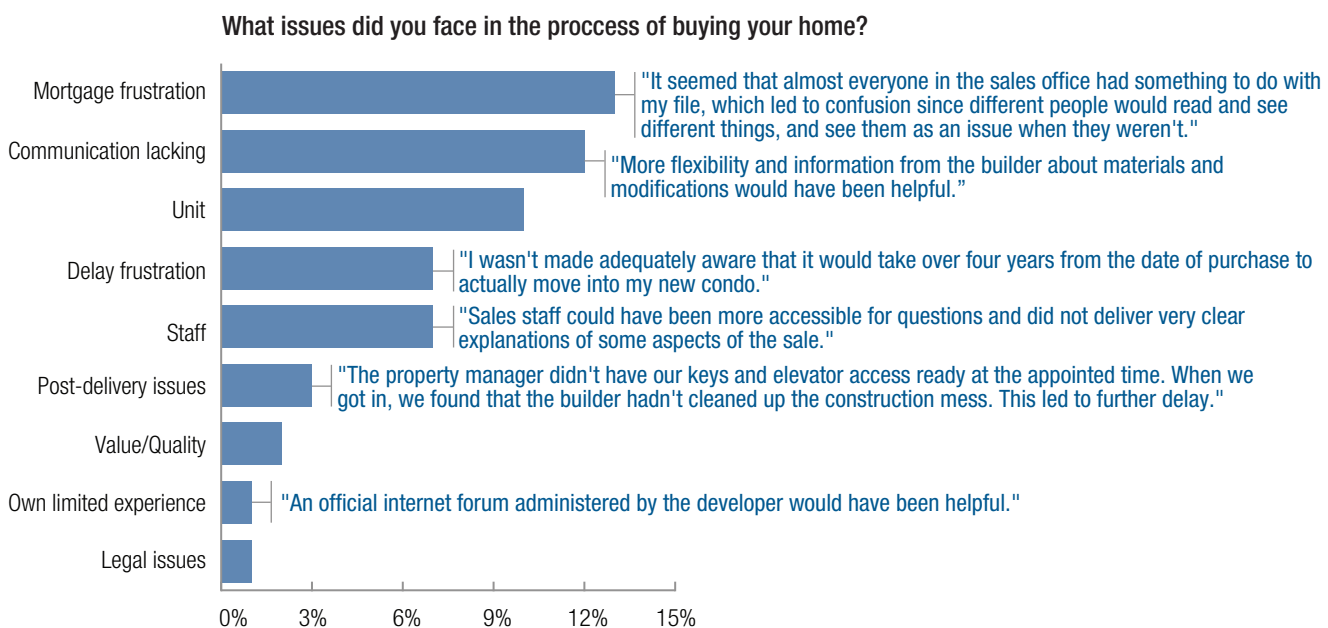
Not only is location an important factor in making the transition to ownership, respondents’ satisfaction with their neighbourhoods tends to be quite high. In the open-ended questions asking about the most positive and most challenging aspects of moving from rental to ownership, respondents mentioned location positively five times more often than negatively. More respondents’ satisfaction increased than decreased, with local activities, access to food, and community amenities generally improved over previous neighbourhoods. Most encouragingly, 38 per cent have a greater affinity for Toronto as a result of owning their homes, while only five per cent have less.



Process of attaining homeownership

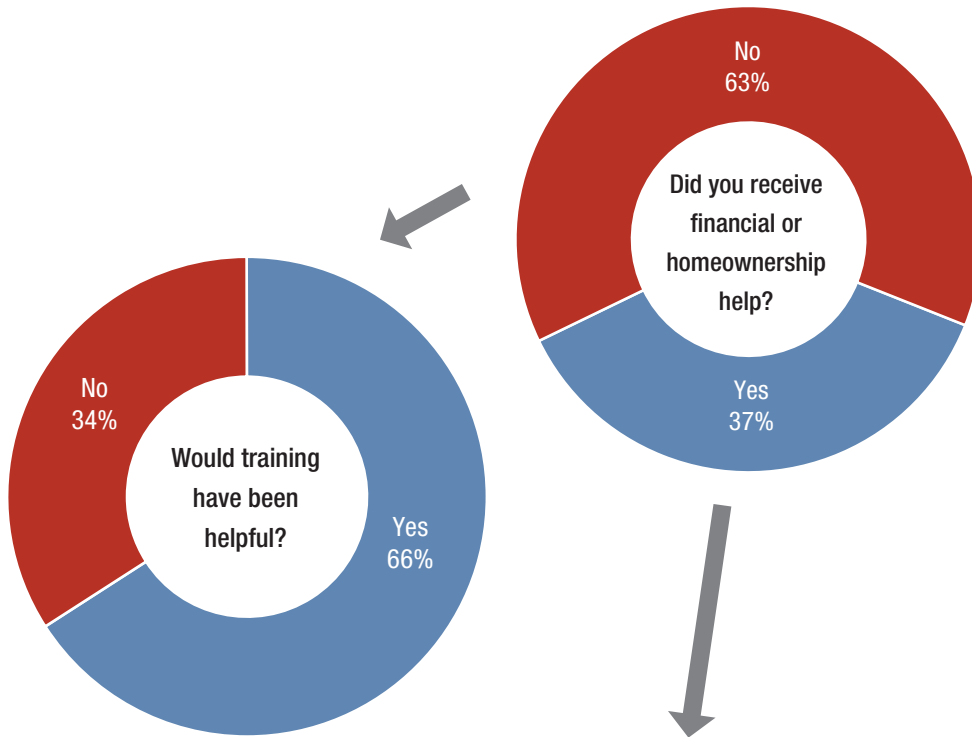
Overall, respondents were satisfied with: (1) the explanation of the Agreement of Purchase and Sale, (2) the helpfulness of sales staff, and (3) the assistance they received from bankers or mortgage brokers. About three-in-four were either satisfied or very satisfied with all three categories. The average answer for all three was “satisfied.”

When asked what would have improved the experience or what issues purchasers could have used help with, they responded with great variety. Answers include the purchaser’s own limited experience, issues about staff, the unit itself (especially post-occupancy), and frustrations stemming from both the occupancy delay and the mortgage. Many of these issues were related to poor communication by various stakeholders including banks, property managers, mortgage brokers, the City’s non-profit partners, and the builder.



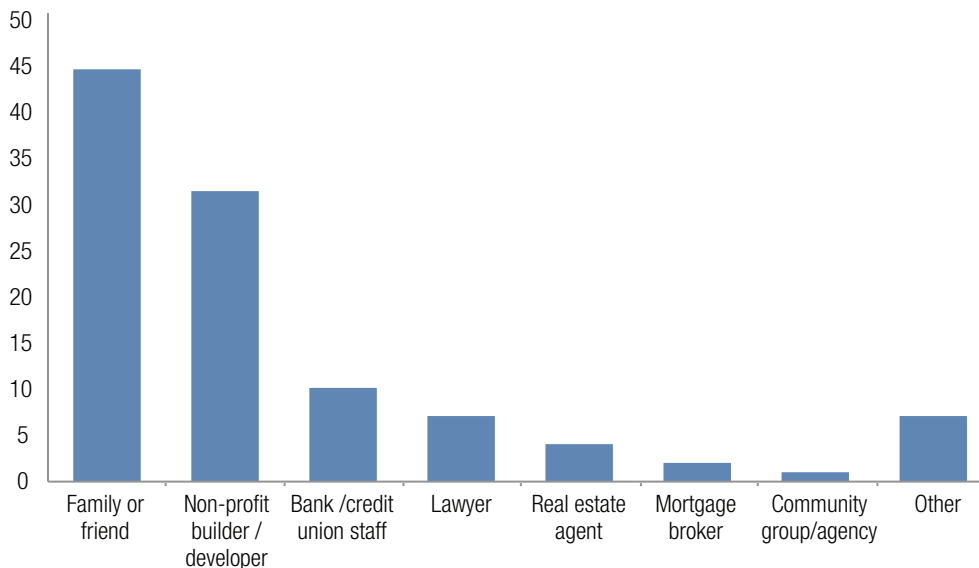
Homeownership help

Assisted homeowners were asked if they received ownership or financial training during their purchase. Almost two-thirds said they had not, and two-thirds of those said it would have been helpful. Most who received ownership training said family or friends helped them. The second most common response was that they were helped by the partner organization involved. The majority of these were Habitat for Humanity purchasers, while some HOA and TCH purchasers said they received help from one of the City's non-profit partners.



“I could have used someone to walk me through the process. It was my first time and I did it alone so it was scary. I just had to remind myself that I was doing it through an organization I trusted. Without that assurance, I’m not sure this could have happened for me.”

From whom did you receive financial or homeownership training?

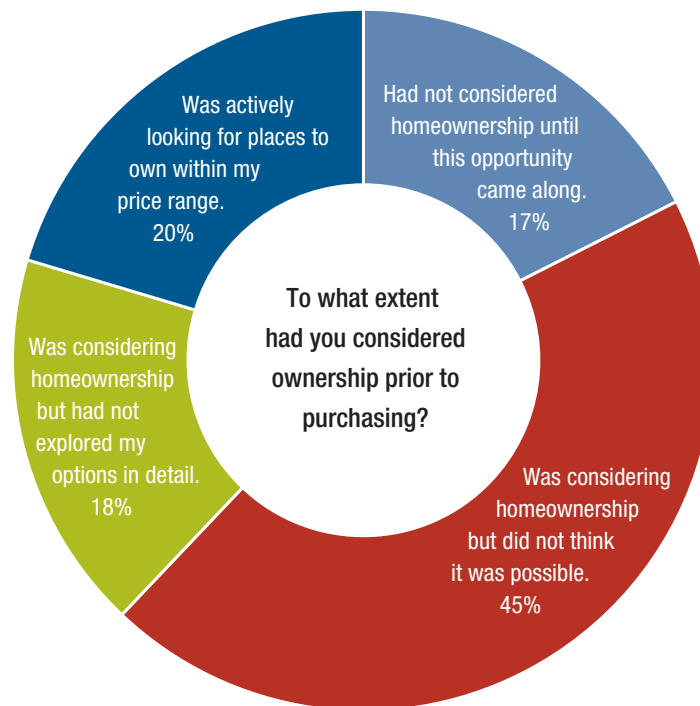


Before and after becoming a homeowner

A good way to determine the success of, and areas for improvement in, the delivery of ownership programs is to compare respondents' before-and-after experiences.

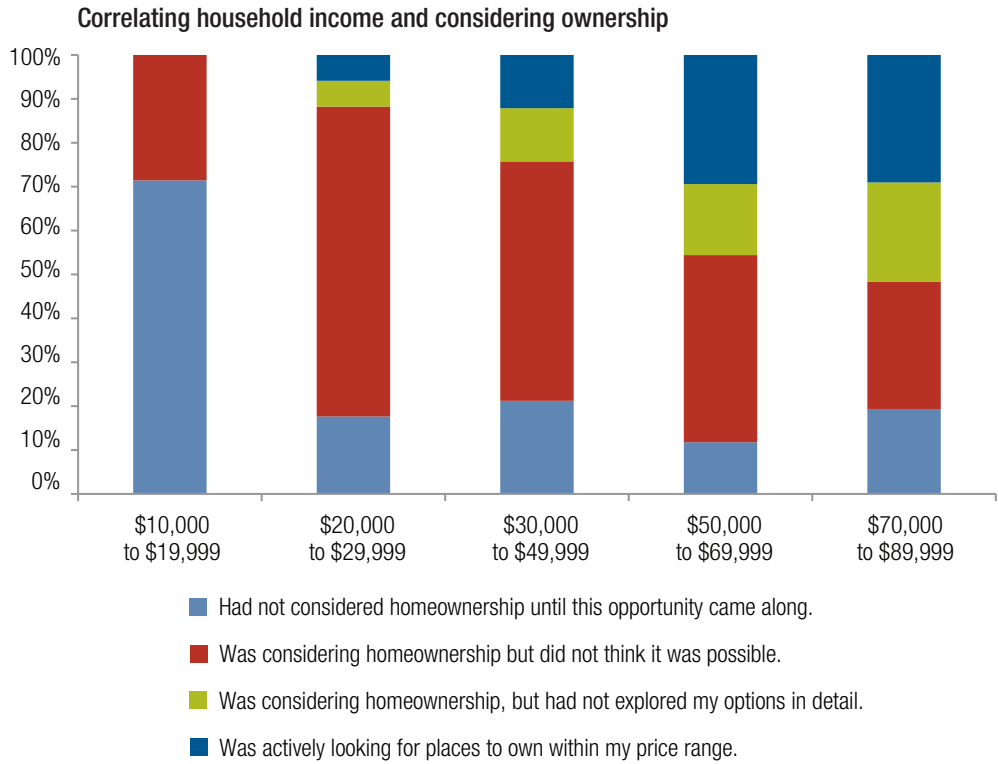
Considering homeownership

Respondents were asked how strongly, if at all, they were considering ownership before purchasing. They were given the four options seen in the chart below. Only one-fifth of renters were actively looking for a place to own prior to purchasing. Almost half said they were considering homeownership but did not think it was possible. Almost two-thirds said the prospect of additional financial support either put ownership on their radar or made it a reasonable goal for the first time.



Certain income brackets, household types, occupations and ages were more likely to consider ownership than others. Household income was strongly correlated to renters' likelihood of considering ownership: the more a household made, the more likely they were to be actively looking for a place to own. Similarly, the less a household earned, the more likely they were either not considering ownership or did not think it possible. Households without children were most likely to be actively looking and single parents least likely. Almost all single parents were either not considering ownership or did not think it was possible. Occupation was a minor factor in how strongly ownership was being considered. People working in technical services, trades or factory work were

least likely to be actively looking, and most likely to have not been looking until this opportunity. Age was also a significant factor. The older the respondent, the more likely they had not considered ownership until this opportunity.

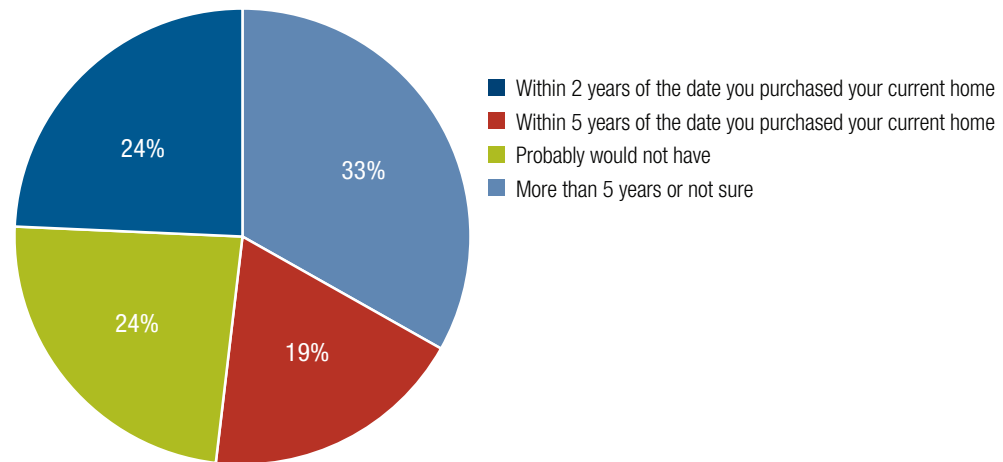


How close renters were to purchasing

The City seeks to help renters for whom ownership might otherwise be out of reach. On the whole, people who received assistance were able to buy a home sooner. Some 25 per cent would have probably not had the option to own. Another 25 per cent said this affordable opportunity accelerated their purchase by at least five years. One-third said they were within two years of purchasing and this gave them a boost. This finding correlates to income; the higher income households were more likely to say they would purchase soon, while less wealthy households were either not sure or convinced they would not purchase a home.

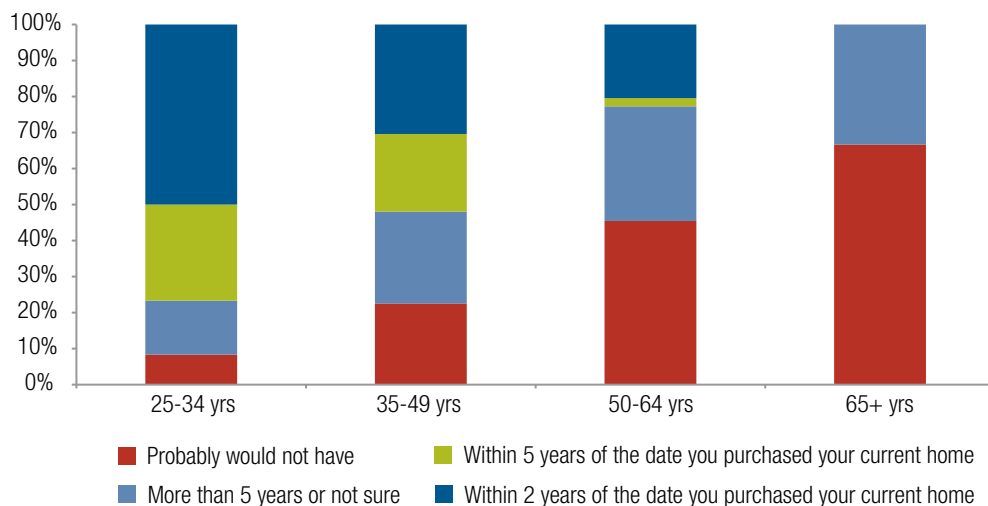
Household type also helps to predict how soon households would have otherwise purchased. Less than 20 per cent of single parents were confident that without assistance they would have purchased a home within five years. Likewise, couples without dependents had the least difficulty seeing themselves as homeowners in two or five years. The strongest correlation, however, was age. Younger respondents were more confident in being able to buy earlier whereas older purchasers were less confident. Older purchasers (50+) were less confident in their ability to buy a home.

If you had not purchased this home, approximately how soon do you think you would have otherwise bought a home?



“We appreciate what the non-profit has done for us. We thought we were not ready for homeownership, but they made it easy for families to own a home.”

Correlating age and how soon otherwise purchased

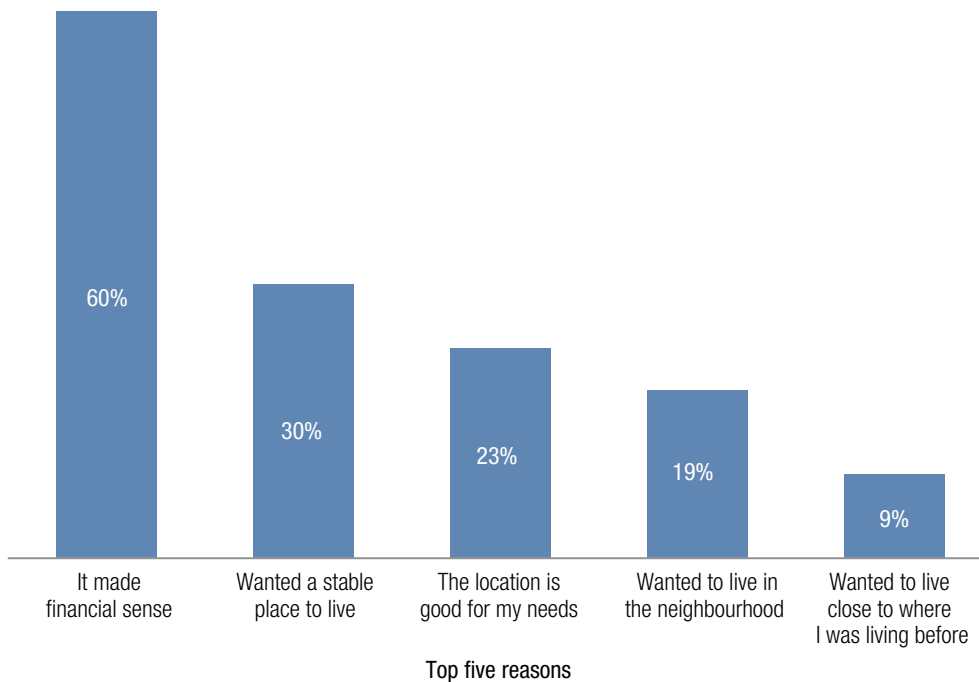


Why purchasers made the leap to ownership

Motivation is everything. When given up to three choices from a list of 10 common motivations for buying, the most popular was because it made financial sense (60 per cent). The second most common motivation was that ownership offers stability (30 per cent), and the third was because the location is good for their needs (23 per cent). Location-related options were also the fourth and fifth most common responses. If the three most popular location-related reasons are grouped, the total would rival the top reason for purchasing.

There was variability in the data based on proponent organization. TCH purchasers were most optimistic about their financial decision. HOA purchasers were most keen on their neighbourhood. Habitat for Humanity's were most interested in the stability homeownership brought them, while Artscape's focused on the desire to live in an artist community. Household type and stage in life were also factors. Single parents and seniors were more interested in stability than other households and demographics. Households without children were more motivated by location than other groups. Younger purchasers were more motivated by a larger home than older purchasers, many of whom were downsizing due to smaller family size. Income did not have a strong effect on responses. Across the income spectrum, people said it made financial sense. Yet, low income was the best predictor of respondents selecting "stability" as a motivating factor.

Why did you buy your current home?



“The pricing and second mortgage made it possible to buy on my own, where it would have been quite difficult to get a comparable suite otherwise. I like my suite and expect if I should ever sell it will be a good outcome financially. It is also good to be in a setting with community building going on. And I am break-even with my previous rent.”

Change in unit size	Proportion
Upsize	28 %
No change in size	49 %
Downsize	23 %

“I now have space for my extended family to visit. More people are going to benefit from it than me.”

“It’s like a new beginning for my family. My daughter lived in a den for four years. Now she finally has her own basement room.”

Size of home

In moving from rental to ownership housing, there was only a small change in housing size. The majority of respondents were renting one- or two-bedroom apartments⁶. This continues to be the predominant dwelling type in ownership. Responses to housing size either before or after ownership reveal no correlation to income, occupation or age. The factor that best predicts housing size is household type. Not surprisingly, adults living alone were most likely to have smaller units, while households with children were most likely to have the biggest units. This is true both before and after ownership.

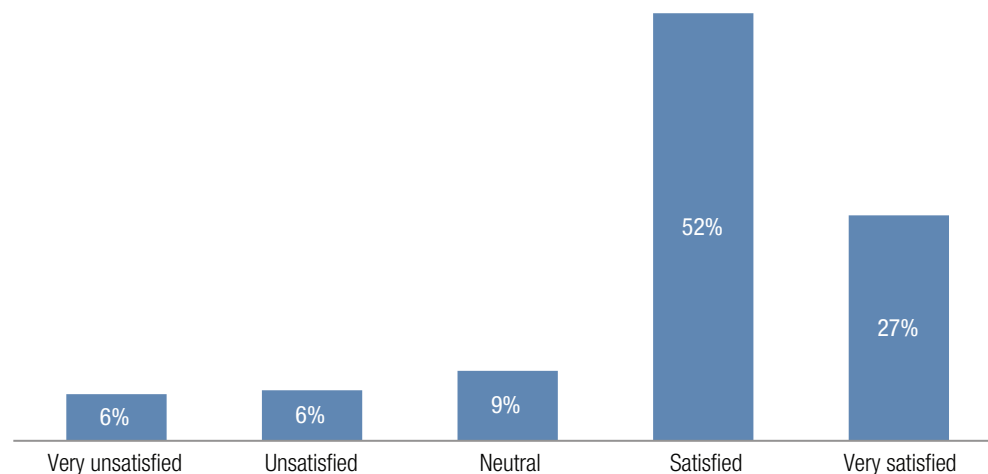
Overall, more respondents increased than decreased their household size when moving to ownership. Significant change (by more than one bedroom) tended toward downsizing. Altered household composition (such as new couples) and downsizing “empty nesters” likely explain the change in home size.

The form of housing provided by the organization was also a factor. HOA owners live in a building with few large units. It is more likely for HOA clients to downsize when they move into the building. On the other hand, Habitat for Humanity homes generally had more bedrooms than other providers’ homes so clients were more likely to increase their home size.

Satisfaction with home size

Overall, almost 80 per cent of respondents were satisfied or very satisfied with the size of their new home. Those who were unsatisfied did not share any particular comments other than one person who would have liked a second bathroom and another who said changes were made to the size of the unit between purchase and delivery.

How satisfied are you with the size of your home for your needs?

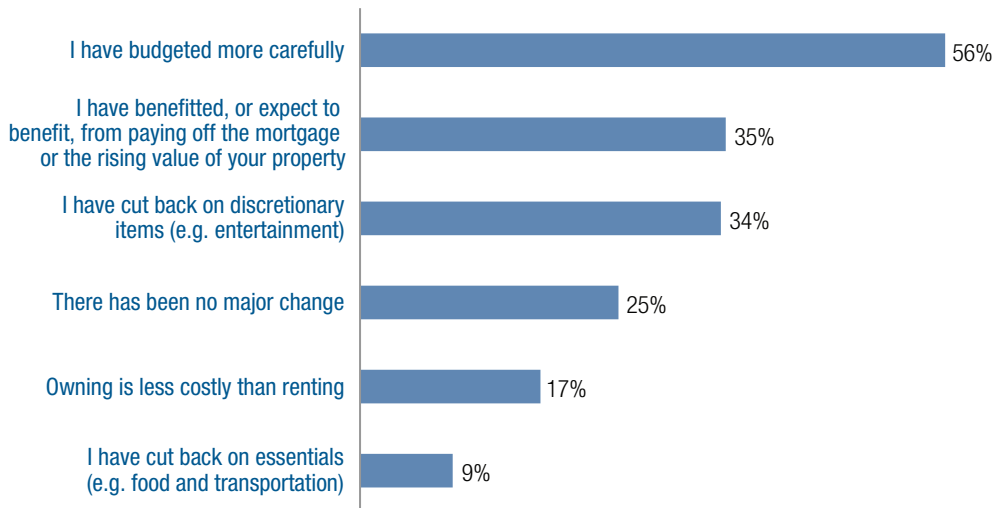


Housing expenses

As might be expected, there is a strong positive correlation between income and funds spent on housing. The more households earn, the more they spent on housing as renters and as owners. General trends also exist for household type. Double earner households spend more, and singles spend less, regardless of whether they have children.

While occupation did not appear to be linked to the amount spent on housing, age was a factor. Older respondents reported spending more on rent before owning. Their move to owning perhaps reflects the desire to cut costs or downsize going into retirement. Younger renters, on the other hand, tended to spend more on ownership housing. Perhaps this reflects a desire to improve housing quality for which they are willing to pay more. It also might be that they expect their incomes to rise as their career progresses, and are less bothered by the forced savings homeownership represents.

How has homeownership affected your finances?



Responses to, “how has homeownership affected your household’s finances?” were not related to the partner organization. More than half of respondents have had to budget more carefully and one-third have had to cut back on discretionary items. Less than 1-in-10 have had to cut back on essentials like food and transportation to pay for housing costs. Yet, almost one-in-five said owning costs less than renting. One-third said they have benefitted or expect to benefit from the purchase.

Change in spending

Much less*	1.4 %
Less	8.7 %
No change	35.4 %
More	38.3 %
Much more*	16.3 %

**more than one cost category change*

“I have had to make sure that my mortgage and maintenance funds are always available and to stay on a budget to make it work. When I rented I had a grace period when rent was due. But I have learned how to be more serious about keeping my home.”

“Although it’s meant a change in lifestyle and having to tighten my belt, I know it’s going to get easier in the long run.”

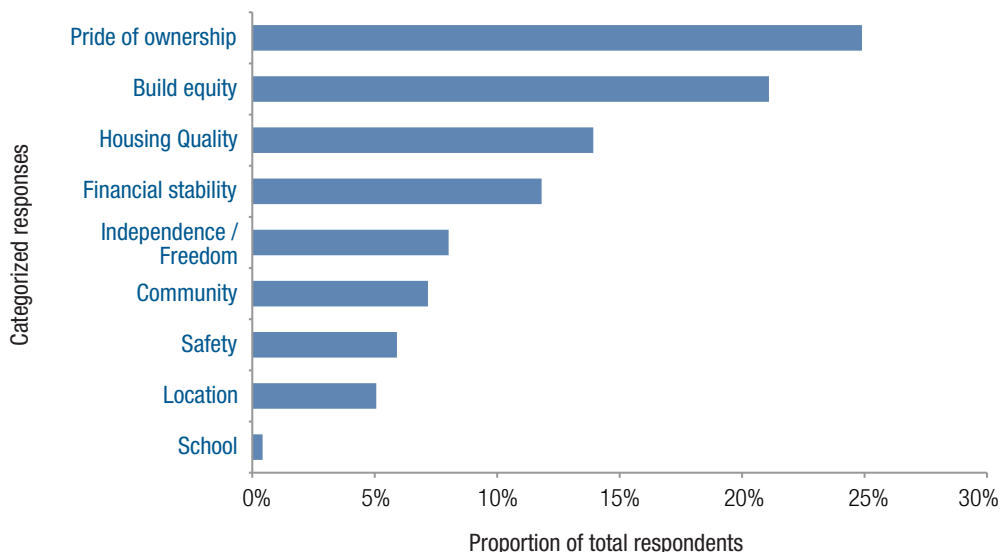
“After adding up all the expenses, I pay \$250 less per month than renting. The extra money can now be put towards a yearly lump sum payment to pay down my mortgage. I probably would have been stuck renting for the rest of my life if I did not have this wonderful opportunity.”

Highlights and challenges

Homeowners were asked to describe the highlights of ownership. In general, there was a great variety of perspectives and responses. Eight topics were mentioned more than 10 times. Among the highlights was the ability to build equity and achieve greater financial stability, despite the higher costs. Higher housing quality was also often cited. The topic most often mentioned can be categorized as “pride in ownership,” and contains mentions of increased happiness and quality of life.

“The most important positive is that my kids feel better about our situation. It feels very stable for them. When I put money down, I was new to my career and was living in 600 square feet with two kids. I love that I will have something to leave to my kids.”

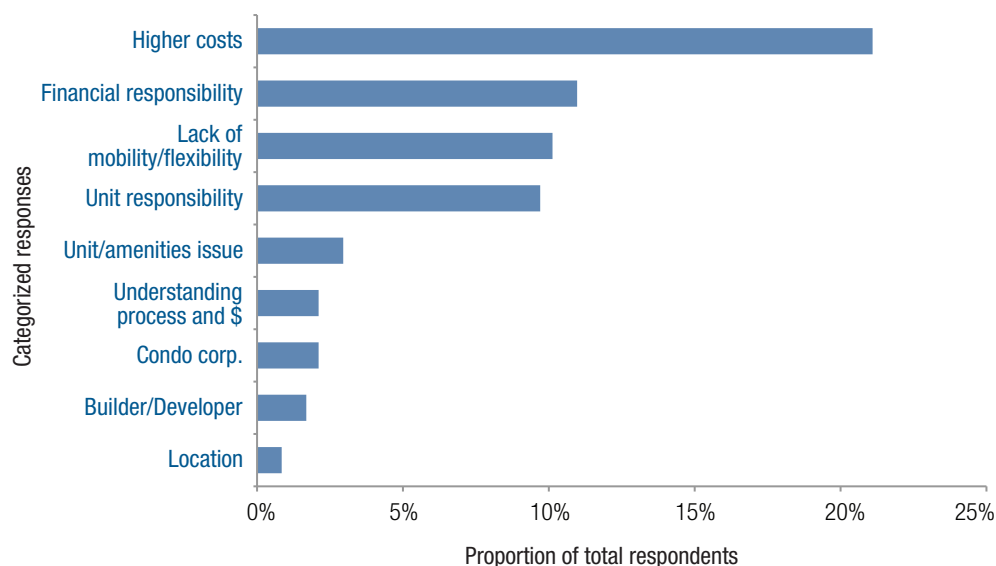
What are the most important positive features in your move from rental to ownership?



In terms of challenges, only four issues were mentioned more than 10 times. The most common response by far was the higher cost of owning. Respondents also mentioned lack of flexibility in ownership, having to pay more for housing, and greater financial and upkeep responsibilities. Other challenges included understanding the finances, taxes and processes associated with ownership. A great variety of issues arising from the unit itself were also commonly noted, such as the inability to open windows.

“I had a very good deal renting so it's been tough having almost double the household expenses.”

What are the largest challenges you faced in owning as compared to renting?



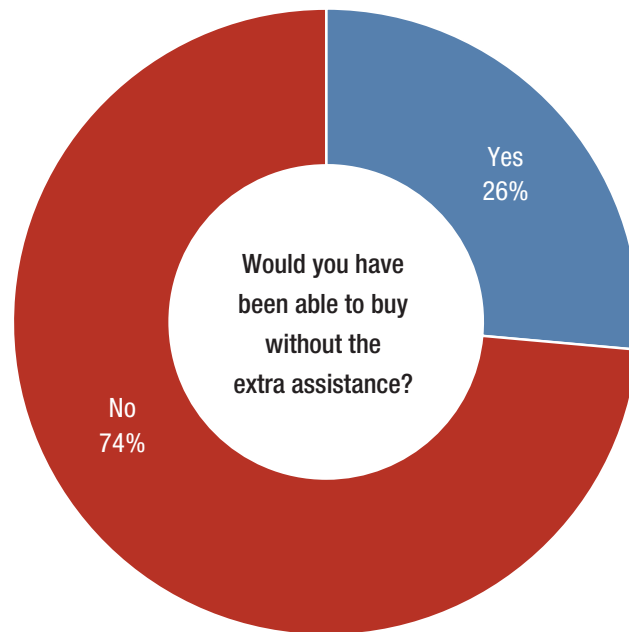
Government assistance for low and moderate income homeowners

Down payment assistance

All respondents received direct or indirect financial assistance from the federal, provincial or municipal governments. Some received only indirect assistance through government financing to the non-profit from which they purchased. A majority, however, received direct government loans to help cover the down payment.

Respondents were asked if they received down payment assistance from government or from the organization from which they bought. Only 33 per cent said they received such assistance through the government. As a result of the City's partnership model, many loans are rebranded or grouped with the partner's loans. Some 60 per cent of respondents said they received loans from the organization. Regardless of whether respondents knew where their loan came from, 71 per cent said "yes" to either question (or both).⁷

Almost three-quarters of respondents who received assistance said they would have been unable to buy without it. This strongly supports the view that the down payment is a major barrier for low and moderate income homebuyers, and that down payment assistance does help.



"I feel like I've landed and that my life is more on-track. I feel very grateful. Thank you for the extra help to make my dream a reality."

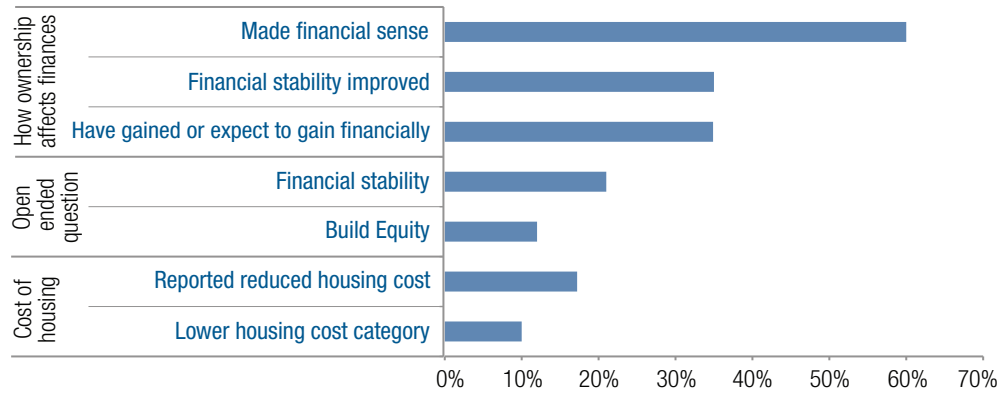
Wealth gain and financial strain

Homeownership is often viewed as an important means of wealth accumulation, which is important particularly for low and moderate income households in the long term. This is largely a result of the forced savings that homeownership represents. For low income families, homeownership can have its disadvantages, as households are exposed to the risk of financial strain such as less flexible spending, particularly in the short term.

Respondents were asked several questions about their sense of financial stability, wealth gain, and financial strain. A majority of low and moderate income homeowners face higher housing costs which contribute to higher stress, and budgeting prioritization. Yet, only 13 per cent of respondents felt their financial stability was compromised due to homeownership. On the other hand, 35 per cent said their financial stability had increased, roughly the same number of respondents who said they expected to gain from the purchase. Overall, 60 per cent said they purchased because it made financial sense.

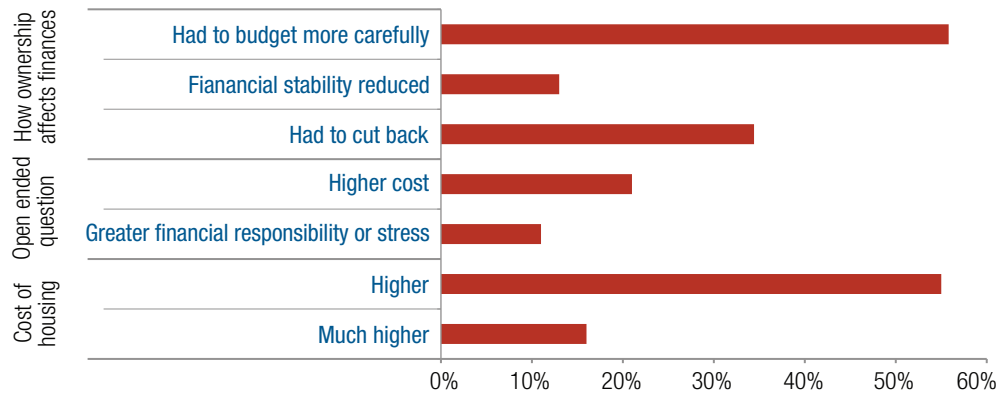
“Getting into property ownership has allowed me to become more financially secure by building equity in my home.”

Wealth gain



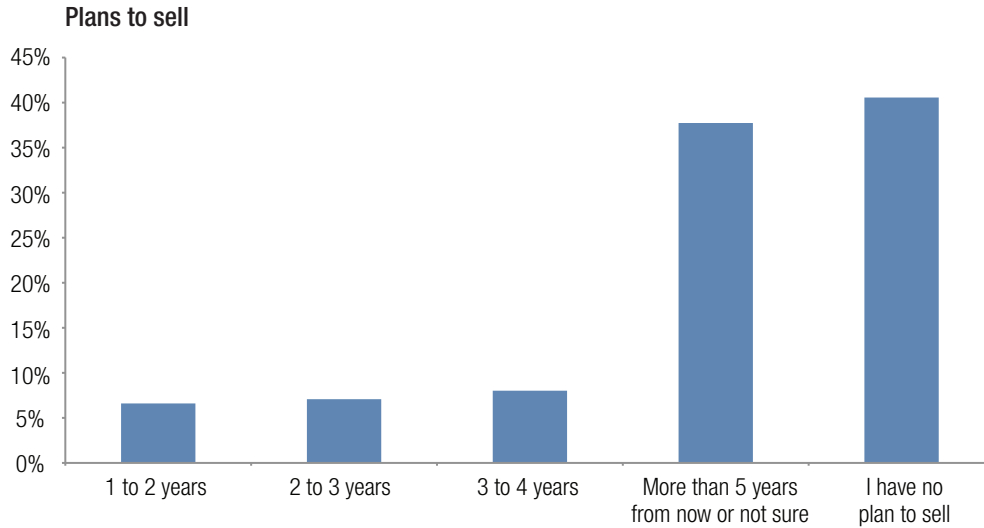
“I’m a single income household so I worry about job security and being able to maintain payments. Being a homeowner, there is less flexibility to move.”

Financial strain

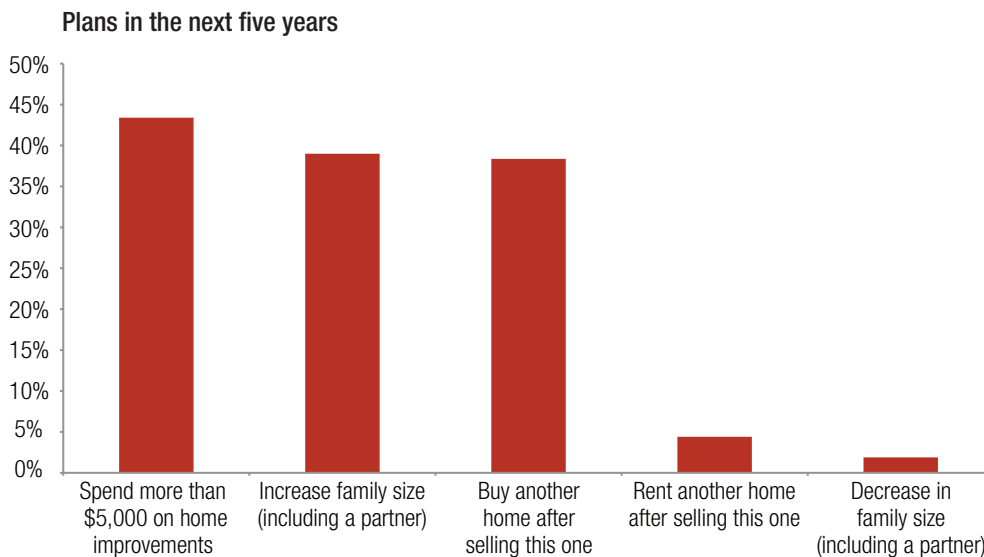


Mobility and future plans

Homeowners communicated optimism in their stability, and feared their lack of mobility. They were asked about their future in order to better understand their current situation. This was also intended to gauge how soon homeowners expected to sell their homes and what housing plans they had in the next five years.



Some 22 per cent plan to sell in the next four years, most of whom will go on to buy another home. However, a greater number have no plan to sell or the prospect is far enough into the future that it cannot be planned today. Some 43 per cent intended to improve their homes with more than a \$5,000 investment in the next five years, and almost as many planned to increase their household size by becoming a couple or having children. While only 22 per cent said they would sell their home in the next four years, 38 per cent said they would buy a new home after selling their current one. Another four per cent said they prefer to return to renting after selling their current home.



Paying back government assistance

When homeowners who received assistance sell their homes, they must pay back their down payment loan. Findings from the previous questions reveal that roughly 22 per cent intend to sell in the next four years. Owners also have the option to pay back the loans before selling their home. If they stay in their homes for 20 years, the loan is forgiven. Until that time the loan value will increase if the property value increases – according to the shared equity agreements. Respondents who received assistance were asked if they plan to pay off their loan before selling their home and, if so, how soon.

Almost half (46 per cent) said they would pay off the loan before selling their home, but only 25 per cent said they planned to do it within the next five years. The majority said it would be more than five years or that they did not know.

Conclusions

1. Almost four-fifths (78 per cent) of assisted homeowners are satisfied with their transition from rental to ownership housing.
2. The majority of new homeowners are coping well with the financial demands of ownership. Most say they have to budget more carefully but that the purchase makes financial sense.
3. Government down payment assistance significantly contributes to low and moderate income households' ability to purchase a home. Some 74 per cent of respondents who received a loan said they would not have otherwise been able to buy.
4. Social housing tenants and those on the social housing wait list can become homeowners. Some 14 per cent of respondents were either Toronto Community Housing tenants or on the wait list.
5. The stability and housing quality acquired through ownership produces broad positive impacts such as improved personal privacy, feelings of safety, physical health, ability to work from home, and children's performance in school.
6. One area for improvement in client satisfaction is to ensure clearer communication between the housing providers and purchasers. Some 66 per cent of homeowners who did not receive financial and homeownership training said it would have been helpful.

Recommendations

1. The City should continue working with the federal and provincial governments to support its non-profit partners in providing affordable homeownership opportunities to low and moderate income households.
2. The City and its partners should continue to promote affordable homeownership among social housing tenants and those on the wait list. Current methods include targeted mailings to social housing tenants and providers, and regular features in relevant newsletters and on websites.
3. The City should work with its non-profit partners (and others such as CMHC and the financial sector) to support people through training and/or plain language documentation of the ownership process and financing. Important categories to include are:
 - a. Household budgeting
 - b. Key decisions around down payment assistance loans
 - c. The date of occupancy, closing and other schedule-related issues
 - d. The process around changes to units and amenities
 - e. The composition of funding for down payment loans
4. The City should encourage its partners to target families for ownership by building more large homes. Currently, a minority of households have children, but children are a key beneficiary of ownership. The stability and housing quality provided by government assistance goes further when households are larger.
5. The City should require its partners to administer (and report back on) a short survey at the time of loan repayment. This survey would capture important data not possible through this survey, such as:
 - a. The reasons for repayment; and
 - b. If moving, the type, location and reason for purchasing/renting the seller's next residence.
6. Clients should be surveyed at least every five years to continue to measure the impact of these initiatives:
 - a. Seek to improve the delivery of government programs; and
 - b. Support the work of partner organizations.

Endnotes

1. In 2005, the median home sales price in Toronto was \$358,727, and median income was \$59,308. A standard mortgage would require monthly payments of nearly \$2,000. This comes to 40 to 45 per cent of median income – already well above the 30 per cent affordability standard – even before other housing costs such as maintenance, taxes, fees and utilities. Source: MLS listings; 2006 Census
2. Four per cent said they lived in “other non-profit rental housing or Co-op housing.” Some may have been on the social housing wait list. Future surveys should clarify this question.
3. The City of Toronto programs use the Province of Ontario’s income cut-off measures for ownership support.
4. 2006 Census.
5. Program eligibility requires submitting verified household incomes at time of purchase. “Documented” median income is derived from that data.
6. Dens were not included as separate bedrooms, so a 1+den counted as a 1-bedroom.

7.

Received government loan	Received loan from developer/non-profit			
		Yes	Not sure	No
Yes		22.6%	3.4%	7.2%
Not sure		8.7%	2.9%	0.5%
No		29.3%	2.4%	23.1%

Appendix A: Glossary

Affordable Housing Programs

Canada/Ontario: The federal and provincial governments contributed \$14.5 million in down payment assistance loans between 2006 and 2010.

City of Toronto: The municipal government contributed \$3.9 million in loans between 2009 and 2010 with its Home Ownership Assistance Program.

CMHC

Canada Mortgage and Housing Corporation is Canada's national housing agency. It was established as a government-owned corporation in 1946 and provides services such as mortgage loan insurance, mortgage-backed securities, housing policy and programs, and housing research.

HOA

HOA is Home Ownership Alternatives Non-Profit Corporation that provides development financing and second mortgages for low and moderate income home purchasers.

Low income households

There is no official City of Toronto definition for low income households. Statistics Canada uses Low Income Cut-Offs (LICOs) and Low Income Measures (LIMs) as two ways of arriving at statistics around low income. In this report, low income* households are those earning less than \$30,000 annually. Low-income households are targeted in the City's homeownership initiatives.

Moderate income households

There is no official City of Toronto or Statistics Canada definition for moderate income households. Moderate income is a common term used in the United States and Canada, especially in housing circles, to mean households that earn close to the (comparable area) average household income. It is usually defined by the eligibility of programs that target moderate income households. For example, both the City of Toronto's Home Ownership Assistance Program and the Province of Ontario's Affordable Housing Program use the same criteria to determine eligibility. The maximum household income for eligibility is the 60th percentile of the municipal average or the 60th percentile of the provincial average, whichever is lower. Because incomes in Toronto are generally higher than in the rest of the province, the City of Toronto uses the provincial measure. This results in "moderate income" being closer to Toronto's median household income.

MLS

MLS is the Multiple Listing Service. A marketing database set up by a group of cooperating real estate brokers. Its purpose is to provide accurate and structured data about properties for sale.

WRP

WRP stands for Women's Religions Project, made up of 40 Catholic Women's Religious Congregations. This is a one-off housing project in partnership with Habitat for Humanity and the Daniels Corporation.

* Low income cut-offs (LICOs) are income thresholds, determined by analysing family expenditure data, which families will devote a larger share of income to the necessities of food, shelter and clothing than the average family would.

Low income measures (LIMs), on the other hand, are strictly relative measures of low income, set at 50% of adjusted median family income. These measures are categorized according to the number of adults and children present in families, reflecting the economies of scale inherent in family size and composition.

Appendix B: Survey Questions

The 31 questions are reproduced here. Suggested changes, based on process observation and data analysis, are noted.

1. **Which organization did you work with to purchase your home?**
 - Artscape
 - Habitat for Humanity
 - WRP
 - Options for Homes / Home Ownership Alternatives
 - Miziwe Biik
 - Toronto Community Housing / Daniels Corporation

2. **How did you first hear about the opportunity to purchase an affordable home? Please pick one.**
 - Sign on the construction site
 - Flyers
 - Newsletter
 - Website
 - Social media or e-mail
 - TV, Radio or print advertising
 - Friends and family
 - Advertising from the Social Housing waiting list (Housing Connections)
 - Real estate agent
 - Sales Office
 - Other

3. **Why did you buy your current home? Please pick the three (3) that most apply to you.**
 - Wanted to own my own home
 - It made financial sense
 - Wanted to live in the neighbourhood
 - Wanted a larger home
 - The location is good for my needs (e.g. right distance to work, schools)
 - Wanted to live close to where I was living before
 - Wanted a stable place to live
 - Change in family size (including a partner)
 - Wanted to live close to friends or family
 - Wanted to live in an artist community

4. **What type of home did you live in just before moving to your current home? Please pick one.**
 - Bachelor
 - 1-bedroom (or 1+den)
 - 2-bedroom (or 2+den)
 - 3-bedroom (or 3+den)
 - 4+ bedroom

Before moving into your current home, what best describes your previous housing? Please pick one.

- Rented from a private landlord
- Lived with family or friends
- Lived in Toronto Community Housing
- Other non-profit rental housing or Co-op housing
- Owned
- Other

5. Before moving to your current home, approximately how much were your total housing costs per month? (Add together: utilities, rent or mortgage, insurance upkeep, and condo fees.)

- Less than \$500
- \$500 to \$999
- \$1,000 to \$1,499
- \$1,500 to \$1,999
- \$2,000 to \$2,499
- \$2,500 to \$2,999
- \$3,000 or more

6. Where did you live before moving into your current home?

- City of Toronto
- Another Greater Toronto Area municipality
- Ontario outside of the Greater Toronto Area
- Another province or territory in Canada
- Outside of Canada

Note: A map showing the City of Toronto in the Toronto region was shown as part of question 7.

7. Were you on Toronto's social housing waiting list when you decided to purchase your current home?

- Yes
- No

8. What type (or size) of home did you buy? Please pick one.

- Bachelor (or 350 – 550 sq. ft.)
- 1-bedroom (or 1+den, 551 – 750 sq. ft.)
- 2-bedroom (or 2+den, 751 – 950 sq. ft.)
- 3-bedroom (or 3+den, 950 + sq. ft.)
- 4 bedrooms or more

10. What is your approximate total household income, before taxes?

Your household includes all members of your family (or others) who are living with you.

- Under \$10,000
- \$10,000 to \$19,999
- \$20,000 to \$29,999
- \$30,000 to \$49,999
- \$50,000 to \$69,999
- \$70,000 to \$89,999
- \$90,000 or more

11. On a satisfaction scale of 1-5, how satisfied are you with ...?

		Very unsatisfied	Unsatisfied	Neither satisfied nor unsatisfied	Satisfied	Very satisfied	Not applicable to my situation
Building							
A	Level of amenities compared to your expectations (e.g. parking, landscaping, hallway and lobby, fitness facilities)	1	2	3	4	5	N/A
Home							
B	Size of your home for your needs	1	2	3	4	5	N/A
C	Home, overall, compared to your expectations	1	2	3	4	5	N/A
Process of buying your house							
D	Explanation of the Agreement of Purchase and Sale	1	2	3	4	5	N/A
E	The helpfulness of sales staff	1	2	3	4	5	N/A
F	Assistance from bank/mortgage broker	1	2	3	4	5	N/A

12. What would have improved the experience of buying your house? Were there specific issues you could have used help with?

13. What best describes your situation prior to purchasing. Select the option that best applies to you.

- Had not considered homeownership until this opportunity came along
- Was considering homeownership but did not think it was possible
- Was considering homeownership, but had not explored my options in detail
- Was actively looking for places to own within my price range

14. If you had not purchased this home, approximately how soon do you think you would have otherwise bought a home?

- Within 2 years of the date you purchased your current home
- Within 5 years of the date you purchased your current home
- More than 5 years from the date you purchased your current home
- Probably would not have
- Not sure

15. Did anyone help you with financial or homeownership training before you purchased your home?

- Yes
- No

15b1. If you answered “yes” to question 16, who helped you with financial or homeownership issues? Select all that apply.

- Non-profit builder / developer
- Real estate agent
- Mortgage broker
- Bank /credit union staff
- Lawyer
- Family or friend
- Community group/agency
- Other

15b2. If you answered “no” to question 16, would financial or homeownership training have been helpful?

- Yes
- No

16. Approximately how much do you currently spend per month on housing (mortgage, taxes, upkeep, condo fees)? Choose one.

- Less than \$500
- \$500 to \$999
- \$1,000 to \$1,499
- \$1,500 to \$1,999
- \$2,000 to \$2,499
- \$2,500 to \$2,999
- \$3,000 or more

17. How has the purchase of your home affected your finances? Check all that apply.

- Owning is less costly than renting
- There has been no major change
- You have cut back on essentials (e.g. food and transportation)
- You have cut back on discretionary items (e.g. entertainment)
- You have budgeted more carefully
- You have benefitted, or expect to benefit, from paying off the mortgage and/or rising property value
- Not sure

18. How has the move to your current home affected ...?

Question		Instructions: select one answer for each row, as applicable			
A	Your participation in neighbourhood/school/arts/community activities	More	About the same	Less	Not sure/ Does not apply
B	Your household's feeling of personal safety and security	Safer	About the same	Less safe	Not sure/ Does not apply
C	Your satisfaction with local activities and entertainment	Better	About the same	Worse	Not sure/ Does not apply
D	Your satisfaction with local grocery and food stores	Easier	About the same	Harder	Not sure/ Does not apply
E	Satisfaction with other neighbourhood services (e.g. Schools, daycares, libraries)	More satisfied	About the same	Less satisfied	Not sure/ Does not apply
F	Your sense that Toronto is the right place for you	Increased	About the same	Decreased	Not sure/ Does not apply
G	Your household's personal privacy	Improved	About the same	Worsened	Not sure/ Does not apply
H	Your household's physical health	Improved	About the same	Worsened	Not sure/ Does not apply
I	Your household's financial stability	Improved	About the same	Worsened	Not sure/ Does not apply
J	Your education or your partner's	Improved	About the same	Worsened	Not sure/ Does not apply
K	Your children's performance in school	Improved	About the same	Worsened	Not sure/ Does not apply
L	Your effectiveness in working from home	Improved	About the same	Worsened	Not sure/ Does not apply
M	How long it takes you to get to work/school	It takes less time	About the same	It takes more time	Not sure/ Does not apply
N	How long it takes your partner to get to work/school	It takes less time	About the same	It takes more time	Not sure/ Does not apply

19. What are the most important positive features in your move from rental to ownership?

20. What are the largest challenges you face in owning as compared to renting?

21. When do you plan to sell your home? Select the option that best applies to you.
- 1 to 2 years
 - 2 to 3 years
 - 3 to 4 years
 - More than 5 years from now
 - I have no plan to sell
 - Not sure
22. In the next five years, do you intend to do any of the following? Please check all that apply.
- Spend more than \$5,000 on home improvements
 - Buy another home after selling this one
 - Rent another home after selling this one
 - Increase family size (including a partner)
 - Decrease in family size (including a partner)
23. The City of Toronto works with non-profit developers in building affordable homes. The City, alongside the Province of Ontario and the Government of Canada, provides down payment assistance financing for eligible families and individuals. These are sometimes called, “second mortgages,” “additional assistance” or “extra help.”
Did you receive a down payment assistance loan (or second mortgage) from government e.g. The City of Toronto, or the Provincial/Federal?
- Yes
 - No
 - Not sure
24. Did you receive a down payment assistance loan (also known as an “alternative mortgage,” “Artscape mortgage,” or “second mortgage”) from the organization you bought from (e.g. Artscape, Habitat for Humanity, WRP, Home Ownership Alternatives)?
- Yes
 - No
 - Not sure
25. If you answered “yes” to either question 23 or 24, would you have been able to buy without the extra assistance?
- Yes
 - No
26. If you answered “yes” to either question 23 or 24, do you intend to pay off your down payment assistance loan (second mortgage) before selling your home? (This question does not apply to owners in Artscape buildings.)
- Yes
 - No
- 26b. If you answered “yes” to question 26, roughly how soon will you be able to pay off your down payment assistance loan (second mortgage)? (This question does not apply to owners in Artscape buildings.)
- In the next year
 - In the next 3 years
 - In the next 5 years
 - More than 5 years
 - Not sure

27. **In what type of household do you live?**
- Couple with no dependent children
 - Couple with one dependent child or more
 - Single parent with one dependent child or more
 - Adult living alone
 - More than 1 adult sharing a residence
 - Extended family
 - Other
28. **Please select the job or occupation that best describes what you do.**
- Manager, executive, business owner
 - Office work, sales, service
 - Professional
 - Skilled technical or trades
 - Manual worker or factory worker
 - Artist
 - Self-employed
 - At home parent
 - Student
 - Looking for work
 - Retired
 - Not working due to disability
 - Other
29. **What is your age?**
- 18-24 yrs
 - 25-34 yrs
 - 35-49 yrs
 - 50-64 yrs
 - 65+ yrs
30. **Are you or any other adult in the household...? Please check all that apply.**
- A new immigrant (within 5 years of coming to Canada)
 - A recent university or college graduate (within 3 years of graduating)
 - An aboriginal person
 - A visible minority
 - A person with disabilities
31. **Please write the first half of your Postal Code.**
- _____

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