AFFORDABLE HOMEOWNERSHIP FOR THE CAPITAL REGION:
A Study into the Feasibility of a Not-for-profit Program

ADMN 598 Master's Project
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Executive Summary

The international trend in housing affordability has been on a steady decline for a number of years, though at an accelerated pace in the last decade with researchers in various developed nations having written on the decline in their respective jurisdictions. Yet housing that is affordable for the average worker is important to maintaining economic health and fostering sustainable growth of a community.

The term affordable housing is used as a descriptor for a wide array of housing. Affordability itself is a term of relationship between income levels and the cost of housing. Housing costs that do not exceed 30 percent of household income is generally considered affordable. The specific term of affordable housing applies this definition to those earning 60 to 120 percent of the average median income (AMI.) for any location. Workforce housing affordability refers to those whose incomes range from 80 to 200 percent of the AMI. Programs may narrow the range to 80 to 120 percent (sometimes called attainable housing) depending on the nature of their organizations and the needs of their community.

The Sidney and North Saanich Industrial Group (SNSIG) is a consortium of industrial and manufacturing companies in Greater Victoria, British Columbia. Many of the employees of the businesses in the SNSIG cannot afford to live close to their work due to the high cost of housing in the area. The research in this project explores the feasibility whether there are specific policy frameworks that contribute to the success of these types of programs. The research will answer the following question:

> *To what extent could a not-for-profit homeownership program contribute to housing affordability in the Capital Region?*

Literature Review

A literature review was conducted to provide an overview of the international state of affordability of homeownership and the policy approaches and program designs that are currently being implemented to address the issue. The review included sources of information from peer-reviewed academic journals related to housing policy and community planning as well as gray literature from relevant industry and research organizations. The review showed evidence of widespread and sustained increase in international real housing prices in a way that has departed from the normal business cycle of pricing trends.

The review considers numerous demand factors that contribute to decreased homeownership affordability. These include an increase in women in the workforce, sustained consumer confidence prior to the 2008 financial crisis, more single persons wishing to purchase homes, and more elderly people remaining in their homes as compared to moving to communal housing. At

the same time, increased land and building costs, restrictive land use policies and long approval processes have imposed supply constraints.

Declining homeownership affordability makes attracting and retaining employees in areas with high housing costs difficult especially as employees settle into their careers and begin to think of committing to a community and planning a family. Further, the inaccessibility of homeownership for median income earners has long-term detrimental effects to individuals and potentially raises the cost of government social services. Governments' concern for and responses to declining homeownership affordability have been inconsistent with the literature, suggesting that cultural factors may contribute to the level of response. In those countries where governments have responded, institutionalized policy approaches are viewed as stable and reliable methods of addressing affordability concerns.

Jurisdictional Scan

A jurisdictional scan provides an overview of policy implementation in a few select countries with similarities to Canada with respect to tenure rates, political environment and the cultural values associated with homeownership. The pattern of house price increase has been similar with Australia, Britain and New Zealand's price to income ratios exceeding long-term averages. The United States prices reached an all time peak in the same period. All major markets in Australia, Britain and New Zealand are ranked as severely unaffordable.

All governments considered in the scan have had or do have policies to address affordable homeownership, Britain has exercised the most interventionist and ongoing presence in the market while the Australia Commonwealth has had the most erratic and ill-defined involvement. Government initiatives to support homeownership are generally characterized by favourable purchase financing, tax incentives to stimulate supply and demand, and savings withdrawal options for home purchase.

Specific programs offer direct assistance to individuals to get into the housing market in ways that are more financially manageable and at the same time may address community concerns of ongoing affordability. These initiatives are often provided at the sub-national level or through not-for-profit housing organizations.

Methodology

The design for this research project was a qualitative methodology and exercised a series of 20 semi-structured interviews for data collection. Interviews were conducted with three different groups of participants using a purposive sampling method to select organizations deemed to be representative of the population considered.

The first group comprised five participants of four not-for-profit housing services providers in Greater Victoria. The second group consisted of eight participants from government and institutional organizations selected for their knowledge and insight on the policy, program and funding environment in BC and the Capital Region. This group also included industry participants with experience related to affordable homeownership endeavours. The third group consisted of representatives from seven organizations currently providing affordable homeownership programs in Canadian locations.

For the third group of interviews, (referred to as cases in this report) different data sources were used to verify information and compensate for any limitations that may result from using interviews as the sole source of information. The particular sources used in this research include official documents such as evaluation and annual reports, city meeting minutes and program documents as well as unofficial documents such as current websites. This method of triangulation was used due to the level of detail and complexity in the interview subjects and the need to situate the new programs in the economic context of the locations featured.

Findings

The findings indicate that like communities across other Canadian jurisdictions, Greater Victoria is concerned about declining affordability in the homeownership tenure and its impact on working families. Policies and programs of the BC provincial government and financial institutions support affordable homeownership programs and funding can be available for development of housing units. Representatives of these organizations defined affordability by the median income for two income families as provided by Statistics Canada, which at the time of writing was $85,000 for British Columbia. In contrast to provincial definitions, the local government, as represented by the Capital Regional District, prioritizes homeownership affordability for low income households of $50,000 or less.

The seven programs featured in the cases highlight how different communities are addressing the issue of declining affordability by developing significant homeownership programs geared either to the local median household incomes or with no specific defined income threshold. Five of the seven programs are operated through not-for-profit organizations that have been mandated to be financially self-sustaining. Three organizations, established in 1992, 1997, and 2001 have attained that goal. The remaining two organizations, both founded in 2009 are working towards that goal. Two programs are run through municipalities and have the operational support of the existing structure. Both municipalities report that program costs, other than staffing, are covered through the program itself.

All parties interviewed from the first two groups, as well as the representative from the City of Langford in the third group, see common challenges to addressing the problem of affordable homeownership in the Capital Region. These include agreeing on problem definition, addressing the various elements of community NIMBYism, and the concrete issues of high land cost and organizational capacity. These same interviewees also see the opportunity in working together to identify and implement solutions to the regional challenge of homeownership affordability. Benefits are identified at both the community level as strengthening community development and at the individual level in assisting median income families to settle and thrive in the region.

Discussion

Urban locations in British Columbia, including Greater Victoria, are the most expensive in the country. Further, though British Columbians face higher housing costs than other Canadian jurisdictions, incomes in the province are considerably lower, with British Columbia ranking fourth behind Alberta, Saskatchewan and Ontario. Current housing programs in British Columbia are primarily focused on the needs of those at the lower to middle portions of the continuum, and concentrate on the rental tenure. Discussions with interview participants in three other Canadian provinces indicate that their respective jurisdictions have augmented their social housing programs with affordable homeownership programs. These programs situate the issue of affordable homeownership as one of economic development, addressing the needs of the community to attract and retain public and private sector workers earning modest incomes that hover slightly below and above area median. Treating the issue of homeownership affordability in this way rather than as a social issue aligns with approaches advocated in the literature.

The housing policy framework in British Columba raises no encumbrances to the implementation of affordable homeownership programs. BC Housing specifically articulates partnership opportunities for the development of affordable homes in the ownership tenure and targets median income earners. Section 219 of BC's *Land Titles Act* allows for the use of restrictive covenants that can be structured in a number of ways to deal with resale price restrictions, use of property or eligibility criteria for purchasers. The fact that homeownership programs are not as assertively used in British Columbia may be due to the risk-averse nature of local governments or a lack of business and economic development focus of local not-for-profit housing providers.

Stakeholders in the Capital Region have a considerable level of interest in affordable homeownership. While existing housing service providers have not to date introduced full programs addressing homeownership, opportunities for partnership with some organizations may exist if creative options with business partners are available for discussion. The CRD has expressed a willingness to assist in developing an appropriate model and the potential of providing program administration. However, while interest in affordable housing in general is high, workforce housing is not positioned as an economic development issue in Greater Victoria as it is in other Canadian cities and the issue instead is confused with affordable housing in the more general sense. The CRD affordable housing initiatives focus on those that earn up to $50,000 or 64 percent of the region's median income for households with more than one earner.

This substantially misses the target range of 80 to 200 percent that is commonly used to define workforce housing.

Recommendations

The research into the feasibility of introducing an affordable homeownership program similar to those operating in other Canadian jurisdictions resulted in four recommendations to the Sidney North Saanich Industrial Group.

1. *Develop a strategic advocacy* approach to reframe the issue of affordable homeownership as an economic development, rather than a social housing issue, and to address the role that government imposed costs play in contributing to declining housing affordability.
2. *Support further business case development* to determine the details of program design that would be most likely to succeed in Greater Victoria and identify either an existing organization for implementation or advise on the development of a new one.
3. *Consider the benefits of Employer Assisted Housing* through conducting a cost-benefit analysis to determine if the approach may be a cost-effective way to deal with attraction and retention challenges in the expensive market of Greater Victoria.
4. *Use networks to source potential business partners* who may also be concerned about the cost of homeownership in the community. Discussions with private landowners to explore their willingness for creative approaches to land transfer could further the establishment of a sustainable homeownership program for the Greater Victoria region.

Conclusion

Homeownership provides a platform from which many people build their future financial stability. However, the financial hurdle of getting into homeownership has moved ever higher over the last two decades until it is now at a point where young people and even mid-career workers are unable to follow a path of generations before them. This issue of the decline in homeownership affordability can be sidelined altogether given the public concern and concentration on housing for those in the most financial need at the low end of the housing continuum. But the issue of affordability for median income earners is important. These households are the backbone of a community. As housing costs spiral higher for this portion of the community, their spending and support in other areas of the community diminish. The circle of consequence related to continued affordability decline for median income earners is an economic challenge on local and provincial levels that should not be ignored.

As an economic development issue, the decline in homeownership affordability requires a business solution. The voice for this issue is not found in the social service community. In the Capital Region, the Sidney North Saanich Industrial Group is well positioned to advocate for a focus on homeownership affordability for their employees. As this research has shown, solutions are being implemented in other communities through sustainable homeownership programs.

As an economic development tool, a homeownership program need not be viewed as a solution to all affordability challenges along the housing continuum. Rather, it is a specific solution to the high cost of workforce housing in the ownership tenure that may also contribute to alleviating the rising costs in market rental through easing demand for that tenure. The benefits of an affordable homeownership program may be expanded to other portions of the housing continuum over time if capital reserves, which can be built in a shared equity model, are invested into this area in the community. With homeownership being a bigger challenge in British Columbia urban locations than in other cities in the country, the solutions that have worked elsewhere should be championed in BC communities as an important aspect of maintaining liveable cities for the average British Columbian worker.

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1. Introduction

The international trend in housing affordability has been on a steady decline for a number of years, though at an accelerated pace in the last decade. Research from a number of jurisdictions in developed nations documents the patterns of decline. Yet housing that is affordable for the average worker is important to maintaining economic health and fostering sustainable growth of a community.

The availability of a range of housing options that will support family life is an important component to business location and expansion decisions. Most Capital Region municipalities have indicated receptivity to affordable homeownership in their official community plans and one municipality has actively pursued that objective through a municipal program. Employers, economic development agencies, and business organizations highlight the importance of the availability of affordable homeownership as an important part of housing a growing workforce. A lack of affordable homeownership as a housing option makes it difficult for companies to retain a young workforce and attract middle management employees from other jurisdictions where they may have enjoyed homeownership at a comparable salary level.

The term affordable housing is used as a descriptor for a wide array of housing. Affordability itself is a term of relationship between income levels and the cost of housing. Housing costs that do not exceed 30 percent of household income is generally considered affordable. The specific term of affordable housing applies this definition to those earning 60 to 120 percent of the average median income (AMI.) for any location. Workforce housing affordability refers to those whose incomes range from 80 to 200 percent of the AMI. Programs may narrow the range to 80 to 120 percent (sometimes called attainable housing) depending on the nature of their organizations and the needs of their community (Gurstein, 2012).

The issue of affordable housing is a large one with aspects of it positioned along a continuum of housing options that ranges from temporary shelters for the most needy to affordable homeownership for the moderate income earners. The Capital Region has a number of not-for-profit organizations that deliver housing programs on the lower to middle ranges of the continuum including shelter operations to increasing the supply of both market and non-market rental housing. The region does not have a not-for-profit organization with a mandate to address the challenge of affordable homeownership.

1.1 Purpose of the Research

The Sidney and North Saanich Industrial Group (SNSIG) is a consortium of industrial and manufacturing companies whose purpose is to promote the interests and concerns of the business community in the area. The group, whose current corporate membership represents over $650 million in revenues, $110 million in payroll and more than 2,500 employees, considers the availability of workforce and family housing in the region as an issue of high priority. Member companies in this consortium are located in the municipalities of Sidney and North Saanich, within Greater Victoria on the Saanich Peninsula. The anchor business in this group is the Victoria Airport Authority, upon whose land a number of other businesses are located.

The SNSIG surveyed employees to explore their concerns related to housing on the Saanich Peninsula. Responses were received from 294 employees. Of these 45 percent indicated they would like to purchase a home on the Saanich Peninsula. Within this group, 44 percent live in the core municipalities, 19 percent live in the West Shore communities and 4 percent live outside of the CRD. Thirty three percent already live on the Peninsula (SNSIG, 2013). The SNSIG has supported this project as a means of gathering information on how other cities have addressed the challenge of affordable workforce housing in their jurisdictions.

The research in this project explores the feasibility of affordable homeownership models that have been implemented in other jurisdictions for Greater Victoria context and whether there are specific policy frameworks that contribute to the success of these types of programs. Further, it asks what components of a homeownership program would enhance the likelihood of success and explores what level of interest exists amongst existing stakeholders and industry participants related to affordable homeownership. In doing so, the research will answer the following question:

> *To what extent could a not-for-profit homeownership program contribute to housing affordability in the Capital Region?*

1.2 Organization of the Report

The research is arranged into nine sections. The first two sections provide the introduction and background for the research by defining workforce housing and placing it along the continuum of housing affordability concerns. These sections provide the background information on the Sidney North Saanich Industry Group and the nature of their concerns related to workforce housing as well as presenting the current state of service provision as it relates to affordable housing. Historic information on the price of housing in the Capital Region and the income level of its residents is included. The second section also provides contextual information on housing policy that would affect program development or implementation

Section three provides a review of the literature on the decline of housing affordability in the ownership tenure. It includes the definitional and methodological difficulties in making international comparisons, expert opinions on factors that contribute to affordability decline and their consequences. The section includes observations on the level of concern about homeownership affordability evidenced in international locations. Section four explores government policies and programs that have been implemented in select international jurisdictions with similarities to Canada with respect to tenure rates, political environment and the cultural values associated with homeownership. Featured countries include Britain, Australia, New Zealand and the United States.

Section five describes the methodology, consisted of 20 semi-structured interviews, with three different groups of interviewees representing housing providers, housing related government, institutional and industry representatives, and representatives of existing affordable homeownership programs in various Canadian municipalities. The findings of the interviews are outlined in section six, arranged by each group of participants with a summary of important common characteristic. Section seven discusses the findings and offers an analysis of the feasibility of an affordable homeownership program in Greater Victoria similar to those studied in the interviews.

Section eight offers recommendations to the Sidney North Saanich Industry Group in relation to their concerns about affordable homeownership in the Capital Region before ending with concluding comments in section nine.

2. Background

This research project is focused on homeownership affordability in the Capital Region of British Columbia. The background provides contextual information to consider the issue by examining affordability in Canada in the first section before moving to a more detailed consideration in the Capital Region in the second section. Once providing the basis of the situtation, sections three and four review housing policy in Canada and in the province of British Columbia.

2.1 Housing Affordability and the Canadian Context

Housing affordability in Canada has been on a steady decline and especially so in Canada's urban centres. The *Demographia* report from Cox and Pavletich (2013) measures the median ratio to determine the affordability of home purchase. Based on the average median income for each centre, the ratio provides a cross-jurisdictional comparison of the number of years of income required to purchase a median-priced home and ranks the findings on an affordability scale. Thirty-five Canadian cites were included in the study with six of them being ranked as severely unaffordable having a ratio of five or greater, meaning it would require five years of median income to cover the cost of a median priced home in the area. British Columbian cities topped this list with Victoria included amongst the four most unaffordable cities in Canada at a ratio of 6.3. Table 1 shows select Canadian cities, chosen for their significance as BC locations and their competitive positions with Victoria for skilled labour. Appendix A shows the complete ranked list of Canadian cities in the study, including the price and income elements of the ratio.

Table 1

Selection of Canadian Cities, Home Purchase Median Multiple and Canadian Ranking

Canadian City	Median Ratio	Canadian Ranking
Vancouver	9.5	35
Kelowna	6.9	34
Abbotsford	6.8	33
Victoria	6.3	32
Toronto	5.9	31
Montreal	5.1	30
Calgary	4.3	28
Saskatoon	4.3	27
Regina	3.8	21
Edmonton	3.7	20
Winnipeg	3.6	17
Ottawa-Gatineau	3.5	15
Halifax	3.5	13

Source: Cox and Pavletich (2013), 9th Annual Demographia International Housing Survey

RBC Economics (May 2013) tracks the second measure of homeownership affordability in Canada. This quarterly report examines the proportion of median pre-tax income required to carry the cost of existing standard condominiums, bungalows and two storey homes. Provincial comparisons include principal and interest payments as well as property taxes. Affordability comparisons at the municipal level include only principal and interest payments, as property tax information is not consistently available for smaller centres.

The RBC measure shows that the affordability of mortgage carrying costs in the first part of 2013 has improved somewhat over those in 2012 and that the long-term trend indicates that relative carrying costs are no higher now than they were in the mid-eighties for most locations. Alberta, Saskatchewan and Quebec carrying costs are comparable to the mid-eighties and costs in Ontario and the Atlantic provinces have improved slightly. Only in British Columbia has affordability on this measure declined, with condominiums showing an increase in carrying costs of approximately 25 percent, bungalows an increase of approximately 63 and two storey homes at approximately 80 percent more than in the mid-eighties.

As Canada is a large and diverse country with considerable regional variation, a municipal comparison of affordability provides a more granular picture of market place characteristics. These city snapshots show that the carrying costs in Vancouver are significantly higher than all other Canadian jurisdictions, skewing the provincial average in an upward direction. Victoria is competitive with Toronto as far as carrying costs are concerned but is higher than all other Canadian cities that compete with Victoria to attract and retain skilled labour by approximately one third and close to twice as high as cities in the Maritime provinces.

2.2 Housing Affordability in the Greater Victoria Context

Greater Victoria is comprised of 13 incorporated municipalities, each with its own government, with a total population of approximately 360,000 (CRD, 2011). The broader region around the Greater Victoria area includes three unincorporated electoral areas and is referred to as the Capital Regional District (CRD). The CRD provides governance in service areas that are of concern to the entire region and local government services to the unincorporated rural areas of the region (CRD, n.d.[a]).

The CRD has articulated the importance of affordable housing in all tenures, especially for low and moderate-income earners as the central purpose in the *Regional Housing Affordability Strategy* (CRD, 2007). The strategy outlines a number of facilitating actions that the CRD can undertake to support the success of the strategy throughout the region including working with municipalities to develop policies and fiscal options to encourage the development of affordable housing. As a result of the regional work, each member municipality has included the goal of increased affordable housing, with some specifying affordable homeownership, in their separate Official Community Plans (CRD, n.d.[b]). Though different municipalities have indicated a policy statement for increasing affordable homeownership, only Langford has implemented those polices through its own affordable housing strategy.

The CRD encourages urban growth and affordability through enforcement of an urban containment boundary, which allows municipalities to increase density through multi-unit and larger scale single detached developments. Outside of the urban containment boundary, municipalities can add to density through the development of duplex or single detached units that meet the existing zoning criteria. The application of the urban containment boundary as a planning tool supports the goals of greater densification in the urban centres, maintaining existing schools, creating an environment more conducive to mass public transit, improving municipal taxation economies and facilitating regeneration of older single detached neighbourhoods. The fact that much of North Saanich is outside of the urban containment boundary places some limits on the nature of densification that can be achieved in that municipality.

The Capital Region also has a third sector network of affordable housing service providers that address housing concerns along most of the continuum, shown in Figure 1, including temporary shelters for those who are homeless to affordable and market rental housing. An exploration of websites of respective agencies show approximately 1,700 units of housing developed and managed by Greater Victoria housing providers. None of the not-for-profits have established affordable homeownership programs.

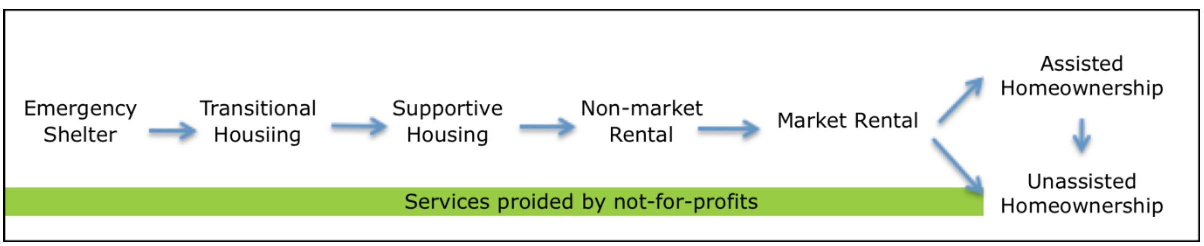

Figure 1. Housing Continuum

The development community has introduced ad hoc opportunities for affordable homeownership by utilizing supply side measures that bring projects to the market at a lower rate. These instances create more affordable opportunities for purchasers when the units come to market but as they have not been delivered within the context of a sustainability plan, the affordability is lost to the community after the first purchase. The region also has one not-for-profit development corporation founded in 2009 to assist housing societies with the development process through providing consulting services, due diligence on project viability and liaison services with community groups.

Making the transition from the renting to ownership has become more difficult in Greater Victoria for the average worker as it has in some other urban centres across Canada as the median price of homes has increased at a faster rate than has median income. Between 2000 and 2011 the median sales price of condominiums, townhouses and single detached homes in Greater Victoria have increased by 87, 72 and 99 percent respectively (Victoria Real Estate Board, 2013). Over the same period the median income in Greater Victoria has increased by 11 percent for all family types and for households with two or more persons and has decreased by 12 percent for unattached individuals (Statistics Canada, 2013 [a]). Appendix B provides year over year dollar figures of home prices in each category and median wages for individuals and two income households. Median home prices are listed by municipality.

North Saanich is one of the most expensive housing markets in the Capital Region, second only to Oak Bay, with median single family home prices of $705,000 in 2011.The municipality has large lots with large homes, and few multifamily housing options. The neighbouring municipalities on the Peninsula of Central Saanich and Sidney have lower average prices of $550,000 and just under $480,000 respectively, offering more housing opportunity for Peninsula employees. Langford, which is the fastest growing municipality in the region, has a median single family home price of $489,500, but also presents more than a 45 to 60 minute commute time for Peninsula employees who live in that area. Sooke is the most economically priced municipality, at just over $400,000 though it may be close to 90 minutes away from the Peninsula in high traffic times and offers inadequate public transit connections. Figure 2 compares median sale prices of single family homes in Greater Victoria municipalities from 2000 to 2011.

The pressure on housing affordability options may increase in the next decade in response to increased demand. The BC Labour Market Outlook projects that 15 percent of the more than 350,000 new job openings resulting from economic growth expected in the province between 2010 and 2020 will be in the Vancouver Island Coastal Region. At the same time, the demographic shift in the province to an older population means that approximately one third of job openings will need to be filled by in-migration through interprovincial and immigrant attraction (Government of BC, 2010). The ability of the region to attract newcomers and offer a selection of affordable housing options to the working population is an important part of its future economic success.

2.3 Canadian National Housing Policy

The history of housing policy in Canada is well documented and evidences swings that closely coincide with the political ideology of respective administrations and the economic capacities of the government (Carter, 1997, Van Dyk, 1995, Wolfe, 1998). The pre and post-war years saw a number of short-term policy initiatives to address housing affordability with varying degrees of direct intervention into the market right up until the mid-eighties.

A shift in federal government policy occurred in the mid-eighties under the leadership of Prime Minister Mulroney, who held office from 1984 to 1993. At this time a core review of housing policy and expenditures resulted in criticisms of some programs that benefited those seen as non-needy middle-income households (Van Dyk, 1995) and precipitated a federal government decision to decrease investments and realign program expenditures to ensure they were going to those in core need (Wolfe, 1998). A further contributor to changes in the housing policy landscape during the Mulroney administration was a provision in the Charlottetown Accord constitutional talks that called for federal government recognition of exclusive jurisdiction of the provinces and territories in six areas of social policy, including housing. In the end, the Accord did not receive the required support in 1992 and was not adopted however the proposal to devolve the areas of social policy proceeded through either bilateral negotiations or unilateral action by the federal government (Carter, 1997, pp. 603-605).

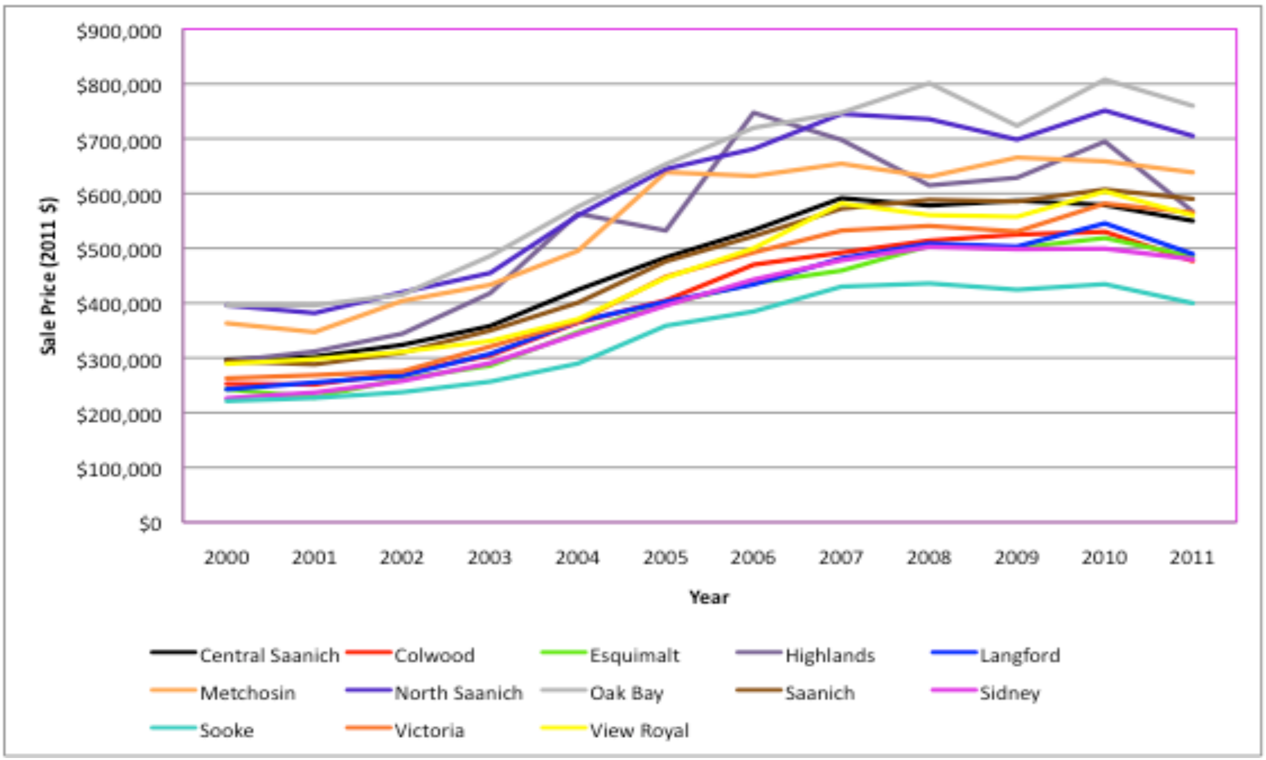

Figure 2. Median Sale Price – Single Family Detached by Municipality 2000 – 2011. Raw data provided by Victoria Real Estate Board, 2013 and adjusted to 2011 constant dollars.

Notwithstanding the questions of jurisdiction, federal priority or funding levels to the broader area of housing as a social policy, the Canadian government has a long history of policy and program options to assist with homeownership affordability. These are exercised through the national agency, Canada Mortgage and Housing Corporation (CMHC), established in 1946. As well as conducting a wide-range of housing research, CMHC provides housing affordability supports along the housing continuum through programs for individuals, not-for-profit housing organizations and for-profit businesses involved in housing solutions.

Prior to the 1985 shift in housing policy, two short-term programs to enhance home ownership affordability were introduced, with different results. The Assisted Home Ownership Program, introduced by CMHC in 1973, allowed a 95 percent mortgage loan over a 35-year amortization period at a rate of interest three points below that generally available. The program was modified in its second year, adding a graduated-payment mortgage, which provided the opportunity for lower mortgage payments during the first years of the term with reducing subsidy throughout the term's tenure. Unfortunately the design and timing of the program did not work well together. Mortgages acquired in the early 80s came to term in the mid to late 80s as interest rates had risen as high as 20 percent. Some mortgage values had not decreased or indeed had increased over the five-year term due to low payments and negative amortization. Homeowners could not afford the payments required upon term renewal.

The second program in this time frame was the Registered Home Ownership Savings Program introduced in 1974 and terminated in 1985. The program was intended to assist renters in making the transition to homeownership by helping to accumulate the down payment in a rapidly increasing real estate market (Atterhog, 2003). The program allowed a tax-sheltered savings of $1000 per year to a maximum of $10,000. As the program had a defined start and end point, it proved a good opportunity for Engelhardt (1997) to conduct an analysis comparing pre and post intervention outcomes. His study found that the rate of transition from rental to ownership tenure increased by 20 percent during the program.

In 2013, mortgage loan insurance is the most direct assistance to affordable homeownership offered to individuals by CMHC. Financial institutions usually require loan insurance to protect them against potential loan default from homebuyers who make a down payment of less than a 20 percent of the purchase price of the home. With mortgage insurance, homebuyers are able to purchase a home with as little as five percent down payment and receive interest rates comparable to those they would receive if they made a 20 percent down payment (CMHC, n. d.[a]).

CMHC also provides programs for not-for-profit and for-profit organizations that wish to develop affordable housing in any tenure. Seed funding of up to $20,000, half of which is provided as a grant, is available for proposal development for a particular housing project (CMHC, n.d.[b]). If the project goes ahead, it may be eligible for up to $100,000 in proposal development funding. This funding is partially repayable at a rate that coincides with the level of affordability the project will attain, either as an affordable purchase for buyers at the 80th or 65th percentiles of the average median income (CMHC, n.d.[c]).

In addition to programs offered through CMHC, the federal government allows first time homebuyers to withdraw up to $25,000 from their Registered Retirement Savings Plan (RRSP) with a requirement to repay the borrowed sum over 15 years (Government of Canada, n.d.[a]).

Tax credits of up to $750 are available through the First-Time Home Buyers' Tax Credit (Government of Canada, n.d. [b]). This particular program applies a generous qualification definition to first-time buyer as being anyone who has not owned a home in the five years preceding the purchase. Finally, a rebate on a portion of the Goods and Services Tax paid on new homes is available to all homebuyers (Government of Canada, n.d. [c]).

Though housing policy, considered social policy in Canada, is primarily a provincial jurisdiction, the federal government continues to provide bi-lateral funding agreements through CMHC under the Investment in Affordable Housing (IAH) fund. The overall objective of the IAH fund is to improve the living conditions of Canadians in need "by improving access to affordable, sound, suitable and sustainable housing" (CMHC, n.d. [d]). Providing this overall objective is met, provinces can shape their program categories through articulating specific spending categories, objectives, types of activity and proponents. Of the four provinces from where subsequent cases are drawn, British Columbia, Saskatchewan and Ontario include the ownership tenure as possible areas of investment of IAH funds. Only Alberta does not (CMHC, 2011-2014 [a], [b], [c], [d]). In addition to IAH, Saskatchewan and Ontario have provincially funded programs designed to address the entry costs to ownership, delivered through participating municipalities. Alberta and British Columbia have no correspondingly funded programs at the provincial level.

2.4 British Columbia Provincial Housing Policy

In British Columbia, housing policy is established through the provincial government in a policy statement called *Housing Matters BC* (Government of BC, 2013/14 – 2015/16). The statement contains six strategic priorities spanning the needs across the housing continuum and the building regulatory system, with the fifth strategy being "home ownership is supported as an avenue to self-sufficiency" (p. 5). Implementation of the province's housing policy is the responsibly of BC Housing and Management Commission (BC Housing), a Crown Agency whose mandate is "to fulfil the government's commitment to meet the housing needs of British Columbians as set out in the provincial housing strategy" (BCHMC, 2013-14 – 2015-16, p.5). BC Housing exercises its mandate on an annual budget in 2013/14 of $629 million, with $400 million from provincial allocation, $180 million from the federal government and the remainder from operating revenues (ibid, p. 44).

While *Housing Matters BC* contains six strategies related to British Columbia's housing needs, the majority of program investments are allocated to the first four strategies that address homeless, vulnerable citizens, Aboriginals and low-income households in need of rental housing. Each of these areas has specific programs and services that are provided by over 800 housing partners in the not-for-profit, co-operative and group home sectors. Housing development across the continuum is provided through partnerships with municipalities, not-for-profit organizations and other organizations through a program called Community Partnership Initiative (BCHMC, 2012). Since 2003, the province has invested approximately $360 million into more than 3,300 units of affordable housing, though the majority of those units are rental tenure.

Like the federal government, the Government of British Columbia also offers significant tax programs to improve homeownership affordability. First time homebuyers who meet provincial residential qualifications are eligible for a property transfer tax exemption when purchasing a home with a value of up to $425,000, equating to a tax savings of up to $6,500 (Government of BC, 2011). The second tax program is the Home Owner Grant program, which provides property tax relief for homeowners' principal residence for up to $570 or $845 for persons over the age of 65 (Government of BC, n.d. [a]). The province also introduced a short-term assistance to first time homebuyers of new homes called the BC First-time New Home Buyers' Bonus that provided up to $10,000 between February 2012 and April 2013. (Government of BC, n.d. [b]). This program was announced in the 2012 provincial budget, partially as a measure to stimulate new home construction.

The housing policy and affordability measures in Canada offered through CMHC and through the provincial government are programs that are institutionalized; the sort that Lawson and Milligan (2007) indicate provide a strong basis for stability and serve to attract private sector investment (p. 155). However, the provincial government continues to be lobbied by industry and business groups on the negative impacts to housing affordability brought on by the highest property transfer tax in the country with a threshold level far below the average cost of homes in the urban centres of the province (CMHC, 2013). Detractors of the policy point out that when first implemented in 1987, the tax was positioned as a wealth tax and affected only five percent of homebuyers in its upper tier, but as the market has risen and the structure of the tax has remained unchanged, the tax now applies to approximately 86 percent of home purchase, adding years of debt to first time homebuyers, and placing BC businesses at a competitive disadvantage in attracting skilled labour compared to other provinces with lower or non-existent property transfer tax regimes (BC Real Estate Association, 2012).

The position of the BC Real Estate Association is supported by a study done in Canada (CMHC, 2010 [b]) of 21 municipalities that showed government imposed charges (GICs) ranged in relative terms from 4.7 percent to 19 percent of the total selling price for a median-priced home, and $14,760 to more than $151,000 in absolute amounts. In Canada, provincial and federal charges are positively correlated with house prices, as they are comprised of sales taxes at both the federal and provincial levels and property transfer tax at the provincial level in seven of Canada's 13 provinces and territories. Municipal charges are highest in centres that incorporate infrastructure fees into the cost of new housing. Building application and process fees are the smallest of all identified component of all charges, though the time involved in any given process is not an enumerated cost. Details of GICs for the 21 Canadian municipalities are available in Appendix C.

3. Literature Review

The literature review provides an overview of the international state of affordability of homeownership and the policy approaches and program designs that are currently being implemented to address the issue. There is considerable variance in attention to this issue, which may be reflective of cultural values, and an equally considerable variety of programs exercised at the sub national level to address the issue. The literature review was conducted through peer-reviewed academic journals related to housing policy and community planning. The literature review sourced peer-reviewed academic sources through the University of Victoria databases and supplemented those sources with gray literature sourced through academic reference lists. Google Scholar was also used as another source for gray literature from relevant industry and research organizations.

The literature review is divided into five sections. The first section of the literature review considers housing affordability in two ways. The first is the absolute cost of housing, which dictates the corresponding cost of acquiring a home through mortgage financing requirements. The second consideration is the carrying costs of ownership once a purchase has been made. Though related, each of these two factors affects homeownership outcomes in different ways.

The second section of the review discusses the difficulties presented when comparing affordability across international jurisdictions due to inconsistent definitions and methodologies of data reporting. The third section addresses the factors that contribute to a decline in housing affordability including demographic and economic changes, shifts in government policy and the housing regulatory environment. The fourth section discusses the consequences of declining housing affordability such as affects on business related to human resource challenges and location decisions. This section considers the interrelationship between the rising cost of homeownership and increasing rental rates as well as the longer-term economic effects of delayed or forgone ownership for individuals and governments. The fifth section highlights that a variety of policy and program approaches may be implemented by government to address homeownership affordability, either directly or in partnership with other organizations and comments on connections between countries that prioritize action on this issue and those that do not.

The literature review then leads into a jurisdictional scan that details how the problem of declining affordability for homeownership is being addressed in a few select countries with similarities to Canada with respect to tenure rates, political environment and the cultural values associated with homeownership.

3.1 The Decline in Housing Affordability

The international trend in housing affordability has been on a steady decline for a number of years, though at an accelerated pace in the last decade. Researchers in various developed nations have written on the decline in their respective jurisdictions. Specific examinations into Australia's market are provided by Kupke and Rossini (2011) who note the disparity in the 66 percent increase in house prices between 2002 and 2007 compared to the 31 percent increase in the average worker income. Further, mining booms in two regional areas of Australia have led to price increases eclipsing the rise in urban areas, resulting in housing market failures and the displacement of local residents, businesses and public services (Haslam & Rowley, 2013). Yates, Randolph and Holloway (2006) focus their study on the changes to the financial systems and the increasingly large down payments required to purchase a home, from a minimal to non-existent sum in the 1950s and 1960s to four times the average annual salary by the 1990s and 2000s. Housing prices in the UK have marched upwards in a similar fashion where the average price of homes is unaffordable to the average worker in at least 70 percent of the towns and cities across Great Britain (Marvel, 2007).

The decline in housing affordability in Canada is documented by Moore and Skaburskis (2004) who document a 59 percent increase in the number of households spending more than 50 percent of their income on housing between 1992 and 1999 and note the persistent pattern of housing price increases over the last two decades. The authors emphasize that though housing affordability for homeowners has diminished, the problem has been even more severe for renters, a finding supported by the Canadian Mortgage and Housing Corporation (CMHC, 2009, 2010 [a]) in their tracking of the affordability of ownership and rental markets in metropolitan centres across Canada. Though the rate of homeownership has increased over the last ten years due to low interest rates, the cost of both ownership and rental as a percentage of incomes has increased substantially. In the rental market, the number of households paying more than 30 percent of their income on shelter costs has risen from 31 percent to 39 percent of households between 1981 and 2001 while the percentage of homeowners in this category peaked at 19 percent in 1996.

Similarly, in the United States, the increase in housing prices and overall decline in housing affordability is well documented, and like other international locations, is most problematic in the larger urban centres. The findings of Hickey et al., (2012) show that despite the housing market crash in the United States the average housing costs in the largest 25 metropolitan areas rose by 52 percent between 2006 and 2010 while incomes rose by 25 percent in the same period. Moderate-income householders pay more than 30 percent of their income to housing costs in fifteen of the twenty-five cities studied.

Harkness, Newman, and Lipman (2002) documents the overall increase in housing need and the relationships between the cost of housing and a number of tradeoffs people make to accommodate higher housing costs. The tradeoffs include living greater distances from work and paying higher transportation costs and time to commute, living in crowded or inadequate conditions, and spending less on food, clothing or other non-housing needs. The study notes that the transition to critical housing need in the US, defined as having to pay more than 50 percent of their income on housing costs, has occurred most frequently amongst low to moderate income working families. In 1999, one out of every twelve working families were cost burdened across the US with rates twice that high in hot spot metropolitan locations. Further, one out of every seven families were in critical need, spending more than 50 percent of income on housing costs and/or living in inadequate housing conditions. The study draws correlations between the cost of housing and the rate at which households move into critical housing, showing that a one hundred dollar increase in housing costs is associated with a 3.6 percent increase in households in critical need in low-price markets and a 4.3 percent increase in movement in higher price markets.

A broader review of housing issues is provided by Cox and Pavletich (2013) for the Performance Urban Planning, an urban land planning think tank that tracks housing affordability in major international cities. The study includes 337 world metropolitan areas with 81 of those being major metropolitans centres having populations in excess of one million. Using the median ratio as described above, markets are ranked along a Likert scale ranging from affordable to severely unaffordable. Markets with a ratio of 3.0 and under are ranked as affordable, 3.1 to 4.0 ranked as moderately unaffordable, 4.1 to 5.0 ranked seriously unaffordable, 5.1 and over ranked as severely unaffordable. Of the 81 major markets, 20 were ranked as affordable (all in the US), 23 as moderately unaffordable, 14 as seriously unaffordable, and 24 as severely unaffordable. All of Australia's five major markets were ranked as severely unaffordable and the 16 major markets in the UK were equally split between being seriously and severely unaffordable. In half of the major centres were severely unaffordable with Vancouver placing only second to Hong Kong as the most unaffordable city in the world.

Examining the longer-term trend, Girouard, Kennedy, Noord, and Andre (2006) conducted an econometric study of the housing market of 18 OECD countries since the 1970s that documented the average housing price cycle as lasting approximately ten years, with six years of price increases followed by four to five years of price decline. The countries included in the study were Australia, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, United Kingdom, United States. Within the cycle and across time, prices have increased on average by 45% over the expansion phase and decreased on average by 25% over the contraction phase. Since the 1970s, prices have fluctuated along this general upward trend and increases have been attributable to substantive market factors such as an increase in per capita income and a scarcity of supply.

However, the recent trend in house price increases is different than the established pattern with house prices in real terms moving up strongly since the mid 1990s. Real price increases have occurred in a larger number of countries. The size of increases has far exceeded the average in half of OECD countries and the duration of increases has exceeded the norm in almost all the countries, being almost twice as long in duration in five countries. Price to income ratios are substantially above long-term averages, exceeding the average by 40 percent or more in countries with the largest increase while countries with more moderate increases still have ratios at historical peaks. This pattern is true across all countries with the exception of Canada, Denmark, France and the United States where housing prices remained stable and Finland where the price-to-income ratio was below average.

3.2 Definition and Methodology Challenges

Comparisons of housing affordability and its effect on local workforces contain two inherent definitional problems. The first is defining a target group of workers for which the issue of affordability is problematic in that it has an effect on labour availability. Raco's (2006, 2008) examination of the history of spatial policy in Britain suggests that a static enumeration of the so-named key workers may not be advisable and is further a problematic issue as it requires a political decision to either include or exclude specific occupations as essential to the community well-being. This task is especially difficult when carried out by a central government when economic characteristics are more localized and labour market needs are dynamic. Similarly, Morrison (2003) advises that key worker definitions should never be static but rather a definition that relates to occupational priorities of the local economy whether that be a position related to commonly identified essential services or to industries that characterize the economy of the location

Notwithstanding these perspectives, Raco (2008) summarizes Britain's spatial policy and how it has been tied to the inclusion and exclusion of specific groups of workers since the post-war period when the relocation of manufacturing professionals and managers to particular locations for post-war development was a primary concern. Direct intervention into the market subsided with the philosophical shift under the Thatcher and Major conservative governments from 1979 through 1990 that focused on supporting the competiveness of important existing or growing economic centres by addressing key worker's housing needs in situ. Since the 2000s, a re-emergence of spatial policy and intentional key worker selection has been reactive to pressure from the fast-growing urban areas and to criticisms from trade unions representing public sector workers facing income disparities with private sector counter parts. Key workers have been specified as police officers, teachers and health care and social services workers - occupational groups of specific concern to government employers as the lack of affordable housing has hampered junior level recruitment efforts and negatively affected retention capabilities in core urban cities. As such, the current priority of the UK key worker housing program is to maintain core community services and curtail rising recruitment and training costs for public sector employers (Connelly, Pomeroy & Chester, 2010, ODPM, 2005).

An extensive exploration into the housing affordability issues by occupation and location done found that key workers as defined in Britain were less likely to experience the same degree of affordability problems in Australia Rather, a greater need was identified amongst service and lower skilled workers who were becoming displaced from higher priced urban locations, notwithstanding the need for these workers to support vital community services (Yates, Randolph & Holloway, 2006).

Prominent housing research and policy organizations in the United States have generally adopted the broader term of workforce housing in their discourse on housing affordability with a focus on income levels rather than specific occupations. While the US does not have a consistent definition on the scope of the discussion, a convergence on a working definition is emerging as the spectrum of individuals earning between 60 percent and 120 percent of the average median income in any particular market area (Connelly et al., 2010, p. 113).

The second challenge to a clear cross-country analysis is that few countries have an official measure of affordability (Connelly et al., 2010) and for those that do, there is little consistency in their methodologies. Some countries have more defined thresholds on housing affordability and may combine those quantitative measures with qualitative conditions. Canada is an example of this approach with a definition that includes an affordability threshold of housing costs not exceeding 30 percent of gross income for housing that is both adequate and suitable (CMHC, 2010 [a]). Australia considers households paying more than 30 percent of their income to housing costs to be in housing stress only if the households are in the lower 40 percent of the income distribution (Pomeroy, Dalton, Stegman, and Wilcox, 2004). The United States also adheres to the 30 percent threshold to define affordability but provides more specific definitions and categories of housing income threshold and position on the income distribution spectrum as qualifications for its various housing programs (Connelly et al., 2010). Other countries, most notably England, lack a clear quantitative statement on affordability and instead utilize a broad range of descriptive measures on housing conditions (Pomeroy et al., 2004). Even with similar definitions in place, variations in data sources complicate comparability. Some countries, such as England and the United States, gather information from annual or biennial surveys on housing specific issues thereby providing rich data for ongoing analysis. Others, such as Canada and Australia, rely heavily on census data, which occurs every five year, making the data less relevant as the census cycle progresses (Pomeroy et al., 2004).

Questions also arise about the appropriateness of the standards used as measures of affordability. Stone (2006) argues that the conventional ratio approach to calculating housing affordability is inadequate and indeed inequitable for those in the most housing need. While easy to calculate and understand, the standard application of the 30 percent threshold as an affordability indicator is irrespective of the earners' residual household needs to support their specific circumstance. To illustrate, the methodology discriminates against single-income household with two children as compared to a two-income household with two children. Under the ratio method both households could be classed in affordable housing when paying 30 percent of their income to housing costs but the second retains arguably twice the income to cover the residual costs of a household with the needs of two children. Stone advocates for a residual approach to measuring housing affordability that would start from a calculation of non-housing expenses to establish income available to sustain housing as a more accurate and equitable, albeit complicated, method for determining affordability policy and programs.

Girouard et al. (2006) also note that the ratio of median house price to median house income may not be the most appropriate measure for affordability due to the use of the median income denominator in the equation. This study notes that the denominator includes an entire population while the housing market is in actuality an environment that includes only a portion of the population. Further, the price to income ratio alone is only a measure that implies the cost of entry, and asserts that the higher income required for market entry does not necessarily translate into a true picture of housing maintenance affordability. A better understanding of the characteristics of housing markets emerges when taking debt-servicing ratios into account. While mortgage and interest debt has increased in all countries studied and significantly so in most countries, it is the countries where interest rates have remained static or have had a corresponding increase where maintenance costs are most problematic. These include Spain and Ireland with relatively static rates and Australia, the Netherlands, and New Zealand with increased rates. Still another complexity is brought to constructing a comparative picture of affordability when policies that allow for tax deductibility of mortgage interest are considered.

Notwithstanding the differing perspectives and reoccurring debates on the appropriateness of the income ratio to measure housing affordability, it has nonetheless become the prevailing approach in the international housing community for its simplicity in application and ease of explanation (Stone, 2006). The research on how housing affordability has changed shows the question to be a complex one not suitable for answer by a single measure. Yet even a multi-layered examination, such as that carried out by Girouard et. al shows that housing affordability has indeed diminished and that the recent increase across a number of international locations have departed from historical patterns of market movement to varying degrees of severity.

3.3 Factors Contributing to Affordability Decline

Various factors have contributed to housing price increases. Lawson and Milligan (2007) cite societal demographic changes including an increase in immigration in urban centres, the trend of seniors living in their homes longer rather than moving to care facilities and the increase in younger people wanting to buy their own homes as demand factors putting upwards pressure on the price of housing. At the same time, favourable banking policies, such as the sustained decline in mortgage interest rates, have contributed to demand by increasing the capacity of households to become homeowners. A greater share of women in the workforce in modern economies elevates household income and facilitates greater purchase capacity while steady economic growth prior to the global financial crisis has increased consumer confidence.

The globalization of the knowledge-based economy has led to a rapid population increase in world-class cities that support innovation. The growth has contributed to accelerated decline in housing affordability, pricing out accommodation for the mix of workers essential to the healthy functioning of local economies (Berry, 2006). Increased numbers of single parent homes and the polarization of the workforce into broader categories of higher- skilled and lower-skilled occupational groups exacerbate income disparities. A wider range of people are finding themselves in economic positions that squeeze them out of the regular market for housing, though they are also not in dire need and therefore the subject of the majority of social housing programs (Morrison, 2003).

Operating at odds with demand side pressures, supply side constraints have exacerbated the affordability decline. Increased land costs, restrictive planning regulations, expectations for community amenities to be funded through development and long approval processes edge up the cost of housing development and these costs are passed on to home purchasing or renting consumers (Cox and Pavletich, 2013, Girouard et. al, 2006). In this regulatory environment, the construction of rental housing and low to mid-market homes for sale is less attractive as a business choice.

At the same time, funding for social housing in Western nations has decreased dramatically as conservative governments follow policy approaches that correspond with the political philosophy to reign in taxation and government spending and rely to a greater extent on market driven solutions to housing provision (Wolfe, 1998). With smaller budgets, governments and not-for-profits have focused housing investments and programs on the most economically disadvantaged and marginalized citizens (Carter, 1997, Wolfe, 1998) leaving working lower and middle income families with little reprieve in the changing environment.

The delivery and management of housing programs is primarily the domain of the third sector that is most concerned with social and rental housing needs, as per policy direction and available government funding. Further, the sector are often plagued with concerns of operational sustainability due to the retraction of funding. Workforce housing, and particularly homeownership, is seen by many not-for-profits as outside of their scope and little attention is paid to affordability concerns of the working and middle class while there is still such pressing needs with lower income and non-housed populations.

The specific issue of affordable workforce housing and the decline in the affordability of homeownership is not well-positioned in the current discourse on housing affordability, which has until recently been situated as one of many social policies with an ever-narrowing focus on the neediest portion of the housing spectrum. Housing, as a minor item in the social policy landscape, is plagued by fragmented efforts of governments. Workforce housing should instead be situated in broader discussions of community and social cohesion and economic development (Guy, Henneberry, & Bramley 2005, Meen & Andrew, 2004).

3.4 Consequences of Reduced Affordability

A growing area of concern is the effect of housing costs on the human resource challenges of employers and the correlation between this issue and the economic development potential of local economies. Shortages of affordable housing for the local workforce in the low to middle income ranges, diminishes community liveability and quality of life (Guy et. al., 2005) as workers are squeezed out of the housing market due to rising costs and at the same time do not qualify for most social housing programs and (Berry, 2006, Yates et al., 2006).

Employers are increasingly citing this lack of availability of workforce housing as a challenge in the attraction and retention of staff (Berry, 2006, Guy et al., 2005, Meen & Andrew, 2004, ODPM, 2005, Wardrip, Williams, & Hague, 2011). Morrison (2003) conducted a survey of employers in the Cambridge area of Australia that evidenced 80 per cent of respondents indicated they had difficulty recruiting new staff and nearly half had problems retaining existing staff. Nearly all the employers thought the staffing problems were related at least partially to high house prices and rents in the private market. This notion appeared to be supported by corresponding exit interviews with employees conducted as part of the same study where the cost of housing was frequently cited as a severe problem and an impetus for leaving employment. The availability of affordable housing, and in particular affordable homeownership, becomes crucial as workers feel settled in their careers and are at the point of making community settlement decisions related to raising families. While workers may be prepared to sacrifice homeownership aspirations in the early stages of their career in order to establish themselves professionally (Battye, 2006), research conducted by the Office of the Deputy Prime Minister (ODPM, 2005) confirms a dissatisfaction with that sacrifice and the growing importance of the ability to buy a home at approximately five years into career establishment.

Increased housing costs put upwards pressure on wages (Berry, 2006) triggering a trickle down effect of increased prices to end users and reduced business competiveness. Business location decisions, formerly associated only with the price of labour and space for production facilities in the old economy, are shifting to human capital concerns and amenities for the workforce in the new economy (Van Weesep, 2000). Corporations are not as deeply rooted to place as they once were and location options are available in a number of world cities. In this context, housing has become an important community feature as the availability of housing affects the location decisions of individuals, and therefore the availability of workers. Meen and Andrew (2004) take this notion further and assert that the future economic performance of cities will be determined by their attractiveness and retention capacity for young household once they start raising families (p. 203).

Increases in the cost of homeownership affects more than just the purchase capacity of would be homeowners. As the rate of housing price increase outpaces the rate of income increase, workers who would have normally purchased homes will either delay home purchase or forgo it altogether. This is especially true when those same workers are burdened with student loans and debt loads that were not common for previous generations. The delay or abandonment of home purchase as a tenure choice and the result of housing foreclosures from the market crash of 2009, impacts not only the ongoing asset building capacity of those individuals but can also displace persons in the rental tenure by putting upwards pressure on rental prices of limited inventory through increased demand (Joint Center for Housing Studies, 2012, Kupke & Rossine, 2011).

Broader societal effects of deteriorating housing affordability are of concern to individual financial security as well as the long-term costs of government social services. The income security provided by homeownership is, in effect, a forced savings to be realized in later life and consequently reduces the need for a large retirement income to support housing costs (Castles and Ferrera, 1996). Kupke and Rossine (2011) highlight that retirement pension levels anticipate the majority of retirees will be outright homeowners, a status that is an important determinant in being able to attain and maintain an adequate standard of living into old age. Wray's (2005) research on the ownership society of the US supports this claim, asserting that homeownership seems appears to be a single factor common factor in wealth creation (p. 23) in an economy that provides less social supports in retirement and a greater expectation for individual provision of retirement security. Hulchanski (2002) notes that homeowners in Canada who have paid off their mortgages are much better off in retirement than are renters as they spend with just 11 percent of income being allocated to housing costs (p.6) leaving more money for other needs and greater independence from the necessity for government social supports. As poverty and homelessness were once viewed as an individual issue before being accepted as one with broader societal and economic impact, the growing understanding of the ripple effects of diminishing housing affordability for the lower and middle working population is taking shape.

3.5 International Responses to Deteriorating Affordability

A variety of government policy approaches are used to address housing affordability with a number of countries implementing policies and programs specific to increasing access to affordable housing through homeownership. Reviews of international responses are provided by Connelly et al. (2010) and Lawson and Milligan (2007). Common policy approaches include direct government grants to targeted home- buyers, which may include first time buyers, or purchasers from a targeted income or employment group. The provision of government backed mortgage security allows institutional lenders to reduce interest rates to borrowers who may be considered of higher risk, thereby reducing the overall cost of borrowing. Partial tax immunity on a purchase price of a home is a common tool. Full or partial mortgage interest tax relief, used in a handful of European countries and the United States, is a less common and widely contested tool due to its blatant generosity to homeowners versus renters and its high cost in lost revenue to government. Direct subsidies for both demand and supply side initiatives are a tool used in some countries, with demand side programs being more common. Some central governments, such as the United States, utilize block grants to states and local governments for the development and implementation of location appropriate programs that satisfy central policy objectives.

Lawson and Milligan (2007) observe that polices supported by institutional strength, such as mortgage financing institutions and government-facilitated savings mechanism, provide a firm platform for consistent implementation. Strong networks of not-for-profits with developed housing expertise are important for program delivery and ongoing policy development and innovation. Partnerships between different levels of government allow for policy and program flexibility to ensure that implementation choices are suited to jurisdictional characteristics.

Notwithstanding how widespread the housing affordability challenge is, the strength of policy responses related to homeownership has varied substantially across Western nations. In their review of international policies and programs of 10 countries, including Australia, Austria, Denmark, England, France, Ireland, Italy, Netherland, Sweden, United States, with similar patterns of housing price increases, Connelly et al. (2010) identify a correlation between countries that have expressed concerns related to the deteriorations of homeownership affordability and have subsequently applied policy responses as those that have weaker systems of social welfare supports. Countries with stronger social welfare supports have been less active in discussions and policies focused on homeownership. Further, the research suggests that underlying cultural values related to housing tenure and inter-generational co-habitation are influential on the level of concern and corresponding pressure on governments to address affordable homeownership.

3.6 Summary of Literature Review

The literature review showed evidence of widespread and sustained increase in international real housing prices in a way that has departed from the normal business cycle of pricing trends. While some markets are overvalued, the majority are of price increases are based upon market fundamentals. Though the increase in house prices is consistently documented, there is disagreement as to the assertion of higher relative carrying costs based upon significant changes in the mortgaging rates and financing options over the last two decades.

There is also disagreement in the literature related to methods used to measure affordability, particularly as to the relevance of a median measure in a market that is by its nature smaller than the whole. Further, jurisdictions use different definitions of affordability, utilize different approaches and methods of data collection to compile individual reports, and have a variety of tax policies that affect the broader picture of affordability. These factors make a straight cross-jurisdictional comparison difficult.

Factors that contribute to decreased homeownership affordability include societal and demographic changes that increase demand in the market. Some such factors include an increase in women in the workforce, sustained consumer confidence prior to the 2008 financial crisis, more single persons wishing to purchase homes, and more elderly people remaining in their homes as compared to moving to communal housing. At the same time, increased land and building costs, restrictive land use policies and long approval processes have imposed supply constraints.

Declining homeownership affordability is a concern for a number of reasons, the most immediate of which is the difficulty for employers to attract and retain employees in areas with high housing costs. This is especially problematic as employees settle into their careers and begin to think of committing to a community and planning a family. Other effects of declining homeownership affordability include a detrimental impact to business location decisions, which can stall community economic growth. Further a cohort of young adults who may have become home purchasers and are unable to do so, remain in the rental market longer and place upwards pressure on pricing in that tenure. Delayed homeownership is also argued as having detrimental long-term financial results for individuals who will not have as many years to build financial independence through the forced savings of this asset and for governments who may face greater social service costs from a less financially secure aging population.

Governments' concern for and responses to declining homeownership affordability have been inconsistent even though the pattern of affordability concerns have been similar across most OECD countries. This may be due to differing cultural values related to homeownership as a tenure choice and multi-generational living arrangements. In those countries where governments have responded, institutionalized policy approaches are viewed as stable and reliable methods of addressing affordability concerns.

4. Jurisdictional Scan

The following section provides an overview of policy implementation in a few select countries with similarities to Canada with respect to tenure rates, political environment and the cultural values associated with homeownership. The pattern of house price increases have been similar to Australia, Britain and New Zealand's price to income ratios exceeding their long-term averages by more than 40 percent in 2005 and the United States (and Canada) reaching an all time peak in the same period (Girouard et al., 2006). All major markets in Britain, Australia and New Zealand are ranked as severely unaffordable (Cox & Pavletich, 2013). Though only half the markets in the United States are ranked as severely unaffordable, it is of interest due to their status as Canada's direct neighbour to whom approaches to social and economic issues are often compare and due to their active government involvement in housing issues.

4.1 Britain

Britain has had active policy related to housing and its connection to the labour market for some time. British government programs supporting homeownership date back to the early 1980s (Battye, 2006, Connelly et al. 2010, Lawson & Milligan, 2007). An early program, called the Right to Buy introduced in 1980, allowed tenants who were renting government owned social housing, called council housing, an option to buy their homes at rates discounted as high as 70 percent based upon their length of tenancy. More recent programs in Britain have been targeted to key workers. Two of the main programs include the Starter Home Initiative, which began in 2001 with the stated goal of helping 10,000 key workers, as previously defined by Raco (2008), buy homes in the high priced urban areas of England where they would not otherwise be able to purchase on the public salary. The program built on lessons learned from the existing programs and provided greater variety for key workers by introducing two program changes. The first was the option for shared ownership, whereby owners would purchase a percentage of the home and pay a reduced rent on the remaining percentage. The second option was shared equity ownership whereby owners would purchase a percentage of the home with the government owning the remaining share. Upon sale of the home the percentage would be repaid to the government along with any increase in value from market appreciation for the government share.

The Starter Home Initiative (SHI) program ended in 2004 and following its evaluation, which evidenced a high demand for key worker housing but highlighted problems in the program design, a new program called Key Worker Living was introduced (Raco, 2008). This program was considered an improvement as its revisions addressed the key issue of worker retention. In the new program design, eligibility criteria were adjusted by broadening the definition of key workers to include more public sector employees, offering flexibility for occupational target by region and permitting purchasers who were already owners to participate. The program also broadened to include purchases of existing homes and newly built homes. A key change was the introduction of a claw-back mechanism so that workers who benefited from the program and subsequently left their employment as a key worker in the prescribed areas would have to repay the benefit they received from the government within a set period of time.

The Right to Buy (RTB) program was by far the largest initiative to encourage owner occupation in Britain, though the evaluations of the program benefits have been mixed (Bramley & Morgan, 1998, Munro, 2007). Critics of the program, such as Bramley and Morgan, note the high cost to the public purse as the initial purchaser received a considerable public grant with no benefits flowing through to future owners because RTB homeowners were free to sell homes for market value after a certain time period. Further, the program has been criticized for its lack of targeting in that benefits were available to relatively well-off tenants and public properties were transferred to private market landlords who subsequently let them fall into disrepair (Munro, 2007). The program did allow more people to become homeowners but at the same time it caused a vast diminishment of social housing supply through the facilitated sale of close to two million units of council housing between 1981 and 2003 (Bramley & Morgan, 1998).

Though the SHI was meant to address the shortcomings of RTB, it suffered from poor program planning. It was criticized for not addressing supply concerns and experienced difficulties in attracting key workers due to the subsidy level being set too low to influence purchasing decisions, which in turn resulted in weak consumer response (Raco, 2008). However, in areas where it was received, it exceeded targets for the numbers of owners assisted with housing and paved the way for the much more ambitious Key Worker Living Program (KWLP) that followed in 2004.

The KWLP received a more positive evaluation than its predecessors (Battye, 2006, Raco, 2008). Improvements included better targeting of participants with most being in regions highly affected by key worker housing concerns and better representation of the population of workers who were not current homeowners and between three and five years into their careers. Improvements were also documented through a reduction in the number of homes acquired by people who could likely have purchased without assistance. Perhaps the most significant success indicator was the survey responses from key workers who received housing through the program showing that a sizeable minority of workers would have either left the urban area in which they were working, taken a new position or left the public service altogether had it not been for the housing provided under the KWLP.

4.2 Australia

The Australian Commonwealth at one time had a strong role in supporting homeownership affordability through regulating the mortgage market and providing a government-backed secondary market for lower-income purchasers. However, these policies and the infrastructure to support and deliver their mandate have eroded with policy changes that favour market-driven solutions beginning in the early 1990s (Lawson & Milligan, 2007,p.153). While two federal government affordable homeownership programs have been introduced since 2000, they are not an exercise in implementing an overall policy strategy (Connelly et al., 2010). As Lawson and Milligan (2007) note, several Australian states have attempted to address the challenge on their own but these attempts are fragmented and small in scale. Several Australian states have launched their own state-led strategies but attempts have been fragmented and small in scale.

The Firstime Home Owner Grant (FHOG) was introduced in 2000 as an initiative to counter the increase in housing costs following the introduction of the Goods and Services Tax. This program provided a grant of up to $7000 to assist first-time purchasers with the cost of purchasing an existing or new home. In addition, some state governments also provided additional support to those who access the FHOG funding. Following the economic downturn, the program was augmented by the introduction of the First Home Owner Booster (FHOB) that provided favourable treatment through larger grants for the purchase of new housing over existing housing as a means of stimulating new home construction and sustain employment following the economic downturn. Through the application of both programs, a purchaser may receive a grant of up to $14,000 for an existing home and $21,000 for a new home. As the intent of this program was to stimulate economic activity following the 2008 global downturn, it was designed with a December 2009 end date.

Criticisms of these Australian programs focus on the fact that they were not means-tested and may have resulted in the majority of the two billion dollar budget going to higher income households allowing their eventual home purchase to occur sooner than it would have without the program (Berry, 2003). The Australian Commonwealth has also been criticized for incoherent and reactive policy making on housing issues as policy has taken sharp turns with successive governments accompanied by de-compartmentalization of the policy portfolio (Milligan & Tiernan, 2011, p. 394). The continual change in policy focus and effort has eroded the Commonwealth of policy expertise within government and rendered policy efforts to be fractured and ineffectual. Haslam and Rowley (2013) point to the lack of policy framework and governance coordination between the national and state governments as key factors in the inability of non-resource sectors, including the public sector, in resource boom towns to attract or retain staff or for the community to retain a retired population. Yates (2011) suggests that Australia may have lost the opportunity to address housing affordability in any substantive way as the government failed to place housing on the agenda as a priority issue as structural changes in the world economy began to emerge.

4.3 New Zealand

New Zealand’s housing policy has undergone considerable change over the last 25 years from an era of an aggressive neo-liberal approach through the mid-eighties to a course of more active government involvement following the election of a new government in 1999 (Thorns, 2006). The market-will-take care approach of the mid-eighties and nineties allowed formerly controlled rents to rise with the market while the government implemented demand-side subsidies provided to those who needed assistance with costs in either rental or owner tenures. The policy approach of freeing the market anticipated a rise in supply as developers and property owners saw the possibilities of increased income under a free market; however the policy approach came under fire when these outcomes did not materialize and the government became burdened with increased subsidies to both renters and owners.

New Zealand's National Housing Strategy, implemented in 2005 after a period of public consultation and policy development resulted in increased focus on affordability upon the recognition of housing as an item that should be considered as both a social and economic policy issue (Thorns, 2006). While the preponderance of the strategy is concerned with rental tenure and addresses housing for those most in need, policies and programs to address affordable homeownership are present as non-core programs, accounting for 1.6 percent of New Zealand's operating appropriation for housing supports (Housing New Zealand Corporation, 2011 - 2012, p. 48).

The primary New Zealand government programs geared to homeownership include the Welcome Home Loan, which assists first-time homebuyers of modest income by insuring home purchase loans from institutional lenders for borrowers who can qualify to carry the mortgage, though may not have a down payment. Loans of up to $200,000 are available to qualified borrowers with no down payment while larger loans require a deposit for the amount in excess of the $200,000 threshold. A portion of the Welcome Home Loan program is geared specifically to the Maori people to access ownership opportunities on Maori owned land. In addition to insuring loans, New Zealand also provides access deposit funds through the KiwiSaver program. Though the program is primarily a retirement savings plan with worker, employer and government contributions, contributors are able to access up to $10,000 through two separate withdrawal mechanisms. The KiwiSaver and Welcome Home Loan program can be combined to provide increased assistance and access to homeownership (New Zealand Housing Corporation, 2013, p. 38-39).

New Zealand's Housing Strategy also includes supply-side incentives and regulatory mechanisms to improve the efficiency of the housing market and support affordability in both rental and ownership tenures (Lawson and Milligan, 2006). By selling state owned housing of a housing type or in areas with decreased demand, New Zealand is able to reinvest funds in new housing development of a more appropriate size in higher demand locations. The New Zealand Housing Corporation markets this program directly to state tenants whose income has reached a level where homeownership is an option, and provides them with information on the Welcome Home and the KiwiSaver programs, which they can access for home purchase.

Housing New Zealand's 2011-2012 Annual Report shows an overall expenditure shortfall of 11 percent in the area of homeownership programs. The report speculates the outcome as a result of the earthquake in the Christchurch area in 2011 that made it difficult for prospective purchasers to obtain home insurance. in overall expenditure shortfall

4.4 United States

The availability of workforce housing is an increasingly expressed concern in the United States (Harkness et al., 2002, Hickey et al., 2012, Joint Center for Housing Studies, 2005) and as homeownership is an ingrained value in the US, political leadership under both the Bush and Clinton administrations have driven the imperative for increasing the level of homeownership as a tenure choice (Connelly et al., 2010). The US Department of Housing and Urban Development (HUD), founded in 1965, is the lead agency responsible for housing whose mission up until 2010 was "to increase homeownership, support community development, and increase access to affordable housing free from discrimination" (HUD, 2006 – 2011, p.2). Following the financial crisis in 2008 and the extensive foreclosures in the US housing market, HUD's mission was revised to one of "creat[ing] strong, sustainable communities and quality affordable homes for all" (HUD, 2010 – 2015, p. 4). While a primary focus of HUD efforts has shifted post 2010 to supporting those in crisis, homeownership programs and funding are still a part of its active portfolio.

The organization pursues it mandate through a number of policies geared towards ensuring fairness in mortgage and lending practices, consumer protection and homebuyer education, as well as policies to increase the level of minority homeownership and assist HUD-accommodated renters transition to the ownership tenure. The majority of HUD mandated programs are delivered through grants to individual states and communities that develop programs to meet the broad mandate of the organization. Under this arrangement, a number of state led first-time homebuyer initiatives have been in existence for years, though many have been enhanced since 2000. Generally, programs provide tax credits and favourable loan conditions to first time homebuyers. Some initiatives are combined with wider neighbourhood revitalization programs and criteria regarding income level make up part of the program definition, targeting low to middle income earners (Connelly, 2010).

At the state and local levels, two models of affordable homeownership are most often implemented. The first is a shared equity program whereby the purchaser owns a portion of the home while another entity, either a government body or not-for-profit organization, retains part ownership. Davis (2010) identifies three well-established models of shared equity. Under a deed-restricted model, a covenant is placed on the property to govern its use as a primary residence and the price of resale upon conveyance to ensure the ongoing affordability of the property to similar income groups as targeted in the first purchase. Under a community land trust (CLT), homeowners own their housing unit but lease the land from the landowner, which is usually a community-based corporation or a not-for-profit organization. A CLT is similar to deed restricted housing except that the covenant is attached to the ground lease rather than the property deed. The third model is limited equity co-operative (LEC) housing where the owner purchases membership in the co-operative organizations that holds the greatest share of equity. The value of the co-operative at resale is determined by a formula, as in deed restricted sales, to ensure ongoing affordability. Each of these models may also allow a certain level of equity growth to balance the objectives of the individual interest of wealth accumulation for owners and the public interest of maintaining affordability and re-investing in further pubic good. Davis states that the principal reason for implementing shared equity models is "the reliability of these models in maintaining affordability over many years" (p. 262).

The second frequently used model used is employer assisted housing (EAH), which has been motivated by what Pill (2000) refers to as the four "Rs"; increased recruitment and retention challenges, reducing staff commute times to help alleviate absenteeism, minimize stress and increase productivity and the revitalization of community neighbours. EAH programs are most often a partnership of employer and state or local government efforts, with partial funding provided through the HUD grants to state government. EAH programs are most frequently implemented by larger institutions such as universities and financial institutions that have a considerable capital asset investment in a community and the need to retain staff to be competitive. Demand-side EAH programs that assist employees with the upfront cost of homeownership are the most common. Assistance is usually in the form of grants or forgivable loans available upon hire or at a certain length of tenure, but can also include employer matched savings programs and employer shared equity home purchase. Supply-side programs are less common and can include company contributions to construction financing, the provision of land for development or organized advocacy for affordable housing (Pill, 2000).

Private sector companies are concerned about housing affordability but many have neither the capacity nor the financial ability to develop EAH programs. In response, some US communities have developed innovative consortiums and partnerships as a means for smaller company participation. One such example is the Regional Employee Assisted Housing Consortium (REACH) launched by the Metropolitan Planning Council in the Chicago area that supports employers to tailor their own EAH programs and provides homeownership education and financial counselling as well as program administration services. Employers provide down payment assistance for home purchase, receive a fifty percent state tax credit for doing so, and the state matches the employer contribution using HUD transferred grants. A second group called the Silicon Valley Leadership Group (SVLG) represents 190 small to large companies representing over 250,000 employees in the Orange Valley area of California (Afshar, 2006, Pill 2000). The consortium started as a business advocacy group reflecting growing concerns of the impact of the high cost of housing on business competitiveness and the difficulties with attraction and retention of workers. One particular concern of the consortium was felt local NIMBYism, or the Not in My Back Yard resistance of neighbours to the inclusion of affordable housing, which they claimed was helping to drive the area's high housing costs The group later expanded its advocacy work to action by spearheading the establishment of a $25 million trust fund to assist first-time buyers of member companies with the upfront cost of home purchase and to support the development of below market rental accommodation (Afshar, 2006, p. 4).

To date, there is no federal US government policy to incent EAH responses from business though one unsuccessful legislative attempt to pass the Housing America's Workforce Act (HAWA) was made in 2005 by Senator Hillary Clinton. The bill sought the introduction of a business tax credit for up to 50 percent of housing expenses to a defined limit paid by employers to house their workforce and was to be applicable to either home purchase or rental assistance. Notwithstanding the failure of the HAWA, and perhaps due in part to tax incentives at the state level, EAH programs are amongst the most common approaches implemented directly by the private sector to address housing affordability (Connelly, 2010).

HUD's Good Neighbour Next Door program in one notable exception to the aforementioned dispersed approach to homeownership programming, both in its particular focus and in its centralized delivery. Under this program, which promotes homeownership for public sector workers as well as community revitalization, HUD specifically targets the attraction of kindergarten to grade 12 teachers, police officers, fire fighters and emergency technicians. Workers in these identified occupations are invited to purchase homes at fifty percent of the HUD list price and HUD retains a silent equity share for the remaining fifty percent of the home's market price. The workers must commit to live in the homes for three years, after which time HUD's equity share is released and the owners are free to treat the tenure as they choose or sell the home on the market as they see fit (HUD, n.d.).

Outside of HUD initiated policies and program, perhaps the most significant general policies are the use of mortgage insurance to reduce the cost of financing a home purchase and the tax deductable status of mortgage interest, which allows home owners to retain a higher percentage of earned income. While the former policy is one commonly used internationally, the latter is one that is currently being debated in a number of jurisdictions as to whether the policy increases the rate of homeownership or simply encourages individuals to take on more debt than they could otherwise afford (Lawson & Milligan, 2007).

Though shared equity models are a common approach to affordable homeownership in the US, performance evaluation to date on the model as a system has been light (Davis, 2006). Davis notes that shared equity models have a number of objectives including the degree to which affordability is maintained, the stability of the tenure for owners, the degree to which the owner is able to generate wealth, improvement in autonomy and mobility and an increase in social involvement. The emphasis placed on each priority in individual programs is a decision of program design and provides the basis for both support and criticism from groups that voice their opinion.

In response to the need for evaluation Temkin, Theodos and Price (2010) examined the program outcomes of seven different projects that together sold homes to almost 3,000 families including over 650 resales. The homes were sold to families whose incomes were between 35 and 73 percent of the HUD-determined median family income in the area. Each program had its own model and method of addressing affordability and durability and the group included examples of LECs, CLTs and deed-restricted programs with restrictions at varying levels upon resale. The evaluation considered the performance of the models on four measures: whether they created and sustained affordability for low to moderate income homeowners over time, to what degree they were effective in creating wealth for owners that they would not have otherwise created through alternative investments, the rate of mortgage delinquency or foreclosure, and whether owners were able to move on to other housing and neighbourhoods of their choice upon resale.

The evaluation outcomes were positive on all points. The programs proved to maintain affordability with most programs reporting an increase of 1.1 percent in real income required by subsequent purchasers of re-sold homes. Programs provided wealth growth for homeowners with a low of 6.5 percent equity growth to a high of 60 percent. In all programs but one, the median rate of return was higher than the seller would have realized from investing in the stock market or treasury bonds while remaining in rental tenure. The tenure is stable in the evaluated shared equity programs with a very low rate of foreclosure and more than 90 percent of buyers remaining owners after five years. Finally, mobility of owners in the programs studied was shown to be comparable to other first time homebuyers in market ownership and owners moved for similar reasons as their market counterparts. These findings were contrary to the assumption and common criticism that shared equity homeowners would be locked-in to their purchase (Davis, 2006, p. 111).

By the very nature of EAH being a dispersed approach across individual employers at a community level, evaluation of the collective outcomes is difficult. However, the REACH program in Illinois, as a partnership initiative of a growing number of employers of varying sizes provides an opportunity to discuss a coordinated model. The initiative, which started in 1999 as a partnership with the Metropolitan Planning Council of Chicago and eight community service providers, has grown to a state-wide program with more than 40 agency partners and more than 100 small to large participating employers including private businesses, not-for-profit organizations and public sector employers (REACH, n.d.). More than 1800 individuals have been able to purchase homes through the program and companies report bottom line benefits that include reduced recruitment and training costs, improved employee retention and productivity and decreased employee absenteeism and stress. Broader community benefits are expanded buy-in from the business community, increased importance of affordable housing to community stability and the growing political voice the regional success of the program has brought (Snyderman, 2005)

4.5 Summary of Jurisdictional Scan

The jurisdictional scan found that all national governments have policies in place to address housing affordability, though the nature or application of initiatives has been influenced by the philosophies of sitting governments. While all governments have had or do have policies to address affordable homeownership, Britain has exercised the most interventionist and ongoing presence in the market while the Australia Commonwealth has had the most erratic and ill-defined involvement.

The preponderance of government direct investment in housing is focused on the lower end of the housing continuum to address the most needy in society. Government initiatives to support homeownership are generally characterized by favourable purchase financing, tax incentives to stimulate supply and demand, and savings withdrawal options for home purchase.

Specific program models such as shared equity purchases, co-operative housing and employer assisted housing offer direct assistance to individuals to get into the housing market in ways that are financially manageable and at the same time may address community concerns of ongoing affordability. These initiatives are often provided at the sub-national level or through not-for-profit housing organizations. A few programs are targeted at identifiable groups of workers in occupations that urban centers are finding hard to attract and retain, though most programs are more broadly defined by income levels and general affordabilty concerns. Occasionally, as in the US, afforadable homeowernship programs may be combined with other policy objectives, such as community revitalization.

5. Methodology

Investigating the extent to which a not-for-profit homeownership model could contribute to housing affordability challenges in British Columbia in general and the Capital Region in particular was undertaken using a qualitative methodology. This approach was chosen for its direct purpose to describe, understand and explain situations or phenomena (Tellis, 1997). Further, while being particularly suitable to developing an understanding of specific features of different programs, the approach allows flexibility to explore the topics under discussion as the research evolves (O'Sullivan, Rassel, & Berner, 2008).

Semi-structured interviews were selected as the means of collecting similar information from the individuals while having the flexibility to approach different respondents in slightly different ways during data collection (Noor, 2008, Schensal, J. 2012). A different set of questions was developed for each interview group as a guide for the interviews and used as appropriate as the situation in each interview evolved (O'Sullivan, Rassel, & Berner, 2008).

5.1 Sampling Approach

A purposive sampling model was used to select organizations deemed to be representative of the population considered (O'Sullivan, Rassel, & Berner, 2008). The research included three different sample groupings for a total of 20 interviews.

The first group of interviewees comprised five participants representing four not-for-profit housing services providers in Greater Victoria and a provincial umbrella organization for not-for-profit housing providers. The four organizations in Greater Victoria provide rental accommodation at below market and market levels. These organizations were selected as they serve a segment of the population that might access an affordable homeownership program. The umbrella organization was selected to provide a broader perspective on affordable housing programs in BC and insight into other ownership endeavours in the province.

The second group of interviewees consisted of eight participants including a representative from the BC provincial government and the Capital Region as well as institutional representatives from BC Housing and Management Commission, Canada Mortgage and Housing Corporation and Vancity Credit Union. The industry representatives included a Greater Victoria for-profit-developer, a not-for-profit developer, and a representative of the Victoria Real Estate Board. The government and institutional participants were selected for their knowledge and insight on the policy, program and funding environment in BC and the Capital Region. Industry participants that had experience related to affordable homeownership endeavours were chosen to provide their view on the challenges related to affordable homeownership in the Capital Region and their perceived role in addressing the issue.

The third group of interviewees were conducted with seven representatives of organizations currently providing affordable homeownership programs in Canadian locations. Two of these organizations are located in BC while the other five were selected from locations in Alberta, Saskatchewan and Ontario due to similarities in market characteristics and/or their competitive position for skilled labour with BC locations.

5.2 Interview Questions

Questions targeted to the respondents of the first group were designed to understand each program's focus and the organizations' considerations, if any, on the inclusion of affordable homeownership in their program portfolios as well as their perspectives on stakeholder roles in housing solutions. The umbrella organization answered these questions drawing on knowledge of a wide range of housing organizations is BC.

Questions for the government and institutional representatives followed a similar pattern, exploring what role each type of organization plays in the issue of affordable homeownership and their views on what program components would lend to an affordable homeownership program's success. Interview questions for business or industry participants focused on their perspective of housing affordability and what they perceived the roles of different stakeholders to be in addressing the solution.

Questions targeted at interviewees from organizations offering homeownership programs were designed to elicit a full description of the functioning of their respective programs and the effects, if any, of government policy and/or support on their organizations' program.

Interview questions are found in Appendix D.

5.3 Data Collection and Analysis

Requests for interview were sent via email introducing the researcher and inquiring as to interest in participating in an interview for research purposes. This was followed by an email confirming a time of interview with those who expressed an interest and the University of Victoria consent for interview form outlining the objectives of the research in more detail. Signatures of those consenting to interview were collected from all participants. In total, 22 requests were sent resulting in 20 interviews. Two organizations providing homeownership programs declined the requests: one due to time constraints and the second as it was a private business and did not wish to discuss its business model.

Interviews with 14 of the 20 participants were conducted in person. The six other interviews were conducted by telephone due to the dispersed locations across Canada. The telephone interviews were with representatives of six organizations providing homeownership programs. Each interview was approximately one hour long. Notes taken of participant comments during interviews were transposed and provided to each participant for their review and edit to ensure that the interviewer accurately captured the information provided. The notes were verified by almost all interviewees with the exception of one participant from group one and one industry participant from the second group who did not respond to the request to review the information. Completed findings were subsequently sent to each of the interviewees from group three for final review with four responding with final comments and confirmation of accuracy.

For the third group of interviews, different data sources were used to verify information and compensate for any limitations that may result from using interviews as the sole source of information (Noor, 2008, Tellis, 1997). The particular sources used in this research include official documents such as evaluation and annual reports, city meeting minutes and program documents as well as unofficial documents such as current websites. This method of triangulation was used due to the level of detail and complexity in the interview subjects and the need to situate the new programs in the economic context of the locations featured.

5.4 Limitations

Though interviews conducted provide a full description of programs and what components have contributed to the apparent success of each, the research does not provide insight into circumstances that have frustrated the success of homeownership programs. Some interviewees offered cautionary comments and lessons learned in relation to operational concerns but the research does not provide a perspective on challenges that may be insurmountable. However, the scope of this study is to explore existing affordable homeownership programs, the elements of their success and the policy environments that have assisted or hindered their implementation and operation. Sourcing organizations that may have attempted and abandoned homeownership programs and related issues is outside the scope of this project.

Two specific threats to external validity were identified (O'Sullivan, Rassel, & Berner, 2008). The threat of history could cause one to question whether specific market conditions at the onset of a successful program would have a particular outcome that may not be replicated at another time. Second, the threat of setting suggests that a particular attitude or receptivity to program goals may not be present in other locations even if other external conditions suggest replication is possible. While these threats are acknowledged, the purpose of this research is not direct implementation of findings but rather the determination of the feasibility of affordable homeownership programs in the Capital Region context.

6. Findings

This section outlines the findings of the three separate groups of interview participants. The first section summarizes the focus of Greater Victoria housing providers and their perspectives on affordable homeownership. The second part provides a synopsis of findings related to the issue of affordable homeownership from the perspective of government, institutional and industry participants including their views on the biggest challenges and opportunities in addressing the issue.

The third section highlights findings from interviewees discussing the affordable homeownership programs provided by their respective organizations in select municipalities across Canada. This section is divided into a detailed descriptions of the individual interviews formatted as cases. This approach was used to facilitate the comparison of program components in areas that were consistently explored in each instance such as organizational structure, financial details of each model, program criteria, start up financing and evaluation outcomes. The five not-for-profit organizations are first featured, followed by the two municipal programs. Within this sub grouping, cases are listed in a west-to-east ordering. As the case interviews were more detailed in nature than those of the first two groups, secondary sources, such as annual reports, evaluation reports, websites, and other gray material were used to corroborate and augment evidence from the interviews.

The findings are supported by copies of the interview questions for each group of participants in Appendix D and a summary of the affordable homeownership program model components for each case is found in Appendix E.

6.1 Not-for-profit Housing Providers

The five interviewees in the not-for-profit group included four housing providers in Greater Victoria and one umbrella organization of provincial not-for-profit providers. Of the four Greater Victoria housing providers interviewed, all focus on rental housing with three of the four using a rent geared to income model for at least a portion to all of their units. Rent geared to income provides housing at a rate set to 30 percent of the renters' monthly income. The organizations are well established with incorporations dating from 1956 to 1988. Two organizations provide housing outside of Greater Victoria, with one having housing in all parts of the province with the exception of Vancouver and the Okanagan. Only one respondent noted that homeownership was a consideration in their housing services, but viewed primarily as an option to divest itself of units that may become unsustainable with the pending loss of federal funding that currently subsidizes low rents. The three other interviewees stated that affordable homeownership had either not been discussed at the executive level in their organizations or that it had been and a clear decision was made to focus solely on rental housing.

Four of the five interviewees noted the challenge of housing affordability. Three respondents commented that in light of limited funding, government investments should go to to housing for the neediest in society, with one respondent indicating that there should be a balance in the attention and funding of government across housing types. Four interviewees commented on the role of governments to improve housing affordability. Three comments focused on the role for the provincial government to incent municipalities to be more involved in encouraging affordable development in their communities and one focused on the effectiveness of tax incentives as a specific tool. One speaker suggested the provincial government could relax energy efficiency requirements to reduce the cost of development. More suggestions were made by the same three respondents in relation to the role of municipal governments. A primary focus was the introduction of affordable housing policies at the municipal level, using Langford's policy environment as an example. It was suggested that the poloicy framework should include changes to densification and zoning bylaws to allow more housing, a reduction in development cost charges as they add directly to the cost of housing for the end user, and a reduction in processing times for all affordable housing projects. One interviewee indicated that the role of government in relation to homeownership was to support education funding so individuals could get jobs at income levels that support homeownership.

Two interviewees offered broader comments on affordable homeownership with one acknowledging that easing the burden of entering the ownership tenure would have a positive trickle down effect on the rental market but that those benefits would not be felt at the lowest end of the continuum. A second respondent noted that the solution to the issue of homeownership affordability was not likely to come from the social service community as operational practices follow government funding priorities. The speaker suggested that though not-for-profits may partner in a solution, the problem was essentially a business problem needing a business solution.

6.2 Government, Institutional and Industry Participants

The eight interview participants from this group, including five from government and institutional organizations and three industry participants, provided varied views on housing affordability. Local government, represented by the Capital Regional District diverged from other government, institutional and industry perspectives with respect to affordable homeownership.

Of the five representatives of institutional and government representatives interviewed, four indicated that homeownership for median income earners was an important part of the housing continuum. One respondent indicated that while the majority of government investments have been directed to the lower end of the continuum, concern about the mid to higher ends of the housing continuum, including affordable homeownership are becoming more pressing. A second government respondent indicated that while a provincial strategic priority is to support homeownership, in practice, this relies upon the impetus of partner organizations to bring proposals forward for provincial consideration. The interviewee further noted that their organization has received an increased number of proposals for affordable homeownership development since the economic downturn in 2008, and these were primarily from developers. The interviewee speculated that this might indicate a lack of motivation for the market to be involved with affordability concerns in rising market conditions. This perspective was supported by one interviewee from industry who noted that industry participation in affordable homeownership development might decrease when the market improved and development with higher margins becomes feasible.

The three respondents from organizations that fund affordable housing hold a broad view on affordability, following the definitional lead of BC Housing that state funding support for affordable homeownership projects is targeted at household income of up to $85,000 with this threshold being based on statistics on median income for BC provided by Statistics Canada. Of the three respondents, two noted that affordability in perpetuity is an important aspect of a supportable model, though they were not prescriptive in the affordability mechanism used to achieve that goal. One funder indicated that investing in projects that were not kept affordable on an ongoing basis is not viewed as a waste considering the inherent value of helping people move along the housing continuum and the support this brings to community development. Local government held a divergent view and considered the lowest income demographic possible in its support of homeownership or rental initiatives. The interviewee noted that funding support would be considered for projects that target household incomes of $50,000 or less with a preference for a level less than $35,000. Affordability over a defined term of agreement is an important element of support and a preference is stated for utilizing restrictive housing agreements to control resale values. The interviewee noted that expert advice to housing providers or the business community to assist in structuring and administering a sale restrictive homeownership program.

The three industry participants, one for-profit and one not-for-profit developer as well as the Greater Victoria Real Estate Board, noted that homeownership as a tenure choice is a particular challenge that needs to be addressed for the ongoing health of the community. One respondent indicated that workforce rental can be found for most while another noted that there need to be more options than just rental for young families in the community to help them get a solid start and establish their own financial stability so they will stay in the community. One interviewee indicated that Greater Victoria is a community where people who work here cannot afford to purchase a home and that no one is addressing the problem.

The respondents of funding organizations indicated that affordable homeownership delivered through a program need to address a spectrum on needs, including those of the buyer, the organization delivering the program, and the market or community needs. Both industry and government interviewees agreed that approaches to addressing homeownership affordability need to be collaborative in nature. All eight interviewees in this group articulated the role of government as providing an environment to encourage creativity in affordable homeownership development by being clear on goals, providing incentives and reducing regulatory and process barriers that increase the cost of housing. The role of industry was seen as providing creative options to meet the goals and to partner with organizations to respond to needs in the community.

Though there was some divergence in defining the affordability problem, there was frequent synergy identifying the biggest challenges and opportunities to establishing or maintaining a homeownership program. Challenges frequently cited included getting all parties to work together towards a commonly defined goal, addressing NIMBYism related not only to the notion of affordability but also the presence of multi-family dwellings in a neighbourhood. Specific challenges related to the cost of land in BC were noted by two interviewees and one identified the need for a subject champion. Further, a lack of transportation options was cited as a particular challenge to building affordable housing close to centres of employment on the Saanich Peninsula articulated by one interviewee.

Likewise, a similar theme arose in identifying the opportunities to establishing or maintaining an affordable homeownership program. These included maximizing affordability options in the community by leveraging the lessons learned from other locations, harnessing the expertise of the not-for-profit community and industry, and lessening the housing cost burden on median income earners so they can invest elsewhere in the community and enjoy a better quality of life.

6.3 Affordable Homeownership Program Cases

Seven representatives of organizations that offer affordable homeownership programs in Canadian jurisdictions were interviewed to discover the details of their program structure and the environment in which they are established. The findings from interviewees of five not-for-profit organizations are first as this was the most common delivery structure, and the findings from interviews of two local governments follow.

6.3.1 Whistler Housing Authority; Whistler, British Columbia

Whistler is a resort municipality located approximately two hours north of Vancouver. A small community of less than 10,000 permanent residents, Whistler thrives on a booming tourism industry, attracting thousands of visitors and seasonal workers. The town grew exponentially with both commercial and residential developments through the 1970s and 80s, and an employer led not-for-profit was formed in 1983 on strictly a volunteer basis to address the need for worker housing. This organization, called the Whistler Valley Housing Society managed to bring a number of affordable rental units to Whistler, but pressure continued on the municipality to address the lack of affordable housing for workers in the community in a more direct way (Dickinson, 2009).

In 1990, the municipality instituted a bylaw requiring any commercial property developer to either build residential housing for their employees or provide cash-in-lieu contributions to build off-site housing. This bylaw has essentially incorporated the aspect of employer assisted housing into the very nature of the community's affordable housing program. For many of the accommodation businesses popular in the resort community, these contributions came in the form of on-site suites for employees built as part of their building design. Still, Whistler accumulated $6 million through the cash-in-lieu contributions between 1991 and 1996 (Dickinson, 2009).

In 1997, the municipality developed a mechanism to more directly address their affordable housing challenges on a sustained basis by establishing the Whistler Housing Authority (WHA) as a wholly owned corporate subsidiary of the municipality with a mandate to "oversee the development, administration and management of resident-restricted housing" (WHA, n.d.) and a goal of housing 75 percent of local workers within the municipality. The creation of WHA was supported through the $6 million in funds accumulated through the bylaw, which was used to leverage more funds and develop housing. A portion of the funds were allocated to operational expenses of the organization for a two year period, at which time the organization was expected to be self-sustaining (Dickinson, 2009, p. 10 -11).

The WHA picked up on smaller local not-for-profit initiatives that had pre-dated its establishment in the rental housing tenure and accelerated the pace of bringing such accommodations to market. In 1998, WHA began to introduce affordable homeownership into their suite of housing options for resident workers.

The interviewee representing the WHA noted that the organization focuses on bringing affordable homes to market by negotiating density bonus arrangements with developers through allowing additional market level units in a development in return for the developer bringing a number of affordable ownership units to the community. These may be introduced either on the site of the current development or at other sites. The interviewee specified that further reductions in housing costs are realized by disallowing developer profit on the units and cutting out marketing costs through in-house management of unit sales.

The interviewee stated that WHA's primary objective in designing their affordable homeownership model was to maintain affordability in the community for future generations of the local workforce. Purchasers must qualify as a resident employee or retiree of the community. While WHA does not institute an income threshold, it does apply an asset test to ensure that the home is not a second residence but rather the primary residence of the purchaser. Though houses are developed and sold at lower than market rates, WHA does not provide any financial assistance to purchasers who must qualify for their mortgage through an adequate down payment and qualification as would any purchaser in the regular market.

The interviewee outlined that WHA meets their mandate of maintaining affordability by utilizing covenant resale price restrictions available under section 219 of BC's *Land Title Act.* Their particular model limits the unit resale price to an increase equivalent to the rate of the Core Consumer Price Index (CCPI) increases. Resale prices may incorporate additional value increases if the owner has done structural improvements to the home during the tenure period. The covenant is upheld as WHA is on the land title and would be alerted if a sale were attempted outside the requirements of the covenant restriction. Resales of units are facilitated through WHA by direct contact to qualified persons on the organization's waiting list. The interviewee noted that establishing this particular mechanism was an evolution over time and included community consultations to determine what was fair.

In 2013 WHA is a maturing organization. Since its inception it has created 1897 new units of housing, 1067 in the ownership tenure. With 82 percent of local workers in Whistler being housed locally, WHA has exceeded its original goal (Whistler Housing Authority, 2013). The interviewee states that the organization is self-sustaining through revenue sources that include rental income and operational revenue from administrative fees.

The respondent stated that no formal evaluations of the ownership program had been done, but that the organization has met its challenges by staying current to the community's housing needs by conducting an annual Employer Housing Needs Assessment, vendor and tenant exit surveys, and through including a resident housing representative on the organization's board of directors to bring an owner perspective to decisions and community engagement. The interviewee noted that by maintaining current feedback on community needs they have been able to identify housing challenges for the disabled and aging members of their community. WHA future priorities include addressing these challenges by adding greater diversity to their housing options and reinvesting in existing stock as it ages (Whistler Housing Authority, 2013).

6.3.2 Wood Buffalo Housing & Development Corporation, Fort McMurray, Alberta

The respondent from the Wood Buffalo Housing & Development Corporation (WBHDC) stated it is the only housing organization in a regional municipal area in northern Alberta whose economic activity is largely derived from the oil sands production. Resulting from a boom in oil sands production, Fort McMurray had a population increase of 80 percent between 2000 and 2010 while the entire surrounding Wood Buffalo Region had a population increase of 101 percent over the same timeframe (Regional Municipality of Wood Buffalo, 2010). As is the nature in a booming resource area, house prices have grown rapidly with the average price of a single-family home growing from approximately $220,000 in 2002 to $740,000 in 2012.

The interviewee characterized the WBHDC as an arm's length subsidiary of the municipal government, registered as a not-for-profit in 2001 that provides housing all along the continuum for the region. Affordable homeownership initiatives were introduced into its portfolio of housing development in 2004. The interviewee stated that the municipal government provided $400,000 in start-up funding to be paid back after 20 years while the government of Alberta provided a number of parcels of land through full title land donation to WBHDC. Over the past six years, the organization has grown its assets from $80 million to $400 million and currently has another $63 million in development projects in process. The interviewee highlighted how its asset base allows the organization to now independently purchase land for housing development. The operations of WBHDC are funded out of revenue from its rental portfolio.

The interviewee outlined the shared equity model that WBHDC uses as its mechanism to maintain housing affordability in the community. It was noted that the particular share of equity varies with each development depending upon the characteristics of the project. The shared equity portion of the purchase is split between a 10 percent interest free share held by WBHDC and qualifying as the down payment under a special agreement with CMHC and the remainder held by WBHDC. At the time of resale, the shares of equity are paid back to both CMHC and WBHDC with a share of equity increase and interest on the mortgage payable to WBHDC. The interviewee clarified that owners are able to sell the home at the market rate if the sale occurs after a minimum of three years of ownership. If an owner wishes to sell the home prior to three years, it will be purchased by WBHDC at the original sale price and the organization will release it back to the market.

The respondent outlined qualified purchasers as those who work and reside in the Wood Buffalo area for at least a year, are first time homebuyers, meet income qualifications based upon a 30 percent carrying cost to income model, and qualify for the first mortgage through a conventional mortgage. Homes must be used as the owner’s primary place of residence with restrictions against renting out a room or building a secondary suite. As a means of protecting the second mortgage, the sales agreement specifies that owners may not borrow against their share of home equity without permission from WBHDC.

The WBHDC interviewee stated that the organization has twice introduced initiatives to benefit small business employers in Fort McMurray who cannot offer wages that compete with the area’s larger corporations. The first of these initiatives was a lot draw of 26 pieces of property that went to small business that wished to build, sell or lease a home to employees. The second was the development of 24 single-family homes that were sold under the organization’s standard shared equity model, with the added financial component of the employer providing $15 thousand towards the down payment for qualifying employees under a three-year return of service agreement.

The respondent cited the objective of the homeownership portion of the WBHDC portfolio as providing a way for people to move along the housing continuum by bringing an opportunity for homeownership that does not have the burden of a large down payment. As the organization is acting to satisfy a pressing need in the community and doing so with housing that is modest but of good quality and design, the respondent noted that they have never had a concern related to community reception.

WBHDC has not undergone a formal evaluation but the interviewee noted the organization's accomplishment of bringing over 350 homes of varying types to the Wood Buffalo Region through the shared equity homeownership program. The respondent stated that the work of the organization has brought some stability to the community as evidenced by a decrease in the turnover rate of essential public service employees, such as teachers, who are less frequently being lost to entry level jobs in the oil sands due to the higher rates of pay than earned in public sector positions.

6.3.3 Attainable Homes Calgary Corporation; Calgary, Alberta

Attainable Homes Calgary Corporation (AHCC) is a not-for-profit organization in Calgary, Alberta, incorporated under the Society's Act in 2009 as a wholly owned subsidiary of the City of Calgary. The representative of AHCC explained that the concept was born out of a desire from Calgary City Council to follow the examples of other international jurisdictions and actively address housing affordability challenges. The mandate of AHCC is to bridge the imbalance between the increase in housing costs and the average increase in wages for moderate-income earners. AHCC specifically focuses on supporting moderate-income Calgarians in the upper end of the housing continuum as Calgary is experiencing sustained growth, continued home price increases, low vacancy rental rates, and concerns from business related to attraction and retention (Attainable Homes Calgary Corporation, 2013).

AHCC's representative stated that the organization received seed funding of a one million dollar grant from the Province of Alberta and a matching grant from the City of Calgary. In addition, the City provided AHCC with eight parcels of land for development, with mortgages that will be paid back when the properties are developed and sold. In its formative period, AHCC acquired existing units within developed properties at a discounted rate. This provided quick bulk sales for developers and allowed sales and revenue generation for the corporation while planning for the development their own properties progressed (Attainable Homes Calgary Corporation, 2013). The interviewee noted that AHCC began selling attainable units in February 2011.

AHCC uses a shared equity financial model. AHCC holds a five percent equity share in the property, acquired through the negotiated developer discount. This discount rate is viewed by financiers as an equity investment and qualifies for the five percent down payment required by CMHC or alternative mortgage lenders to qualify for mortgage insurance. Purchasers are required to provide an additional down payment of $2,000 and must qualify for the unit mortgage as per regular mortgage requirements.

The interviewee stated that income qualification criteria for the program are based upon the 2010 Calgary median family income. Potential purchasers must qualify for the program by having an income of no more than $90,000 for singles or couples with dependent children living in the home, and $80,000 or less for people without children living in the home. Asset restrictions are also instituted in that a family cannot own more than $100,000 in assets. The property must be used as the buyer's personal sole residence.

AHCC recaptures its equity share and any market appreciation upon sale of the property or when the property is refinanced. The AHCC representative noted that sales of property in advance of the five-year terms will be subject to an agreement that requires the equity share to be paid back on a sliding scale from 100 percent for sales in advance of the first year anniversary of the sale to 25 percent in the third year or any time thereafter. This model guarantees AHCC a 25 percent share of the equity growth in the property.

The interviewee also outlined risk mitigation measures built into the shared equity model. Should an owner default on the mortgage, the unit reverts back to the financial institution with AHCC remaining on title for resale opportunities. AHCC has instituted a reserve repurchase price to shield against a wholesale property liquidation in a down market, where AHCC has a minimum repayment of 95 percent of market value at the time of disposition. This provides AHCC with the option of reselling in the market as a deliberate decision with control over the selling price, or to hold on to the property until the market recovers.

The AHCC representative notes that the reception of the model in the community is mixed. The City embraces the model as a component of the overall housing strategy, stating that an objective of AHCC is to contribute 1,000 units of housing to the 10-Year Plan to End Homelessness, with an aim to alleviate pressure on the housing continuum. The organization's business plan notes that approximately 500 Calgary Housing Company tenants, which is the city's social rental housing program, potentially qualify for AHCC homeownership (Attainable Homes Calgary Corporation, 2013, p. 9), which would equate to a contribution to the housing continuum should those potential homeowners be successful in their tenure transfer. Support in the broader community for the notion of attainable homes is mixed and the organization confronts NIMBYism for specific projects in specific communities.

While the program is still too new to have undergone an evaluation, AHCC reports that in one of their two early development projects, 19.4 percent of the purchasers reported that their mortgage and condo fees were lower than the rent they had previously been paying (Attainable Homes Calgary Corporation, 2013, p. 6).

6.3.4 INHOUSE Attainable Housing Society, Calgary, Alberta

INHOUSE Attainable Housing Society is a not-for-profit society in Calgary, Alberta that was established by a private sector development company in 2009 to govern the area of their business devoted to bringing attainable homeownership to the market. The representative of INHOUSE stated its objective is to bridge the affordability gap between the rental and homeownership markets for moderate-income earners.

The respondent outlined the partnership with the City of Calgary in the form of land provision under a 10-year debenture agreement to bring its first building to the market. In addition, INHOUSE received a grant from the province of Alberta that was applied to offset the cost of units for individual purchases but receives no government funding for operational purposes. The respondent noted that the private sector development company that provides the industry expertise for all aspects of land acquisition, design, construction and development financing and marketing is an important partnership.

The interviewee stated that a shared equity model was chosen as the organization's affordability mechanism as they determined it was the best method that would benefit the city, the buyer and the developer. The city's benefit was through concrete action to address the homeownership concerns of moderate-income workers in the community. The buyers' obvious benefit is access to ownership that would otherwise be unattainable in the regular market and the ability to use their investment to build financial stability and move on to other housing options as needed. The benefit to the developer is the ability to leverage the original investment to build additional attainable homes without the concern of retaining aging buildings in a portfolio of assets.

The interviewee noted that INHOUSE is a young organization bringing its first attainable homes to market in Calgary in 2013 and anticipates that the equity share that they hold in this first development will not become a set figure for future developments. Rather, equity shares will be determined by the overall cost characteristics of individual projects. INHOUSE share of equity remains in the property for 10 years. Should owners wish to sell their property prior to the 10 year anniversary of original purchase, they sell only their share while INHOUSE's equity share remains in the property. At the end of 10 years, the unit can be sold on the open market and INHOUSE recaptures its share of equity and equity growth. The interviewee specified that as a part of the sales agreement, owners are not permitted to borrow against their share of equity, providing a protection mechanism against overleveraging for both the owner and INHOUSE as second mortgage holder.

Purchasers under the INHOUSE program must live and work in the Calgary with incomes that range between 80 percent and 120 percent of the average median income, be paying more than 40 percent of their income on rent, and have a net worth of less than 25 percent of the value of the unit to be purchased. The buyer cannot currently be a homeowner and must agree to reside in the unit. The interviewee noted that CMHC considers the equity share of INHOUSE and the land provision by the city as the down payment, allowing purchasers whose income qualifies for their portion of the mortgage to buy the home with no additional down payment as long as they acquire CMHC mortgage loan insurance.

INHOUSE's first development of 160 studio, one and two bedroom condominium units was completed in the spring of 2013. While too soon for a formal evaluation, the interviewee stated that all purchasers are former renters in Calgary freeing 160 homes in that tenure. Further, it was noted that through good communications with the community and providing a building suited to the neighbourhood, the project overcame community concerns and was well received. The community has expressed support for another development in the future.

6.3.5 Options for Homes, Toronto, Ontario

The Options model is a shared equity approach to providing affordable homeownership introduced in Toronto, Ontario in 1992. The interviewee explained that the model is provided through three distinct organizations, each with its component part in the overall model delivery. The first is Options for Homes (OFH), which is a not-for-profit development consulting corporation that utilizes supply-side measures to reduce the cost of housing. Such measures include modest design and finishing, parking spaces and appliances as optional upgrades, and no common space amenities in condominium developments. The second entity is another not-for-profit organization called Home Ownership Alternatives (HOA), which provides a silent shared appreciation mortgage for the home-purchaser. A third entity is the group of purchasers for any particular multi-unit residential project that form a co-operative to act as the management group constructing the building. This is done in partnership with their not-for-profit development consultant, OFH. The owners' co-operative is a function of the building phase of the project and is dissolved once its contractual obligations are met at which point the building is owned under a standard strata agreement. The three component organizations act together to bring affordable homeownership to market with the overall model being branded as Options for Homes.

The interviewee stated that the equity share in the OFH model is 15 percent and is a required element of the purchase, though homeowners may pay off the shared equity and the share of market appreciation at any time. Purchasers must provide a five percent down payment and independently qualify to carry the first mortgage. There are no payments required on the silent second mortgage held by HOA for as long as the owner lives in the property, reducing the carrying costs of ownership for the duration of the tenure. At the time of sale, or at a sooner date if the owner chooses to do so, the second mortgage is repaid along with the increase in equity and interest on the loan.

OFH has less eligibility criteria than some models, with no specific income thresholds set for any buyers. The OFH interviewee noted that this practice was established under a philosophy that everyone is a part of the solution of the housing affordability challenge, with the understanding that a unit purchased under a shared equity model will result in future equity growth to be invested in homes for other purchasers. The home must be the primary residence of the owner. Should owners choose to rent it out, they must buy out the equity share and increase along with accumulated interest. Owners are free to treat their properties as their own in any other aspect such as borrowing against their share of equity and bequeathing the property to family members, providing that they repay the second mortgage upon property transfer.

The interviewee reported that since establishment, OFH has brought over 2,100 affordable homes to market in the Toronto area, accumulating $80 million in assets, $35 million of which are cash assets held by HOA. With the strength of its asset base, OFH has been able to extend its reach to lower income earners by offering larger second mortgages to a percentage of its purchasers. Currently, OFH allocates 75 percent of unit sales to purchasers with no income eligibility criteria, as they always have, and offers the remaining 25 percent of units to lower income earners. The units themselves are not different than others, but the organization’s equity share is increased to a level that will allow lower-income purchasers to have a carrying cost equal to 32 percent of their income, provided that they qualify for the first mortgage under a conventional mortgage with a financial institution. Though the model provides the majority of units without a restrictive income requirement, the OFH representative reports that the average income of purchasers is approximately 20 percent less than purchasers in the regular condominium market and close to 80 percent of purchasers are first-time buyers.

The respondent noted that start-up funding for the organization was minimal. When OFH was first established, it received a grant from the provincial government for $40,000 for costs associated with setting up the two component organizations, OFH and HOA. OFH has not received land or operational funds from government but instead has been able to build its organization through creative partnering with private landowners who have deferred the cost of the land sold to the development until the sale of units has been transacted. Construction companies contracted by OFH agree to carry half of the seed and construction costs as a condition of contracting with OFH. The respondent noted that while OFH is open to working with any construction company, in practice they have had a long-standing relationship with one large local company who has developed all their buildings to date in the Toronto area. Further, OFH now benefits from a ten-year deferral of municipal development charges in the majority of the municipalities in which they are located.

The OFH representative reported that the organization became self-sustaining approximately three years into its operations, before which time the organization’s founder ran it on a volunteer basis. The majority of its operational funds are derived through an allocation of 2.5 percent of the original sale of the unit with smaller revenue sources derived through administrative fees for information sessions and packages for potential buyers. The model was rather unique in the community at the time of introduction but the respondent reported strong community support for their ongoing work and indicated that 25 percent of their sales are driven through word of mouth with referrals from current owners who attest that they would not have been able to become homeowners in the regular market.

In 2005, Toronto's Housing Corporation commissioned a study of OFH to determine the outcomes of the model. The study, conducted by Evanson and Millar (2005) found that OFH was successful in bringing homes to market at 15 to 17 percent below similar homes developed in the private market and that the condominium fees, which contribute to the carrying costs, were 10 to 20 percent lower than similar modest units in the private market. The silent second mortgage increased affordability and the financial structure of repayment added no additional financial risk or burden to the purchaser. The evaluation noted that the model had not been successful at bringing an ownership opportunity to lower-income earners, though indicated that doing so was a future goal of the organization (an occurrence that came about post-evaluation with the introduction of 25 percent of sales to lower-income earners). While the evaluation verified the benefits both financially and socially to the owners of OFH units, it questioned whether the same benefits would be experienced by lower-income owners and whether any resulting benefits for this group of purchasers could not be achieved through a stable rental tenure.

6.3.6 Affordable Housing Program; City of Langford, British Columbia

Langford is one of 13 municipalities that make up Greater Victoria and is the fastest growing municipality in the country with a population increase of 30.6 percent between 2006 and 2011, compared to the national average of 5.9 percent (Statistics Canada, n.d.[a],[b]). A representative of Langford highlighted the municipality's building regulatory regime that eases development challenges by having timely decisions, density bonus availability and zoning that allows a variety of mixed-use residential and commercial developments. In 2004, Langford added to its policy framework by introducing the Affordable Housing Program to encourage the development of affordable family homes in the ownership tenure.

The Langford program is based upon allowing bonus density in exchange for affordable housing. Rezoning of average sized lots to smaller lots that provide more housing is permitted upon the condition that every rezoning that allows the development of ten homes requires the developer to build one affordable family home either on site or in another location.

The program in Langford is administered directly by the municipality. Buyer qualifications include an income threshold of $40,000 per household for one or two bedroom homes and $60,000 for a home of three or more bedroom, total households assets of no more than $50,000, no other real estate assets and a residency requirement in Langford of two adult years or a minimum of six months employment in a Langford business immediately prior to application (City of Langford, Criteria for Applicants, n.d.). The interviewee outlined a process whereby the

City maintains a list of qualified individuals and families who have applied through an advertised call. The list is provided to the developer who can then sell the home directly. At the point of resale, the list is provided to a realtor contracted by the owner and proof of a qualified purchase is provided to the City once a resale is transacted.

Langford's representative commented that the price for new homes is set by the City of Langford, with a home in a multi-family dwelling set at $124,000 and a single-family home set at $165,000 at the time of writing. Purchasers are required to have a $4000 or $5000 deposit respectively and qualify for a conventional mortgage. Resales of the home made within the first five years of ownership have a price limitation set at the original purchase price with a $2000 increase added to the eligible resale price for every year of ownership thereafter. If the owner sells the home after owning it for 25 years, it can be sold at the market price and the owner receives the entire equity increase. Homes sold prior to the 25-year threshold will be sold to a buyer qualified under Langford's criteria and result in a renewal of the 25-year tenure agreement with the new owner.

The interviewee stated that there are currently no new homes being developed in Langford under this program due to changes in market conditions that have allowed developers to bring homes to market at an affordable price without having to participate in the model. Nonetheless, since the Affordable Housing Program was introduced in 2004 it has resulted in the creation of 40 single-family homes and eight condominium units. Though a formal evalutation of the program has note been done, the interviewee noted that the cost of the program to the City has been minimal and partially recovered through rezoning fees. The policy still exists with the added flexibility that developers can contribute a cash contribution to affordable housing in Langford rather than building an actual unit.

6.3.7 Mortgage Flexibility Support Program and Entry Level Program; Saskatoon, Saskatchewan

A respondent from the City of Saskatoon stated that the municipality introduced the Mortgage Flexibility Support Program (MFSP) in 2009 to assist people with entering the housing market who could otherwise afford the mortgage on a modest home if not for the cost hurdle of the down payment. The program utilizes a network of pre-existing programs and supports, with minor adjustments, to provide down payment grants to low and moderate-income earners.

The central feature of the MFSP is a down payment grant equivalent to five percent of the home's purchase price, which thereby qualifies the homebuyer for mortgage insurance with either CMHC or Genworth Financial Canada. The respondent explained that the City finances the grant program through the conversion of a pre-existing five-year property tax abatement program that had been applied to the incremental value of new affordable homes provided by not-for-profit housing organizations. The abatement, converted to the down payment grant, is reimbursed to the City's housing program through the property tax payments of homeowners, which begin upon the buyer taking ownership under the MFSP. As total municipal property taxes also include provincial education tax collected by municipalities on behalf of the province, the government of Saskatchewan provides a grant equivalent to the five-year education portion of the homebuyers' total grant to the City of Saskatoon through the provincial Affordable Home Ownership Program (AHOP). The AHOP was an existing provincial funding partnership available to municipalities to address the cost of homeownership. Saskatoon and the Saskatchewan Housing Corporation, who deliver AHOP on behalf of the province, used the policy framework of AHOP to reimburse the school tax portion of the Saskatoon MFSP.

The Saskatoon respondent stated that the MFSP is targeted at households with an income up to $66,500 or $59,000 for singles persons or households without dependents. Net worth cannot exceed $25,000 with the value of education and retirement savings, one vehicle, and tools or equipment required for employment exempted from the calculation. Buyers must use the property as their primary residence and are permitted to borrow against the equity in their property or bequeath it to family members. Homeowners may sell their property at any time for full market value.

The representative also highlighted a second Saskatoon program called the Entry Level Homeownership program that provides down payment loans for moderate-income earners making up to $80,000 per year for a household with dependents. This income level is based on the income required to purchase a $300,000 home, which is just below the median price of an average home in Saskatoon and mirrors other ownership programs available directly through the province of Saskatchewan. The Entry Level Program has no asset restrictions though purchasers must currently be in the rental tenure and not own a home elsewhere. This program targets supporting the purchase of 50 units per year and has achieved an average of 30 units per year since introduction in 2011.

The respondent noted that Saskatoon's approach to their Affordable Housing Program is built on the belief that stable and affordable housing is the foundation for building healthy, vibrant communities. Prior to program introduction, the City had housing programs in place for the lower end of the housing continuum targeting 500 units per year to a range of social housing needs including low and affordable rental and purpose built market rental. The affordable homeownership programs were introduced to fill out the service continuum to the target group of citizens who represent working families close to the median income in the City. The primary objective of the program is to get people into homeownership and allow them an opportunity to grow their financial security in Saskatoon. The City and citizens are less concerned about maintaining ongoing affordability of homes purchased under the MFSP and the Entry Level Program given the array of social programs focused on this goal and the fact that the programs do not represent a permanent cash outlay from the City with grants repaid through property taxes.

Saskatoon's respondent stated that they target the full utilization of the annual $1M cash flow allocated for the MFSP through the property tax abatement fund, bringing between 80 – 100 units to market per year and is currently seeking an increase in the allowable cash flow threshold. The City evaluated program outcomes in 2012 and recommended encouraging builders to contribute to the grant assistance program with a contribution of 3% of the total 5% given to qualified buyers. The proposal meant that the cash outlay per unit for the City would decrease while the number of units that could be brought to market under the existing budget would increase. (City of Saskatoon, August 2012). The respondent noted that the proposal was accepted by City Council and since that time two projects have been accepted under the new model. The City is committed to evaluating the program on an ongoing basis to ensure that is meeting its objectives and will introduce recommendations as required to address findings on an ongoing basis.

6.4 Summary of Findings

The findings indicate that like communities across other Canadian jurisdictions, Greater Victoria is concerned about declining affordability in the homeownership tenure and its impact on working families. Policies and programs of the BC provincial government and financial institutions support affordable homeownership programs and funding can be available for development of housing units. Representatives of these organizations defined affordability by the median income for two income families as provided by Statistics Canada, which at the time of writing was $85,000 for British Columbia. Two of the three respondents from funding institutions noted that a non-prescriptive mechanism for sustaining affordability would be necessary to achieve funding support. In contrast to provincial definitions, the local government, as represented by the Capital Regional District, prioritizes homeownership affordability for households with a family income of $50,000 or less, and states a preference for income levels of $35,000 or less.

The seven programs featured in the cases highlight how different communities are addressing the issue of declining affordability by developing significant homeownership programs geared either to the local median household incomes or with no specific defined income threshold. Of the seven programs, six address the concern of ongoing affordability of homes, either through resale price restrictions or through the reinvestment of funds earned by the organizations through an equity-sharing model. Only the City of Saskatoon does not incorporate a mechanism to address ongoing affordability in their program structure. The research showed that only one of the thirteen Greater Victoria municipalities has introduced a homeownership program, albeit targeted at families with incomes significantly below the median threshold for the region.

Five of the seven programs are operated through not-for-profit organizations that have been mandated to be financially self-sustaining. Three organizations, established in 1992, 1997, and 2001 have attained that goal. The remaining two organizations, both founded in 2009 are working towards that goal. Two programs are run through municipalities and have the operational support of the existing structure. Both municipalities report that program costs, other than staffing, are covered through the program itself.

All parties interviewed from the first two groups, as well as the representative from the City of Langford in the third group, see common challenges to addressing the problem of affordable homeownership in the Capital Region. These include agreeing on problem definition, addressing the various elements of community NIMBYism, and the concrete issues of high land cost and organizational capacity. These same interviewees also see the opportunity in working together to identify and implement solutions to the regional challenge of homeownership affordability. Benefits are identified at both the community level as strengthening community development and at the individual level in assisting median income families to settle and thrive in the region.

7. Discussion

The purpose of this research project is to determine to what extent a not-for-profit affordable homeownership program could contribute to housing affordability in the Capital Region. To answer this question, a literature review was undertaken to examine the issue of affordability in the international context and determine the extent to which a decline existed. The review also delved into the various causes and consequences of affordability decline. Once establishing the problem and its actual and potential impact on the well being of communities and individuals, attention was turned to exploring how a selection of international jurisdictions address housing affordability from a policy and program perspective. Jurisdictions included in this scan included Britain, Australia, New Zealand and the United States.

With this basis of understanding, the focus of the research narrowed to exploring the situation in the Capital Region. This was accomplished by interviewing housing services providers and representatives from the BC government, the Capital Regional District, institutions that offer services and financing in the housing sector in BC, and industry participants in Greater Victoria. Finally, seven specific affordable homeownership programs were featured as cases to allow the opportunity to compare the situations in the locations where the programs are operating to those in Greater Victoria and to clarify similarities and differences between the programs.

The ensuing discussion considers the research findings and situates housing affordability in Greater Victoria in this larger context. The first part of the discussion recaps the affordability challenge in BC and considers the policy environment and its implications on the implementation of affordable homeownership models operating in other cities. The next section focuses on the components of an affordable homeownership program necessary for success and how those components are adapted to the particular community in which homeownership affordability programs operate. A final section before the summary comments on the preparedness of the Capital Region community of stakeholders to engage in a solution. The discussion suggests that there is little reason why models that work in other regions could not be feasible in the CRD and that a more detailed examination into model options is advisable.

7.1 Greater Victoria's Homeownership Affordability Challenge

Affordable homeownership is one part of the housing continuum that covers a broad spectrum of needs ranging from shelters for the homeless to market level homes in the ownership tenure. Canada has experienced a drastic increase in housing costs in recent years (Girouard et. al, 2006), and urban locations in British Columbia are the most expensive in the country (Cox and Pavletich, 2013, RBC, 2013). Current housing programs in British Columbia are primarily focused on the needs of those at the lower to middle portions of the continuum, and concentrate on the rental tenure. Yet the rental tenure continues to have upwards price pressure due to the sustained price increases in the ownership tenure, financial instability due to the economic downturn, and demand side pressures brought on by demographic and societal factors. One such factor is the inability of renters to access homeownership due to the cost-hurdles of getting into the market.

Further, though British Columbians face higher housing costs than other Canadian jurisdictions, incomes in the province are considerably lower, with British Columbia ranking fourth behind Alberta, Saskatchewan and Ontario. Alberta, as the province in closest proximity to British Columbia, brings the greatest competition for skilled labour. The median after tax income of Alberta is $14,100 higher than in BC while Saskatchewan has a median income $5,300 above BC's. Ontario's median after tax income is only negligibly higher (Statistics Canada, 2013 [b]). Each of these jurisdictions has examples of affordable homeownership programs that have been designed specifically to address the affordability needs of households earning the median income. Discussions with interview participants in the three other Canadian provinces (personal interviews, March through June 2013) indicate that their respective jurisdictions and the design of their programs are situating the issue of affordable homeownership as one of economic development, addressing the needs of the community to attract and retain public and private sector workers earning modest incomes that hover slightly below and above area medians. Treating the issue of homeownership affordability in this way rather than as a social issue aligns with approaches advocated in the literature (Guy et al., 2005, Meen & Andrew 2004).

The Government of British Columbia has illustrated the need to attract skilled labour with a projection that one third of job openings in BC over the next decade will need to be filled by newcomers to the province attracted either from other provinces and territories or through immigration. Fifteen percent of the new job growth in BC is projected to be in the Vancouver Island Coastal Region (Government of BC, 2010). These conditions suggest that it would be advisable for BC locations, including Greater Victoria, to explore ways in which affordable homeownership opportunities can be introduced for median income earners as an element of economic development. While rental opportunities are being addressed for low to middle income earners, the literature clearly links the future economic performance of cities with their ability to retain young families (Meen & Andrew, 2004) and findings from other jurisdictions highlight that housing preference turns to ownership over rental as workers settle into their careers and when they are ready to start a family (Battye, 2006, ODPM, 2005).

The real estate market in British Columbia has softened with home purchase prices receding from highs in 2010. In this softened market, developers have introduced ad hoc opportunities for purchasers to enter the market with lower priced units, and in some cases, assistance with home entry costs. BC Housing has indicated that they have received an increase in developer proposals for affordable homeownership initiatives over the past two years and industry interviewees concur the willingness of developers to take a lower profit during a soft market (personal interviews, May 30 – July 18, 2013). These conditions have allowed a reprieve and broadened the pool of potential purchasers with the ability to enter the market. This could lead to assumptions that the market will take care of the housing needs of median income earners. However, relying on developer benevolence as a longer-term solution is likely ill advised. Girouard et al. (2006) cite long-term trends in housing as being cyclical, with a price expansion phase of approximately six years followed by a price contraction phase of approximately five years that results in an overall steady increase in prices. Though 2011 and 2012 are a part of the contraction phase, when the market turns, ad hoc solutions will cease and the market is likely to again outpace the buying capacity of those earning 80 to 120 percent of median incomes in urban areas.

7.2 The Influence of the Policy Framework

The most direct impact to the affordability of housing is input costs. In locations such as Greater Victoria and Vancouver, the cost of land is high given the natural limitations of the Island, coastline locations and mountainous terrain. However government imposed costs through zoning and regulation, development processes and tax policies also add considerably to the cost of housing development and purchase (BCREA, 2012, Cox and Pavletich, 2013, CMHC, 2010 [b], Girouard, 2006). These costs are passed on to homebuyers and can add years and thousands of dollars to their debt load.

Strategic statements that address the concern of housing affordability for workers in the region should be supported by concerted efforts to minimize the cost of government policies on homeownership. Working with local governments to achieve pro-affordability policies and regulations is a strategic goal of the Capital Regional District as stated in the *Housing Affordability Strategy* (CRD, 2007, p. 17). A review of the level of implementation of policy options suggested by the CRD to achieve affordability targets shows that most municipalities are participating in a selection of policy options, though there has been little uptake on regulatory and process changes that would expedite and reduce the costs to developing affordable homes (Community Social Planning Council, 2012, p. 23). Local housing providers and industry note that local processes have a significant impact on affordability of homes (personal interviews, May to July 2013). Continued focus and advancement in this area is important to reduce the price of housing for both rental and ownership tenures.

When compared to other provinces, the effect of the property transfer tax (PTT) on affordabilty in most severe in British Columbia. Though the rates in BC are close in comparison to some other provinces, the cost of homes in BC means that purchasers who do not qualify for exemption, pay more than double PTT on the average priced home than in Ontario (BC Real Estate Association, 2012). The availability of the first time homebuyer exemption is of little benefit in markets that exceed the exemption threshold, which includes homes in most major urban centres in BC (CMHC, 2013). This is especially problematic given that Alberta has no property transfer tax and is BC's principle competitor for talent. Further, residential requirements mean that the PTT exemption is of no benefit in terms of attracting labour from other jurisdictions. While the BC Government realizes nearly one billion dollars in tax revenue from the PTT (BC Real Estate Association, 2012), the burden it places on new homebuyers reduces the attractiveness and competitive position of home purchase in BC as compared to other provinces. Appendix F shows the rates of PTT for provinces in which it exists along with the average price of homes by type.

The governments of both Saskatchewan and Ontario have introduced directed funding towards municipally-partnered homeownership programs. The Saskatchewan program specifically targets workforce housing with income qualifications set at the provincial median whereas Ontario's program is geared to 60 percent of the median, making it one that addresses broader affordability challenges. Though Alberta does not have a similarly designed program, the province has clearly shown their support for homeownership program development through the seed funding and creative land transfer arrangements provided to AHCC, INHOUSE and WBHDC. The City of Calgary contributed matching funds in the case of AHCC to get the organization and its program started. While such direct investments in homeownership programs have not been evident in BC, it is also not evident that such support would be contrary to the BC government's stated policy on supporting homeownership as part of its housing continuum.

Notwithstanding the different approaches to homeownership programming, the housing policy framework in British Columba raises no encumbrances to the implementation of affordable homeownership programs. The Community Initiative Partnership program through BC Housing (BCHMC, 2012) specifically articulates partnership opportunities for the development of affordable homes in the ownership tenure and targets median income earners. Section 219 of BC's *Land Titles Act* allows for the use of restrictive covenants that can be structured in a number of ways to deal with resale price restrictions, use of property or eligibility criteria for purchasers. The fact that homeownership programs are not as assertively used in British Columbia appears to be more a function of motivation rather than policy hindrance. Both WHA and the City of Langford exercise section 219 covenants to bring affordable homeownership opportunities to a targeted group of priority purchasers for the needs of the respective communities. Outside of these specific examples, there has to date been comparatively little motivation on the part of local governments or not-for-profit organizations in BC to address the needs of median income earners in the homeownership tenure. Delving into substantiated reasons of why the situation in British Columbia is different than other provinces on this regard is beyond the scope of this research, however research interviews suggest that it may be due to the risk-averse nature of local governments or a lack of business and economic development focus of local not-for-profit housing providers (personal interviews, March to June, 2013).

Though BC provincial policies do not preclude any of the affordable homeownership programs operating in other parts of Canada, the tax polices that exist in the United States to incent employer assisted housing are not available to BC employers. Thus the level of EAH participation realized in the US (Afshar, 2006, Pill 2000) is unlikely to occur. However, the experience in Wood Buffalo suggests that employers with enough motivation can still be involved in employer assistance through the inclusion of a home purchase allowance, perhaps with a return of service clause, in their employee benefit package.

7.3 Components to Enhance Success of Affordable Homeownership Programs

Davis (2006) lists a number of points of debate related to the benefits of affordable homeownership programs. A basic question, often framed as a tension, is the question of preserving housing affordability for the community versus providing an opportunity for equity growth for owners. Findings of the cases showed that providers of affordable homeownership programs are addressing the primary issues that Davis highlights by considering the needs of three different stakeholder groups when developing their models: the needs of the potential purchaser, the needs of the community in which the program is operating, and the needs of the organization running the program. The degree to which the needs of these groups are weighted within each model is important to its success in the environments in which they operate.

The considerations related to attaining and maintaining affordability are of primary concern to all three of the stakeholder groups and is the pivotal issue of success of a program. From a community and tax-payer perspective, it is particularly important to maintain affordability of housing units for an identified target group if the units have been developed with government investment. Using restrictive resale covenants appears the most direct method of preserving affordability and has the advantage of being easily understood within the community. However this method is not foolproof, as covenants do not take care of themselves. Ensuring that covenants are upheld requires administrative stewardship and staffing capacity to guard against sellers and buyers bypassing the covenants, especially in appreciating real estate markets (Davis, 2010). The organizations that utilize resale restrictions in this research have appropriate operational procedures and infrastructure in place to ensure that covenants are enforced. The WHA manages the sales of properties internally to a waiting list of purchasers and the municipality of Langford compiles a list of pre-qualified purchasers acquired at original sale and through an ongoing intake process. The list is provided to independent realtors contracted to sell the property. The sale to a qualified buyer is confirmed by the municipality at time of sale as they are on title for the property and alerted of all transactions.

Though the restrictive resale covenant properly exercised does ensure ongoing affordability for the duration of the covenant, it does not provide a revenue stream to the organization running the program. Thus an organization using this model has to be self-sufficient through other means. Of organizations using resale restriction in the cases, the WHA is self-sustaining through rental income and administrative fees for other services. Yet the organization notes that as the ownership tenure of their portfolio has grown, administrative expenses have likewise increased. Calculating future costs of administration of a growing portfolio into the program structure was a lesson learned and is an advised consideration for organizations using the approach (personal interview, May 28, 2013). The City of Langford has been able to maintain their Affordable Housing Program of 40 homes without taking on additional staff resources or costs through funding the marginal administrative costs from general revenue and annual building application fees.

Preserving affordability is often framed in opposition to the opportunity for equity growth for owners (Davis, 2006). The extent to which measures to preserve affordability benefit the community as well as the buyer depends on the details of the specific approach applied. Arguably, the resale restriction model gives significant weight to the direct preservation of affordability as by definition it restricts equity growth potential for buyers. Temkin et al. (2012) showed owners under these models do grow their wealth to a certain degree providing the models' resale formulas are adequate to match other opportunities for modest wealth generation. However it should be noted that the models evaluated by Temkin et al. were primarily designed as social housing projects with target purchasers earning between 35 and 73 percent of the area median. The applicability of these restrictions and limits to equity growth to a workforce housing target market at 80 to 120 percent of median income would need to be carefully evaluated.

In cases reviewed in this research, the CPI based model in the WHA program allows owners' investments to keep pace with the rate of inflation but may make it difficult for owners to leave the Whistler environment and subsequently buy in locations where the real estate market has increased at a faster pace than has their capped equity growth. However, the WHA is clear that their organization's objective is to provide housing for Whistler employees and retirees and does not include assisting homeowners to move on or up in an exterior housing market. The resale restriction covenant in Langford allows no equity growth for the first five years of ownership and a flat growth rate of $2000 per year after that time frame. While this effectively guards against quick sales and equity grabbing that might occur in some shared equity models, it places the investment dollars of the homeowner at a considerable disadvantage as they realize less growth on their equity than they likely would in other investment vehicles or under a formula-based resale model. For example a $165,000 home purchased under the Langford model would provide a $6,000 profit if sold after eight years and a profit of $22,545 if sold applying the WHA CPI-based model for the 2005 to 2012 time frame. With little advantage to the buyer, this particular model may have a difficult time finding purchasers if other options are available to them.

The shared equity model as practiced in other cases preserves affordability in a less direct way, as equity growth is recycled into the development of new buildings in the community. In this way, no one building is ever kept at below-market rates and the opportunity for affordability is fluid and spread throughout the community. However, these models can face criticism for not maintaining affordability in perpetuity in clearly identified buildings and concern over owners flipping properties they have been able to purchase at below market rates for a quick and undeserved profit. These concerns have been addressed by the organizations interviewed.

Safeguards against such opportunistic investing are built into the models through occupancy requirements and time frame restrictions on resales that limit equity growth should they sell in less than the agreed to timeframe.

The concerns about the less-obvious affordability mechanism of shared equity as practiced by the programs reviewed have to be balanced against the need for the homeownership programs in not-for-profit organizations to be self-sustaining. The not-for-profit organizations in the cases that opted for a shared equity model that release properties at market rates upon resale have done so partially for the ease and cost efficiency of administration and partially because of its revenue generating feature. The model provides organizations with operational funding through maintaining a small portion of original unit sales and also builds capital capacity that over time provides independent project funding for the organization. Both WBHDC and OFH, organizations that have been in operation since 2001 and 1992 respectively, have built significant capital reserves, making them both self-sustaining and self-determining in the development of future projects. OFH has begun to contribute back to their community through a reinvestment mandate that provides 30 percent of their cash assets, currently tabulated to be $35 million, in grants to other social enterprises and 10 percent to capacity building for not-for-profit organizations while reinvesting 60 percent into new affordable homeownership projects (personal interview, April 12, 2013). That aspect of the model suggests a longer-term potential benefit for the community that cannot be attained in a sales restricted model.

7.4 Stakeholder Support for Affordable Homeownership

Stakeholders in the Capital Region have a considerable level of interest on the issue of affordable homeownership. The CRD has provided a framework of policy options and is open to creative discussions with business and community partners on how they may together address the issue. The region is home to an established not-for-profit development corporation that is seeking partnerships with housing providers to bring affordable homeownership to the market. Building contractors have shown a willingness to address housing affordability through their work with housing providers in the rental tenure.

Business owners who have attraction and retention challenges may be able to actively participate in collaborative solutions through internal incentive programs with staff or through contributing to the cost of development of workforce housing in exchange for preferred placement on an ongoing basis in the development. Business owners do not however wish to be involved in the ongoing administration of an affordable homeownership program. While existing housing service providers have not to date introduced full programs addressing homeownership, opportunities for partnership with some organizations may exist if creative options with business partners are available for discussion. The CRD has expressed a willingness to assist in developing an appropriate covenant model and the potential for program administration.

While interest in affordable housing in general is high, the challenge of the workforce housing problem is positioned differently in Greater Victoria than in other jurisdictions. Where income is used as an eligibility criteria, organizations interviewed for the cases are mindful of the specific group the program targets, using a granular approach to differentiate median incomes for households with more than one earner from all family or single person medians. Programs target incomes from 80 to 120 percent of the median in these sub-groups, with some allowing incomes above the median. A similar approach in Greater Victoria would see workforce housing initiatives targeted at incomes ranging from $62,400 to $93,600, or possibly higher, for households with two incomes and a lower range for single income households.

Using the less precise all family median income, CRD affordable housing initiatives focus on those that earn up to $50,000 (personal interview, June 28, 2013). An income threshold of $50,000 or 64 percent of the region's median income for households with more than one earner substantially misses the target range of 80 to 200 percent that is commonly used to define workforce housing or the common program parameters of 80 to 120 percent (Gurstein, 2012). By structuring the region's policy on the Statistics Canada all family income indicator, a large portion of the working population is excluded from affordable homeownership assistance. Unfortunately, the portion excluded is precisely the population segment for which employers face attraction and retention challenges. Applying a more segmented income threshold, as is done in other jurisdictions, or applying the income threshold for affordable homeownership as defined by BC Housing would position the CRD's approach to workforce housing as an economic development initiative and augment the existing social housing initiatives in the region. SNSIG and the larger business community are well positioned to draw public attention to concerns of affordable workforce housing and its impact on attraction and retention for local businesses.

The importance of stakeholder support as relates to the initial start-up of a workforce homeownership program cannot be understated. Interviewees suggested that three distinct elements are necessary for a new affordable ownership program. These include seed capital for initial development and operations, one or preferably two identified projects and an entrepreneurial organization to spearhead and lead the initiative.

As to the first two prerequisites, each case in this research benefitted from a degree of government or institutional support in its initial development stages. The support varied from seed capital to providing land for development either outright in the case of WBHDC to provision of land on a loan or debenture basis for Attainable Homes Calgary or INHOUSE. The WHA was able was able to utilize substantial funds collected through a city bylaw for employee housing to fund operations for two years, after which it was to be self-sustaining. Langford and Saskatoon models were introduced directly through municipal governments with motivation and capacity to absorb costs into existing operations. OFH received considerably less start up support though the funding provided did enable business case development and the preparation of legal documentation. Arguably, the Ontario example only became successful because of the perseverance of its founder who worked as a volunteer for three years – a situation that may not be replicated in other areas. The varied experience in these cases suggests that while ongoing government funds are not essential to a successful homeownership program, initial support for program or organization start up is essential.

7.5 Summary of Discussion

This research has shown that the affordability issues that precipitated the introduction of affordable homeownership programs in other jurisdictions and in other Canadian cities also exist in Greater Victoria. Affordability concerns faced by median income earners in Greater Victoria are worse than those in most other Canadian locations. Programs reviewed have positive outcomes in the communities in which they operate and it is likely a similar program would have similar outcomes in Greater Victoria. Program outcomes, apart from the assistance to ownership, are the resultant freeing up of rental units. The addition of a homeownership program would augment the already existing services in other portions of the housing continuum and address the area of the market that supports economic development and labour market attraction and retention. This is not to say that rental accommodation is not important workforce housing, but rather that a broader-based approach to workforce housing solutions is advisable and a lack thereof could exacerbate labour market challenges in the future.

The policy environment that would affect the implementation of an affordable homeownership program in Greater Victoria is mixed. While there are no provincial policy encumbrances to such a program, it is also not clear to what extent the province may actively support development as has been done in other jurisdictions through some form of seed funding. The Capital Region and member municipalities are supportive of affordable workforce housing in policy. However in practice, the definitions and program design associated with this portion of the housing continuum is not aligned with those of other Canadian cities, making municipal assistance for median household earners a difficult proposition.

Workforce housing in the ownership tenure is unaddressed in Greater Victoria and the research suggests that expansion of mandate into this area is not a priority for local housing providers. Nonetheless, other stakeholders such as industry, business owners and institutional partners are open to finding possible solutions. This openness to date has led to ad hoc projects that have brought point-in-time ownership opportunities to buyers who otherwise may not have afforded homes. However outside of a program context that offers growth potential and sustainability, the benefit to the broader community is limited. Given the examples available from other jurisdictions, it may be that creative opportunities for a homeownership program can be found through a more collaborative approach.

8. Recommendations

The investigation in this project was intended to determine whether a not-for-profit affordable homeownership model could contribute to the housing affordability challenge in British Columbia, and more specifically, Greater Victoria. To answer that question the research considered successful models in other Canadian jurisdictions, the existing policy framework in BC and the CRD, components of homeownership programs that enhance the likelihood of success and the level of interest amongst CRD stakeholders. The study concluded that a similar homeownership program is viable in Greater Victoria. Four recommendations have been made to the Sidney North Saanich Industrial Group (SNSIG) regarding next steps in that direction.

8.1 Develop a Strategic Advocacy Approach

It is recommended that the SNSIG develop a strategic approach to increased advocacy for workforce homeownership as an economic development issue rather than a social housing issue. This can be accomplished by using the quantitative findings and comparative examples in this report, showing that workforce housing employees can purchase reasonably priced homes and contribute to the community's sustainability through ancillary household expenditures. A strategic approach could expand the stakeholder support in the community beyond the SNSIG and include more than business voices. The findings in this report suggest two central themes to strategic advocacy.

8.1.1 Reframing the Issue

Following the academically accepted definitions of workforce, the SNSIG can clearly articulate the issue for the Capital Region. The collective employees of SNSIG can be situated within that definition using employer provided wage information.

a. Workforce housing is housing that is affordable to households earning 80 to 200 percent of the area's median income. Some communities focus on a reduced portion of that broad definition and concentrate on attainable housing for workers at 80 to 120 percent of the median. This portion is often used as qualifying criteria for affordable homeownership programs.

   According to Statistics Canada, the median income for households with two wage earners in Greater Victoria is $78,000 and for unattached individuals is $26,100. The chart below shows the broad and more specific income targets for workforce housing .

Workforce Wage Ranges using Statistic Canada Median Wages 2011				
	80%	Median	120%	200%
Individuals	$ 20,880	$ 26,100	$ 31,320	$ 52,200
Two Income Households	$ 62,400	$ 78,000	$ 93,600	$ 156,000

b. Using an approach similar to RBC economics, develop a price range for housing that

Price Ranges for Workforce Housing - Ownership Tenure				
	80%	**Median**	**120%**	**200%**
One Income Households				
Income	$ 20,880	$ 26,100	$ 31,320	$ 52,200
Price	$ 62,500	$ 68,750	$ 10,800	$ 200,000
Two Income Households				
Income	$ 62,400	$ 78,000	$ 93,600	$ 156,000
Price	$ 225,000	$ 295,000	$ 363,000	$ 635,000
	$ 244,000	$ 311,000	$ 380,000	$ 651,000

would be affordable to workers in the defined workforce housing range. For example, assuming a 5 percent down payment, a mortgage rate of 3.5 percent and a 25-year amortization, buyers may qualify for homes at the following price ranges. These prices assume no extra debts. The two income households have a range of prices assuming the inclusion and exclusion of condo strata fees.

c. Provide wage data for job categories at SNSIG employees and articulate the percentage of workers that fall into the defined range for workforce housing.
d. Using the quantitative data in the report on median house prices in all Greater Victoria municipalities, map the area of the region that currently provide adequate workforce housing in the ownership tenure.

8.1.2 Address Government Imposed Charges (GICs)

A second theme in advocacy is to address government imposed charges. This approach should focus on non-competitive tax levels at the provincial level and more efficient development processes at the municipal level.

a. Align tax advocacy with other organizations that lead in this area, such as the BC Real Estate Association that advocates for an annual indexation of the one percent PTT threshold using either the Statistics Canada New Housing Price Index or the MLS Home Price Index and an increase in the one percent PTT threshold from $200,000 to $525,000.
b. Develop working partnerships with other organizations, such as the Community Social Planning Council, concerned about housing affordabilty across a broad spectrum of needs, including workforce housing.
c. Advocate for Greater Victoria municipalities to introduce clearly defined policy initiatives to encourage the development workforce housing in their communities as advised in the CRD *Regional Housing Affordabilty Strategy*. Develop a workforce housing affordabilty report card to track the progress and implementation of regional municipalities towards policy achievements.

8.2 Support Business Case Development

It is recommended that the SNSIG lead the development of a business case to identify an appropriate affordable homeownership program for the Captial Region. Delivering a homeownership program through a not-for-profit organization or municipality provides the opportunity to address the concern of affordability beyond the first purchase. While the research has shown a program to be feasible in Greater Victoria, the development of a business case will fill in the details of introducing a viable self-sustaining program. Funding for such business case development is often available through government or foundation sources. Questions to explore during business case development include, but may not be limited to:

- a preferred model to suit market conditions and the stakeholder groups in Greater Victoria;
- the specifics of the financial model;
- a three year cash flow projection;
- the availability of seed funding from government or non-government sources;
- the identification of potential lands for development;
- a preferred organization for program delivery; and,
- the part that SNSIG, either collectively or as individual businesses may play in the creation or implementation of an affordable homeownership program.

8.3. Consider benefits of Employer Assisted Housing (EAH)

It is recommended that companies in the SNSIG that attribute their staffing challenges to housing costs conduct an internal cost-benefit analysis of introducing some form of EAH. Some examples include:

- a contribution to the down payment of a home with or without a return of service requirement; and,
- a cash contribution to a housing development in exchange for priority placement for staff of SNSIG.

8.4. Use networks to source potential business partners

It is recommended that SNSIG members access business networks to assist in sourcing private landowners who may also be concerned about the cost of homeownership in the community. Discussions with private landowners to explore their willingness for creative approaches to land transfer could further the establishment of a sustainable homeownership program for the Greater Victoria region.

9. Conclusion

Purchasing a home is the largest financial investment and commitment most people will make in their lifetime. As an indication of long-term commitment, it is often viewed as a stabilizing factor to communities. Homeownership also provides a platform from which many people build their future financial stability. However, the financial hurdle of getting into homeownership has moved ever higher over the last two decades until it is now at a point where young adults and even mid-career workers are not able to follow a path of generations before them.

The community impact of high homeownership costs is less apparent than the impact of homelessness In fact, the issue can be sidelined altogether given the public concern and concentration on housing for those in most financial need at the low end of the housing continuum. But the issue of affordability for median income earners is important. These households are the backbone of a community. As housing costs spiral higher for this portion of the community, their spending and support in other areas of the community diminishes. The circle of consequences related to continued affordability decline for median income earners is an economic challenge on local and provincial levels that should not be ignored.

As an economic development issue, the decline in homeownership affordabilty requires a business solution. The voice for this issue is not found in the social service community. In the Capital Region, the Sidney North Saanich Industrial Group is well positioned to advocate for a focus on homeownership affordability for their employees. As this research has shown, solutions are being implemented in other communities through sustainable homeownership programs.

As an economic development tool, a homeownership program need not be viewed as a solution to all affordability challenges along the housing continuum. Rather, it is a specific solution to the high cost of workforce housing in the ownership tenure that may also contribute to alleviating the rising costs in market rental through easing demand for that tenure. The benefits of an affordable homeownership program may be expanded to other portions of the housing continuum over time if capital reserves, which can built in a shared equity model, are invested into this area in the community. With homeownership being a bigger challenge in British Columbian urban locations that in other cities in the country, the solutions that have worked elsewhere should be championed in BC communities as an important aspect of maintaining liveable cities for the average British Columbian worker.

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Appendix A

Canadian Cities Housing Costs: Median Multiples
2012 – Third Quarter

Rank	Canadian City	Median Ratio	Median Price	Median Household Income
35	Vancouver, British Columbia	9.53	$621,300	$65,200
34	Kelowna, British Columbia	6.94	$394,200	$56,800
33	Abbotsford, British Columbia	6.79	$429,300	$63,200
32	Victoria, British Columbia	6.34	$405,500	$64,000
31	Toronto, Ontario	5.87	$430,200	$73,300
30	Montreal, Quebec	5.07	$287,300	$56,700
29	Hamiton, Ontario	4.55	$315,400	$69,300
28	Calgary, Alberta	4.27	$358,400	$83,900
27	Saskatoon, Saskatchewan	4.26	$283,200	$66,500
26	Peterborough, Ontario	4.14	$242,800	$58,600
25	Kitchener, Ontario	3.92	$282,000	$71,900
24	Sherbrooke, Quebec	3.89	$192,100	$49,400
23	Quebec City, Quebec	3.86	$232,800	$60,300
22	Guelph, Ontario	3.83	$284,100	$74,200
21	Regina, Saskatchewan	3.75	$266,000	$70,900
20	Edmonton, Alberta	3.74	$294,400	$78,700
19	Oshawa, Ontario	3.69	$296,900	$80,500
18	St. John's, Newfoundland and Labrador	3.60	$255,000	$70,800
17	Winnipeg, Manitoba	3.56	$220,400	$61,900
16	St. Catherines-Niagra, Ontario	3.55	$212,500	$59,900
15	Ottawa-Gatineau, Ontario-Quebec	3.54	$287,100	$81,100
13	Kingston, Ontario	3.52	$234,500	$66,600
13	Halifax, Nova Scotia	3.52	$232,200	$66,000
12	Barrie, Ontario	3.49	$263,300	$75,400
11	Brantford, Ontario	3.39	$219,600	$64,800
10	London, Ontario	3.35	$211,200	$63,000
9	Sudbury, Ontario	3.21	$211,500	$65,900
7	Saguenay, Quebec	2.94	$165,800	$56,400
7	Charlottetown, Prince Edward Island	2.94	$175,000	$59,600
6	Thunder Bay, Ontario	2.82	$176,400	$62,500
5	Trois-Rivieres, Quebec	2.77	$134,000	$48,400
4	Windsor, Ontario	2.49	$154,100	$62,000
3	Saint John, New Brunswick	2.46	$150,500	$61,300
2	Fredericton, New Brunswick	2.31	$150,400	$65,000
1	Moncton, New Brunswick	2.29	$141,800	$61,900

Source: Cox and Pavletich, 9th Annual Demographia: International Housing Affordability Survey

Appendix B

Year Over Year Median Income and Median Home Prices – Greater Victoria Municipalities

Median Sale Price - Single Family Detached (2011 Dollars)

Municipality	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Central Saanich	$296,600	$302,200	$323,700	$358,100	$424,300	$483,200	$533,000	$591,400	$578,000	$586,900	$578,900	$550,000
Colwood	252,600	251,300	272,800	304,500	364,400	404,800	470,100	492,000	513,900	525,100	530,000	477,000
Esquimalt	242,600	228,000	261,700	285,800	347,000	397,800	436,300	459,200	504,400	500,500	518,700	485,000
Highlands	293,500	311,700	344,100	418,100	563,100	532,300	747,300	697,900	614,700	628,700	694,700	567,300
Langford	242,600	255,000	267,700	307,300	366,300	402,300	434,100	481,800	508,600	503,100	545,500	489,500
Metchosin	363,200	347,000	404,100	433,300	495,300	638,700	631,900	654,300	630,500	665,500	658,700	638,500
North Saanich	395,900	381,700	419,700	454,900	560,000	644,600	681,400	745,200	735,600	698,300	751,300	705,000
Oak Bay	395,900	395,700	415,500	485,800	575,700	653,300	719,800	747,400	801,300	723,400	807,900	760,000
Saanich	294,100	288,100	309,600	349,900	400,700	476,100	522,000	572,300	588,400	585,400	607,200	590,000
Sidney	226,200	236,600	257,800	290,400	343,600	395,600	442,900	478,000	502,600	498,400	499,200	480,000
Sooke	221,200	226,800	237,400	256,600	289,700	358,600	384,600	430,000	435,900	424,400	434,500	399,900
Victoria	262,700	268,500	275,500	320,700	366,500	448,200	492,300	532,300	540,700	530,600	581,500	565,000
View Royal	289,100	297,600	311,100	330,700	370,700	446,000	500,000	581,800	560,600	557,500	603,600	560,000

Source: Victoria Real Estate Board, 2013

Median Sale Price - Townhouse (2011 Dollars)

Municipality	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Central Saanich	$203,000	$217,000	$205,000	$262,400	$297,600	$308,200	$359,600	$400,200	$402,500	$390,400	$385,800	$373,000
Colwood	194,800	169,200	176,300	224,500	277,700	392,100	346,200	422,000	456,100	512,500	451,800	380,000
Esquimalt	203,900	214,500	200,800	213,400	246,200	304,500	360,500	376,400	383,600	382,500	393,600	375,500
Highlands	-	-	-	-	-	-	-	-	-	-	-	-
Langford	168,400	171,600	161,000	177,300	259,400	275,000	315,400	370,200	377,200	366,800	385,900	340,000
Metchosin	-	-	-	-	-	-	-	-	-	-	-	-
North Saanich	302,900	289,900	321,900	328,900	366,500	384,900	522,000	591,300	551,700	559,600	557,800	524,000
Oak Bay	353,200	386,200	444,100	414,100	515,300	526,700	585,200	628,500	620,000	563,300	578,700	568,500
Saanich	274,600	260,200	272,800	290,400	368,700	386,500	395,500	446,200	447,400	452,000	445,600	430,000
Sidney	225,600	224,400	290,800	285,800	311,400	346,300	364,900	412,700	380,400	362,600	400,400	401,300
Sooke	143,900	171,600	166,700	188,200	193,000	280,000	324,200	345,700	361,400	351,000	427,100	309,000
Victoria	223,400	216,400	218,200	291,500	309,100	349,600	395,600	403,100	427,200	440,200	463,100	461,300
View Royal	274,000	246,900	272,200	271,200	296,000	369,700	384,000	406,500	404,600	395,600	463,000	415,600

Source: Victoria Real Estate Board, 2013

Median Sale Price - Condo Apartment (2011 Dollars)

Municipality	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Central Saanich	$202,200	$205,000	$203,700	$191,200	$214,000	$231,400	$318,200	$301,100	$333,100	$287,200	$280,500	$312,500
Colwood	82,900	-	74,300	86,200	178,500	216,000	218,100	284,900	299,400	268,300	259,900	252,500
Esquimalt	115,600	115,200	137,000	134,100	170,600	207,300	247,200	269,900	274,300	270,600	286,600	275,000
Highlands	-	-	-	-	-	-	-	-	-	-	-	-
Langford	154,000	154,500	169,100	167,300	191,200	207,800	263,600	290,200	297,900	298,700	298,500	289,000
Metchosin	-	-	-	-	-	-	-	-	-	-	-	-
North Saanich	152,100	229,900	176,300	204,100	248,600	296,900	272,000	419,300	338,900	311,300	347,100	690,000
Oak Bay	216,800	190,000	221,800	256,600	366,500	351,300	384,600	328,500	367,500	353,200	354,600	385,000
Saanich	132,000	133,600	143,800	154,200	179,200	217,400	243,900	274,200	294,200	276,700	268,900	275,000
Sidney	166,200	150,800	168,100	180,200	261,100	289,900	294,500	295,700	366,700	322,800	338,000	318,000
Sooke	100,900	125,000	130,700	101,500	119,900	145,700	172,500	182,800	192,600	183,400	285,600	189,000
Victoria	163,400	151,100	161,900	186,600	213,000	254,900	280,200	303,500	304,700	303,400	319,000	296,000
View Royal	197,800	189,300	167,800	205,900	209,600	258,900	323,700	344,000	362,400	363,600	301,000	300,000

Source: Victoria Real Estate Board, 2013

Median Sale Price - All Regions (2011 Dollars)												
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Single Family Detached	281,526	284,732	299,750	335,323	391,650	459,430	495,645	550,572	562,195	560,721	591,781	560,000
Townhouse	232,385	226,805	233,506	267,384	302,327	343,957	373,547	402,660	409,825	417,135	432,028	400,250
Condo Apartment	$154,588	$144,665	$155,870	$173,610	$203,841	$238,567	$269,143	$290,878	$301,852	$295,558	$300,522	$290,000
Source: Victoria Real Estate Board, 2013												

Median Family Income by Family Type												
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
All Family Units	$46,900	$49,300	$51,400	$45,300	$51,400	$43,000	$44,800	$46,200	$58,300	$56,900	$55,000	$52,000
Economic Families	70,100	72,600	76,800	76,600	82,200	75,600	76,400	83,700	89,200	88,800	88,700	78,000
Unattached Individuals	29,700	32,900	29,200	26,200	28,900	20,700	26,200	24,900	32,400	31,100	28,100	26,100
Source: Statistics Canada, 2013												
2011 Constant Dollars												

Median Sale Price - All Regions		
	2000 to 2011 Growth	Average Annual Growth Rate
Single Family Detached	98.9%	6.7%
Townhouses	72.2%	5.3%
Condo Apartments	87.6%	6.2%
Source: Victoria Real Estate Board, 2013		

Median Family Income by Family Type		
	2000 to 2011 Growth	Average Annual Growth Rate
All Family Units	10.9%	1.5%
Economic Families	11.3%	1.2%
Unattached Individuals	-12.1%	0.2%
Source: Statistics Canada, 2013		
2011 Constant Dollars		

Appendix C

Government Imposed Charges in Twenty-one Canadian Municipalities

2009 Total Estimated Municipal, Provincial and Federal GICs for Dwellings with Median Selling Price

Decreasing relative value of GICs				Decreasing absolute value of GICs			
Centre	Median Selling Price	Total GICs	% of Selling Price	Centre	Median Selling Price	Total GICs	% of Selling Price
Surrey, BC	$567,207	$108,050	19.05%	Vancouver, BC	$1,288,137	$151,559	11.77%
Vaughn, ON	$523,295	$98,713	18.86%	Toronto, ON	$842,743	$141,120	16.75%
Ottawa, ON	$362,489	$64,702	17.85%	Surrey, BC	$567,207	$108,050	19.05%
Hamilton, ON	$335,141	$57,168	17.06%	Vaughn, ON	$523,295	$98,713	18.86%
Toronto, ON	$842,743	$141,120	16.75%	Burnaby, BC	$775,481	$94,685	12.21%
Waterloo, ON	$375,903	$62,791	16.70%	Ottawa, ON	$362,489	$64,702	17.85%
Halifax, NS	$277,605	$45,256	16.30%	Waterloo, ON	$375,903	$62,791	16.70%
Quebec, QC	$225,508	$35,008	15.52%	Hamilton, ON	$335,141	$57,168	17.06%
Windsor, ON	$231,428	$34,741	15.01%	Saskatoon, SK	$379,087	$51,602	13.61%
Montreal, QC	$339,839	$49,161	14.47%	Montreal, QC	$339,839	$49,161	14.47%
Saskatoon, SK	$379,087	$51,602	13.61%	Halifax, NS	$277,605	$45,256	16.30%
Burnaby, BC	$775,481	$94,685	12.21%	Edmonton, AB	$451,333	$41,289	9.15%
Charlottetown, PEI	$179,118	$21,385	11.94%	Calgary, AB	$437,039	$38,221	8.75%
Vancouver, BC	$1,288,137	$151,559	11.77%	Prince George, BC	$364,465	$37,145	10.19%
Greater Sudbury, ON	$318,663	$32,535	10.21%	Quebec, QC	$225,508	$35,008	15.52%
Prince George, BC	$364,465	$37,145	10.19%	Windsor, ON	$231,428	$34,741	15.01%
Winnipeg, MB	$312,442	$28,654	9.17%	Greater Sudbury, ON	$318,663	$32,535	10.21%
Edmonton, AB	$451,333	$41,289	9.15%	Winnipeg, MB	$312,442	$28,654	9.17%
Calgary, AB	$437,039	$38,221	8.75%	Charlottetwon, PEI	$179,118	$21,385	11.94%
Yellowknife, NT	$403,721	$20,795	5.15%	Yellowknife, NT	$403,721	$20,795	5.15%
Whitehorse, YT	$310,833	$14,760	4.75%	Whitehorse, YT	$310,833	$14,760	4.75%

Appendix D

Interview Question Templates

Group 1: Not-for-Profit Housing Providers

1. Introductions: thank participant for their time and provide a context for the discussion, outlining interest in affordable housing, with a specific focus on workforce housing and affordable home ownership.
    a. Can you tell me about your position and responsibilities at <insert name of organization>?
2. Affordable housing is a term that is used to describe quite a number of housing needs. Can you tell me how your organization defines affordable housing?
3. Can you discuss how your organization exercises its mandate in relation to affordable housing?
4. Can you discuss any deliberations your organization has had related to affordable home ownership?
    a. (follow up if required) Can you discuss the thinking behind your decision to (not) pursue home ownership in your affordable housing programming?
5. In your opinion, what should the role of government be related to affordable housing?
    a. How do you see that role applying to workforce housing?
    b. How do you see that role applying to affordable home ownership?
6. Similarly, in your opinion, what should the role of other stakeholders be related to affordable housing?
    a. How do you see that role applying to workforce housing?
    b. How do you see that role applying to affordable home ownership?
7. Are there any home ownership models you are aware of, in Canada or international jurisdictions, that you would describe as successful or unsuccessful?
    a. What are the factors that you believe make them either successful or unsuccessful?

Group 2: Government, Institutional and Industry Representatives
(Government – Provincial and Capital Region)

1. Introductions: thank participant for their time and provide a context for the discussion, outlining interest in affordable housing, with a specific focus on workforce housing and affordable home ownership.
    - Can you tell me about your position and responsibilities at <inset name of organization>?
2. *<Housing Matters/ the CRD Housing Affordability Strategy>* articulates the strategies of the <BC government/ CRD> related to the continuum of housing needs.
    - Can you discuss the priorities or emphasis that the government places on each of the strategies?
    - Can you discuss the options that the government is considering to improve access to home ownership and the thinking behind those considerations?

3. There are a variety of home ownership programs that have been implemented in various international jurisdictions, and to a lesser extent, in jurisdictions in Canada. These programs emphasize specific policies depending upon the priorities of the jurisdiction regarding the primary issues of maintaining affordability and equity building for owners.
    - Can you tell me about the policy priorities of the <BC government/CRD> on these primary issues?
4. What, in your opinion, is the biggest challenge and the biggest promise to establishing and/or maintaining a significant home ownership program in British Columbia?

(Institutional – CMHC, BC Housing, Vancity Enterprises)

1. Introductions: thank participant for their time and provide a context for the discussion, outlining interest in affordable housing, with a specific focus on workforce housing and affordable home ownership.
    a. Can you tell me about your position and responsibilities at <insert organization>?
2. <Your organization> has been involved with a number of affordable homeownership initiatives. Can you discuss the nature of your involvement and the policy priorities that you consider to support any of the initiatives?
3. In the experience of your organization, what types of homeownership program models have been the most or least successful in BC?
    a. What aspects of the program design do you think contribute to or take away from a successful model?
4. (BC Housing only) What do you see as the advantages and disadvantages of the affordable homeownership initiatives as implemented in other provinces?
5. What, in your opinion, is the biggest challenge and the biggest promise to establishing and/or maintaining a significant homeownership program in British Columbia?
6. Do you have any further suggestions on things I may want to consider in evaluating the opportunity for an affordable homeownership initiative for the Capital Region?

(Industry – for profit and not-for-profit developer, Victoria Real Estate Board)

1. Introductions: Can you tell me a bit about your industry/business?
2. What is your perception of housing affordability related to workforce housing and homeownership?
3. Can you discuss to what degree the housing affordability concerns you are aware of are related specifically to home ownership?
4. In your opinion, what could the role of government be related to affordable housing?

5. Similarly, in your opinion, what could be the role of other stakeholders be related to affordable housing?
    a. How do you see that role applying to workforce housing / affordable homeownership?
6. How would you describe the role of industry/business owners in addressing the issue of the provision of affordable housing for employees?
7. Do you have any ideas regarding a collaborative approach to address the issue of workforce housing?

Group 3: Representatives of Affordable Homeownership Programs

1. Introductions: thank participant for their time and provide a context for the discussion, outlining interest in affordable housing, with a specific focus on workforce housing and affordable home ownership.
    a. Can you tell me a bit about your position here at <insert name of organization> and your experience in implementing and/or leading a home ownership program in your community?
2. Can you describe the start-up and enduring roles of the various stakeholder involved in your service model?
    a. Government (local, provincial and federal)
    b. Financial institutions
    c. Developers
    d. Employers
3. Can you discuss specifics of the financial aspects of your organization's homeownership model? For example, what are the details on the following point:
   FIRST CLARIFY IF THE MODEL DOES OR DOES NOT INCLUDE SHARED EQUITY
    a. How the price is set for the ownership units.
    b. The nature of employer assistance in homeownership.
    c. The nature of the financing requirement for the purchaser
   IF APPLICABLE AS SHARED EQUITY MODEL
    d. The nature of the percentage of the share that <the organization> holds and how that is determined.
    e. The structure for equity re-purchase for the owner
    f. The aspect of equity recapture in the model
4. Thinking back on the your organizational development, can you discuss your decision-making on the primary tensions that arise in designing an affordable home ownership model? Some examples of such tensions include:
    a. Preserving affordability vs providing equity growth opportunity for owners
    b. Eligibility requirements for purchasers and ongoing eligibility
    c. Government support for homeownership vs support for housing for lower income groups
    d. Personal use of property vs investment use or non-occupancy
    e. Control vs non-control of asset: such as the owner borrowing against the equity or bequeathing the property
5. Can you discuss the performance of your organization's model in a declining real estate market and the effects of that market condition on both the owner and the organization?
    a. What happens to equity and financial stability of the organization when the market drops?
        i. Is the operational funding of your organizaiton dependent upon the performance of the real estate?
    b. Are the owners guaranteed a pay-back at their purchase level or do they share in the market loss?
6. What have evaluations of your program outcomes evidenced concerning the financial performance of your model and the long-term housing outcomes of owners?
    a. What are the objectives of the model?

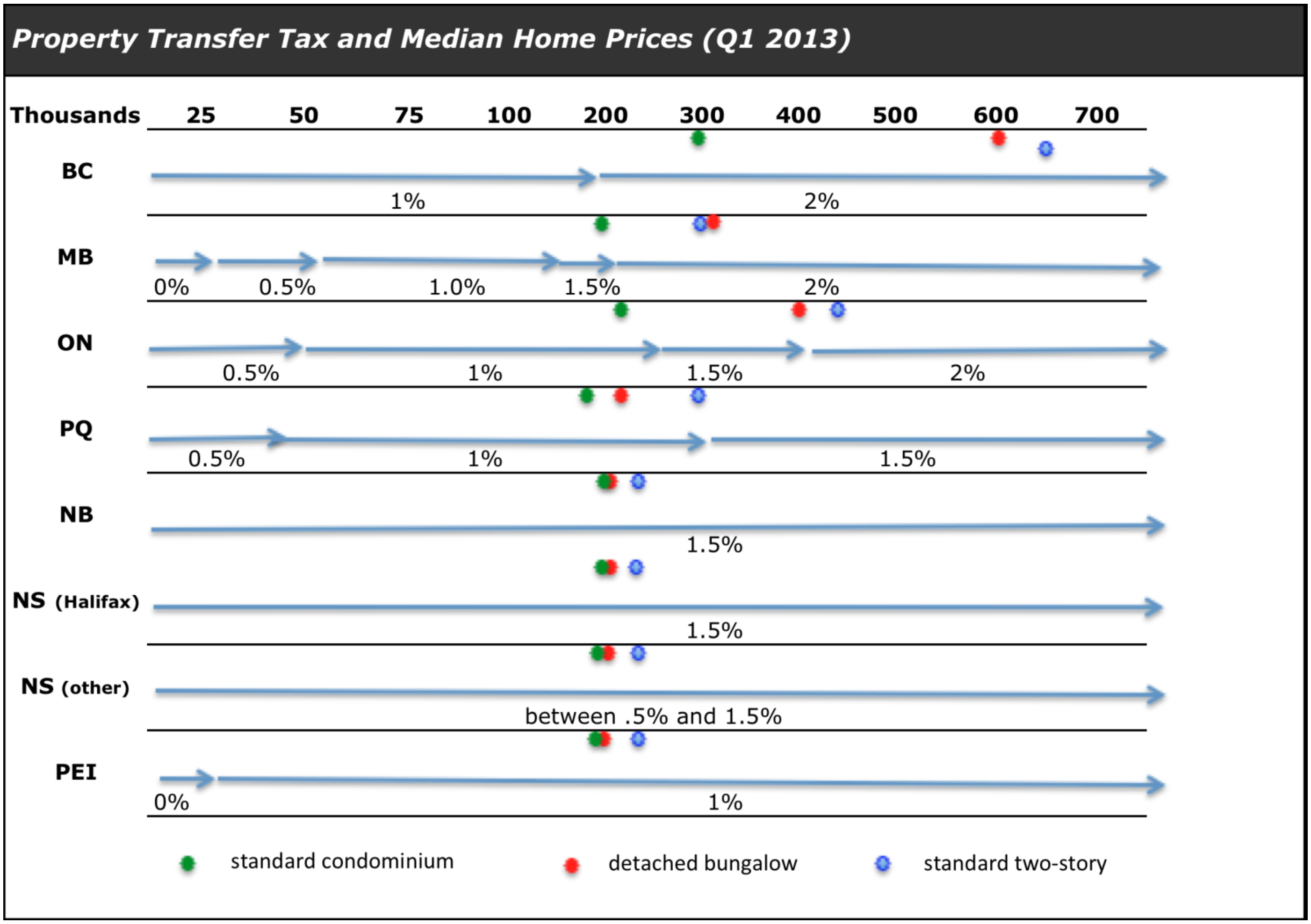
    b. How have you measured achievement of the objectives?
7. What (if any) provincial or municipal policy characteristics were important for the performance of your model, both in its early implementation stages and currently (if an appropriate time frame has passed)?
    a. If you were able to change the existing policy framework, what changes do you believe would have facilitated better performance for affordable homeownership?
8. Can you describe the challenges and support from the residents in the communities in which your organization's model has been implemented?

Appendix E

Affordable Homeownership Program Components

	Whistler Housing Association	Wood Buffalo Housing and Development Corporation	INHOUSE	Attainable Homes Calgary Corp.	Options	Langford Affordable Home Ownership	Saskatoon Mortgage Flexibility Support Program
Gov't support at start up	√	√	√	√	√	√	√
Eligibility Requirements							
Income thresholds	X	√ based on 30% rent geared to income	√	√	**X** 75% have no income threshold √ 25% targeted at low income	√	√
Residential requirements	√	√	√	√	√	√	√
Asset testing	√	√	√	√	**X**	√	√
Affordability Measures							
Resale control	√ price	√ time	√ time	√ time	**X**	√ time and price	**X**
Shared equity	**X**	√	√	√	√	**X**	**X**
Down payment assistance	**X**	√	√	√	√	**X**	√

Appendix F



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