

MAKING AN IMPACT

Through HCF Grants

Tackling Poverty Together Initiative Partnership Helps Low-Income Families Buy Their First Home

Fifteen families are moving from social housing to home ownership thanks to Hamilton HomeStart, a partnership between the municipal government, the private sector, and the not-for-profit sector – and the 15 will soon become 55 families as the program rolls out.

With partners Scotiabank, the City of Hamilton and CityHousing Hamilton Corporation, the Hamilton HomeStart program offers a great financial leg-up to CityHousing Hamilton tenants: if the participant can save at least \$100 per month in a special Scotiabank savings account, he or she can receive up to \$4,500 from the City and up to \$1,000 from Scotiabank to be used toward a down payment on a house in Hamilton. (City Council approved reallocation of approximately \$255,000 in existing funds to provide the Hamilton HomeStart matching grants.)

The tenant must save for at least one year to qualify, and can save as long as three years to receive the maximum matching funds. After 36 months of saving \$100 per month, the tenant would have at least \$8,200 to put to a down-payment, and could have \$10,000 if they contributed \$125 per month to access the maximum matching amounts. To receive the matching funds, the tenant agrees to buy a house in the City of Hamilton and to obtain a Scotiabank mortgage.

The program also requires mandatory participation in crucial training: financial education offered free by Scotiabank and a nine-week (at three hours/week) general home maintenance course taught by the Threshold School of Building. The \$420 course fee is paid with Hamilton Community Foundation's grant. Participants also attend an information seminar about Hamilton's housing market, sponsored by the REALTORS Association of Hamilton-Burlington, and an education workshop about home ownership offered by Canada Mortgage and Housing Corporation.

Hamilton HomeStart is targeting families in CityHousing Hamilton's single and semi-detached units, row townhouses, and family apartments. Staff encourage tenants to apply to the program by making an appointment with Scotiabank's Centre Mall branch. At the appointment, Scotiabank assesses the tenant's financial information and determines whether the household is eligible for the program – that is, whether they will be able to qualify for a mortgage within the program's timeframe of one to three years.

How HCF is Helping

- *Hamilton Community Foundation helped launch HomeStart with a \$10,000 Tackling Poverty Together (TPT) grant from its Community Fund. The Foundation's grant was Hamilton HomeStart's first financial contribution and helped attract further support.*
- *"This program is exactly the kind of life transforming opportunity we hoped TPT would find," says HCF's Carolyn Milne. "By breaking down the barriers to home ownership for tenants in subsidized housing, we're giving families a chance to get out of poverty. The family is contributing, we're contributing, the City is contributing, and the private sector is contributing. That kind of partnership can begin to level the playing field for low-income people."*

The program is relatively new, but interest is intense and already 15 families have signed formal agreements with Scotiabank and the City. Another 19 families are continuing to work with Scotiabank to become eligible for future participation. The goal for the program is to enroll 55 families over the coming months.

Affordable Housing in Hamilton

According to the Social Research and Planning Council, there are 14,652 social housing units in Hamilton, of which 10,000 are rent-geared-to-income (RGI). There are 4,258 households on the RGI waiting list.

The market situation for rental housing is equally grim. Rents in Hamilton average \$745 for a two-bedroom apartment, while social assistance shelter allowances for a family of three are \$571 (Ontario Works) and \$729 (Ontario Disability Support Program).

Home Ownership as a Pathway Out of Poverty

The poverty cycle can't be broken by income assistance alone. People need opportunities to save and invest in their futures. Owning a home is the cornerstone of financial security for most Canadians.

The Hamilton HomeStart program is based on demonstrated best practice: home ownership and individual development accounts (IDAs) are known to be extremely effective tools that break the poverty cycle. They also cushion against unexpected income losses.

IDAs are dedicated savings accounts that use both financial incentives and training to help the poor save for assets that will increase their long-term financial stability. IDAs have a history of success in the USA. Here in Canada, a home ownership IDA demonstration project known as **Home\$ave**, a project of Social and Enterprise Development Innovations (SEDI), a non-profit organization that assists people who are struggling economically, is showing similar success.

The matching concept gives people a hand up, rather than a hand out, and the partnership illustrates the unanimous win when sectors work together.

Who Wins With Hamilton HomeStart Program

- *Low-income families complete the program with both a substantial down-payment for a house and the skills they need to be successful homeowners.*
- *CityHousing Hamilton maximizes the use of its social housing portfolio by helping to move families into home ownership and freeing up RGI housing for people on the social housing wait list.*
- *The City of Hamilton plays a leadership role in addressing local affordable housing concerns.*
- *Scotiabank generates business, educates customers, and promotes community vitality.*
- *Neighbourhoods gain resident homeowners with a vested interest in long-term stability.*