

Converting Housing Tenure

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Housing Tenure

Refers to the arrangement to occupy a home/property. Tenure will be either:

- Rental
- Rent to Own
- Homeownership

Tenure should be planned and managed according to the approved housing policy which will define ownership and obligations of all parties.



Converting Housing Tenure

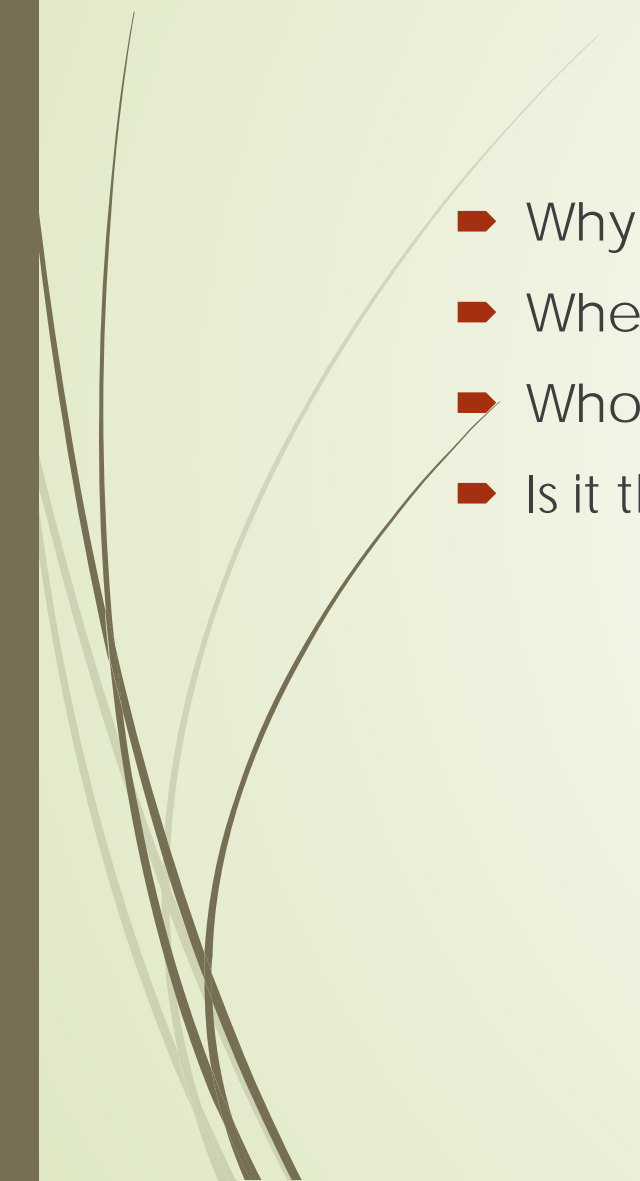
Means changing the tenure of the home and usually means a change in responsibilities for all parties.

Possible tenure conversions:

- Rental to Rent to Own
- Rental to Homeownership
- Rent to Own to Homeownership



You May be Wondering...

- ▶ Why would a First Nation convert tenure?
 - ▶ When should a First Nation convert tenure?
 - ▶ Who benefits?
 - ▶ Is it the right approach for my community?
- 



Should your First Nation Consider Tenure Conversions?

- ▶ Does your portfolio include Section 95 homes that are fully amortized or will soon be fully amortized?
- ▶ Does your portfolio include band owned homes where the First Nation pays to insure, maintain and provides services?
- ▶ Do the occupants or tenants want to own the home or, believe that they already do?
- ▶ Is your community interested in supporting qualified members in becoming independent /self-sufficient homeowners?



Example of a Tenure Conversion

A fully amortized Section 95 home is converted from rental tenure to homeownership tenure.

- ▶ The property is registered in the name of the member (who is now the homeowner).
- ▶ The homeowner's responsibilities will increase; they will be fully responsible for the physical and financial aspects of the home.
- ▶ The First Nation's responsibilities will decrease; they no longer have responsibility to manage the home.
- ▶ The homeowner can rent out the home, give it away, sell the home, make improvements, etc.



A Few Questions to Ask

- ▶ Would the First Nation consider a rent to own trial period (3-5 years)?
- ▶ Would the First Nation offer a homeownership trial period(1 year)?
- ▶ Is there an approved homeownership policy?
- ▶ Does the First Nation wish to remove the rental unit from the portfolio?
- ▶ Is there a land tenure system in place to support homeownership?
- ▶ Does the tenant qualify to become a homeowner?
- ▶ Can the tenant afford to be a homeowner (i.e. ongoing operating costs such as insurance, maintenance, repairs, services)?
- ▶ What support or counselling can the First Nation provide?



In Summary

- Review the existing portfolio. both Section 95 and band owned.
- Consider if converting tenure is right for your community.
- Begin to plan for conversion *before* the loan is fully amortized.
- Identify budgets to support tenure conversion.
- Develop a policy to guide the conversion process.
- Develop eligibility criteria for the property/unit and occupant.
- Clarify how responsibilities will change after tenure conversion for the First Nation and the occupant.
- Provide support to occupants both before and after their responsibilities change.



Questions

