



Aboriginal Affairs and
Northern Development Canada

Affaires autochtones et
Développement du Nord Canada

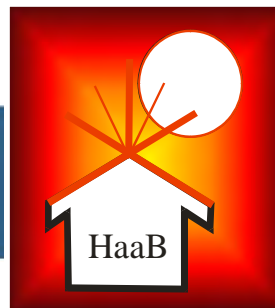


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HOUSING AS A BUSINESS PRESENTATION



Canada

HOUSING AS A BUSINESS PRESENTATION



A Community Business Based Entity
By Ken Jacobs



Five Objectives of this Presentation

- 1. Review “the Business of Housing”.**
- 2. Examine the Demand for Housing on First Nations.**
- 3. Review a Plan to Build More Houses on Each First Nation.**
- 4. Identify the Major Components of a “4 Phase” Approach to HaaB**
- 5. Outline a Strategic Business Plan to Build, Renovate and Sell more Houses for Your Community.**



What is a Business?

Very Simply Stated:

The Production of Goods or Services For Profit.



What is a Business? – What you Need.

Seller:

- ✓ **Honest**
- ✓ **Established**
- ✓ **Reputable**

Product:

- ✓ **Quality**
- ✓ **Demand**
- ✓ **Fair Price**

Buyer:

- ✓ **Ready**
- ✓ **Willing**
- ✓ **Able**





Successful Business Characteristics

- **Profitable**
- **Self Sustaining**
- **Job Creation**
- **Skill Development**
- **Growing Market**
- **Revenue Sources**
- **Practical Debt to Equity Ratios.**



Revenue Sources From Housing

- ✓ **Financing (Mortgages)**
- ✓ **Materials**
- ✓ **Infrastructure**
- ✓ **Construction**
- ✓ **Maintenance**
- ✓ **Housing Inspection**
- ✓ **House Furnishings**
- ✓ **House Repairs**
- ✓ **Host of Other Areas.**



**How much direct money is
generated from the
construction of a \$200,000
house?**

| Based on a \$200,000 House | \$ Per House | X 10 Houses |
|---|---------------------|--------------------|
| Finance - Interest (25 Year Amortization 4% interest spread - \$180,000) | \$104,050 | \$1,040,500 |
| Labour Component (Ratios Labour is 50% of the House Cost) | \$100,000 | \$1,000,000 |
| Materials (37 % - 45%) | \$74,000 | \$740,000 |
| Developer Profit (10% of Cost - Stats Canada - Performance Plus) | \$20,000 | \$200,000 |
| Professional (3%) | \$ 6,000 | \$ 60,000 |
| TOTAL | \$304,050 | \$3,040,500 |



Secondary Revenue / Business Opportunities from Housing (HaaB)

- ✓ Landscaping
- ✓ Snow Removal
- ✓ Deck Building
- ✓ Additions
- ✓ Renovations
- ✓ Furniture
- ✓ Interior
Decorating
- ✓ Appliances

- ✓ Insurance
- ✓ Maintenance
- ✓ Repair
- ✓ Bulk Purchases
- ✓ Refinancing
- ✓ Foreclosure
- ✓ Commissions
- ✓ Utilities (Fuel)
- ✓ Other



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The Demand For On-Reserve Housing

Government Estimates



First Nations in Canada

- ✓ Newfoundland 3
- ✓ Nova Scotia 13
- ✓ Prince Edward
Island 2
- ✓ New Brunswick 15
- ✓ Quebec 39
- ✓ Ontario 126

- ✓ Manitoba 62
- ✓ Saskatchewan 70
- ✓ Alberta 44
- ✓ British Columbia 198
- ✓ Yukon 16
- ✓ Northwest
Territories 26

Total First Nations in Canada....614



Demand for Housing (Data Source... AFN)

- **May 31, 2005... *First Nation Housing Action Plan* ... “the current First Nation housing shortage is 80,000 units”.**
- **Approximately 130 homes per First Nation (average).**



Demand for Housing (Data Source... AANDC)

- “Overcrowding and inadequate housing are of particular concern on-reserve, where there is a current housing shortage of between 20,000 and 35,000 units”
- “The shortfall is growing by an estimated 2,200 - 4,500 units a year”.



Demand for Housing (Data Source... AANDC)

- **As of March 2004, INAC (AANDC) reported a total of 95,479 dwelling units on reserve, of which 16,878 required major repairs and 5,199 needed replacement.**



Potential Market for Backlog Only

Housing backlog estimate.....60,000

Cost per house estimate.....\$200,000

$\$200,000 \times 60,000 \text{ units} = \$12,000,000,000$



Potential Market for Backlog in Ontario (20%)

Ontario Backlog Housing Market

\$2,400,000,000

(Average of \$19,000,000 per Community)



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How to Build More Houses

THE PRINCIPLES



Principles

- **Community decision making and control will be maintained**
- **Quality and fair price (including a reasonable profit) are required**
- **Needs based and Affordability based housing are both required, ie: larger, more expensive homes should be available to members that qualify for large mortgages.**



Principles Continued...

- **The legal title to land and home ownership must be clear, i.e.: Certificate of Possession, First Nation Allocation, etc...**
- **Traditional housing construction and financing methods will be practiced and modified where appropriate; however, new and innovative practices will be promoted.**



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How to Build More Houses

**THE ASSUMPTIONS /
REALITIES OF THE DAY**



Assumptions/Realities

- **First Nation members knowledge of housing concepts and mortgage concepts is limited**
- **Housing on-reserve is sometimes viewed as a social/political right**
- **The climate to access financing for housing on-reserve is improving.**



Assumptions / Realities

- **The market for residential on-reserve housing is vast and increasing. The young population and members returning from off-reserve add to this market**
- **Brain Drain (Bring the Talent Home to Stay).**



Assumptions / Realities

- **There is an untapped market of gainfully employed middle to upper class that require suitable housing**
- **Existing housing policies favour high need low income community members**
- **Existing policies have restrictive limits on loan ceilings and conditions.**



Determining Community Readiness

First Nation Characteristics

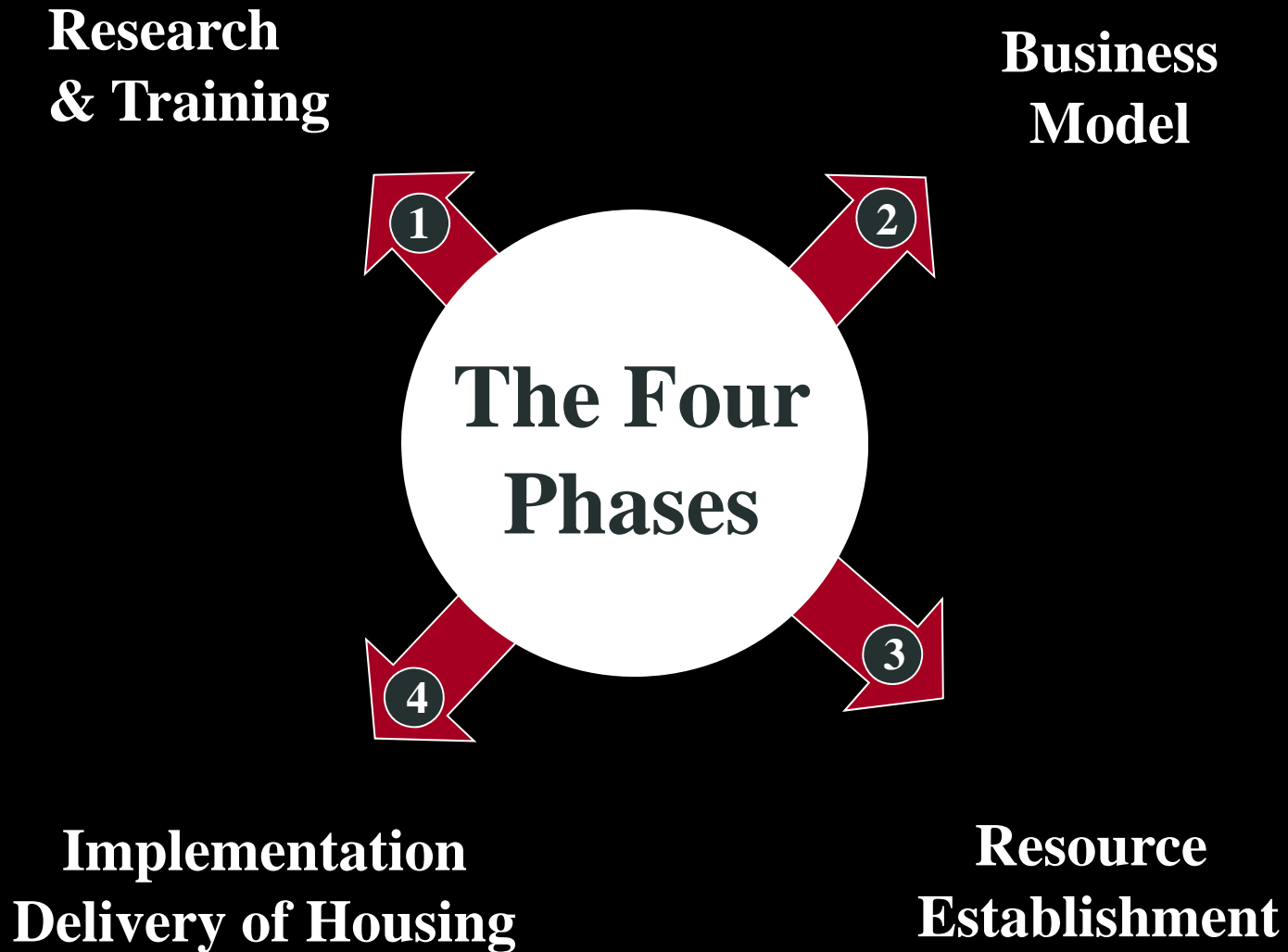
- Reasonable Employment Levels
- Willingness to take on Debt
- Lands Department
- Land Base (Infrastructure)
- Serviced Land
- Security of Land Tenure
- Willingness to separate politics from business.



How to Build More Houses

The Four Major Phases

A Four-phased Approach to
Establish Housing as a
Business (HaaB)





Phase One – Research & Training

- **Collect data on the housing needs, types of homes required, client profiles and existing housing programs**
- **A series of information sessions will then be conducted to familiarize stakeholders with the concept of mortgages and the economic opportunities with housing**
- **Policies, best practices, procedures, agreement documentation will be developed.**



Phase Two – Business Model

- **A five year business projection and business plan will be developed**
- **Mandate will be required from Chief & Council to establish the structure of the separate housing entity to operate housing as a business.**



Phase Three – Establishing The Housing Business

- **The entity will be resourced with proper staff, equipment and facilities to deliver on the five year business plan**
- **Agreements will be negotiated with various agencies, such as: financial institutions, contractors, technical service groups, government agencies, suppliers, etc...**



Phase Four - Implementation

- **The Delivery of Housing Construction.**
- **The Selling of the Houses**
- **The Management of the Business.**



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Summary Overview of The Strategic Plan for a “Housing Business Entity”

Major Tasks



**Contracting
and Purchasing**



**Policy/Program
Management**

**Quality
Control
Inspection
Unit**



**Government
Relations**

**Land
Issues**

**Financial
Management
(Sources &
Uses of
Funding)**

**Applicant
Inventory Data
Base**



“Summary Overview of The Strategic Business Plan for a Housing Business Entity”

Details of Major Tasks



① Policy/Program Management

- **Client criteria for eligibility**
- **Selection process methodology and criteria**
- **Special subsidy eligibility, incentives, bonuses**
- **Housing options**
- **“Landlord Tenant Act” equivalent (guarantee, warranties and appeal rights)**
- **Enforcement and Collections.**



②

Government Relations

- **Between First Nation communities**
- **Federal Government: AANDC, CMHC, Environment Canada, Revenue Canada, etc...**
- **Provincial Government**
- **Neighboring Municipalities.**



3

Financial Management

- **CMHC Section 10 and Section 95 housing, Direct lending programs**
- **Community Mortgage Funds (Revolving Loan)**
- **First Nation guarantees with Banks**
- **Client Equity**
- **Provincial Subsidies**
- **Federal Government Capital funds**
- **Major Capital Plan**
- **AANDC “First Nation Market Housing Fund”**
- **Other sources.**



④ Applicant Inventory & Database

- Detailed community profiles of Existing Housing
- Developing client profiles and applicant inventory for new Housing requirements
- Linking client purchasing power with Existing Housing Resources.



5

Land Issues

- **Community Property (Band Owned)**
- **Certificate of Possession (Private)**
- **Other First Nation Land Management Systems**
- **Environmental Management**
- **Zoning or bylaw considerations.**



⑥ **Quality Control - Inspection**

- **Building Code Standards**
- **Health and Safety Standards**
- **Inspection Services.**



7

Contracting & Purchasing

- Issuing tender documents
- Negotiating purchase agreements
- Contracting documents
- Mortgage documents.



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Why Today?





- **Large and growing market**
- **Low interest rates**
- **Proven profitable business**
- **Proof of low loan delinquency in housing in First Nation communities**
- **Bank & institution eagerness to finance housing deals**
- **Profitable venture based on Non-social housing concepts.**



Why Today.... Continued...

Proven Best Practises Business Models... For Example: First Nation Revolving Loan Funds:

- **Six Nations: \$17 million portfolio**
 - **MBQ: \$13 million**
 - **Wendake: \$22.8 million**
 - **Kahnawake: \$15 million**
 - **Piikani: New**
 - **Nipissing: \$421.6 K**
 - **Namgis: \$3.5 million**
- Plus others ** Data Source Michael Rice.**

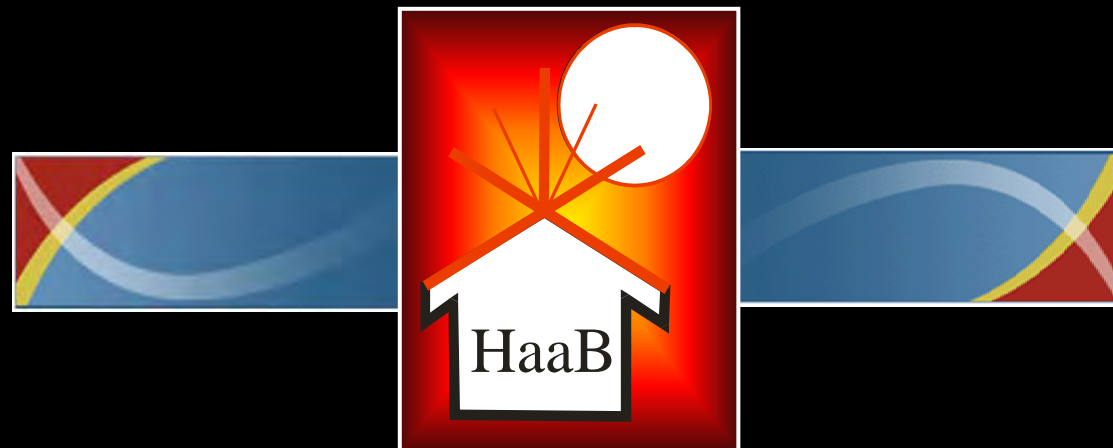


Why Today.... Continued...

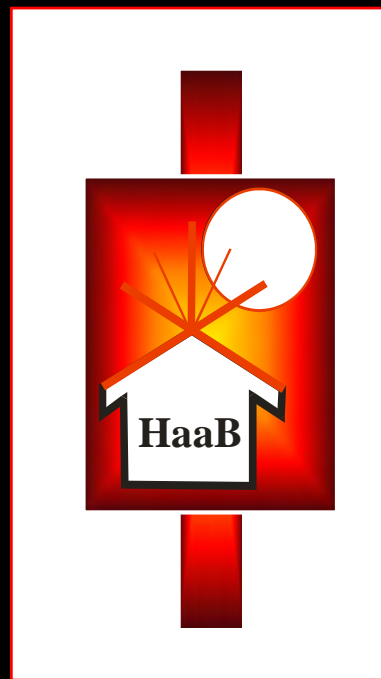
- **Profits can be allocated to social housing or other Community needs**
- **Step towards having control of our own housing**
- **Government housing initiatives**
- **First Nation readiness**
- **Many factors are finally in place to support on-Reserve Housing**
- **H.O.M.E. Team.**

THE ONTARIO AANDC HOUSING AS A BUSINESS

Two Short Videos



Kitigan Zibi First Nation Housing as a Business



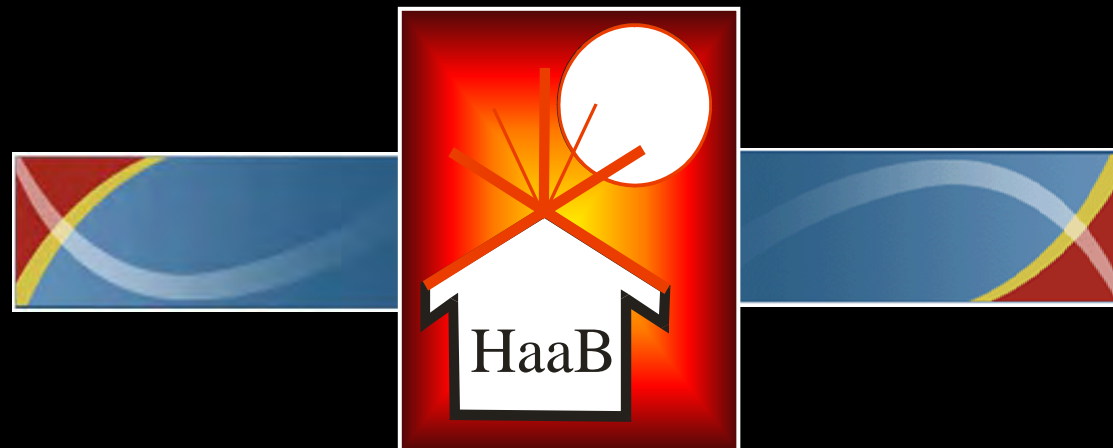


THE ONTARIO AANDC HOUSING AS A BUSINESS



THE ONTARIO AANDC HOUSING AS A BUSINESS

The Home Team



Who is HOME Advisory Team?

The Housing as a Business initiative is guided by a volunteer advisory board made up of professionals from the private and public sector. The advisory board is called the “Housing Opportunity Management Expertise” Advisory Team (H.O.M.E. Advisory Team or the H.O.M.E. Team).

Who is the HaaB H.O.M.E. Team ?



Ken Jacobs - Chair - AANDC - Ontario Region. Ken has promoted HaaB since 1980's and works with INAC Economic Development Programs.



Michael Rice - Housing - AANDC HQ
Mike has worked with his community in Kahnawake and is an expert on Housing Revolving Loan Funds.

Who is the HaaB H.O.M.E. Team ?



Chris Maracle - Special Advisor – AANDC HQ. Chris worked with his community in Mohawks of the Bay of Quinte and is an expert in on-Reserve Housing Construction and Management.



Kathy Campbell (KC) – Centre Manager, Ontario Aboriginal Housing Aboriginal CMHC.

Who is the HaaB H.O.M.E. Team ?



Gerry Huebner – AANDC National Policy Analyst. Jerry is an proactive expert on partnerships, funding and finance.



Chris Hamden - AANDC– ABDP - ABC Ontario Manager. Chris is an expert in government programs that support private business

Who is the HaaB H.O.M.E. Team ?

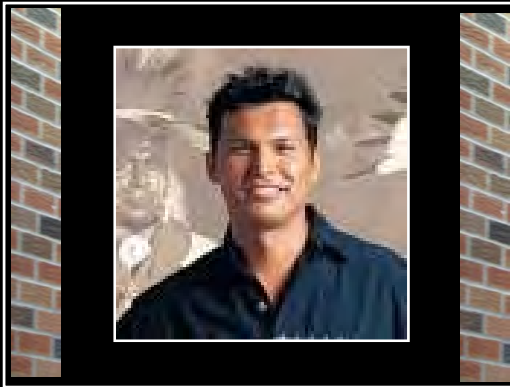


Grace Martineau – OFNTSC
Housing Advisor



Diane Levola - Lands Officer -
AANDC Ontario. Diane is an expert
on land management systems.

Who is the HaaB H.O.M.E. Team ?



Wayne Staats-Six Nations Housing-Finance. Wayne is an expert in program management in housing with practical day to day operations.



Lisa Alphonse - Ministry of Aboriginal Affairs.
Contact for other provincial Ministries and services

Who is the HaaB H.O.M.E. Team ?



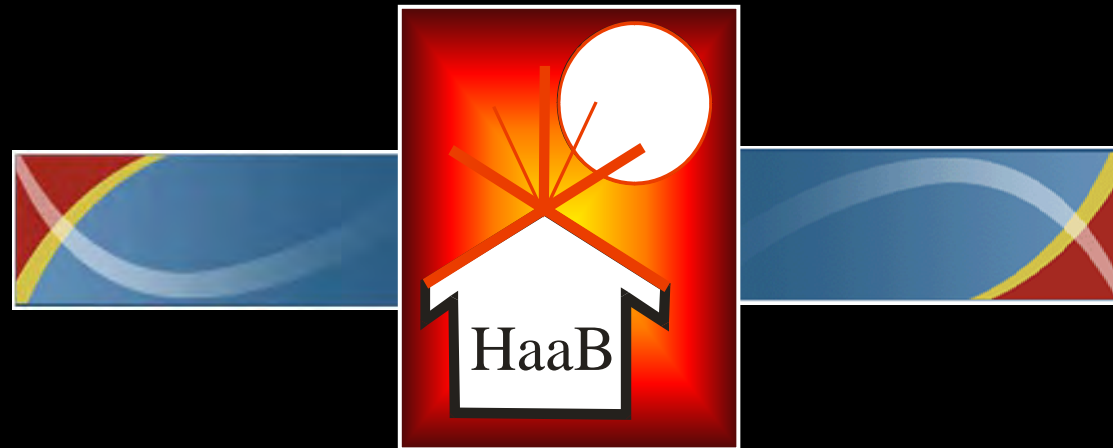
Jeffrey Toulouse Wikwemikong First Nation – Housing Manager. Expert in construction, housing management and landlord/tenant arrangements



Mr. E. Commanda (Serpent River FN) serving as manager the FNMHF. Prior to that, Earl was the Director of the Housing and Infrastructure at the AFN.

THE ONTARIO AAND HOUSING AS A BUSINESS

The Home Team Commitment



HOME Team Commitment

- 1) Help advance the Housing as a Business (HaaB) concept on Pilot First Nations as determined by the First Nation**
- 2) Recommend and guide strategic HaaB plans and priorities for the First Nation**
- 3) Recommend specific actions and best practices to develop HaaB on Pilot First Nation**
- 4) Foster communication among First Nations practitioners that wish to develop Housing as a Business on their First Nation**
- 5) Work with First Nation Professionals and Advisors.**

HOME Team Commitment

- 6) Evaluate, monitor and make recommendations to stakeholders and practitioners on the demonstration projects to enhance the success of the businesses**
- 7) Develop specific tools and templates for HaaB practitioners.**

THE ONTARIO HOUSING AS A BUSINESS WORKSHOP

March 22-24, 2011

First Nation Participants



Housing as a Business

1st Nation

Participants

First Nation

- Aamjiwnaang
- Batchewana
- Fort William
- M'Chigeeng
- Moose Cree
- Nipissing
- Oneida
- Rama
- Sagamok
- Wikwemikong
- Mississauga New Credit
- Algonquins of Pikwakanagan
- Atikameksheng Anishnawbek





HOUSING AS A BUSINESS WORKSHOP REPORT

Workshop Goals and Objectives

March 22-24, 2011

Sponsored by:

Aboriginal Affairs and Northern Development Canada

Workshop Goals & Objectives

- 1) **Change attitudes of all participants to consider "Housing as a Business" rather than a social or capital program**
- 2) **Outline the various business opportunities that housing presents**
- 3) **Provide First Nation examples (speakers) of different successful business in housing**
- 4) **Help stakeholders to develop an action plan on how best to develop these concepts in their territories**
- 5) **Identify potential First Nation HaaB pilot projects.**



HOUSING AS A BUSINESS WORKSHOP REPORT

Final Recommendations

March 22-24, 2011

Sponsored by:

Aboriginal Affairs and Northern Development Canada

Top 10 Recommendations

1. Experts on HOME Team
2. Website – All information updated
3. Follow up Workshop
4. HaaB Position Paper
5. More Land Tenure Info (Website)
6. Horizontality – Need National & Regional
7. Communication & Marketing Plan
8. Funding & Financing Plan
9. Find a Housing Host for HaaB
10. HOME Team Marketing Planning.

THE ONTARIO AANDC HOUSING AS A BUSINESS





First Nation Pilot Participants From Workshop One



Housing as a Business Potential First Nation Pilot Projects



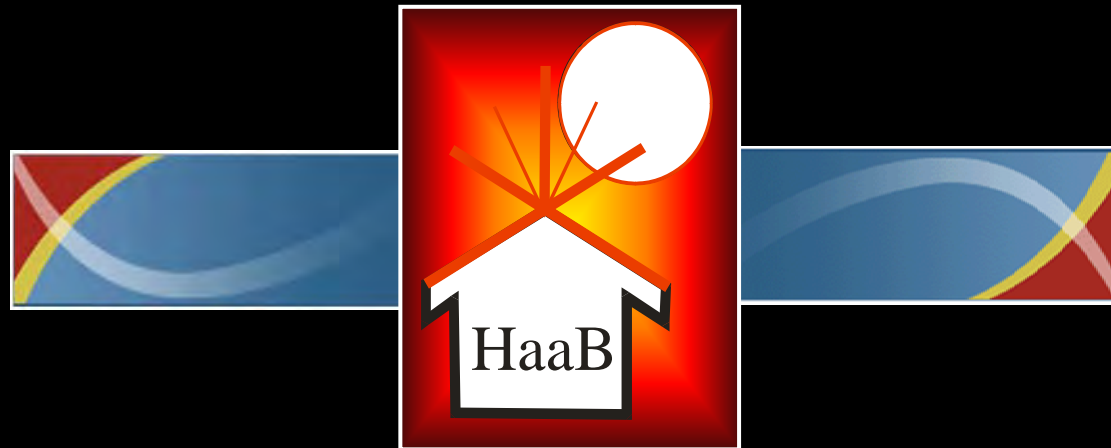
First Nations

-  Mississaugas of the New Credit
-  Nipissing
-  Pic River
-  Wikwemikong



THE ONTARIO AANDC HOUSING AS A BUSINESS

Benefits to First Nations



Benefits of HaaB To First Nations

- 1) New Service to a Previously un-serviced Market**
- 2) More Housing on First Nations**
- 3) Profits can be allocated to social housing or other community needs**
- 4) Step towards having control of your own housing.**
- 5) Additional Government housing initiatives**
- 6) First Nation controls interest rates (protection)**
- 7) Proven Profitable Business Entity (Examples)**
- 8) Proof of low loan delinquency in Housing on First Nation communities**
- 9) Quality Housing (First Nation Standards)**
- 10) Investing into the Community Membership.**

HOUSING AS A BUSINESS WORKSHOP II

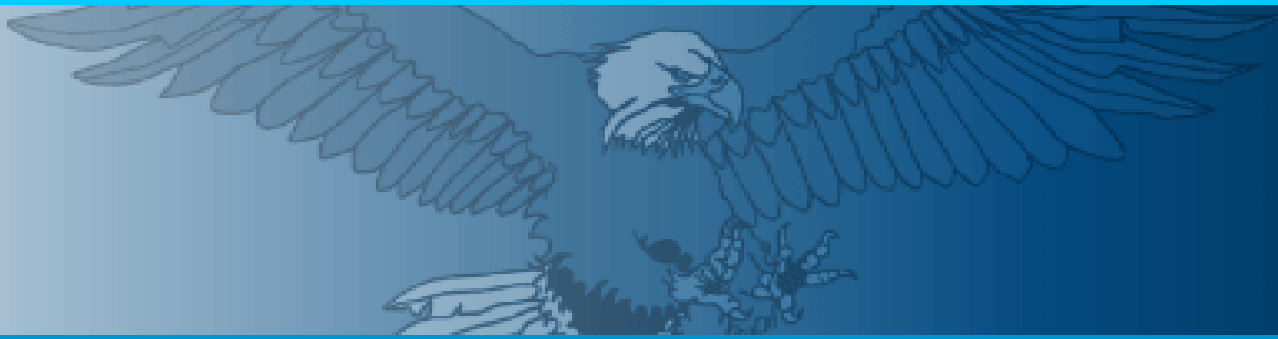
OCTOBER 4-6, 2011



Conclusions

Summary

www.haab.ca



Chi
Miigwech !

Thank You



Information Evaluation