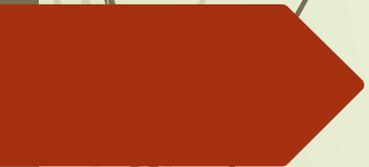


# The True Cost of Housing

Roxanne Harper  
Turtle Island Associates Inc





# Consider for a Moment....

- ▶ What does it cost to build/purchase a house in your community?
- ▶ What does it cost to manage a house in your community?
- ▶ What does it cost to **not** manage a house in your community?



# What it Costs to Build a Home

- ▶ The average building cost of a 3 bedroom home in Northern Ontario is \$\_\_\_\_\_.
- ▶ If the home is owned by the First Nation the debt financing is the responsibility of the First Nation.
- ▶ To finance the home the First Nation can consider:
  - Using the INAC subsidy
  - Applying for the CMHC Subsidized Section 95 program
  - First Nation contribution, OSR, BBC
  - Securing a repayable loan
- ❖ Construction/purchase costs are one time costs and only *part* of the true cost



# What it Costs to Manage a Home

## Expenses

- Loan Repayment
- Insurance
- Maintenance
- Repairs
- Replacement Reserve Fund
- Contingency
- Administration

## Revenue

- First Nation Contribution
- Rental or Maintenance Fees
- CMHC Subsidy (Section 95 unit)

# When a Home Is Managed

The First Nation will be able to:

- Protect people and property,
- Balance revenue and expenses,
- Follow property management plans,
- Plan for future housing projects,
- Increase satisfaction of the tenants, administration and leadership.



# What it Costs to *Not* Manage a Home

The cost of not managing a home goes beyond the financial aspects and can include:

- Using non-housing revenue to cover housing expenses.
- A housing deficit when expenses exceed revenues.
- Homes are not maintained to an acceptable standard.
- Lack of maintenance today becomes costly repairs tomorrow.
- Dissatisfaction and/or increased frustration of tenants.
- Increased stress for staff and leadership.
- Limits the First Nations ability to build housing projects in the future.





# Managing or Not Managing - Which is More Affordable?

The decision to manage or not to manage the portfolio is made by each First Nation.

- ▶ Housing should be treated as a business for the community.
- ▶ All housing costs should be considered (e.g. construction, infrastructure, property management, emergencies).
- ▶ Confirm the resources the First Nation can afford to contribute to housing.
- ▶ Identify what the tenants will contribute.
- ▶ Consider whether the approach is sustainable.



# Housing is a Business

## We Can Change How we do Business

The First Nation, as the owner, is responsible to manage and protect it's investment in housing.

- ▶ A First Nation can choose to manage housing programs and services as a business.
- ▶ The First Nation could use a non-profit approach to housing; the First Nation offers affordable and suitable housing while balancing revenue and expenses.
- ▶ The tenant can be required to share the responsibility for housing.



# To Demonstrate the True Cost of Housing Consider:

- ▶ Deciding how financial responsibilities will be shared with the tenant.
- ▶ Utilize housing agreements that detail costs and obligations .
- ▶ Inform tenants how payments are calculated (less housing subsidy).
- ▶ Develop annual operating budgets and plan to increase annually.
- ▶ Have qualified staff to manage the portfolio and educate tenants.
- ▶ Improve reporting to Chief and Council and the membership.
- ▶ Conduct regular home visits for all properties under administration.
- ▶ Share information through workshops, information sessions, social media etc.



# Share Information on the True Cost of Housing

- Take the time to inform leadership and confirm if they support change.
- Consult the membership to gain support to revise the housing policy.
- Consider what cost will be recovered; if so, how will this be done.
- Develop budgets and plans. Consider regular increases to housing fees.
- Revise policy, procedures and administrative practices to support the approach.
- Implement and consistently enforce the housing policy.
- Develop real and enforceable consequences for the tenants.
- Continue educating the community on the true cost of housing.



# Questions

