
REPORT TITLE: **BlackNorth Initiative Homeownership Bridge Program**

FROM: Janice Sheehy, Commissioner of Human Services
 Gary Kent, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

That the Region of Peel approve a one-time grant in the amount of \$2,500,000 to the BlackNorth Initiative to be allocated to 50 eligible Peel households under the BlackNorth Initiative Homeownership Bridge Program, to be funded from the 2021 Housing Support operating budget with no net financial impact to the Region;

And further, that the Director of Housing Services be delegated authority to execute the grant agreement with BlackNorth Initiative, on business terms satisfactory to the Commissioner of Human Services and on legal terms satisfactory to the Regional Solicitor.

REPORT HIGHLIGHTS

- Regional Council endorsed the BlackNorth Initiative pledge on May 27, 2021 (Resolution 2021-540).
 - Homeownership allows households to build equity, provides financial stability for retirement and allows generations to transfer wealth to their children.
 - In the Greater Toronto and Hamilton Area, research indicates that black households are underrepresented among ownership households.
 - The BlackNorth Initiative is working to assist 50 Black renter households in Peel Region to become homeowners through its BlackNorth Initiative Homeownership Bridge Program.
 - The requested funding is \$50,000 per household for 50 Peel households for a total requested grant of \$2,500,000 from the Region of Peel, to be funded from the 2021 Housing Support Services operating budget with no net impact to the Regional budget.
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DISCUSSION

1. Background

The BlackNorth Initiative is committed to the removal of anti-Black systemic barriers negatively affecting the lives of Black Canadians. Founded in June 2020 and led by a Board of 30 influential Canadian leaders, nearly 500 Canadian businesses and non-profit organizations, including municipalities, have signed the BlackNorth Initiative pledge, committing to the cultivation of meaningful change in their organizations and in broader society. On June 11, 2020, Regional Council recognized anti-Black racism as a crisis in Peel (Resolution 2020-448). In addition, Regional Council endorsed the BlackNorth Initiative pledge on May 27, 2021 (Resolution 2021-540).

BlackNorth Initiative Homeownership Bridge Program

2. Homeownership as a Response

Almost 70 per cent of all Canadians, including Ontarians, are homeowners. Decades of housing policy have promoted and supported pathways to homeownership for many residents. Homeownership allows households to build equity, provides financial stability for retirement and allows generations to transfer wealth to their children. In the Greater Toronto and Hamilton Area (GTHA) however, research indicates that decades of systemic racism have caused black households to be underrepresented among ownership households, and the gap is growing. Generally speaking, low-income racialized households are overrepresented in the rental market. Over the last few years, the highly competitive real estate environment, exacerbated by the COVID-19 pandemic, has made homeownership increasingly unaffordable. This exacerbates the challenges encountered by black households in participating in the ownership market.

Regional Council committed to addressing systemic discrimination by supporting policies and programs that address inequities that the Black community and other marginalized groups continue to experience within Peel (Resolution 2020-448). It is with this commitment in mind, that staff is recommending Regional Council approve funding for the BlackNorth Homeownership Bridge Program (the “program”) as outlined in this report. The objective of the funding is to help disadvantaged black households in Peel achieve home ownership and build intergenerational wealth.

a) BlackNorth Initiative Homeownership Bridge Program

The BlackNorth Initiative Homeownership Bridge Program is designed to mobilize several sectors of society to re-address systemic racism by working together to provide the opportunity of homeownership to more Black Canadians. Focused on the GTHA, the BlackNorth Initiative is working with all levels of government, banks and credit unions, philanthropists and donors, real estate developers and non-profits to provide the opportunity of homeownership to up to 200 renter households between 2021-2026. In Peel, the target is to assist 50 Black renter households realize the dream of homeownership.

The program is designed to assist families with household incomes as low as \$65,000 realize homeownership by providing them with participation in a shared equity homeownership program. The first mortgage for the home will be held by a conventional lender, while the funding secured from all other sources will be consolidated and used to bridge the gap between an affordable mortgage and current real estate prices as a second mortgage held by the program. In addition to the funding consolidated from all levels of government and philanthropic donations, the BlackNorth Initiative is working with real estate developers and non-profit organizations, like Habitat for Humanity, to procure homes at more affordable purchase prices for program participants.

Should a homeowner decide to sell their home, the program and the homeowner share in the appreciation. This model enables the homeowner to build equity while ensuring the program can reinvest some of the proceeds earned upon sales to help future generations of Black homeowners. In addition, the program model has an option to have first right-of-refusal to purchase the home from the seller household. Additional supports for homeowner success are provided by the program and include financial literacy and preparation for homeownership information. Potential arrangements for future generational transfer of the home to an eligible adult child will also be built into the program to enable generational equity building.

BlackNorth Initiative Homeownership Bridge Program

3. Program Grant

As outlined above, the BlackNorth Initiative is seeking program funding from several sources. Advocacy and discussions with all levels of government and GTHA service managers, as well as philanthropic donors and real estate developers is underway. The BlackNorth Initiative has created relationships with banks and credit unions to enable conventional mortgage financing for households participating in the Program. It is the intention of the BlackNorth Initiative and all committed stakeholders to announce the launch of this Program before the end of 2021.

The BlackNorth Initiative is planning to assist 50 Black renter households in or moving to Peel Region through this program. The requested funding is \$50,000 per household for a total requested grant of \$2,500,000 from the Region of Peel. By committing this funding, the Region of Peel will be the first municipality to fund this program, demonstrating our commitment to the BlackNorth Initiative Pledge.

Staff is recommending that the Region of Peel enter into a grant agreement with BlackNorth Initiative to provide the requested funding of \$2,500,000 prior to year's end.

RISK CONSIDERATIONS

The BlackNorth Initiative Homeownership Bridge Program financial model was recently developed by expert panels that included members of the BlackNorth housing committee and industry leaders. The recent volatility in the real estate market and future unknown market changes may alter some of the program's financial assumptions. The financial model has been created to be robust and consider potential market changes that may happen 20-30 years into the future.

Program details, including eligibility criteria are still to be finalized. Regional funds will not be issued to the BlackNorth Initiative until all program details have been finalized and Regional staff is satisfied that the program will be administered fairly and transparently and will achieve its intended outcomes.

Further, the grant agreement with the BlackNorth Initiative will include a requirement that the funding provided by the Region of Peel for this Program must be returned should the Program not be launched prior to the end of 2022.

FINANCIAL IMPLICATIONS

The 2021 Housing Support operating budget has sufficient funding to provide the \$2,500,000 of grant funding for the BlackNorth Initiative Homeownership Bridge Program. This funding will have no net impact to the Regional budget.

CONCLUSION

In the Greater Toronto and Hamilton Area, lower income neighborhoods where housing is mainly rental in tenure, have an over representation of racialized households.

Regional Council committed to addressing systemic discrimination by supporting policies and programs that address inequities that the Black community and other marginalized groups continue to experience within Peel. The financial support of the BlackNorth Initiative

BlackNorth Initiative Homeownership Bridge Program

Homeownership Bridge Program demonstrates intentional action and support from the Region of Peel.

For further information regarding this report, please contact Aileen Baird, Director, Housing Services, aileen.baird@peelregion.ca.

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Reviewed and/or approved in workflow by:

Department Commissioners, Division Directors, Financial Support Units and Legal Services.