

Research for **communities**

Homeownership for Low-Income Households

outcomes for families and communities

Since 2000, SEED Winnipeg, a community economic development agency has been helping low-income families save to purchase homes. The SEED program, which is supported by the Manitoba government, the United Way, Investors Group, an anonymous donor, and individual contributors is based on the idea that wealth generation—or asset building—is an important step in moving families out of poverty. To qualify for the program, participants must live in Winnipeg, have a family income that is at or below 120 per cent of Statistics Canada's Low Income Cut-Off (LICO) based on family size, demonstrate personal motivation to improve their financial future, and meet other criteria specific to the individual's saving goal.

Program participants go through SEED's Money Management training course. This course includes approximately 20 hours of facilitated instruction as well as self-directed homework activities. Particular attention is focused on assuring that the program and its materials meet the needs of adult learners with limited literacy and numeracy skills.

Participants establish Individual Development Accounts (IDAs) in which savings are matched with funds provided by institutional sponsors on a three-to-one basis. Since the program's inception, 90 individuals have/had an asset goal of home purchase, 47 successfully purchased homes and 24 are currently saving to buy a home.

The total self-reported annual income of the participants who were interviewed increased, on average, by \$22,000 from the date of sign up to the date of the interview. This amounted to an increase of more than 100 per cent. It may be the case that homeownership had some effect on these families that improved their earning potential, such as an increase in self-esteem. It is also likely that participation in the SEED IDA and money management program along with the personal financial counselling provided them with the tools and motivation to improve their situations. Additionally, it is possible that other factors led to this difference such as the participants being in a long period of unemployment at the time of sign up or the household may have gained additional income earners over

time. Further research would be required to sort out the significance and magnitude of these effects.

The 2008 Canadian Centre for Policy Alternatives-Manitoba's *State of the Inner City Report* includes a detailed report on this homeownership initiative. The report reviews the literature on the implications of homeownership for low-income families, provides a statistical summary of the SEED Winnipeg program, and the results of interviews with 19 of the 47 people who purchased homes through the program. Devon Arthurson, Heather Bendell, Jil Brody, and Sandra Guiboche conducted and transcribed the interviews. Jesse Hajer wrote the report and conducted a literature review on the impact of homeownership on low-income people.

This document focuses on the view of the individuals who purchased homes. The full report can be obtained from the Canadian Centre for Policy Alternatives.

SATISFACTION AND SECURITY

The participants, in general, were very positive when it came to evaluating their choice to become homeowners. Eighteen out of the 19 participants said homeownership has made a positive difference for their household and 17 said that buying a home has made them happier with their life. Sixteen out of the 19 report that they were "very satisfied" with being a homeowner while the remaining three said they were "somewhat satisfied". A variety of reasons were provided when the participants were asked to elaborate, but certain themes emerged. Stability and financial security were often cited, as were personal freedom

and access to more living space. Five of the participants gave the following reasons when asked to elaborate on their positive assessment of homeownership:

First of all you're building equity, so that gives you financial security...All the confidence comes from...[seeing] an example of why you're working hard.

I love it because of the privacy. I always dreamt about a house for me and my kids and that's always what I was dreaming of for many years and thanks again to IDA. Without, without them I don't think I would be able to make it. And they did it.

Almost 90 per cent of the respondents stated that they were more confident about their future now that they were homeowners. A large proportion of the participants said they now felt more like part of the community (69 per cent) and more respected by their neighbours (47 per cent) now that they are homeowners.

SELF-ESTEEM

It appears that homeownership, for many of the participants interviewed, has led to higher self-esteem. One participant said the following about her experience as a homeowner:

It helped me develop my self-confidence. It helped me be more involved with a neighborhood and a community. It provided a sense of security...That sense of pride spilled over to more areas of my life.

For many participants this increase in self-confidence and more positive expectations about the future came from an increased sense of stability and control over their lives. One participant spoke of how being able to plant a garden that she will be able to tend for years has made a big difference in her life:

I just know I am not going to have to go through all the effort and stress and unsettling parts of having to move again and also I'm able to make long-term plans. I have a yard with a garden; that is really important in my life. It's, having a garden right there on my front steps and soon [on] my back steps. For me, that's really important and knowing I'm going to be there to enjoy it. Actually, I've never had a garden that I knew I was going to be able to enjoy over the long term so, for a gardener with a lot of special interests in gardening; that really means a lot to me.

CHILDREN AND COMMUNITY INVOLVEMENT

Another participant elaborated on the positive impact that the program had on him and his family:

If it wasn't for their help...I'd be still the same shy, little Filipino guy that's going term-by-term position at a company. It's a definite confidence builder and it's a very, very good growing experience. I'd highly recommend it, highly recommend it.

Just over half of the participants noted that they were more involved

in the community now that they were homeowners.

All of the families with children who purchased homes through the program reported that homeownership had resulted in greater stability in their children's lives. Over 90 per cent of the families with children noted that homeownership had provided their children with more space to study and play, and over two-thirds of the parents noted that their children are more likely to have friends over than before they owned their home.

FINANCIAL STRESS

Almost 90 per cent of the respondents noted that homeownership had created challenges that had added stress to their life. Fifty-eight per cent of the participants said that the bills that came with homeownership were higher than expected and almost 4 in 10 of the participants stated that repairs had been more frequent or costly than expected. Almost half of the participants said that these unexpected costs led to financial challenges for their household. In the words of one participant:

I'm happy that I have achieved owning a home. But what hurts the most is in the wallet. You know, a lot of the repairs, the bills. You can't stop eating, you can't stop watching television, you can't stop entertaining yourself...you can't stop having to look good, clean yourself, keep yourself, make a promise to yourself to stay as healthy and clean as possible. Or even your own family...you have to maintain that.

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While it is true that many of the participants faced financial challenges resulting from homeownership, many of them noted that this was not necessarily a bad thing since it taught them how to be better managers of their budgets and households. One participant said that homeownership “made us more responsible. We have to set the budget for everything. We can’t buy anything that we want. We have to wait”. One participant, when asked if he had anything else to add at the end of the interview gave the following statement:

They played an essential role...I truly can’t think of how I could have done it without them. I was pretty stretched to the max in a lot of different ways and I don’t know if I would have been able to put that down payment together to have it when I needed it; and also they did have supports and stuff there and you know what, even the simple fact of having to attend these classes on a regular basis was...constant reinforcement and commitment to carrying my plan through...I had personal circumstances happening and I got a lot of support that I felt I needed at the time. It was all an important part of me getting to where I am.

One participant noted the head start and directional focus that SEED provided her:

It would have been probably several more years before I would have gotten a house, first of all. And then the tips they gave got me started in the right direction.

Many participants noted that without the help of SEED, they would not likely have become homeowners:

They helped us with part of the down payment for our house and they taught us a lot of money management things and how to handle our credit because... especially starting here in Winnipeg, there is a lot of people offering you a lot of credit cards...so they taught us how to handle those things...We are still carrying all the things that they taught us, it’s in my mind and all, and without the help of the down payment, I don’t think we will be able to buy this house.

When asked about suggested changes or additions to the SEED IDA program, many participants noted more preparation for dealing with renovations and contractors would have been helpful. Other unexpected challenges included the amount of paperwork necessary to complete the purchase of a home, and the difficulty of getting credit.

When asked about the program, one participant responded:

I’ve recommended it to other people and I feel they [should] also have the money saving program. I’d recommend it. I know a lot of single mothers, I’ve recommended it to them. I thought that staff was really wonderful at SEED...connecting with others and [being] part of the group. The whole program is a great program.