



Mohawk Council of Kahnawà:ke

ONKWA NONH SKON SHON

Tsi Na'tetewátere
Ionkhirihwahseronnién:nis
Tkaiatakwé'niìò:ke (SDUC)

Kahnawà:ke Housing
Department

POLICIES AND PROGRAM MANUAL

RENT TO EQUITY POLICY
Version 1.6

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PROGRAM MANUAL

RENT TO EQUITY POLICY

RENT TO EQUITY

(A) Program Pillars

1.0 Mission Statement

The **Rent To Equity Program** is intended to build equity for future homeowners of lower-to-middle-income Kahnawakérhó:non who qualify and who might otherwise find it impossible to make the necessary down payment to purchase a first home. The Program offers a scheduled savings component as well as “matching” funds to facilitate accumulation of the necessary funds to enter the housing market.

2.0 Target Market

The **Rent To Equity Program** is targeted to eligible Kahnawakehró:non who are close to being financially capable of home ownership but require some financial assistance, particularly in saving the down payment. They should be gainfully employed, in the lower-to-middle income bracket, and require suitable housing on-reserve. Because there are three (3) models of programming, there are also three (3) income brackets for qualification. These individuals must be willing to work with the Kahnawà:ke Housing Department Case Management in order to determine eligibility and at what income bracket they qualify.

3.0 Program Overview

The Rent to Equity Program allows qualified participants to set aside additional cash each month over and above their rent in order to save for a down payment and qualify for a mortgage.

Qualified participants in the Rent to Equity Program pay, in addition to their monthly rent to the MCK, an additional fixed amount each month into a separate trust account managed by the MCK Housing Department. This additional payment, over and above their monthly rent obligations, is referred to as the “RTE Tenant’s Equity Contribution”.

A hallmark of the Program is that MCK then makes a matching contribution to the trust equal to one-half (50%) of the RTE Tenant’s Equity Contribution each month up to a maximum defined contribution by the MCK per year (referred to as the “MCK’s Equity Contribution”) The “Total Equity Contribution” is composed of the RTE Tenant’s Equity Contribution and the MCK’s Equity Contribution is held in trust on behalf of the eligible Kahnawakehró:non.

Once the Total Equity Contribution is sufficient for a down payment, the RTE Tenant with an adequate stable income can choose to build a home using the MCK Revolving Loan Fund, or purchase another home by means of qualifying with the Caisse Populaire for a mortgage.

The Program offers three levels of monthly savings:

Model One: The **Co-Ownership Model** requires the RTE Tenant to pay monthly rent PLUS a RTE Tenant Equity Contribution of \$400 per month. The MCK will then make an Equity Contribution equal to one-half (50%) of the RTE Tenant's contribution to a maximum amount of \$200 per month.

Model Two: The **Equity Growth Program** requires the RTE Tenant to pay monthly rent PLUS a RTE Tenant Equity Contribution of \$300 per month. The MCK will then make an Equity Contribution equal to one-half (50%) of the RTE Tenant's Equity Contribution to a maximum amount of \$150 per month.

Model Three: The **Equity Savings Program** requires the RTE Tenant to pay monthly rent PLUS a RTE Tenant Equity Contribution of \$200 per month. The MCK will then make an Equity Contribution equal to one-half (50%) of the RTE Tenant's Equity Contribution to a maximum amount of \$100 per month.

4.0 Measureable Goals

The MCK Housing Department will endeavour to approve up to a maximum of four Rent To Equity homes per year, based on annual Canada Mortgage and Housing Corporation (CMHC) or other subsidies. Construction and program intake will undergo monitoring based on these subsidies and the MCK Housing Department annual budgets.

5.0 Cap on MCK Matching Equity Contribution

Under the RTE agreements, the MCK agrees to contribute an amount equal to 10% of the construction costs as established by the Financial Subcommittee. This is in conjunction with a 20% contribution of the totality of the RTE Tenant's Equity Contribution and is subject to the monthly and annual limits set out by the SDUC Financial Sub Committee. The amount of the MCK Equity Contribution is subject to a maximum cap on contributions by the MCK for the duration of any RTE Agreement. Specific dollar amounts will be detailed within the individual agreements.

6.0 Refund of RTE Tenant's Equity Contributions

In the event of termination of the RTE Agreement before the purchase of an existing home or new home is completed, the MCK will only refund the RTE Tenant's Equity Contributions plus the accumulated interest made by the RTE Tenant. However, the cost of repair of any damage to the home which was occupied by the RTE Tenant during the Program, reasonable wear and tear excepted, will be deducted from the amount refunded to the RTE Tenant.

7.0 Continuous Intake

The **Rent To Equity Program** has a continuous intake of new applications.

(B) Application Process & Selection

1.0 Program Limits/Authorities

- a) It is mandatory that an Applicant(s) to this program works with Case Management at the MCK Housing Department.
- b) As of the effective date of this manual, the cost for construction of a home within this program has been identified at \$157,751 with a fifteen (15) year amortization and CMHC subsidy at \$137,685. These estimates will require review by the SDUFSC annually based on construction prices together with CMHC guidelines at the time of construction.
- c) Rental rates for each of the three (3) models of the program are set at five hundred dollars (\$500). Income bracket and programming model of management per RTE Tenant(s) will be recommended by Case Management of the MCK Housing Department, subject to approval by the SDU Finance Subcommittee. The SDU will review rental rates within the program periodically to reflect the cost of living.
- d) A down payment towards the program is encouraged but not required.
- e) Based on income and affordability, the eligible RTE Tenant(s) will have options to purchase as determined by the Housing Department and SDUC.
- f) The RTE Tenant's Equity Contribution including the matching 50% from the MCK Housing Department is held in trust over the course of the program. The Total Equity Contribution may only be used as a down payment to purchase a home, either existing or new construction. If the Total Equity Contribution is not used to purchase or construct a home in accordance with the terms of the RTE Program, the Equity Contributions made by MCK become the sole property of the MCK, and the RTE Tenant has no right or claim thereto.
- g) The RTE Tenant may make rental, as well as additional equity payments, in person by cheque, Interac, cash, money order, or online banking service.
- h) Lump sum equity payments above and beyond the programming limits may also be made at the discretion of the RTE Tenant(s) as often as they wish, however these additional payments will not be eligible for 50% matching Equity Contributions by the MCK.

2.0 Eligibility

Must meet the requirements of an Eligible Applicant, as defined herein, and

- a) Must not already own a house or have owned a house. Onkwehón:we persons who are not from Kahnawà:ke who are married to a Kahnawakehró:non-member, or are common-law co-Applicants, must provide an affidavit confirming that they do not own a house on their respective territory and that they are not in the process of applying for a house in another territory.
- b) Certificate of Possession: The eligible Kahnawakehró:non will not receive proof of land ownership (certificate of possession, land transfer) before having successfully completed payment through the program.
- c) Must complete an application, providing the necessary information for approval and return it to the MCK Housing Department.

3.0 Ineligibility

Anyone who has ever received direct (or indirect in the case of RRAP) housing benefits from any other MCK Housing Department program listed in this manual (or the prior version of any of these programs), is not eligible to participate in this Program.

Any Applicant deemed ineligible can appeal the decision in accordance with the Appeals section of the Housing Policy and Program Manual.

(C) Evaluation of Eligible Applicant

1.0 Minimum Age

The Applicant must be at least 21 years of age as of the date of application. A request for an exemption may be made to the SDU Finance Subcommittee.

2.0 Gainfully Employed (Number of Years)

Generally, the minimum number of years that the eligible Kahnawakehró:non must be gainfully employed to access the Rent To Equity Program is three (3) years. Each Applicant will be reviewed individually by Case Management within the Housing Department to determine if the Applicant has shown employment stability in order to access the Rent To Equity Program.

3.0 Minimum Annual Income

The minimum annual income an eligible Kahnawakehró:non must earn to access the Rent To Equity Program is determined in the process of Case Management through the Kahnawà:ke Housing Department. The Program offers three minimum annual income levels:

- a) Co-Ownership family income level of \$40,000
- b) Equity Growth family income level of \$35,000
- c) Equity Savings family income level of \$30,000

Priority will be given to families with higher incomes within each of these income ranges.

4.0 Sources of Home Purchase Financing

When sufficient equity has been saved for a down payment, the RTE Tenant will apply:

- to the Caisse Populaire to secure financing to complete the purchase of another existing home, or
- to the MCK Revolving Loan Fund to finance new home construction.
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5.0 No Outstanding Debts to MCK

The Applicant must be in good standing with the MCK and its affiliated organizations and have no outstanding debts owed to the MCK.

6.0 Credit History

The Applicant must have a favourable credit history verified by a respected third party credit reporting agency, such as Equifax, and must meet the criteria established by the Housing Department .

7.0 Deposit

No deposit is required to be eligible for the Rent To Equity Program.

(D) Rental Agreement **Note that the Tenancy is subject to the terms and conditions of the RTE Lease Agreement, which will deviate from the Housing Department's standard Lease only to the extent necessary to meet the requirements specific to the Rent to Equity Program.

1.0 Rent Levels

Rent levels are established by the MCK Housing Department and the SDUC Finance Subcommittee.

2.0 Annual Increases of Rent

Rent will be increased by 2% per year on the anniversary of the move-in date.

3.0 Additional Equity Payment/Year

A RTE Tenant can make additional Equity Contributions once each year. MCK will match 50% of the RTE Tenant Equity Contribution to a maximum MCK contribution of \$1,000 per year. The MCK will not make an additional Equity Contribution in the last year of the RTE Tenant's Agreement.

4.0 Repair & Maintenance

Minor repair and normal maintenance is the responsibility of the RTE Tenant(s). Major repairs are the responsibility of MCK. See Appendix for major items covered by the MCK and the Housing Department. Damage repair and penalties will be charged to the RTE Tenant and the amount may be taken from the RTE Tenant's Equity Contribution if necessary.

5.0 CMHC – Repair Set-Aside Funds

As per CMHC contract, application of the repair funds is at the sole discretion of the MCK and the Housing Department.

6.0 Utilities

Utilities, including water, heat, hydro, air, phone, satellite, etc., are the responsibility of the RTE Tenant.

7.0 Insurance

Insurance for the tenant's personal property is the responsibility of the RTE Tenant. The MCK will obtain all necessary insurance as owner of the property in order to protect its assets as it sees fit.

8.0 Pet(s) Damage

Damage caused by pets is the responsibility of the RTE Tenant and may be required to indemnify the MCK for damage caused.

9.0 Reimbursement of Equity

Upon successful completion of the RTE Tenant(s)' rental program, the equity that is held in trust will be applied directly towards the mortgage which the RTE Tenant qualifies for. If, during the process of this program, the RTE Tenant does not comply with their agreement, they will be considered in default and an eviction process will ensue. At this point, only the RTE Tenant's portion of the equity (not the MCK Housing Department matching equity portion) will be released to the RTE Tenant.

(E) Rental Agreement Default and Eviction **Note that the Tenancy is subject to the terms and conditions of the RTE Lease Agreement, which will deviate from the Housing Department's standard Lease only to the extent necessary to meet the requirements specific to the Rent to Equity Program.

1.0 Termination by RTE Tenant

The RTE Tenant must give three (3) months' notice prior to terminating the lease agreement with the MCK Housing Department.

2.0 Termination by MCK - With Cause

The RTE Tenant will vacate the housing unit as per written notice from the Housing Department. Typically 30 days' notice will be given to vacate. Any and all damage to the property will be the responsibility of the RTE Tenant.

3.0 Account in Arrears

A RTE Tenant whose account is 30 days in arrears must work with Case Management to establish a remedial plan to bring the account current. Accounts that are 120 days in arrears will be sent to Case Management for termination of the agreement. Legal proceedings will start and an eviction notice will be delivered to the RTE Tenant.

Payments made under the RTE program will be taken from the RTE Tenant's Equity Contribution and applied to the outstanding rental amount.

4.0 Arrears Recovery (Penalty)

The RTE Tenant will be penalized according to the following structure for each month in arrears in addition to the rental amounts due:

- After 30 days in arrears the individual must work with case management
- After 60 days in arrears the penalty is \$100
- After 90 days in arrears the penalty is half of the rental payment
- After 120 days in arrears the penalty is a double rental payment

In addition, the RTE Tenant will forfeit any MCK Equity Contribution to the equity match program in its entirety. Damage repair will be charged against the RTE Tenant's Equity Contribution with the remaining balance returned to the RTE Tenant.

5.0 Account in Default

The RTE Tenant is in automatic default as soon the RTE Tenant fails one of his payment obligations under the lease agreement. However, the full consequences of default shall only be made applicable after one hundred and twenty (120) days unless the RTE Tenant has cured the default by making the necessary payments.

6.0 Persistently Late Payments

RTE Tenant(s) who are in arrears more than twice in a calendar year are deemed to be in default and their account will be sent to Case Management for termination of the contract.

7.0 Overcrowding

RTE Tenant will provide best efforts not to overcrowd the housing unit. Additional occupants must be declared to the Housing Department. In general, the overcrowding guidelines for the Housing Department are;

- One bedroom for each adult or couple.
- One bedroom for children 16 years of age or older.
- One bedroom for 2 children of the same sex up to 16 years of age.
- One bedroom for 2 children of opposite sex up to 5 years of age.

Case Management does have the authority to oversee and manage overcrowding issues within the units.

8.0 Notification & Eviction Notice

Notifications and notices of eviction will be hand delivered unless the RTE Tenant(s) is unavailable, in which case registered mail will be sufficient.

9.0 Damage to Unit

For added clarity, any and all damages will be the responsibility of the RTE Tenant(s) no matter how or who caused the damage. This does not include reasonable wear and tear. Failure to repair damages and meet the inspection requirements will result in breach of the program agreement and subsequent action against the RTE Tenant(s) will ensue (refer to Section G, 2.0).

The inspector will compare the state of the unit prior to the tenant moving in in comparison to the state of the unit during an inspection.

(F) Death/Marital Breakup of RTE Tenant(s)

1.0 Death of Tenant - Estate

The estate is eligible to receive the Equity Contributions made by the RTE Tenant(s), minus any costs of repair to the rental unit. If a family member is to take over the agreement with the MCK then they must qualify for the program regardless of whether the original RTE Tenant(s) qualified.

2.0 Marital or Common Law Breakup - Equity/Legal

The RTE amounts are subject to the agreement of the parties or court order. However, in order for one of the RTE Tenant(s) to assume henceforth the RTE Agreement to the exclusion of the other, then they must qualify for the program individually Under no circumstance is either party eligible to receive the MCK Equity Contribution unless they continue under the RTE Agreement.

(G) Unit Conditional Assessment

1.0 Access to Unit

The MCK Housing Department, at its discretion, will have access to the rental unit twice a year, (every six months from the move-in date). In addition, the Housing Department will have access to the unit at any reasonable time upon forty-eight (48) hours' notice in writing to the RTE Tenant.

2.0 Inspection Reports (Number)

A minimum of one (1) inspection report will be completed by the MCK Housing Department per year.

3.0 Move-In Inspection

An inspection by the RTE Tenant and a representative of the MCK Housing Department will take place before the move in date. Any deficiencies will be noted and will be repaired or replaced as warranted by the Housing Department. Both parties will sign off on the move-in inspection form.

4.0 Move-Out Inspection

An inspection by the RTE Tenant and a representative of the MCK Housing Department will take place before the move out date. Any deficiencies will be noted and will be repaired or replaced at the expense of the RTE Tenant. Both parties will sign off on the move-out inspection form.

5.0 Purchase Inspection

An inspection by the Purchaser and a representative of the MCK Housing Department will take place before the purchase date. Any deficiencies will be noted and will be repaired or replaced as warranted by the Housing Department. Both parties will sign off on the purchase inspection form. The MCK Housing Department will, at its sole discretion, decide on the necessary replacement and the use of funds set aside in the CMHC repair fund.

6.0 Vacant Unit (Timelines)

Notice must be given to the MCK Housing Department of any planned or actual vacancy of the unit which extends beyond the time period stipulated in the insurance contract.

7.0 Abandoned Unit (Timelines)

A unit left vacant for more than ninety (90) days without notification to the MCK Housing Department will be considered abandoned by the RTE Tenant. The MCK Housing Department will take all necessary measures to protect the unit.

8.0 RTE Tenant Counseling by MCK Housing Department

The MCK Housing Department has the responsibility to assist RTE Tenant(s) with Case Management and RTE Tenant counseling. If a RTE Tenant chooses not to work with the Case Manager and defaults on the agreement, termination of the agreement will proceed.

(H) Subletting Unit

1.0 Conditions

On a case by case basis, the Housing Department will review the circumstances to allow subletting.

2.0 Written Permission (MCK Housing Department)

Written permission will be required in order to sublet a unit. A sublet agreement will stipulate the monetary details, insurance, potential damage consequences, timeframe and adherence to the original agreement.

(I) Housing as a Business (HaaB)

1.0 Employment Opportunities /Training

Best efforts by the MCK Housing Department will be made to encourage builders to use Kahnawakehró:non sub trades and local labour.

2.0 Green Energy Use (Grants)

RTE Tenant(s) and homeowners will be encouraged to apply for funding to conserve energy through various programs and services. Where possible the MCK Housing Department will provide green energy products or services during construction.

3.0 Support of Local Business (Housing)

MCK, SDU and the Housing Department should, to the extent that it is possible, support Kahnawakehró:non business. Shop Kahnawake.

(J) Appeals

1.0 Grounds for an Appeal

If the Applicant feels they have grounds for an appeal, written contact should be made with the MCK Housing Department.

(2) Process of an Appeal with Timelines

Any objections to the decisions rendered by the MCK Housing Department to an Applicant must be submitted to the MCK Housing Department in writing within seven (7) days of receipt and presented for review at a duly convened meeting of the SDU Committee.

All appeals shall be made to the SDU Committee, where the proper steps and procedures will be taken to address any grievances.

Arbitration

In the event that an Applicant goes through the appeal process specifically for a dispute about any point contained in their Loan Agreement, and is not satisfied with the outcome, the Applicant may request to settle the problem through the Kahnawà:ke Community Arbitration Procedure. The outcome of the Kahnawà:ke Communal Arbitration Procedure is final and without appeal.



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APPENDICES**

Overview of Rent to Equity Program



