

Affordable means

A new social loan program aims to spur affordable housing development



GIMME SHELTER! The Rolling Stones sang about it, Abraham Maslow listed it as a priority in his hierarchy of needs and the United Nations included it in the Universal Declaration of Human Rights. So it's concerning to learn there are so many people in London struggling to provide that basic need for their families.

According to the annual Vital Signs report released last month by London Community Foundation (LCF), there are more than 3,500 families on waiting lists for affordable housing in London, a number that translates into a wait time of 8.2 years with current affordable housing stock.

To help address the situation, LCF has introduced a new social loan program that will lend up to \$500,000 per project to developers building affordable housing solutions. This community investing process is a first for the organization, which has been providing grants to support a variety of community initiatives since 1979.

Traditionally, money gifted to LCF is held in an endowment, and that capital is always protected. Now, \$5 million of LCF's assets will be used to establish a revolving loan fund to support

FROM LEFT London Community Foundation board members John Nicholson and Greg Playford with president and CEO, Martha Powell

affordable/social housing development.

Board member Greg Playford, who chairs the LCF's newly formed social finance committee, says funds earmarked for the program are meant to provide a piece of a project's overall financing. The City of London has an affordable housing program that administers federal, provincial and municipal funds, but there is usually a shortfall in what is needed to build new units. The LCF dollars are aimed at helping fill the gap.

Playford, who has extensive volunteer experience in social housing projects, says the city has been proactive when it comes to affordable/social housing, but more needs to be done. Pointing out that just 500 affordable housing units are likely to be built in London over the next year, he says, "The numbers aren't satisfying the demand."

There are several hurdles facing those who are interested in pursuing affordable housing projects. The costs of labour and

supplies have risen during the past few years, the supply of available land has dwindled and many neighbourhoods are hesitant to host low-income housing in their backyard.

But perhaps the most difficult hurdle for affordable housing developers to overcome is financing. Obtaining financing is especially critical for for-profit developers, whose projects need to make financial sense at the end of the day.

Although it has not been done in London before, the concept of community investing to support the building and development of affordable housing stock is not new, says Martha Powell, LCF president and CEO.

"Other community foundations are doing it successfully," Powell explains. "We will be modeling ours on Hamilton's in some fashion."

Interest on the LCF's social loans will be charged at or below market rates, with the full loan to be repaid over a three- to five-year period. All payments and interest will be directed back into the affordable housing loans program.

In addition to seeking developers to utilize the loan program, LCF is also looking for donors who want to direct their giving towards affordable housing. More available dollars will provide more opportunities to develop new units, and Powell says that will translate into helping more families more quickly. "People need stable housing," she reasons. "It's an essential right." ■ KYM WOLFE

SNAPSHOT

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- > Loans will be charged at or below market rates, with the full loan to be repaid over a three- to five-year term.
- > More details about the program will be available on the LCF website in January.

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