



Social Impact Investment for Affordable Housing Charrette

June 10, 2016

SUMMARY OF ACTIVITIES AND DISCUSSION

- 9:00 a.m. Welcome was extended by Brian Toller and Tessa Hebb to the event. They commented on the excellent response and turnout. They stated that the goals for the event were to learn more about affordable housing financing and identify the challenges and some of the broader solutions for offering innovative investment solutions for affordable housing in Ottawa. They commented that there was great “brain trust” in the room to achieve these goals highlighting the participation of project managers and developers, private funders, representatives from all levels of government, and other sector leaders.
- 9:05 a.m. Self-introductions of those present
- 9:15 a.m. Gina Grosenick provided an update on BtB and the goals/vision for the initiative. She noted that over the past year BtB has been exploring innovations and best practices to help catalyze affordable housing development in other jurisdictions in five key areas (see FAQ for more details). She noted the initiative is moving into the Innovation Lab phase where we seek to identify and apply R & D and innovative tools and mechanisms to Ottawa affordable housing projects through Innovation Charrettes like today and to share information and education about affordable housing with the broader community through community meetings and the btbottawa.ca website.
- 9:25 a.m. Tessa Hebb summarized the work of and the financial mechanisms identified by the Social Impact Investment Design Circle for institutional support of affordable housing development. Third party social impact investment fund offerings have proven to be successful in other jurisdictions. Similarly, REITs have been identified as a model that could work for sector wide collectives, although she noted that the research has shown that the set up and development of REITs is financially and operationally quite cumbersome.

Brian Toller shared the work of the group exploring opportunities for retail investors. Community Bonds have worked extremely well in other sectors and have been adapted by some groups within the affordable housing sector to help finance portions of builds and new initiatives.

The various social finance mechanisms were noted as being more successful when backed by guarantees. Tessa Hebb shared the work of 3ci researcher Brittan Stares who collected evidence that guarantees are almost never called in. She noted, however, that governments shy away from guarantees as they often require the full value to be booked on their balance sheets.

9:40 a.m. Five affordable housing projects, at various and diverse stages of development provided an overview of their project, status and financial gaps and challenges.

The projects reporting were:

- Coach Houses, City of Ottawa – Planning Department
- Ellwood House II, Ellwood House II Committee
- Deschâtelets, Cahdco
- The Haven, Multi Faith Housing Initiative
- Clementine Passive House, Ottawa Salus Corporation

10:45 a.m. Break

11:00 a.m. Tessa Hebb and Brian Toller facilitated a group discussion to identify the challenges and barriers and opportunities and solutions emerging from the project reports and group experiences for financing affordable housing development in Ottawa.

Challenges and Barriers

- Charities not being viewed as investment opportunities
- Disconnect between non-profit/charitable sector and mainstream financial institutions
- Lagging regulations (i.e. pension funds)
- Resources needed to scale up fundraising
- Systems-level challenges to sector (e.g. Market perception of sector; Product orientation/structure)
- Not linking needs of sector to investment offerings/opportunities
- Current project focus to fundraising (rather than portfolio approach)
- Lack of long term thinking and planning
- Lack of market readiness for investment portfolios and costs of due diligence to get market ready
- No established track record
- Mismatch between needs, offerings, opportunities, interests, etc.

- Lack of clear value proposition for investors and communication around risk
- We/them issue of affordable housing and image of housing

Opportunities and Solutions

- Building the capacity for the sector to be investment/market ready
- Scaling and balance of risk to make solutions more efficient
- National Housing Strategy to be announced
- CMHC Affordable Housing Innovation Fund – potential for funding to start a sector wide solution
- Institute a Housing Hub for collective management/shared services
- Leveraging value of pooled assets (including factoring)
- Investing in enterprises (not just the projects)
- Developing a portfolio level lens to financing
- Influence governments to finance at a portfolio level rather than individual projects
- Leverage community finance partners
- Creating unified impact/value propositions for the portfolio
- Potential of equity/crowd funding
- Government is currently reviewing social finance legislation
- Leveraging Foundations
- Changing the message to “we” rather than “us/them”
- Building debt servicing capacity
- Create sector level list of shovel ready projects
- Explore community bonds as a way to attract the small investor
- Create stacked financing of various opportunities and debt financing
- Include faith communities in the picture

12:00 noon A check in with the participants about how they perceived moving forward revealed that there was energy and willingness to continue to work together to identify priorities and design value propositions and structures to try to initiate some of the opportunities identified in the discussion and to help shape impending policy at all levels. A full day design charrette in the not too distant future was suggested. The convener team will meet to discuss next steps and communicate back to the participants

All participants were thanked for their input and expertise and wished a safe trip home.