



Building strength, stability and independence.

## FAQs About Habitat Homeownership

### 1. What is the difference between homeownership and renting?

Homeowners build equity in their homes. Equity is built through monthly payments that go towards paying a mortgage. As the mortgage is paid down, the homeowner owns more and more of the home's value while the mortgagee's (Habitat's) loan is paid back. When the mortgage reaches term, the family no longer has any monthly mortgage payment associated with the home and is said to own the home outright. If the family chooses to move while in home ownership with Habitat, the sum of the monthly mortgage payments and portion of the home's increase in value since the home was purchased by the homeowner, is shared according to the number of years that homeowner has owned the home.

Homeownership is also different than renting because the homeowner is responsible for maintaining the home. Properly maintaining a home ensures the home's value will be preserved so that the family will be able to maximize the equity returned in the event they choose to sell the home back to Habitat.

### 2. What is Habitat Homeownership?

Habitat offers families who are unable to save up a down payment for a home a "hand up" to qualify for a mortgage. Habitat homes do not require a downpayment and mortgages are offered interest free over terms of up to 45 years to enable a family to be able to enter home ownership.

### 3. How do I find out if I'm eligible?

An easy on-line questionnaire that asks about your family and employment status as well as income and how long you've lived in Calgary will tell you whether you will make a good applicant for our program. You can complete the questionnaire at: [www.habitatsouthernab.ca/apply](http://www.habitatsouthernab.ca/apply)

### 4. Is there a waitlist for Habitat?

No. Habitat continuously reviews applications for a match to the homes available. When a family meets the application criteria and a home is available (or scheduled to be constructed) to meet that family's needs, the family is approved and the partnership agreement with Habitat is signed.



Building strength, stability and independence.

#### **5. What does it mean to be in partnership with Habitat?**

Future homeowners are required to complete 500 hours of mandatory volunteering with Habitat. Each adult in the household must complete 200 hours and the rest may be donated by family and friends (400 for 2 parent household with 100 eligible for donation and 200 for single parent household with 300 eligible for donation). Future homeowners are required to complete a series of homeownership education classes that provide information on budgeting, home maintenance, mortgages and conflict resolution. These classes are intended to set future homeowners up for success.

#### **6. How long does it take to complete the volunteer hours and move into the home?**

On average it takes families 8 to 12 months to complete the volunteer hours. Some families have been able to complete this in less time. For new homes, we attempt to finish the home by the time your hours are completed or shortly thereafter.

#### **7. How long does the application and approval process take?**

The selection process can take up two to three months and has four stages:

- 1) Attend an information session
- 2) Application submission and review – timeline highly dependent upon the applicant’s submission of a complete application with all attachments provided.
- 3) Family Selection Committee interview (at your home) - timeline also dependent upon your family’s availability to complete the in-home interview.
- 4) Final approval

#### **8. Do I get to choose my home?**

You can specify a preferred location but, as Habitat only builds where we have land available, we are not able to accommodate specific requests. We attempt to match families with homes that are suitable for the size of the family and consider other factors such as lack of transportation, etc.

#### **9. Where are Habitat Homes located?**

Within the City of Calgary, newly constructed homes are located in Bowness, Pineridge and will be under development in 2018-19 in Silver Creek. There are homes available from time to time in other neighbourhoods as Habitat families sell their homes back to Habitat. There is often availability in both Dover and Capitol Hill.



Building strength, stability and independence.

**10. How much income do I need to be considered?**

Current qualifying income ranges are from approximately \$38,285 to \$80,925 per year. If your income is at or near the higher range, you should be a family of five or more.

**11. How much does the home cost?**

Habitat sells homes to families at Fair Market Value (FMV). The average FMV of a habitat home is about \$270,000.

**12. How big are the homes?**

Habitat homes are on average 1100 square feet, 3 Bedrooms and 1 to 1.5 baths. We develop the basements for larger families if required and at our discretion. Habitat's policy is that 2 children of the same sex may share a bedroom.

**13. What costs are associated with homeownership?**

Besides the monthly mortgage payment, homeowners are responsible and must budget for costs associated with home maintenance, property taxes, condo fees and utilities.

**14. How much are condo fees?**

Condo fees average about \$250 per month, depending on the property.

**15. How much will the mortgage payment be?**

Habitat charges 25% of your family's combined annual gross (before taxes) income for mortgage payments.

**Example:** If your combined family income is \$50,000 per year, we can charge you up to \$1041.00 per month for your mortgage payment. We include your property taxes and condo fees in this amount.

Habitat requires annual proof of income verification (Notice of Assessment) to determine household income and adjusts the monthly mortgage payment annually as household income rises.



Building strength, stability and independence.

**16. Will my income ever reach a point where I will cease to be eligible for my Habitat home?**

No. As income rises, Habitat adjusts the mortgage payment thereby shortening the term of the mortgage and the family will own their home sooner.

**17. What happens if I lose my job?**

Families must have income from full time employment on the day they move into their home. If there is job loss after the family has already come into home ownership it is important to call Habitat to let them know whether you will be unable to make your monthly payment. One option where income is interrupted through job loss could be skipping a monthly payment and adding it on to the end of the mortgage thereby extending the term. If job loss is prolonged and there are no savings to cover monthly costs, the family can sell their home back to Habitat and exit the program without penalty.

**18. Can we increase the monthly mortgage payments voluntarily?**

Yes, you can increase their monthly mortgage payments if you chose to do so. This would reduce the length of time required to pay out the mortgage(s).

**19. If we decide to move out, does Habitat purchase the home back at the same price?**

If your family decides to move out of your Habitat home, then Habitat will have the right of first refusal to buy the home at a price based on the Fair Market Value at the time of sale as established by an independent appraisal. You are responsible for the cost of returning the home to resalable condition if the cost is for repairs considered more than normal wear-and-tear. You are also responsible for the costs of all outstanding utilities, taxes and other encumbrances related to the property. At the discretion of Habitat, you may be required to pay Habitat 5% of the Fair Market Value at the time of buy-back in lieu of real estate commissions. Equity established through mortgage payments and any increase or decrease in the Fair Market Value since the home was purchased by the homeowner, would be shared according to the number of years that homeowner has owned the home.

**20. What maintenance are we responsible for?**

Habitat's newest homes are condominium style townhomes. Habitat is choosing to build homes in the style of multi-family complexes so that the homes more affordable. Families begin paying pay condominium fees to the Condominium Corporation upon move-in. The Condominium Corporation is responsible for exterior maintenance (siding and roofing for example),



### Building strength, stability and independence.

landscaping and snow removal. Families are responsible for the maintenance of the interior of their homes from the day they take occupancy. Homes built previously and lived in by Habitat families that are re-sold may not be condominium style homes, in which case the homeowner is responsible for all of the maintenance of the home (interior and exterior).

#### **21. Who is the Condominium Board in a Habitat complex?**

The Condominium Board is made up of homeowners. All the condominium corporations have a professional property manager to ensure maintenance and repairs are completed according to the yearly plan and budget and that homeowners respect the by-laws of the corporation thereby ensuring the community is safe and enjoyable for all.

#### **22. What happens if something breaks down in the home during the first year?**

Families are responsible for the maintenance of their homes from the day that they take occupancy, and would be responsible for repairs in the first year. Some aspects within a newly constructed home have limited warranties. If the repair is required within the period of the warranty it will be covered under warranty.

#### **23. What happens to the house if both parents pass away? Does it automatically get transferred to the children?**

The house does not automatically get transferred to the children. This situation would need to be reviewed on a case by case basis because it would depend on the age of the children, how long the family has been in the home, and what was outlined in the homeowner's will. In the situation where the homeowners are a couple and one spouse passes away, the ownership would pass to the surviving spouse. If both homeowners pass away or if a single parent passes away then the equity would go to the estate.

#### **24. Can we renovate the home or develop the basement to add extra bedrooms?**

If families are considering renovations to their home, they must contact Family Services in writing to request approval of the planned renovations. Approved renovations must also be done with the proper City permits and be inspected and approved by the City after completion. Homeowners are required to forward copies of the final inspection papers to Habitat for Humanity.



**Building strength, stability and independence.**

**25. Are we reimbursed if we renovate the basement?**

When a family sells their home, Habitat buys the home back at a price based on the Fair Market Value at the time of sale. Any increase in Fair Market Value due to approved renovations would be included in the appraised value of the home and would be shared by the homeowner and Habitat according to the number of years the family has owned the home.