

Monday » November  
5 » 2007

## Union fund plants seed for low-cost housing

### PSAC employees hope \$2M start will grow to include larger lenders

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Pension funds have long been big investors in commercial real estate, but a new initiative in Ottawa hopes to open the way for them to invest in affordable housing as well.

An investment of \$2 million in seed money to use toward mortgages for affordable housing projects was announced yesterday by John Gordon, president of the Public Service Alliance of Canada.

The funds are from the pension that covers PSAC's own employees (not members of the PSAC union) and will help carry out the pension's efforts to participate in socially responsible investments, Mr. Gordon said yesterday.

The funds will be invested in a guaranteed investment certificate at Ottawa-based Alterna Savings credit union. In turn, Alterna will lend the funds as mortgages to developers or non-government groups for building, maintaining or expanding affordable housing projects.

The project will be managed by the Ottawa Community Loan Fund, which continues to broaden its scope with a variety of lending activities, said George Brown, president of the non-profit loan group.

The hope is that the small affordable housing loan fund will attract investments from other pensions that may want to support community investment or social causes, but which don't have the ability to get involved in a direct way with residential real estate, said Mr. Brown.

Over time, Alterna would like to see the fund grow to \$100 million, said Kimberley Ney, senior vice-president of marketing at Alterna Savings.

Dennis Carr, development co-ordinator for the Centretown Citizens Ottawa Corp., said he hopes the fund can become a pilot project that may be followed by other community based lending programs.

He hopes it will quickly grow to about \$10 million in Ottawa and he plans to promote the concept at a gathering of pension fund managers next month.

Details of financing have not been finalized, but the concept relies on pension funds being able to earn an acceptable rate of return on their deposits, while still providing financing that would be below market rates on mortgage loans for affordable housing projects.

Also yesterday, Alterna Savings and the OCLF also officially announced their partnership in delivering micro-loans, which quietly began last February.

Alterna Savings is processing and administering loans to qualified applicants for

amounts up to \$15,000 under the OCLF's programs for self-employed workers or people seeking job training under specific OCLF programs.

Alterna Savings, which grew out of the former CS Co-op, has committed up to \$1 million for micro-loans, ranging from \$1,000 to \$15,000, in Ottawa and Toronto, said Ms. Ney. OCLF will guarantee up to 80 per cent of each of those micro-loans, she said.

The OCLF began in 2000 as a micro-lender to help people who couldn't get bank loans start up small businesses. Since then its work has expanded to include funding for certain types of job training, like becoming a truck driver, and loans to help new Canadians get training for such things as obtaining their professional certification as teachers or nurses. The non-profit loan group also administers the government-funded Canadian Youth Business Foundation loans.

Expanding into work that includes overseeing the new affordable housing fund is a good fit for the community-based group, said Mr. Brown.

"We're moving towards becoming a fund of funds," all of which are focused on investment in the local community, he said.

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