

FAQ // P.U.S.H. FUND (POPULAR UNIVERSITY STUDENT HOUSING)



WHAT WOULD BE THE MANDATE/MISSION OF THE PUSH FUND?

1. To fund the construction of affordable student housing co-ops.
2. To find other partners to participate financially and develop its financial capacity..

WHY CREATE A STUDENT HOUSING FUND?

Simply put, to maximise the benefits from collectivized financial resources and to establish a permanent model to foster partnerships with other organizations who share a desire to create positive social change in the housing sphere.

The recently announced partnership between the CSU and the Chantier de L'Economie Sociale's Trust is an example of how external organizations can contribute as institutional investors.

Essentially, every dollar invested in the fund increases the potential that new partners would be interested in collaborating. A fund structure collectivizes returns and investments to maximize social impact.

DOES THE PUSH FUND HAVE ANY FINANCIAL PARTNERS?

Yes! the Chantier de L'Economie Sociale's Trust is interested in **investing up to \$1,500,000** in each project the PUSH fund will finance.

Also, the Desjardins, a credit union, is already willing to provide the mortgage financing that represents the substantial part of the construction costs. It is already possible with these partners to make 100-150 rooms in a single co-op.

Other partners for the PUSH fund could be added to increase the number of projects being financed over time, and this is the ultimate aim of the fund.

WHERE WILL THE MONEY FOR THE PUSH FUND COME FROM?

The CSU's contribution to the PUSH Fund will come from a one-time reallocation of our existing student space (SSAELC) fund.

Other partners like private foundations, labor union funds and other student associations could contribute in the future as some of these groups have expressed interest in our current initiative.

The PUSH Fund will provide around 20% of the funding for the student housing project, another 10-15% will come from the Chantier de L'Economie Sociale's Trust and the remaining 70% from a mortgage. The Desjardins credit union, is already willing to make this mortgage loan at an affordable rate.

HAS ANYONE REVIEWED THE FINANCIAL MODEL OF THE PUSH FUND?

Absolutely!

The PUSH Fund model has been validated by the Chantier de L'Economie Sociale, a social nonprofit who controls a \$ 52 million fund that supports social economy projects in Quebec. They would loan up to \$1.5 million to each student housing project financed by PUSH and therefore have been careful in reviewing the PUSH fund financial model.

Lastly, the Desjardins credit union, which provides banking services for co-ops and nonprofits who control \$1,4 billion in assets, has reviewed the PUSH fund model and supports it as well.

CAN THE PUSH FUND EXPAND THROUGH COLLABORATION WITH EXTERNAL PARTNERS?

Yes! This is the purpose behind creating the PUSH Fund.

Many potential partners exist throughout civil society (such as our first partnership established with the Chantier), from socially minded investment foundations to other student associations, who could act as institutional investors in supporting the PUSH Fund and its **mission of creating affordable housing for students!**

WHY IS THERE NO SUCH THING ALREADY?

Despite the apparent advantages of this model, **the idea of a dedicated fund for affordable student housing is in itself a major social innovation** in the province of Quebec.

As such, it takes a committed group—like the CSU and its membership - to start something this groundbreaking. However, public and private support for the initiative has been exceptional, which shows that the province is ready for such a project.

DOES A STUDENT HOUSING FUND EXIST ELSEWHERE?

Affordable housing funds do exist in Quebec, although none are specifically student oriented.

The Fonds d'investissement de Montréal currently purchases private buildings to convert them into housing co-ops or nonprofits. The financial model of the Fonds d'investissement de Montréal is similar to the PUSH fund. Internationally, there are other examples of Student Housing Funds, such as NASCO's Kagawa Fund.

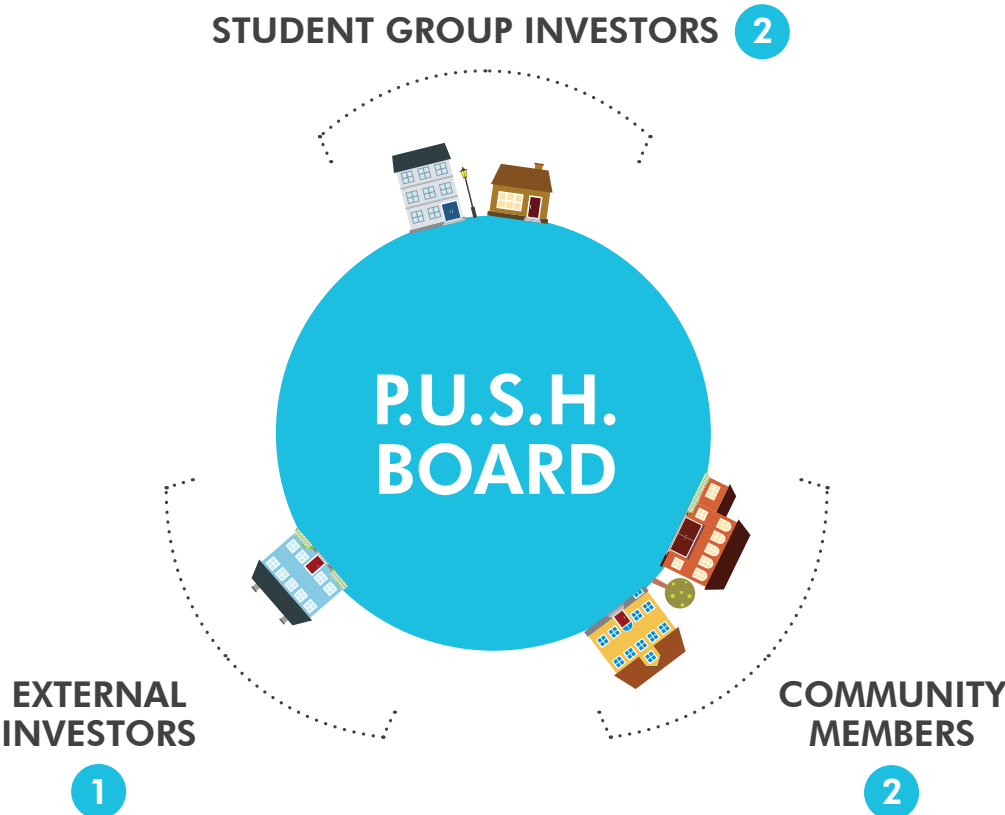
WHAT IS THE LEGAL STATUS OF THE PUSH FUND?

A not for profit organization.

WHO WILL SIT ON THE BOARD OF THE PUSH FUND?

The total number of board members on the PUSH Fund will be 5.

Two seats will be for student group investors (currently only the CSU), one seat will be for external non-student investors, and the last two seats will be for representatives of community housing or social economy groups to bring much needed technical expertise to the board.



HOW MUCH OF A RETURN WILL THE PUSH FUND EARN?

Yes.

The minimal return that the PUSH Fund will earn is tied to inflation in order to maintain its purchasing power.

Interest rate risk has also been taken into account, as the principal of loans that the PUSH Fund will provide to develop student housing can be reimbursed after 12 to 17 years depending on the interest rate. Flexibility on repayment deadlines such as this is unique with housing development projects.

A relevant side note is that the Chaniter de L'Economie Sociale has similar interest rate risk mitigators as the PUSH Fund since its principal is reimbursed by a similar payback schedule over similar timelines and investment horizons.

Simply Google '**Patient Capital**' to learn more about how this concept works.

The Chantier has already analyzed this risk and validated that it is mitigatable by being flexible on the date of reimbursement on the principal of the loan.

Risk on market value has also been taken into account. The reimbursement of principal through mortgage refinancing is made at a 63% Loan to Value Ratio while the typical maximum ratio acceptable by credit unions is 75% thus reducing exposure to potential market volatility.