

The Corporation of the Village of Cumberland  
Committee of the Whole Meeting

Monday, June 27, 2022, 2:00 p.m.  
Council Chamber, 2675 Dunsmuir Avenue



We are honoured to gather on the unceded traditional territory of the K'ómoks First Nation.  
The public may view the meeting live on the [Village of Cumberland YouTube channel](#)

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Pages

1. Agenda

1.1. Approval of Agenda

**Recommendation:**

THAT the Committee approve the Agenda for the June 27, 2022  
Committee of the Whole.

2. Delegations/Reports

2.1. Extreme Weather Centre - Comox Valley Emergency Program  
Presented by Howie Siemens, Manager and Carie McIntyre, Emergency  
Planning Coordinator, Emergency Programs, for the Comox Valley  
Regional District.

**Recommendation:**

THAT the Committee of the Whole receive the delegation of Howie  
Siemens, Manager and Carie McIntyre, Emergency Planning Coordinator,  
Comox Valley Regional District.

2.2. BC Housing Affordable Home Ownership Program  
Prepared by Karin Albert, Senior Planner

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**Recommendation:**

THAT the Committee of the Whole receive the BC Housing Affordable  
Home Ownership Program report, and a presentation from Ryan Chiew,  
Senior Development Manager and Raymond Kwong, Provincial Director,  
HouseingHub, BC Housing.

2.3. K'ómoks First Nation Treaty Negotiations Update  
Sarah Cavanaugh, Negotiator, Province of BC, Michael Blackburn, Federal  
Negotiations Manager & Amanda Kellet, Government of Canada and  
Melissa Quocksister, Treaty Communications, K'ómoks First Nation.

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**Recommendation:**

THAT the Committee of the Whole receive the delegation of Sarah  
Cavanaugh, Province of BC, Michael Blackburn & Amanda Kellet,  
Government of Canada and Melissa Quocksister of the K'ómoks First

Nation, regarding K'ómoks Treaty Negotiations.

**3. Question Period**

A member of the public may only inquire about items included on the Agenda for that meeting during a question period.

- Please send questions by email to [info@cumberland.ca](mailto:info@cumberland.ca) using subject line "Question Period" ; Note: please limit to questions only - comments will not be read.

**4. Closed Portion**

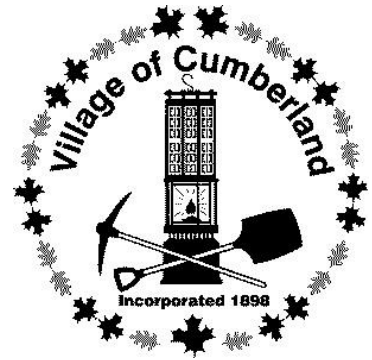
**Recommendation:**

THAT Council close the meeting to the public pursuant to Section 90 of the Community Charter to consider:

(b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party;

**5. Adjournment**

# COMMITTEE OF THE WHOLE REPORT



REPORT DATE: 6/17/2022  
MEETING DATE: 6/27/2022

File No. 3360/2021-02-RZ

TO: Mayor and Councillors  
FROM: Karin Albert, Senior Planner  
SUBJECT: BC Housing Affordable Home Ownership Program

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## **RECOMMENDATION**

THAT the Committee of the Whole receive the BC Housing Affordable Home Ownership Program report and the presentation by BC Housing.

## **PURPOSE**

The purpose of this report and the presentation by BC Housing is to inform the Committee of the Whole of BC Housing's Affordable Home Ownership Program (AHOP) and provide an opportunity for Council members to ask questions from BC Housing staff on program components.

## **PREVIOUS COUNCIL DIRECTION**

None.

## **BACKGROUND**

The Village has received an application for rezoning of Lot A, Ulverston Avenue, to be presented at the regular Council meeting this evening. The development proposal includes an AHOP component. The presentation by BC Housing is an opportunity for Council to learn about AHOP and ask questions prior to considering that program as part of the rezoning application.

AHOP provides an interest-free, payment-free second mortgage to eligible home buyers toward the purchase of a home. The program provides interim construction financing to the developer at reduced rates while the Village contributes higher density through the rezoning process to allow the developer to make units available at 5-20 percent below market value. The units are targeted at medium income home buyers who could otherwise not afford a home. (Attachment 1 – AHOP Fact Sheet and Attachment 2 – AHOP Framework).

Proceeds from the repayment of AHOP mortgages are reinvested in affordable housing within the same community, ensuring the contributions to the project continue to be applied to affordable

housing. Where an AHOP mortgage is paid out upon resale, the purchaser (if eligible) may apply to BC Housing for an AHOP mortgage equal to the repayment amount.

As part of the process to implement AHOP, BC Housing requests that the benefitting municipality enter into a Memorandum of Understanding (MoU) with BC Housing. The MoU outlines the components of the program and how the two parties will work together (Attachment 3 – Master Partnering Memorandum of Understanding). The MoU would apply to any development that has an AHOP component but does not oblige Village Council to grant a rezoning for a given development.

## **ALTERNATIVES**

This report is presented for information only.

## **STRATEGIC OBJECTIVE**

- Healthy Community
- Quality Infrastructure Planning and Development
- Comprehensive Community Planning
- Economic Development

## **FINANCIAL IMPLICATIONS**

The Village would benefit from the AHOP program since expenditure of AHOP mortgage proceeds would be transferred to the Village to be placed in a reserve fund designated for affordable housing. The funds can be used to support other affordable housing projects.

## **OPERATIONAL IMPLICATIONS**

Entering into an MoU with BC Housing and subsequently setting up a reserve fund for affordable housing with annual contributions from AHOP mortgage proceeds will require administrative time by Development Services and Financial Services staff.

## **CLIMATE CHANGE IMPLICATIONS**

None.

## **ATTACHMENTS**

1. Affordable Homeownership Program Factsheet
2. Affordable Homeownership Framework
3. Draft Master Partnering Memorandum of Understanding

## **CONCURRENCE**

Courtney Simpson, Manager of Development Services **CS**

Respectfully submitted,

K. Albert

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Karin Albert

Senior Planner

M. Mason

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Michelle Mason  
Interim Chief Administrative Officer



## Affordable Home Ownership Program

Put less down. Pay less monthly. Access homeownership.

**AHOP** is an innovative program from BC Housing. AHOP helps put homeownership in reach for middle-income British Columbians. Through the AHOP program, BC Housing takes out a second mortgage which is assigned to the buyer, called the AHOP Mortgage, of 10% or more of the purchase price. It is interest and payment-free for up to 25 years.

For the buyer, this means:

- ▼ total first mortgage is less
- ▼ monthly mortgage payments are lower
- ▼ lower income requirement for stress test and qualifications for the first mortgage

### How does it work?

The program provides buyers an interest-free, payment-free second mortgage – known as an AHOP Mortgage – toward the purchase of their home. As an interest-free mortgage, this essentially credits buyers with a percentage of their home's value. A minimum target percentage is 10%. However, depending on the project, this percentage could be significantly higher.

### How much of a down payment do buyers need to have?

Eligible homeowners only need a 5% down payment on the first \$500,000 (10% down is required on the remaining value of the purchase over \$500,000). That 5% deposit equates to a minimum total 15% down payment when combined with a 10% AHOP Mortgage. Buyers can also choose to put greater than 5% down.

## Do buyers need to pay CMHC insurance premiums?

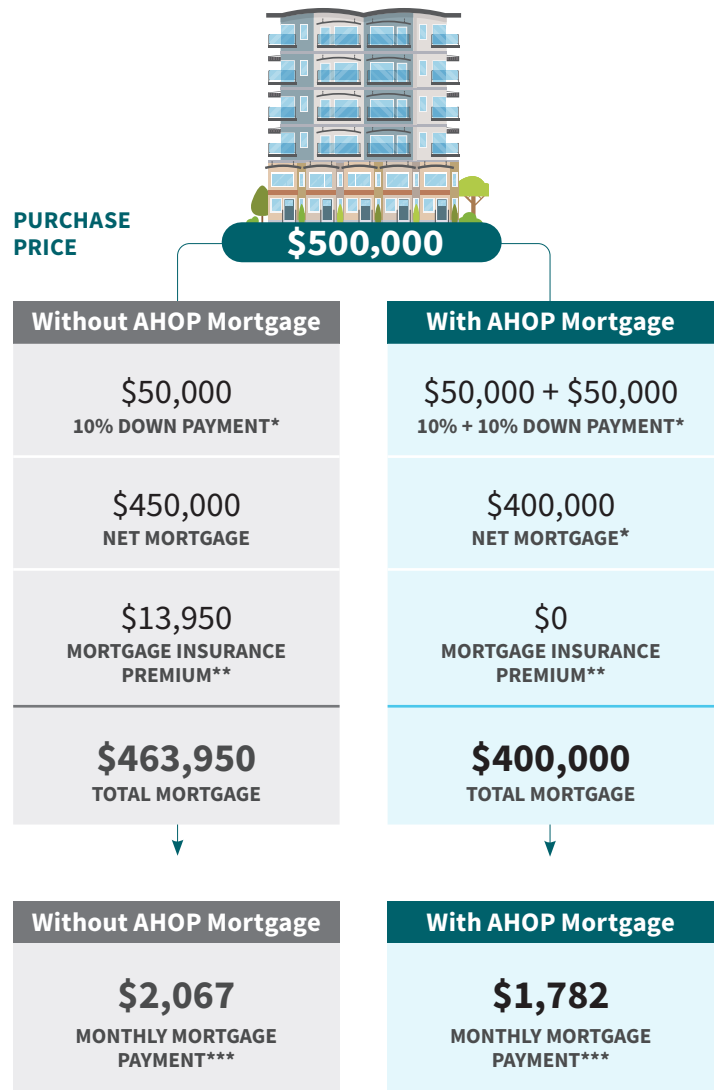
The AHOP program allows for lower or no insurance premium (if the total combined down payment is equal or greater than 20%). In the case of the AHOP 10% scenario and a minimum 5% down payment by the Buyer, the total down payment is now 15% due to the AHOP Mortgage. This would result in a reduced CMHC insurance premium compared to without the AHOP Mortgage. If the buyer increases their deposit from 5% to 10% there is no CMHC insurance premium. In the case of a \$500,000 home, no insurance premium means savings of about \$15,000 over the life of the mortgage.

## How does the AHOP second mortgage impact the primary mortgage?

The AHOP Mortgage results in a lower primary mortgage amount. For example, without an AHOP Mortgage, on a \$500,000 purchase with a 5% (\$25,000) down payment and approximately \$19,000 in CMHC insurance premiums, the primary mortgage amount is roughly \$494,000. However, the AHOP second mortgage at 10% of the price (\$50,000) would lower the primary mortgage amount to about \$436,900. If the buyer chooses to put a 10% (\$50,000) down payment, in addition to a 10% AHOP second mortgage, the buyer does not have to pay the CMHC insurance premium and the mortgage would be reduced to \$400,000.

## How does this program impact monthly mortgage payments?

In cases where the buyer puts down 10%, the total combined down payment amount (from buyer and AHOP) is greater than 20%. This means that the primary mortgage can be extended from 25 to 30 years. With a lower primary mortgage amount, no CMHC insurance premium, and by extending the amortization, monthly mortgage amounts are much lower. For a \$500,000 home purchase with 10% down, based on a 2.90% interest rate, monthly mortgage payments are about



\* Based on a 10% deposit without an AHOP Mortgage, and a 10% deposit + 10% secondary mortgage with an AHOP Mortgage.

\*\* Based on 3.10% CMHC Mortgage Insurance Premium for mortgages with 10% down.

\*\*\* Based on standard 5-year market financing at 2.45%. 25-year amortization period applied to high ratio mortgages with 10% down. 30-year amortization period applied to conventional mortgages with 10% down and 10% AHOP Mortgage.

\$511 less for an AHOP unit. This lowers the cost of homeownership by \$6,128 per year. That is \$30,641 less over the 5-year mortgage term.

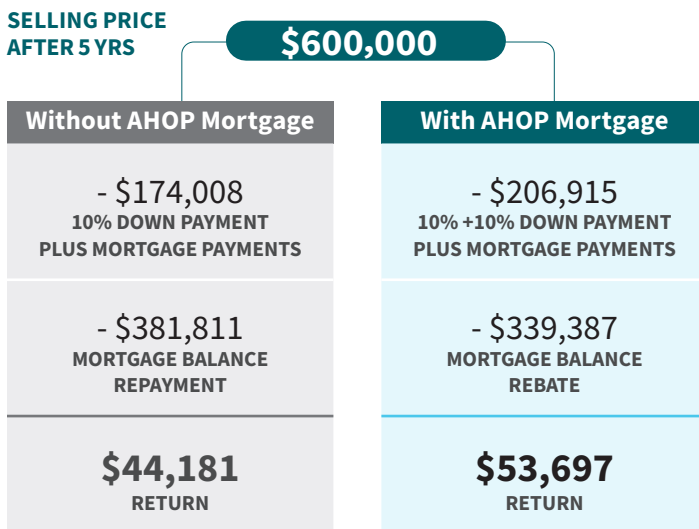
## Do buyers need to pay the AHOP Mortgage back?

Yes. When a buyer sells their home in the future, they need to repay the percentage loan value at that time. In the typical 10% AHOP scenario, the AHOP Mortgage is repaid at 10% of the then current market value.

The AHOP Mortgage also needs to be repaid if the buyer defaults on their first mortgage, rents their home during the first five years of ownership, otherwise defaults on the AHOP program, or when the 25-year AHOP Mortgage term ends. Buyers may also choose to repay the loan at any time.

## If a buyer sells, will they walk away with the same return as they would not under the AHOP program?

An AHOP purchaser who buys a \$500,000 home with a 10% down payment and then sells that home five years later for \$600,000, pays a lot less over the life of the mortgage. Yes, they can potentially walk away with about the same return or more return.



## Where does my repaid AHOP Mortgage money go?

The money that homeowners repay in association with the AHOP Mortgage will be contributed to the municipality where there is an agreement in place to help support more affordable homes within that municipality. In the event that there is no agreement in place between BC Housing and the municipality, BC Housing will use the proceeds to help support more affordable homes in British Columbia.

## Who is eligible for AHOP?

To qualify for an AHOP Mortgage, the following is required of the buyer(s):

- ✓ Canadian citizen or permanent resident;
- ✓ Lived in British Columbia for the past 12 months;
- ✓ Not own other property anywhere in the world;
- ✓ Currently live in rental housing or other non-ownership housing (e.g., living with family);
- ✓ Combined gross household income of those on title must not exceed the Middle Income Limit defined as:

**Units with two or more bedrooms:** Middle-income households are those whose gross household income does not exceed the 75th income percentile for families with children, as determined by BC Housing.

**Units with less than two bedrooms:** Middle-income households are those whose gross household income does not exceed the 75th income percentile for families without children, as determined by BC Housing.

## Can AHOP homeowners rent out their places?

Rentals are not permitted during the first five years of ownership. Once the AHOP Mortgage is repaid, the homeowner is free and clear to rent out their home if rentals are allowed by the Strata.

## Can I qualify for AHOP if I already own a home?

No. In order to qualify for AHOP, buyers cannot own property anywhere else in the world.

## Can I buy another home while also owning a home with an AHOP Mortgage?

Buyers cannot own property anywhere else in the world at the time of application and must maintain the AHOP home as their principal residence for the first 5 years.

## Can buyers sell their current homes and purchase a home with AHOP?

No, unless they have sold their home more than 12 months prior to the purchase of a home with AHOP. While buyers may have owned homes in the past, they cannot be current homeowners to qualify for an AHOP Mortgage.

## What happens if an AHOP homeowner's income increases above the income limits?

Eligibility, including income, is approved by BC Housing at the time of application. Eligibility is not impacted if income increases after this, however, if there are any changes to who's on title/living in the unit, eligibility for the entire household will have to be re-approved by BC Housing based on the latest information.

## What happens if a buyer cannot repay the AHOP Mortgage when it is due?

In the event that a buyer is unable to repay the AHOP Mortgage when due, BC Housing may take various steps and measures to ensure that the AHOP is repaid including potential foreclosure proceedings as necessary.

For more information about BC Housing's Affordable Homeownership Program, visit: [bchousing.org/housinghub](https://bchousing.org/housinghub), call 604-439-4757 or email: [housinghub@bchousing.org](mailto:housinghub@bchousing.org)

# AFFORDABLE HOME OWNERSHIP PROGRAM



## Program Framework

January 2019



## **INTRODUCTION**

In 2018, the Province of British Columbia announced the creation of the HousingHub, through which BC Housing partners with non-profit and for-profit sectors, faith groups, and other levels of government to identify and advance innovative approaches to locate, use, or repurpose land in communities where affordability is an issue.

The Affordable Home Ownership Program (AHOP) is delivered by BC Housing through the HousingHub to support the development of new, affordable homes for eligible home buyers. AHOP will provide an opportunity for households to access market ownership housing, further supporting the variety and range of affordable housing options in British Columbia. By providing interim construction financing at reduced rates and leveraging land and other contributions from project partners, units will be made available at 5-20% below market value for eligible home buyers, with the difference secured by an AHOP mortgage registered on title.

Figure 1: Housing Spectrum



This program framework outlines the overall program intent, goal, principles, target populations, core elements, standards and guidelines, monitoring and reporting requirements, and defines the roles and responsibilities of project partners in the delivery and management of the Affordable Home Ownership Program.

## **PRINCIPLES**

The following principles guide how BC Housing implements and administers AHOP, and our relationship with partners and government.

- 1. Affordable housing is established in communities where there is demonstrated demand**
- 2. BC Housing considers environmentally sustainable practices a priority and encourages commitments to this end**
- 3. Projects are consistent with regional and community priorities and plans**
  - a) Community support for the project should be evident.
  - b) Projects should be consistent with any official community plans and strategies.
- 4. Program partners are expected to maximize their equity contribution**
  - a) Proceeds from the repayment of AHOP mortgages are reinvested back in to affordable housing within the same community.

## AFFORDABLE HOME OWNERSHIP PROGRAM (AHOP) – PROGRAM FRAMEWORK

### 5. Operations are transparent and accountable

- a) BC Housing will employ fair and consistent processes when evaluating and selecting projects.
- b) Project partners will maintain reliable and consistent records and fulfil reporting obligations to BC Housing.

## PROGRAM PURPOSE

### **OBJECTIVE**

Increase the supply and range of affordable home ownership options for eligible households across British Columbia and support the transition to home ownership.

### **OUTCOME**

- Middle Income households are supported to move into home ownership

### **OUTPUTS**

- New affordable home ownership units created in communities with housing need
- Interim construction financing approved for new projects
- AHOP mortgages registered on title

### **MEASURES**

- Number of home ownership units sold to eligible households
- Total amount of interim construction financing approved
- Total value of AHOP mortgages
- Average AHOP mortgage as percentage of Market Value

## FUNDING

Affordable home ownership units are created using BC Housing's low interest interim construction financing and equity contributions from project partners. Together, these contributions effectively reduce the cost to eligible purchasers, with the value secured by an AHOP mortgage.

### ***Interim Construction Financing<sup>1</sup>***

BC Housing will provide interim construction financing for the development of affordable home ownership units. Interim financing may be approved up to 100% of the cost to complete the affordable housing project and will be registered as a repayable loan on title. This loan will be repaid with the proceeds from the sale of individual units and discharged accordingly. A predetermined number of presales will be required prior to the advance of funds.

The overall form of security registered on title will vary depending on the project structure and partnership roles. BC Housing will typically require execution and registration of BC Housing's standard mortgage security package.

### ***Partner Contributions***

Partnerships are encouraged to leverage additional units and further increase the affordability of housing units. Partner contributions may include capital funding, land or other equity contributions. Partners may be non-profit housing providers, government agencies, the private sector or other community organizations.

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<sup>1</sup> Financing is subject to BC Housing's Lending Criteria.

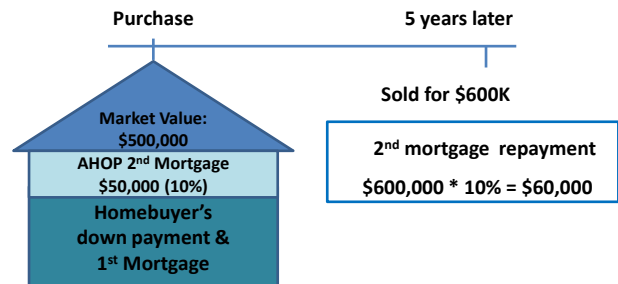
## AFFORDABLE HOME OWNERSHIP PROGRAM (AHOP) – PROGRAM FRAMEWORK

A second repayable loan will be registered prior to construction to secure the full value of these contributions. Repayment and partial discharges will occur as corresponding AHOP mortgages are provided to eligible purchasers.

### **AHOP Mortgages for Purchasers**

AHOP units are sold to eligible purchasers at their full market value, with the AHOP mortgage registered on title<sup>2</sup> and credited towards the purchase price at closing.

The mortgage will be for a 25 year term, interest and payment free, open to repayment in full at any time. At repayment, the home owner must repay the proportionate share of the current fair market value<sup>3</sup> of the home. For example, if the home was purchased with a 10% AHOP mortgage, the home owner must repay 10% of the current fair market value at the time of repayment.



The home buyer will own the property outright and have the full benefits, rights and responsibilities of home ownership, and must maintain the home as their principal residence<sup>4</sup> for the first 5 years of the AHOP mortgage term. The buyer will be permitted to sell the property on the open market at any point, provided they repay the AHOP mortgage at that time.

The AHOP mortgage becomes due and payable upon any of the following:

- Default on the 1<sup>st</sup> or AHOP mortgage<sup>5</sup>
- Sale of the home or other change of ownership
- The home ceasing to be the home owner's principal residence during the first 5 years<sup>6</sup>
- The end of the 25 year mortgage term

At repayment, the home buyer must payout the AHOP mortgage in full and may choose to refinance through the lender of their choice.

### **AHOP Funds**

Proceeds from the repayment of AHOP mortgages will be reinvested in affordable housing within the same community, ensuring the contributions to the project continue to be applied to affordable housing. Where an AHOP mortgage is paid out upon resale, the purchaser (if eligible) may apply to BC Housing for an AHOP mortgage equal to the repayment amount. BC Housing will work with municipalities and project partners to leverage these funds, and project

<sup>2</sup> The AHOP mortgage will be registered in favor of BC Housing in 2nd position, behind the mortgage obtained to purchase the home. No other financing will be granted in priority to the AHOP loan.

<sup>3</sup> Fair market value will be determined by an independent market appraisal

<sup>4</sup> Principal residence is defined as the home that is designated (and is eligible to be designated) as the owner's principal residence for tax purposes, and where all persons registered on title live permanently for at least 6 months per year in a self-contained unit with access to all living facilities at all times to conduct their daily activities (such as: cooking, sleeping and receiving mail) and is the residential address used by the persons registered on title on documentation including but not limited to identification, vehicle registration and income tax returns.

<sup>5</sup> Events of mortgage default will include not maintaining the home as a principal residence for the first five years, non-payment of property taxes or strata fees, and misrepresentation of eligibility.

<sup>6</sup> During the first five years of the 2<sup>nd</sup> mortgage term, units may not be rented or leased without prior written approval of BC Housing, granted only in demonstrated cases of hardship.

## **AFFORDABLE HOME OWNERSHIP PROGRAM (AHOP) – PROGRAM FRAMEWORK**

partners may establish additional requirements within the guidelines of this Program Framework.

### **PROJECT ELIGIBILITY**

BC Housing will consider proposals for funding through an open call for submissions. The evaluation of submissions will be based on proponent and project eligibility, need and demand, lending criteria and available financing. The following minimum eligibility requirements must be met<sup>7</sup>:

- The site must be suitable for affordable housing.
- Housing must be affordable for eligible households.
- The project partner must demonstrate demand for affordable ownership units in the target community and that the project is consistent with community priorities and plans.
- The project partner must present a clear business case for the project including satisfying any pre-determined pre-sale requirements and demonstrating sales revenues will be sufficient to fully repay the interim construction loan.
- The project partner is required to bring equity to the development in the form of cash, grants, municipal reductions, or unencumbered land.

In addition to the minimum eligibility criteria, project partners are expected to have experience and knowledge of the home ownership market in the target community. Greater consideration should be given to projects where:

- Eligibility requirements are simple with minimal ownership restrictions consistent with program guidelines.
- Ownership costs are favourable against local market ownership costs and rents.
- Location is favourable, including proximity to amenities. Unit size, layout, design and finishing is modest, yet well-aligned with the expectations of the target market.
- The character of the target market suggests that proposed units will sell in a timely manner.

While all project partners must meet these basic requirements, BC Housing may prioritize projects based on available financing and other determining factors, such as:

- Greater need and demand/community impact
- Greater affordability
- Larger equity contribution
- Geographic location

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<sup>7</sup> BC Housing may require additional guarantees or security in certain cases as it deems appropriate.

## KEY PROGRAM ELEMENTS

### *Home Buyer Eligibility*

All individuals who will have an interest in the home registered on title must meet all the following eligibility requirements:

- Canadian citizen or permanent resident;
- Resided in British Columbia for the past 12 months;
- Not own an interest in real property anywhere in the world, and currently live in rental housing or another non-ownership tenure (e.g. living with family).
- Combined, gross household income of all individuals on title must not exceed the applicable Middle Income Limit defined as follows:
  - **Units with two or more bedrooms:** Middle-income households are those whose gross household income does not exceed the 75<sup>th</sup> income percentile for families with children, as determined by BC Housing from time to time.<sup>8</sup>
  - **Units with less than two bedrooms:** Middle-income households are those whose gross household income does not exceed the 75<sup>th</sup> income percentile for families without children, as determined by BC Housing from time to time.<sup>9</sup>

### *Project Guidelines*

As development projects vary considerably, these guidelines will be applied as appropriate:

- Keep eligibility as broad as possible within program objectives to create a sufficient pool of eligible buyers.
- Design projects so that buyers can build equity consistent with equity gains in the housing market.
- Maintain a balanced design approach, such that modest units are affordable to households within the income eligibility requirements, while unit appeal is sufficient to ensure sale.
- Collaborate with municipal and community partners to ensure local needs for affordable home ownership are met and there is sufficient demand for the types of units being built.
- Create a marketing strategy during the planning phase and incorporate advertising to target eligible households that may not be actively looking to purchase a home.

### *Development Guidelines*

Projects are encouraged to meet or exceed the BC Housing Design and Construction Guidelines (<https://www.bchousing.org/partner-services/asset-management-redevelopment/construction-standards>). Provincially funded units must meet high standards of environmental sustainability, including low GHG emissions. Certifications may include LEED, R2000, Passive House or other equivalent.

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<sup>8</sup> BC Housing determines this figure using data released by Statistics Canada - Income Statistics Division: *T1 Family File – Custom Tabulation British Columbian Couple Families (With Children)*.

<sup>9</sup> BC Housing determines this figure using data released by Statistics Canada - Income Statistics Division: *T1 Family File – Custom Tabulation British Columbian Couple Families (Without Children)*.

## ROLES AND RESPONSIBILITIES

### *BC Housing*

- Evaluating project proposals.
- Providing or facilitating interim construction financing.
- Monitoring and evaluating the success of the program.
- Ongoing administration and monitoring of AHOP mortgages.

### *Project Partners*

- Coordinating the design and construction of developments.
- Coordinating the sale of the units to eligible home buyers, including verifying home buyer eligibility. The project partner will establish a contract of purchase and sale with eligible buyers that reflects program guidelines and includes:
  - Owner occupancy requirements.
  - Provisions relating to any purchase options or default on any mortgage.
  - Provisions relating to AHOP mortgages, including repayment requirements.
  - Condition precedents such as a Statutory Declaration of Intent with respect to eligibility and the home buyer's ability to obtain 1<sup>st</sup> mortgage financing.

## MONITORING AND REPORTING

Monitoring ensures program compliance and minimizes risk to all stakeholders, including residents, project partners and BC Housing.


BC Housing's main interests are:

- Affordable housing is maintained for target households.
- Construction standards and value for money are met.
- Project partners meet contractual obligations.

BC Housing and project partners will implement a system for periodic monitoring to ensure ongoing compliance with mortgage terms, and may require proof from the home owner that the property is being maintained as their principal residence.

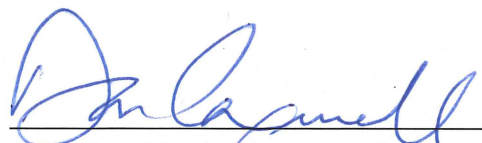
## SIGN-OFF

This Program Framework requires final sign-off by BC Housing's Vice-President of Development and Asset Strategies and Vice-President of Corporate Services.



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Vice President, Development and  
Asset Strategies



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Vice President, Corporate Services



**AFFORDABLE HOME OWNERSHIP PROGRAM  
MASTER PARTNERING MEMORANDUM OF UNDERSTANDING**

THIS MEMORANDUM OF UNDERSTANDING is dated for reference: September 1, 2021

BETWEEN

**VILLAGE OF CUMBERLAND**

2673 Dunsmuir Avenue, Cumberland, British Columbia V0R 1S0

(the "Village")

AND

**BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION**

Suite #1701 - 4555 Kingsway, Burnaby, British Columbia V5H 4V8

("BC Housing")

Regarding the development of Affordable Home Ownership Program Units in the Village of Cumberland

## PART 1 – INTRODUCTION

This Memorandum of Understanding (“**MOU**”) sets out the intent of the proposed partnership between BC Housing and the Village for the development of new affordable home ownership projects within the Village. The MOU applies only to projects (“**Developments**”) that are approved for the Affordable Home Ownership Program (the “**Program**”) by the Village and BC Housing and for which they enter into a Project Partnering Agreement with the owner of that Development.

The purpose of this MOU is to set out the desired basic business terms and conditions upon which BC Housing and the Village intend to proceed with discussions and negotiations for the approval and construction of the Developments.

This MOU is a non-binding statement of the parties’ mutual understanding of the collaboration framework. No legally enforceable rights or obligations will be created by or arise from this MOU in respect of either party.

The Village acknowledges that any other agreements arising from, or contemplated under this MOU and all rights and obligations of BC Housing will be subject to approvals by BC Housing’s Executive Committee and Board of Commissioners as required

BC Housing acknowledges that any other agreements arising from, or contemplated under this MOU and all rights and obligations of the Village will be subject to approvals by the Village’s authorities having jurisdiction or Village Council as required.

Both Parties acknowledge that any other MOUs or Agreements arising from or contemplated under this MOU remain subject to BC Housing and Village Council approval and such approval remains at the discretion of each Party.

## PART 2 – GOALS

This MOU recognizes the parties’ shared goal of developing new affordable housing for sale to middle income households as a partnership between BC Housing, private sector developers<sup>1</sup> and the Village. Affordability will be achieved through contributions from developers, the Village and BC Housing, which contributions will be secured over the long-term, as described below.

The specific goals intended to be met through this arrangement are:

- The creation of new home ownership homes (“**AHOP Homes**”) within the Village that are affordable for middle income households<sup>2</sup> in the Village. AHOP Homes may exist in Developments where only a portion of the units are allocated under the Program and the remaining units are not subject to the Program terms.
- Affordability will be achieved through partnerships with developers who will benefit from low-cost interim construction financing from BC Housing and increased density or other considerations and/or contributions from the Village.
- In addition to the creation of AHOP Homes, the Village will benefit through BC Housing’s repayment of the Village’s contributions for use for future affordable housing purposes.

## PART 3 – OUTLINE OF THE AFFORDABLE HOME OWNERSHIP PROGRAM

The Developments will be constructed by developers and the approved number of AHOP Homes will be made available for sale to middle income households who meet Program eligibility

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<sup>1</sup> Developers may be for-profit or non-profit entities.

<sup>2</sup> As defined in the Affordable Home Ownership Program Framework.

## BC Housing AHOP Master Partnering MOU

requirements, as described in the Program framework (“**Eligible Purchasers**”). Initial sale of all AHOP Homes in the Developments will be limited to Eligible Purchasers.

The intent of the Program is that AHOP Homes will be sold to Eligible Purchasers at fair market value, with a pre-determined portion of the purchase price secured by a registered mortgage facilitated by BC Housing (the “**AHOP Mortgage**”).

AHOP Mortgages will be interest and payment free for up to 25 years, effectively increasing the affordability for purchasers while securing the contributions made by the Village and BC Housing in affordable housing for the long-term. AHOP Mortgages are due and payable upon the earlier occurrence of the date the AHOP Home is sold, the maturity of the 25-year mortgage amortization period or any breach of the AHOP Mortgage terms, including failure to maintain the AHOP Home as the primary residence for the first five years.

Owners of an AHOP Home with an AHOP Mortgage will be required to repay the principal amount of the AHOP Mortgage plus (or minus) the agreed upon proportionate share of any increase (or decrease) in the value of the AHOP Home.

## PART 4 – ROLES AND RESPONSIBILITIES

**Subject to final agreement and approvals, the Village desires to further the objectives of the Program by:**

- Contributing to the affordability of each Development through the provision of favourable zoning, bonus density, parking and/or other incentives or relaxations, and/or expedited approvals.
- It is the Village’s sole discretion to approve all, some or none of above noted considerations, or to reject a Development.
- Creating a separate reserve fund for the deposit and expenditure of AHOP mortgage proceeds transferred to the Village, as applicable.

**Subject to final agreement and approvals, BC Housing desires to further the objectives of the Program by:**

- Negotiating terms of a Project Partnering Agreement with the Developer for each Development and securing the affordability of AHOP Homes and their availability to Eligible Purchasers through s.219 Covenants and other security documents as may be required;
- Providing interim construction financing at favourable rates for up to 100% of the capital cost of the Development;
- Reviewing and approving all AHOP Home sales to ensure AHOP Homes are sold to Eligible Purchasers and subject to the restrictions confirmed in the AHOP Mortgage or s. 219 Covenants;
- Granting AHOP Mortgages on the completion of the purchase of an AHOP Home, and managing all aspects of the AHOP Mortgage throughout the AHOP Mortgage term, including monitoring, enforcement and collection of the amounts secured by the AHOP Mortgage when they come due; and
- Release of AHOP Mortgage proceeds to the Village for investment in the mutually agreed fund, designated for affordable housing.

## PART 5 – INVESTMENT OF AHOP MORTGAGE PROCEEDS

BC Housing will collect the AHOP Mortgage proceeds when due<sup>3</sup> and hold them in trust for the Village. Once each year, BC Housing will transfer AHOP Mortgage proceeds received from Eligible Purchasers, less 2% for administration costs, to a fund managed by the Village. BC Housing and the Village shall mutually agree in advance regarding the fund designated for the

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<sup>3</sup> Upon sale, proceeds may be applied to an AHOP Mortgage for a subsequent eligible purchaser of the same unit, in order to extend affordability.

## **BC Housing AHOP Master Partnering MOU**

investment of AHOP Mortgage proceeds and the permitted use and objectives associated with the designated fund.

The Village will use all AHOP Mortgage proceeds received from BC Housing for affordable housing projects within the Village in accordance with the provision of affordable housing and the mutually agreed objectives of the designated fund.

BC Housing and the Village agree to work together in supporting the development of new affordable housing projects which receive funding from the designated fund. The Village and BC Housing will jointly approve any new projects receiving this funding which approval may require the additional approval of Cumberland Village Council and BC Housing's Executive Committee.

### **PART 6 – MUNICIPAL APPROVALS**

All municipal approvals for Developments are subject to Village approval and the provision of such approval is at the absolute discretion of the Village.

### **PART 7 – PUBLIC CONSULTATION**

Public consultation will occur for the Developments consistent with the Village's established policies and practices and statutory obligations in relation to applications for rezoning and development approval. All parties recognize that good communication, prompt responses, and complete documentation will be essential to achieve the cost savings anticipated by the Program. BC Housing will participate in the public consultation as it pertains to explaining the AHOP Program Framework and project partner agreements for each Development.

### **PART 8 – COMMUNICATION**

BC Housing and the Village will jointly agree on all major communications activities and materials relating to the subject matter of this MOU and any Developments resulting from it.

**BC Housing AHOP Master Partnering MOU**

**VILLAGE OF CUMBERLAND**

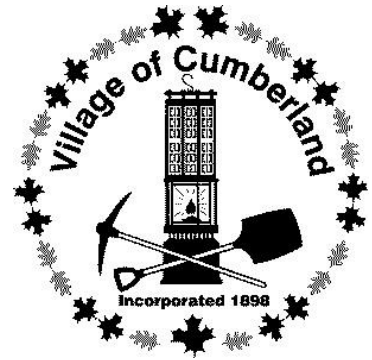
Per its authorized signatories

**BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION**

Per its authorized signatories

DRAFT

# COMMITTEE OF THE WHOLE REPORT



REPORT DATE: 6/17/2022  
MEETING DATE: 6/27/2022

File No. 3360/2021-02-RZ

TO: Mayor and Councillors  
FROM: Karin Albert, Senior Planner  
SUBJECT: BC Housing Affordable Home Ownership Program

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## **RECOMMENDATION**

THAT the Committee of the Whole receive the BC Housing Affordable Home Ownership Program report and the presentation by BC Housing.

## **PURPOSE**

The purpose of this report and the presentation by BC Housing is to inform the Committee of the Whole of BC Housing's Affordable Home Ownership Program (AHOP) and provide an opportunity for Council members to ask questions from BC Housing staff on program components.

## **PREVIOUS COUNCIL DIRECTION**

None.

## **BACKGROUND**

The Village has received an application for rezoning of Lot A, Ulverston Avenue, to be presented at the regular Council meeting this evening. The development proposal includes an AHOP component. The presentation by BC Housing is an opportunity for Council to learn about AHOP and ask questions prior to considering that program as part of the rezoning application.

AHOP provides an interest-free, payment-free second mortgage to eligible home buyers toward the purchase of a home. The program provides interim construction financing to the developer at reduced rates while the Village contributes higher density through the rezoning process to allow the developer to make units available at 5-20 percent below market value. The units are targeted at medium income home buyers who could otherwise not afford a home. (Attachment 1 – AHOP Fact Sheet and Attachment 2 – AHOP Framework).

Proceeds from the repayment of AHOP mortgages are reinvested in affordable housing within the same community, ensuring the contributions to the project continue to be applied to affordable

housing. Where an AHOP mortgage is paid out upon resale, the purchaser (if eligible) may apply to BC Housing for an AHOP mortgage equal to the repayment amount.

As part of the process to implement AHOP, BC Housing requests that the benefitting municipality enter into a Memorandum of Understanding (MoU) with BC Housing. The MoU outlines the components of the program and how the two parties will work together (Attachment 3 – Master Partnering Memorandum of Understanding). The MoU would apply to any development that has an AHOP component but does not oblige Village Council to grant a rezoning for a given development.

## **ALTERNATIVES**

This report is presented for information only.

## **STRATEGIC OBJECTIVE**

- Healthy Community
- Quality Infrastructure Planning and Development
- Comprehensive Community Planning
- Economic Development

## **FINANCIAL IMPLICATIONS**

The Village would benefit from the AHOP program since expenditure of AHOP mortgage proceeds would be transferred to the Village to be placed in a reserve fund designated for affordable housing. The funds can be used to support other affordable housing projects.

## **OPERATIONAL IMPLICATIONS**

Entering into an MoU with BC Housing and subsequently setting up a reserve fund for affordable housing with annual contributions from AHOP mortgage proceeds will require administrative time by Development Services and Financial Services staff.

## **CLIMATE CHANGE IMPLICATIONS**

None.

## **ATTACHMENTS**

1. Affordable Homeownership Program Factsheet
2. Affordable Homeownership Framework
3. Draft Master Partnering Memorandum of Understanding

## **CONCURRENCE**

Courtney Simpson, Manager of Development Services **CS**

Respectfully submitted,

K. Albert

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Karin Albert

Senior Planner

M. Mason

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Michelle Mason  
Interim Chief Administrative Officer



## Affordable Home Ownership Program

Put less down. Pay less monthly. Access homeownership.

**AHOP** is an innovative program from BC Housing. AHOP helps put homeownership in reach for middle-income British Columbians. Through the AHOP program, BC Housing takes out a second mortgage which is assigned to the buyer, called the AHOP Mortgage, of 10% or more of the purchase price. It is interest and payment-free for up to 25 years.

For the buyer, this means:

- ▼ total first mortgage is less
- ▼ monthly mortgage payments are lower
- ▼ lower income requirement for stress test and qualifications for the first mortgage

### How does it work?

The program provides buyers an interest-free, payment-free second mortgage – known as an AHOP Mortgage – toward the purchase of their home. As an interest-free mortgage, this essentially credits buyers with a percentage of their home's value. A minimum target percentage is 10%. However, depending on the project, this percentage could be significantly higher.

### How much of a down payment do buyers need to have?

Eligible homeowners only need a 5% down payment on the first \$500,000 (10% down is required on the remaining value of the purchase over \$500,000). That 5% deposit equates to a minimum total 15% down payment when combined with a 10% AHOP Mortgage. Buyers can also choose to put greater than 5% down.

## Do buyers need to pay CMHC insurance premiums?

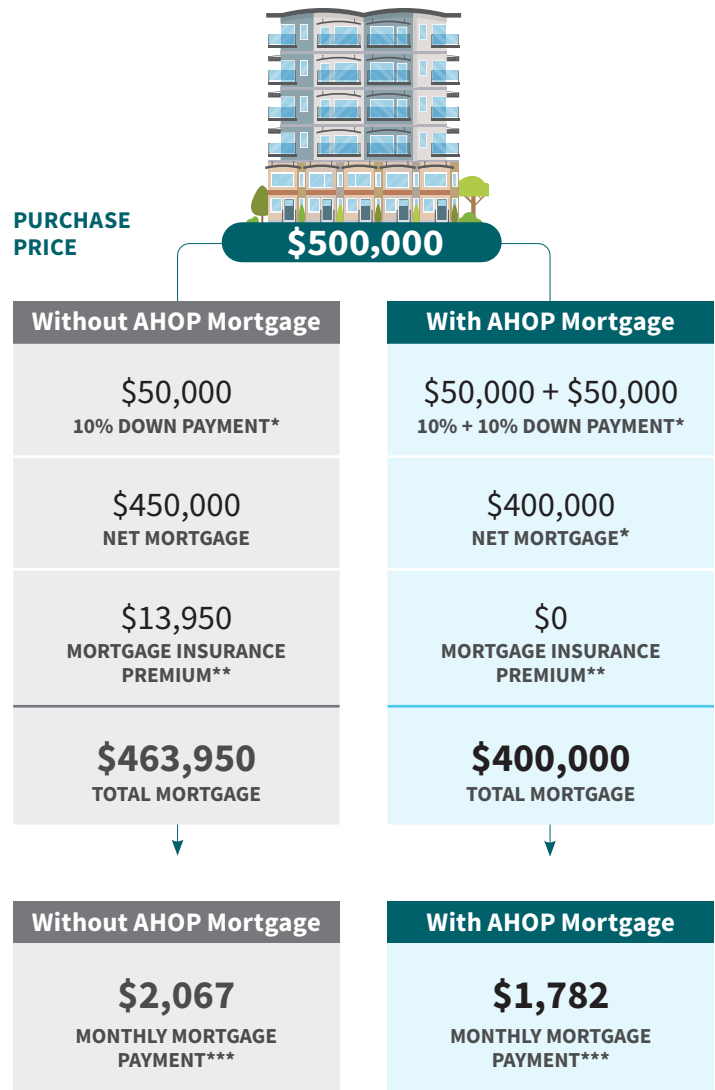
The AHOP program allows for lower or no insurance premium (if the total combined down payment is equal or greater than 20%). In the case of the AHOP 10% scenario and a minimum 5% down payment by the Buyer, the total down payment is now 15% due to the AHOP Mortgage. This would result in a reduced CMHC insurance premium compared to without the AHOP Mortgage. If the buyer increases their deposit from 5% to 10% there is no CMHC insurance premium. In the case of a \$500,000 home, no insurance premium means savings of about \$15,000 over the life of the mortgage.

## How does the AHOP second mortgage impact the primary mortgage?

The AHOP Mortgage results in a lower primary mortgage amount. For example, without an AHOP Mortgage, on a \$500,000 purchase with a 5% (\$25,000) down payment and approximately \$19,000 in CMHC insurance premiums, the primary mortgage amount is roughly \$494,000. However, the AHOP second mortgage at 10% of the price (\$50,000) would lower the primary mortgage amount to about \$436,900. If the buyer chooses to put a 10% (\$50,000) down payment, in addition to a 10% AHOP second mortgage, the buyer does not have to pay the CMHC insurance premium and the mortgage would be reduced to \$400,000.

## How does this program impact monthly mortgage payments?

In cases where the buyer puts down 10%, the total combined down payment amount (from buyer and AHOP) is greater than 20%. This means that the primary mortgage can be extended from 25 to 30 years. With a lower primary mortgage amount, no CMHC insurance premium, and by extending the amortization, monthly mortgage amounts are much lower. For a \$500,000 home purchase with 10% down, based on a 2.90% interest rate, monthly mortgage payments are about



\* Based on a 10% deposit without an AHOP Mortgage, and a 10% deposit + 10% secondary mortgage with an AHOP Mortgage.

\*\* Based on 3.10% CMHC Mortgage Insurance Premium for mortgages with 10% down.

\*\*\* Based on standard 5-year market financing at 2.45%. 25-year amortization period applied to high ratio mortgages with 10% down. 30-year amortization period applied to conventional mortgages with 10% down and 10% AHOP Mortgage.

\$511 less for an AHOP unit. This lowers the cost of homeownership by \$6,128 per year. That is \$30,641 less over the 5-year mortgage term.

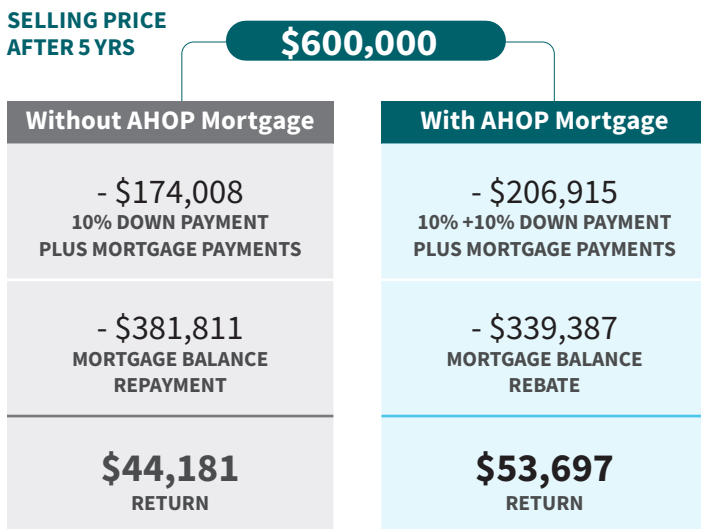
## Do buyers need to pay the AHOP Mortgage back?

Yes. When a buyer sells their home in the future, they need to repay the percentage loan value at that time. In the typical 10% AHOP scenario, the AHOP Mortgage is repaid at 10% of the then current market value.

The AHOP Mortgage also needs to be repaid if the buyer defaults on their first mortgage, rents their home during the first five years of ownership, otherwise defaults on the AHOP program, or when the 25-year AHOP Mortgage term ends. Buyers may also choose to repay the loan at any time.

## If a buyer sells, will they walk away with the same return as they would not under the AHOP program?

An AHOP purchaser who buys a \$500,000 home with a 10% down payment and then sells that home five years later for \$600,000, pays a lot less over the life of the mortgage. Yes, they can potentially walk away with about the same return or more return.



## Where does my repaid AHOP Mortgage money go?

The money that homeowners repay in association with the AHOP Mortgage will be contributed to the municipality where there is an agreement in place to help support more affordable homes within that municipality. In the event that there is no agreement in place between BC Housing and the municipality, BC Housing will use the proceeds to help support more affordable homes in British Columbia.

## Who is eligible for AHOP?

To qualify for an AHOP Mortgage, the following is required of the buyer(s):

- ✓ Canadian citizen or permanent resident;
- ✓ Lived in British Columbia for the past 12 months;
- ✓ Not own other property anywhere in the world;
- ✓ Currently live in rental housing or other non-ownership housing (e.g., living with family);
- ✓ Combined gross household income of those on title must not exceed the Middle Income Limit defined as:

**Units with two or more bedrooms:** Middle-income households are those whose gross household income does not exceed the 75th income percentile for families with children, as determined by BC Housing.

**Units with less than two bedrooms:** Middle-income households are those whose gross household income does not exceed the 75th income percentile for families without children, as determined by BC Housing.

## Can AHOP homeowners rent out their places?

Rentals are not permitted during the first five years of ownership. Once the AHOP Mortgage is repaid, the homeowner is free and clear to rent out their home if rentals are allowed by the Strata.

## Can I qualify for AHOP if I already own a home?

No. In order to qualify for AHOP, buyers cannot own property anywhere else in the world.

## Can I buy another home while also owning a home with an AHOP Mortgage?

Buyers cannot own property anywhere else in the world at the time of application and must maintain the AHOP home as their principal residence for the first 5 years.

## Can buyers sell their current homes and purchase a home with AHOP?

No, unless they have sold their home more than 12 months prior to the purchase of a home with AHOP. While buyers may have owned homes in the past, they cannot be current homeowners to qualify for an AHOP Mortgage.

## What happens if an AHOP homeowner's income increases above the income limits?

Eligibility, including income, is approved by BC Housing at the time of application. Eligibility is not impacted if income increases after this, however, if there are any changes to who's on title/living in the unit, eligibility for the entire household will have to be re-approved by BC Housing based on the latest information.

## What happens if a buyer cannot repay the AHOP Mortgage when it is due?

In the event that a buyer is unable to repay the AHOP Mortgage when due, BC Housing may take various steps and measures to ensure that the AHOP is repaid including potential foreclosure proceedings as necessary.

For more information about BC Housing's Affordable Homeownership Program, visit: [bchousing.org/housinghub](https://bchousing.org/housinghub), call 604-439-4757 or email: [housinghub@bchousing.org](mailto:housinghub@bchousing.org)

# AFFORDABLE HOME OWNERSHIP PROGRAM



## Program Framework

January 2019



## **INTRODUCTION**

In 2018, the Province of British Columbia announced the creation of the HousingHub, through which BC Housing partners with non-profit and for-profit sectors, faith groups, and other levels of government to identify and advance innovative approaches to locate, use, or repurpose land in communities where affordability is an issue.

The Affordable Home Ownership Program (AHOP) is delivered by BC Housing through the HousingHub to support the development of new, affordable homes for eligible home buyers. AHOP will provide an opportunity for households to access market ownership housing, further supporting the variety and range of affordable housing options in British Columbia. By providing interim construction financing at reduced rates and leveraging land and other contributions from project partners, units will be made available at 5-20% below market value for eligible home buyers, with the difference secured by an AHOP mortgage registered on title.

Figure 1: Housing Spectrum



This program framework outlines the overall program intent, goal, principles, target populations, core elements, standards and guidelines, monitoring and reporting requirements, and defines the roles and responsibilities of project partners in the delivery and management of the Affordable Home Ownership Program.

## **PRINCIPLES**

The following principles guide how BC Housing implements and administers AHOP, and our relationship with partners and government.

- 1. Affordable housing is established in communities where there is demonstrated demand**
- 2. BC Housing considers environmentally sustainable practices a priority and encourages commitments to this end**
- 3. Projects are consistent with regional and community priorities and plans**
  - a) Community support for the project should be evident.
  - b) Projects should be consistent with any official community plans and strategies.
- 4. Program partners are expected to maximize their equity contribution**
  - a) Proceeds from the repayment of AHOP mortgages are reinvested back in to affordable housing within the same community.

## AFFORDABLE HOME OWNERSHIP PROGRAM (AHOP) – PROGRAM FRAMEWORK

### 5. Operations are transparent and accountable

- a) BC Housing will employ fair and consistent processes when evaluating and selecting projects.
- b) Project partners will maintain reliable and consistent records and fulfil reporting obligations to BC Housing.

## PROGRAM PURPOSE

### OBJECTIVE

Increase the supply and range of affordable home ownership options for eligible households across British Columbia and support the transition to home ownership.

### OUTCOME

- Middle Income households are supported to move into home ownership

### OUTPUTS

- New affordable home ownership units created in communities with housing need
- Interim construction financing approved for new projects
- AHOP mortgages registered on title

### MEASURES

- Number of home ownership units sold to eligible households
- Total amount of interim construction financing approved
- Total value of AHOP mortgages
- Average AHOP mortgage as percentage of Market Value

## FUNDING

Affordable home ownership units are created using BC Housing's low interest interim construction financing and equity contributions from project partners. Together, these contributions effectively reduce the cost to eligible purchasers, with the value secured by an AHOP mortgage.

### ***Interim Construction Financing<sup>1</sup>***

BC Housing will provide interim construction financing for the development of affordable home ownership units. Interim financing may be approved up to 100% of the cost to complete the affordable housing project and will be registered as a repayable loan on title. This loan will be repaid with the proceeds from the sale of individual units and discharged accordingly. A predetermined number of presales will be required prior to the advance of funds.

The overall form of security registered on title will vary depending on the project structure and partnership roles. BC Housing will typically require execution and registration of BC Housing's standard mortgage security package.

### ***Partner Contributions***

Partnerships are encouraged to leverage additional units and further increase the affordability of housing units. Partner contributions may include capital funding, land or other equity contributions. Partners may be non-profit housing providers, government agencies, the private sector or other community organizations.

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<sup>1</sup> Financing is subject to BC Housing's Lending Criteria.

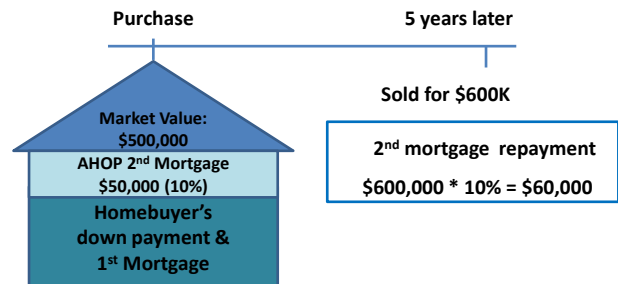
## AFFORDABLE HOME OWNERSHIP PROGRAM (AHOP) – PROGRAM FRAMEWORK

A second repayable loan will be registered prior to construction to secure the full value of these contributions. Repayment and partial discharges will occur as corresponding AHOP mortgages are provided to eligible purchasers.

### **AHOP Mortgages for Purchasers**

AHOP units are sold to eligible purchasers at their full market value, with the AHOP mortgage registered on title<sup>2</sup> and credited towards the purchase price at closing.

The mortgage will be for a 25 year term, interest and payment free, open to repayment in full at any time. At repayment, the home owner must repay the proportionate share of the current fair market value<sup>3</sup> of the home. For example, if the home was purchased with a 10% AHOP mortgage, the home owner must repay 10% of the current fair market value at the time of repayment.



The home buyer will own the property outright and have the full benefits, rights and responsibilities of home ownership, and must maintain the home as their principal residence<sup>4</sup> for the first 5 years of the AHOP mortgage term. The buyer will be permitted to sell the property on the open market at any point, provided they repay the AHOP mortgage at that time.

The AHOP mortgage becomes due and payable upon any of the following:

- Default on the 1<sup>st</sup> or AHOP mortgage<sup>5</sup>
- Sale of the home or other change of ownership
- The home ceasing to be the home owner's principal residence during the first 5 years<sup>6</sup>
- The end of the 25 year mortgage term

At repayment, the home buyer must payout the AHOP mortgage in full and may choose to refinance through the lender of their choice.

### **AHOP Funds**

Proceeds from the repayment of AHOP mortgages will be reinvested in affordable housing within the same community, ensuring the contributions to the project continue to be applied to affordable housing. Where an AHOP mortgage is paid out upon resale, the purchaser (if eligible) may apply to BC Housing for an AHOP mortgage equal to the repayment amount. BC Housing will work with municipalities and project partners to leverage these funds, and project

<sup>2</sup> The AHOP mortgage will be registered in favor of BC Housing in 2nd position, behind the mortgage obtained to purchase the home. No other financing will be granted in priority to the AHOP loan.

<sup>3</sup> Fair market value will be determined by an independent market appraisal

<sup>4</sup> Principal residence is defined as the home that is designated (and is eligible to be designated) as the owner's principal residence for tax purposes, and where all persons registered on title live permanently for at least 6 months per year in a self-contained unit with access to all living facilities at all times to conduct their daily activities (such as: cooking, sleeping and receiving mail) and is the residential address used by the persons registered on title on documentation including but not limited to identification, vehicle registration and income tax returns.

<sup>5</sup> Events of mortgage default will include not maintaining the home as a principal residence for the first five years, non-payment of property taxes or strata fees, and misrepresentation of eligibility.

<sup>6</sup> During the first five years of the 2<sup>nd</sup> mortgage term, units may not be rented or leased without prior written approval of BC Housing, granted only in demonstrated cases of hardship.

## **AFFORDABLE HOME OWNERSHIP PROGRAM (AHOP) – PROGRAM FRAMEWORK**

partners may establish additional requirements within the guidelines of this Program Framework.

### **PROJECT ELIGIBILITY**

BC Housing will consider proposals for funding through an open call for submissions. The evaluation of submissions will be based on proponent and project eligibility, need and demand, lending criteria and available financing. The following minimum eligibility requirements must be met<sup>7</sup>:

- The site must be suitable for affordable housing.
- Housing must be affordable for eligible households.
- The project partner must demonstrate demand for affordable ownership units in the target community and that the project is consistent with community priorities and plans.
- The project partner must present a clear business case for the project including satisfying any pre-determined pre-sale requirements and demonstrating sales revenues will be sufficient to fully repay the interim construction loan.
- The project partner is required to bring equity to the development in the form of cash, grants, municipal reductions, or unencumbered land.

In addition to the minimum eligibility criteria, project partners are expected to have experience and knowledge of the home ownership market in the target community. Greater consideration should be given to projects where:

- Eligibility requirements are simple with minimal ownership restrictions consistent with program guidelines.
- Ownership costs are favourable against local market ownership costs and rents.
- Location is favourable, including proximity to amenities. Unit size, layout, design and finishing is modest, yet well-aligned with the expectations of the target market.
- The character of the target market suggests that proposed units will sell in a timely manner.

While all project partners must meet these basic requirements, BC Housing may prioritize projects based on available financing and other determining factors, such as:

- Greater need and demand/community impact
- Greater affordability
- Larger equity contribution
- Geographic location

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<sup>7</sup> BC Housing may require additional guarantees or security in certain cases as it deems appropriate.

## KEY PROGRAM ELEMENTS

### *Home Buyer Eligibility*

All individuals who will have an interest in the home registered on title must meet all the following eligibility requirements:

- Canadian citizen or permanent resident;
- Resided in British Columbia for the past 12 months;
- Not own an interest in real property anywhere in the world, and currently live in rental housing or another non-ownership tenure (e.g. living with family).
- Combined, gross household income of all individuals on title must not exceed the applicable Middle Income Limit defined as follows:
  - **Units with two or more bedrooms:** Middle-income households are those whose gross household income does not exceed the 75<sup>th</sup> income percentile for families with children, as determined by BC Housing from time to time.<sup>8</sup>
  - **Units with less than two bedrooms:** Middle-income households are those whose gross household income does not exceed the 75<sup>th</sup> income percentile for families without children, as determined by BC Housing from time to time.<sup>9</sup>

### *Project Guidelines*

As development projects vary considerably, these guidelines will be applied as appropriate:

- Keep eligibility as broad as possible within program objectives to create a sufficient pool of eligible buyers.
- Design projects so that buyers can build equity consistent with equity gains in the housing market.
- Maintain a balanced design approach, such that modest units are affordable to households within the income eligibility requirements, while unit appeal is sufficient to ensure sale.
- Collaborate with municipal and community partners to ensure local needs for affordable home ownership are met and there is sufficient demand for the types of units being built.
- Create a marketing strategy during the planning phase and incorporate advertising to target eligible households that may not be actively looking to purchase a home.

### *Development Guidelines*

Projects are encouraged to meet or exceed the BC Housing Design and Construction Guidelines (<https://www.bchousing.org/partner-services/asset-management-redevelopment/construction-standards>). Provincially funded units must meet high standards of environmental sustainability, including low GHG emissions. Certifications may include LEED, R2000, Passive House or other equivalent.

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<sup>8</sup> BC Housing determines this figure using data released by Statistics Canada - Income Statistics Division: *T1 Family File – Custom Tabulation British Columbian Couple Families (With Children)*.

<sup>9</sup> BC Housing determines this figure using data released by Statistics Canada - Income Statistics Division: *T1 Family File – Custom Tabulation British Columbian Couple Families (Without Children)*.

## AFFORDABLE HOME OWNERSHIP PROGRAM (AHOP) – PROGRAM FRAMEWORK

### ROLES AND RESPONSIBILITIES

#### *BC Housing*

- Evaluating project proposals.
- Providing or facilitating interim construction financing.
- Monitoring and evaluating the success of the program.
- Ongoing administration and monitoring of AHOP mortgages.

#### *Project Partners*

- Coordinating the design and construction of developments.
- Coordinating the sale of the units to eligible home buyers, including verifying home buyer eligibility. The project partner will establish a contract of purchase and sale with eligible buyers that reflects program guidelines and includes:
  - Owner occupancy requirements.
  - Provisions relating to any purchase options or default on any mortgage.
  - Provisions relating to AHOP mortgages, including repayment requirements.
  - Condition precedents such as a Statutory Declaration of Intent with respect to eligibility and the home buyer's ability to obtain 1<sup>st</sup> mortgage financing.

### MONITORING AND REPORTING

Monitoring ensures program compliance and minimizes risk to all stakeholders, including residents, project partners and BC Housing.


BC Housing's main interests are:

- Affordable housing is maintained for target households.
- Construction standards and value for money are met.
- Project partners meet contractual obligations.

BC Housing and project partners will implement a system for periodic monitoring to ensure ongoing compliance with mortgage terms, and may require proof from the home owner that the property is being maintained as their principal residence.

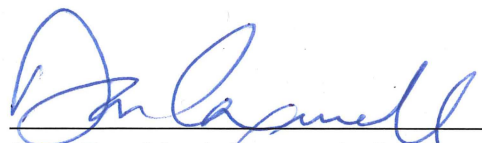
### SIGN-OFF

This Program Framework requires final sign-off by BC Housing's Vice-President of Development and Asset Strategies and Vice-President of Corporate Services.



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Vice President, Development and  
Asset Strategies



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Vice President, Corporate Services



**AFFORDABLE HOME OWNERSHIP PROGRAM  
MASTER PARTNERING MEMORANDUM OF UNDERSTANDING**

THIS MEMORANDUM OF UNDERSTANDING is dated for reference: September 1, 2021

BETWEEN

**VILLAGE OF CUMBERLAND**

2673 Dunsmuir Avenue, Cumberland, British Columbia V0R 1S0

(the "Village")

AND

**BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION**

Suite #1701 - 4555 Kingsway, Burnaby, British Columbia V5H 4V8

("BC Housing")

Regarding the development of Affordable Home Ownership Program Units in the Village of Cumberland

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MOU

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## PART 1 – INTRODUCTION

This Memorandum of Understanding (“**MOU**”) sets out the intent of the proposed partnership between BC Housing and the Village for the development of new affordable home ownership projects within the Village. The MOU applies only to projects (“**Developments**”) that are approved for the Affordable Home Ownership Program (the “**Program**”) by the Village and BC Housing and for which they enter into a Project Partnering Agreement with the owner of that Development.

The purpose of this MOU is to set out the desired basic business terms and conditions upon which BC Housing and the Village intend to proceed with discussions and negotiations for the approval and construction of the Developments.

This MOU is a non-binding statement of the parties’ mutual understanding of the collaboration framework. No legally enforceable rights or obligations will be created by or arise from this MOU in respect of either party.

The Village acknowledges that any other agreements arising from, or contemplated under this MOU and all rights and obligations of BC Housing will be subject to approvals by BC Housing’s Executive Committee and Board of Commissioners as required

BC Housing acknowledges that any other agreements arising from, or contemplated under this MOU and all rights and obligations of the Village will be subject to approvals by the Village’s authorities having jurisdiction or Village Council as required.

Both Parties acknowledge that any other MOUs or Agreements arising from or contemplated under this MOU remain subject to BC Housing and Village Council approval and such approval remains at the discretion of each Party.

## PART 2 – GOALS

This MOU recognizes the parties’ shared goal of developing new affordable housing for sale to middle income households as a partnership between BC Housing, private sector developers<sup>1</sup> and the Village. Affordability will be achieved through contributions from developers, the Village and BC Housing, which contributions will be secured over the long-term, as described below.

The specific goals intended to be met through this arrangement are:

- The creation of new home ownership homes (“**AHOP Homes**”) within the Village that are affordable for middle income households<sup>2</sup> in the Village. AHOP Homes may exist in Developments where only a portion of the units are allocated under the Program and the remaining units are not subject to the Program terms.
- Affordability will be achieved through partnerships with developers who will benefit from low-cost interim construction financing from BC Housing and increased density or other considerations and/or contributions from the Village.
- In addition to the creation of AHOP Homes, the Village will benefit through BC Housing’s repayment of the Village’s contributions for use for future affordable housing purposes.

## PART 3 – OUTLINE OF THE AFFORDABLE HOME OWNERSHIP PROGRAM

The Developments will be constructed by developers and the approved number of AHOP Homes will be made available for sale to middle income households who meet Program eligibility

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<sup>1</sup> Developers may be for-profit or non-profit entities.

<sup>2</sup> As defined in the Affordable Home Ownership Program Framework.

## BC Housing AHOP Master Partnering MOU

requirements, as described in the Program framework (“**Eligible Purchasers**”). Initial sale of all AHOP Homes in the Developments will be limited to Eligible Purchasers.

The intent of the Program is that AHOP Homes will be sold to Eligible Purchasers at fair market value, with a pre-determined portion of the purchase price secured by a registered mortgage facilitated by BC Housing (the “**AHOP Mortgage**”).

AHOP Mortgages will be interest and payment free for up to 25 years, effectively increasing the affordability for purchasers while securing the contributions made by the Village and BC Housing in affordable housing for the long-term. AHOP Mortgages are due and payable upon the earlier occurrence of the date the AHOP Home is sold, the maturity of the 25-year mortgage amortization period or any breach of the AHOP Mortgage terms, including failure to maintain the AHOP Home as the primary residence for the first five years.

Owners of an AHOP Home with an AHOP Mortgage will be required to repay the principal amount of the AHOP Mortgage plus (or minus) the agreed upon proportionate share of any increase (or decrease) in the value of the AHOP Home.

## PART 4 – ROLES AND RESPONSIBILITIES

**Subject to final agreement and approvals, the Village desires to further the objectives of the Program by:**

- Contributing to the affordability of each Development through the provision of favourable zoning, bonus density, parking and/or other incentives or relaxations, and/or expedited approvals.
- It is the Village’s sole discretion to approve all, some or none of above noted considerations, or to reject a Development.
- Creating a separate reserve fund for the deposit and expenditure of AHOP mortgage proceeds transferred to the Village, as applicable.

**Subject to final agreement and approvals, BC Housing desires to further the objectives of the Program by:**

- Negotiating terms of a Project Partnering Agreement with the Developer for each Development and securing the affordability of AHOP Homes and their availability to Eligible Purchasers through s.219 Covenants and other security documents as may be required;
- Providing interim construction financing at favourable rates for up to 100% of the capital cost of the Development;
- Reviewing and approving all AHOP Home sales to ensure AHOP Homes are sold to Eligible Purchasers and subject to the restrictions confirmed in the AHOP Mortgage or s. 219 Covenants;
- Granting AHOP Mortgages on the completion of the purchase of an AHOP Home, and managing all aspects of the AHOP Mortgage throughout the AHOP Mortgage term, including monitoring, enforcement and collection of the amounts secured by the AHOP Mortgage when they come due; and
- Release of AHOP Mortgage proceeds to the Village for investment in the mutually agreed fund, designated for affordable housing.

## PART 5 – INVESTMENT OF AHOP MORTGAGE PROCEEDS

BC Housing will collect the AHOP Mortgage proceeds when due<sup>3</sup> and hold them in trust for the Village. Once each year, BC Housing will transfer AHOP Mortgage proceeds received from Eligible Purchasers, less 2% for administration costs, to a fund managed by the Village. BC Housing and the Village shall mutually agree in advance regarding the fund designated for the

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<sup>3</sup> Upon sale, proceeds may be applied to an AHOP Mortgage for a subsequent eligible purchaser of the same unit, in order to extend affordability.

## **BC Housing AHOP Master Partnering MOU**

investment of AHOP Mortgage proceeds and the permitted use and objectives associated with the designated fund.

The Village will use all AHOP Mortgage proceeds received from BC Housing for affordable housing projects within the Village in accordance with the provision of affordable housing and the mutually agreed objectives of the designated fund.

BC Housing and the Village agree to work together in supporting the development of new affordable housing projects which receive funding from the designated fund. The Village and BC Housing will jointly approve any new projects receiving this funding which approval may require the additional approval of Cumberland Village Council and BC Housing's Executive Committee.

### **PART 6 – MUNICIPAL APPROVALS**

All municipal approvals for Developments are subject to Village approval and the provision of such approval is at the absolute discretion of the Village.

### **PART 7 – PUBLIC CONSULTATION**

Public consultation will occur for the Developments consistent with the Village's established policies and practices and statutory obligations in relation to applications for rezoning and development approval. All parties recognize that good communication, prompt responses, and complete documentation will be essential to achieve the cost savings anticipated by the Program. BC Housing will participate in the public consultation as it pertains to explaining the AHOP Program Framework and project partner agreements for each Development.

### **PART 8 – COMMUNICATION**

BC Housing and the Village will jointly agree on all major communications activities and materials relating to the subject matter of this MOU and any Developments resulting from it.

**BC Housing AHOP Master Partnering MOU**

**VILLAGE OF CUMBERLAND**

Per its authorized signatories

**BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION**

Per its authorized signatories

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