

Affordable Home Ownership Workshop – Victoria, BC

BC Housing's Affordable Home Ownership Projects

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Role of BC Housing

- Facilitate the creation of new affordable rental housing for low and moderate income households in communities across British Columbia
- Affordable Housing is established in communities with demonstrated need
- Developments are financially and environmentally sustainable
- Consistency with regional and community priorities and plans
- Project partners are expected to maximize their equity contributions to projects
- Transparent and accountable operations



Why is BC Housing involved in Affordable Home Ownership?

- Provincial mandate thru BC Housing to expand its role along the housing continuum
- Affordable home ownership can help households move from being renters to home owners
- Helps moderate income households to build equity to break the cycle of poverty and allow limited resources for other pressures
- No government grants or subsidy's – CPI financing only



The Housing Continuum



Financing (CPI) Highlights

CONSTRUCTION FINANCING

- Up to 100% financing
- Variable Interest Rate = Treasury Rate + 1/16% (changes monthly)
- Jan 2017 actual (0.7561%)
- No loan insurance required
- 1% loan fee

TAKE OUT MORTGAGE

- Owner responsibility
- Approved by 3rd party lender
- * BC Housing to offer educational opportunities for 1st time home buyers



Case Study: Veneto in Fernie

- **Address:** 1002-1092 First Avenue, Fernie
- **Developer:** Veneto Place Properties in partnership with Parastone Developments, Columbia Basin Trust, BC Housing, City of Fernie and Fernie Family Housing Society
- 21 Rental Units
- 24 Affordable Home Ownership Units
- **Target Group:** Singles, Families and Seniors with low to moderate incomes



Case Study: Veneto in Fernie

Challenges

- 12 units – Affordable restrictions in Perpetuity
- 12 units – Affordable restrictions 10 years
- AHO Agreements restricted owners income and resale
- Time frame to finalize documents
- Resale restrictions felt to be prohibitive to market
- AHO is a new concept for purchasers
- Down Payments a challenge for purchasers – CMHC Mortgage Insurance
- Market conditions changed from construction start to completion



Case Study: Veneto in Fernie

Lessons Learned

- Resale restrictions set at Consumer Price Index versus share in market increase
- Sale price versus market value – larger gap needed
- Is a mix of rental and ownership a deterrent to sales?

Current Buyer's Requirements

- Owner occupied for a minimum of 2 years
- Qualified for a mortgage loan from a recognized financial institution
- Buyers required to secure a 10% down payment
- Annual household income allowed for a 1 bed unit cannot be more than \$67,000
- Annual household income for a 2 or more bed unit cannot be more than \$97,000
- After 2 years the property can be sold to anyone at anytime



Case Study: The Sequel in Vancouver

Address: 138 East Hastings Street,
Vancouver

Developer: 138 Sequel Development

Society: FJL Housing Society

Client Group: Singles or households
with low to moderate income

79 of the 97 Units are Affordable
Home Ownership

18 units were transferred to the
Society for rentals



Occupancy: Summer 2015



Case Study: The Sequel in Vancouver

How Affordability was Achieved for this Project

- Developer sold AHO units 10% below market price
- Developer generated income from parking stalls, bike storage, finishing upgrades, and sale of CRUs to allow for the reduction of sale price
- Income testing on potential buyers
- AHO S219, registered on each of the 79 AHO units titles to remain on title for not less than 2 yrs
- BCH S219 & OTP remains on the 18 rental units transferred to society



Case Study: The Sequel in Vancouver

Challenges and Lessons Learned

- Income test potential buyer at the time of purchase NOT at closing.
- Hardship Clause – Owners had to income test renters, but we did not specify maximum rental rates so owners were allowed to charge any amount

Case Study: The Strand in Port Moody

Address: 2513 Clark Street, Port Moody

Developer: Townline Ventures Ltd

Client Group: Individuals and households with low to moderate incomes



Occupancy: Summer 2018



Case Study: The Strand in Port Moody

How Affordability was Achieved for this Project

- The Legion executed Land Exchange Agreement with the Townline Ventures.
- TownLine - Purchased site for \$1.5M and agreed to provide a new Legion facility on site and 5 new CRUs
- TownLine will develop, market and sell 84 AHO units and market 9 CRUs
- Units sold at 10% below market



Case Study: The Strand in Port Moody

Challenges and Lessons Learned

- Income testing on buyers at time of purchase NOT at closing
- Developer hired a third part to verify income and attend to execution
- Hardship Clause removed from the covenant



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