

From: Dan Maxwell
To: [Foster, Doug FIN:EX](#)
Cc: [Hawkshaw, Steve FIN:EX](#); [Steves, Gregory OHCS:EX](#); [Dube, Jonathan FIN:EX](#); [XT:Iten, Jenn BCHM:IN](#); [XT:HLTH Ramsay, Shayne](#)
Subject: RE: update on CMHC discussions?
Date: Tuesday, November 15, 2016 11:24:07 AM
Attachments: [MFIN-Briefing Note-Assignability.docx](#)

Minister Coleman met with the federal Finance minister and the CMHC president. s.16

s.16

s.12,s.13

s.13

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: Foster, Doug FIN:EX [<mailto:Doug.Foster@gov.bc.ca>]
Sent: November-14-16 4:54 PM
To: Dan Maxwell; Jennifer Iten
Cc: Hawkshaw, Steve FIN:EX; Gregory Steves; Dube, Jonathan FIN:EX
Subject: update on CMHC discussions?
s.13

d.

ISSUES NOTE
PREPARED FOR THE MINISTER OF FINANCE

SUBJECT: Downpayment Assistance Program (DAP)

ISSUE:

The DAP approval letter issued by BC Housing cannot be assigned to facilitate a deposit loan.

DISCUSSION:

- DAP will provide matching downpayment assistance to a maximum of 5%.
- In situations where the DAP assistance is less than 5%, the purchaser may not have the 5% required by industry practice for the deposit on the home.
- In these situations, the purchaser will be required to arrange the funding required for the deposit before the DAP loan is provided. Buyers regularly arrange lines of credit with their mortgage lender as part of their home purchase.

s.13

From: [Steves, Gregory OHCS:EX](#)
To: [Henderson, Kim N PREM:EX](#)
Subject: Q&As for Housing Report Back (DAP)
Date: Wednesday, October 19, 2016 8:38:00 AM
Attachments: [QA for Housing Report Back \(FINAL ADM GCPE approved\).docx](#)

Hi Kim
s.12,s.13

Respectfully,
Greg Steves
ADM

Page 04 to/à Page 11

Withheld pursuant to/removed as

s.12;s.13

From: [Tiffin, Kim OHCS:EX](#)
To: [Steves, Gregory OHCS:EX](#)
Subject: FW: QA for TB Dec 5 2016 v3
Date: Friday, December 2, 2016 2:17:16 PM
Attachments: [QA for TB Dec 5 2016 v3.docx](#)

For you review.

New Qs are 1 2 and 3.

Kim

From: Page, Doug OHCS:EX
Sent: Friday, December 2, 2016 1:49 PM
To: Tiffin, Kim OHCS:EX
Subject: QA for TB Dec 5 2016 v3
Here is the updated file with the new Q's.
Doug

Housing Affordability Initiatives

Questions and Answers

December 5, 2016

Additional Investment in Housing Innovation (IHI)

1. How many units of affordable housing has BC Housing constructed in the last 10 years?

Since 2006, BC Housing has undertaken over 500 projects, representing 16,234 units of affordable housing, worth \$3.653 billion. This excludes the amounts provided through rent supplements, e.g., Rental Assistance Program (RAP) and Shelter Aid for Elderly Renters (SAFER).

BC Housing New Units (excluding Rent Supplements)			
			Capital Cost*
Year	Projects	Units	\$ million
2006-2007	73	2,211	497
2007-2008	71	2,165	487
2008-2009	60	1,326	298
2009-2010	49	1,513	340
2010-2011	56	1,793	403
2011-2012	61	1,929	434
2012-2013	27	984	221
2013-2014	34	1,426	321
2014-2015	32	1,284	289
2015-2016	44	1,603	361
Total	507	16,234	3,653

2. What process did BC Housing use to evaluate potential projects under the Provincial Investment in Affordable Housing (PIAH) program to ensure the projects were both viable, and would result in a positive community impact?

BC Housing evaluated applications to the PIAH program through a multi-stage project evaluation process, involving criteria that assessed the track record of the non-profit society, the impact the project would have on increasing housing affordability and meeting a verifiable need in its community, as well as the operational and financial viability of the project.

An open and competitive process was used to gather applications for PIAH. Applicants must demonstrate how their proposed project would address need and demand, how the project would increase supply, demonstrate consistency with regional and community priorities, involve partners to maximize equity contributions, and demonstrate their plan for clear and accountable operations.

Projects were initially evaluated by an internal committee. The applications were first assessed individually, followed by a group committee review. Key criteria at this stage included:

1. Client and Concept,
2. Project Development and Operations,
3. Equity Requested and Outside Contributions and Support, and
4. Alignment, Opportunities and Impact.

Once a project received a conditional approval, BC Housing conducted further assessment to achieve a preliminary project approval. Criteria at this phase included topics such as due diligence, assessing capital budget, confirmation of need and demand, capital and operating budget review, affordability and client group served, etc.

Following the completion of the due diligence period, BC Housing's Executive Committee considered requests for final approval, with criteria such as review of the capital budget by Finance, verifying construction costs, municipal approvals in place, presence of risk registry, etc.

Other conditions of approval included requirements for projects to adhere to non-profit tendering guidelines, adhere to BC Housing's design standards and guidelines, consent to review and project monitoring by a third party quantity surveyor, and undergo a post completion review.

3. If a community or non-profit missed the initial proposal call last spring, will there be further opportunity to apply?

The Provincial Investment in Affordable Housing (PIAH) program is a commitment to invest \$355 million in affordable housing over five years. In April 2016, a call for applications through an Expression of Interest was issued, seeking communities, municipalities and non-profits to partner with BC Housing to facilitate the creation of affordable rental housing across the province.

As of November 22, 2016, 15 projects have been approved, representing a \$79 million investment. Non-profit groups that were unable to submit an application to the program by the initial deadline will have further opportunity to apply to the program next year.

4. What are the rules or processes in place to ensure that IHI program clients don't take advantage of the program by sub-letting their subsidized homes?

Tenants in subsidized housing projects sign tenancy agreements that prevent subletting. Annual unit inspections are conducted.

5. Are there ways for non-eligible people to game the system and access IHI or other subsidized housing?

BC Housing has established processes in place to ensure that only eligible individuals can access affordable rental units constructed under programs including IHI.

Every tenant is income tested upon entry. Tenants must provide an annual declaration of income and assets for all rent-geared-to-income units. A vulnerability assessment tool is used to evaluate the mental and physical health needs of tenants so that they are placed in an appropriate supported housing unit.

Professional staff evaluate vulnerable tenants upon entry and provide supports to them during their residency. Periodic income verification audits are performed by BC Housing and by non-profit societies in instances where flags have been raised or concerns are reported.

6. What is the process for how clients access IHI homes? Who decides and how?

BC Housing maintains a province-wide housing registry. The housing registry uses a point scoring system such that those in highest need are housed first.

Applicants' incomes are vetted at the time they are placed on the list and then their incomes are confirmed at the time of offer of a unit.

Some non-profit societies also maintain a wait list and select eligible tenants by following BC Housing's Rent Calculation Guide.

7. Will any of the funding help achieve the goals in the Accessibility 2024 Action Plan?

Yes, in partnership with municipalities, BC Housing works to ensure that a minimum of 5 percent of new units that it funds are wheelchair accessible.

8. Would the request support the Rick Hansen Foundation's call to make public spaces inclusive and universally accessible?

Yes. BC Housing's design and construction guidelines require a minimum of 5 percent of units to be wheelchair accessible, there are also additional accessibility requirements regarding common areas within the development.

BC Housing is participating in the Rick Hansen Foundation workshops as development of the framework progresses.

Building housing near transit corridors will also improve transportation accessibility.

9. With IHI, and the proposed expansion to IHI, will the waitlist for accessible units be addressed?

There are 683 people on BC Housing's waitlist in need of a wheelchair accessible unit. BC Housing does not have statistics on non-profit wait lists.

BC Housing's design and construction standards call for at least 5 percent of units to be wheelchair accessible and all seniors units to be adaptable. ^{s.12,s.13}
under the Provincial Investment in Affordable Housing (PIAH), IHI and the IHI Extension, a significant share of the current waiting list for accessible units could be housed.

When an accessible unit becomes available, it is matched to the highest point scoring applicant on the registry in need of that type of unit. Time spent on the waitlist is not a factor in allocating units; the highest need individual is allocated the unit.

As well, BC Housing is working with the City of Vancouver on a registry of accessible units to ensure they are appropriately matched to people with needs for those units.

Operating Pressures

s.12,s.13

Rental Assistance Enhancements

12. When was the last benefit increase to rental assistance programs?

In April 2014, the maximum amount of rent used to calculate benefits for both RAP and SAFER were increased. On average, families received an extra \$40 per month; the average increase for seniors was about \$34 per month.

s.12,s.13

14. Do the changes to SAFER respond to the recommendation in the Seniors Advocate's report on housing?

The report recommended the Province revise SAFER to align with the subsidized housing model of tenants paying no more than 30 percent of their income for shelter costs, by:

- a. adjusting the maximum level of subsidy entitlement from the 90 percent currently indicated in the SAFER regulations to 100 percent; and
- b. replacing the current maximum rent levels used in the SAFER subsidy calculations with the average market rents by community for one-bedroom units, as published by Canada Mortgage and Housing Corporation (CMHC).

s.12,s.13

Page 22

Withheld pursuant to/removed as

s.12;s.13

17. What is the process to ensure that developer selections are fair, open and transparent?

BC Housing uses Requests for Proposals (RFPs) advertised through BC Bid and MERX when it hires contractors and developers. As well, BC Housing issues RFPs to select projects for funding when proposal calls are issued.

Often these projects come to BC Housing in a fairly advanced stage, including land and building designs. The non-profit society will have already selected their project team including architect, lawyer and contractor.

BC Housing's selection of these projects is fair, open and transparent. In instances where societies have not selected their contractor, BC Housing has issued non-profit tendering guidelines that help societies conduct competitive process to select their partners.

18. Are there ways that developers or societies can game the system? If so, what preventive systems are in place?

Operating agreements and restrictions on title (including section 219 covenants, leases and mortgages) restrict use to the purposes of the program.

Construction budgets with developers are evaluated by BC Housing prior to a project proceeding.

The projects must comply with BC Housing's design and construction standards and must fall within BC Housing's construction cost benchmarks.

Non-profit societies must enter into operating agreements with BC Housing that require annual reporting and provide for operational reviews by BC Housing.

Home Purchase Assistance Program (HPAP) – *formerly DAP*

19. Under the program design would HPAP be provided to a buyer who hasn't saved the minimum 5 percent required for the downpayment?

Yes, HPAP will provide matching assistance to a maximum of 5 percent of the purchase price.

If a prospective buyer applies for HPAP with only a 2.5 percent downpayment saved, matching assistance under HPAP for 2.5 percent would be provided to help the buyer meet the minimum downpayment requirement, which is 5 percent for homes costing up to \$500,000.

This situation is unlikely as the buyer would be responsible for the 5 percent required for the cash deposit at the time of offer.

It's also expected that the majority of buyers would want the maximum 5 percent benefit that the program provides.

20. Can the HPAP approval be assigned to facilitate a deposit loan?

No, in order to prevent flipping of presale contracts, the HPAP approval will specifically preclude assignments. The HPAP approval is based upon the individual buyer's circumstances (first time home buyer, British Columbia resident, tax payer, etc.) and cannot be assigned to any other person.

However, home buyers regularly arrange lines of credit with their mortgage lender as part of their home purchase. It is possible that some buyers will have a slightly easier time arranging a line of credit because their financial institution will understand that the HPAP loan will be provided at the time of closing.

21. Is HPAP still on track to begin accepting applications in January?

Yes, HPAP is scheduled to be announced in December and will be ready to begin accepting applications January 16, 2017.

22. What are the effects of the new federal mortgage rules and introduction of the “stress test” on first-time home buyers applying for HPAP?

Last month, the federal government implemented changes to mortgage eligibility rules. All new insured borrowers will now undergo a “stress test” to ensure that buyers can afford their mortgages even if interest rates begin to rise.

Previously, if buyers were to secure a five-year or longer fixed term, they would only need to qualify at their lender’s discounted rate. Buyers will now qualify for an insured mortgage using the typically higher Bank of Canada 5-year fixed rate (currently 4.64 percent) even if they can get a lower rate with their lenders.

Some media outlets have reported that the new mortgage rules will reduce a first-time buyer’s purchasing power by up to 20 percent. However, data from the CMHC shows that most first-time buyers are not purchasing the most expensive home allowed based on their income.

First-time buyers have an average income between \$80,000 to 90,000 and purchase a home with an average price of \$322,000. Based on the average income and purchase price, most first-time buyers won’t be impacted by the change as they are not purchasing the maximum priced home within the allowable limits.

23. Why are the repayment terms of the HPAP loan being changed?

Downpayment assistance loans provided under HPAP were designed to be repaid after five years when the first mortgage is renewed (typically five year terms).

To repay their downpayment assistance loan, it was assumed that most homeowners would refinance their insured mortgage and roll the value of the loan into their first mortgage.

However, effective November 30, 2016, CMHC implemented changes that will prevent a homeowner from refinancing their insured mortgage; normal mortgage renewals (where the value of the mortgage is unchanged) will still be permitted.

In other words, homeowners will not be able to roll the value of the HPAP loan into their insured mortgage during the renewal process. ^{s.12,s.13}

^{s.12,s.13}

24. What policy changes are required to HPAP as a result of the new federal regulation?

The new federal regulation necessitates modifications to the repayment terms of the HPAP loans as they can no longer be rolled into the homeowners' insured first mortgage at the time of renewal. The new repayment terms include:

Change	Description
10-Year Second Mortgage Term	<p>The second mortgage term will be 10 years with the option to renew every five years until the mortgage is fully repaid after 25 years.</p> <p>The mortgage is interest and payment free during the first 5 years. At year 6, the mortgage becomes interest bearing requiring monthly principal and interest payments. At each renewal, the interest rate payable on the mortgage is reset at current market rates.</p>
Principal Residence Requirement	<p>A 5 year principal residence requirement will be enforced through the mortgage. Ceasing to live in the home for 5 years will trigger repayment.</p> <p>For years 6-25, the principal residency requirement is removed as the homeowners will begin loan repayments under commercial terms.</p>
Interest Rate	<p>To ensure affordability, the interest rate charged in years 6 through 25 will be set at rates comparable to that of the insured first mortgage.</p>

From: Dan Maxwell
To: [Steves, Gregory OHCS:EX](#)
Subject: FW: NR_HOME_Partnership - Quotes approved - Final
Date: Wednesday, December 14, 2016 3:25:30 PM
Attachments: [NR_HOME_Partnership - Quotes approved - Final.docx](#)
Importance: High

Greg,

BC HOME Partnership will provide loans to first time home buyers (FTHB) that matches their down payment up to 5% of the purchase price of the home. The loans are no-interest and no-payment for the first 5 years.

The minimum down payment required to buy a home is 5%. So, a FTHB who saves 2.5% a down payment can receive a 2.5% loan from BC HOME.

A FTHB who saves a larger downpayment can receive up to a 5% loan BC HOME.

The attached news release provides three examples to illustrate how the matching down payment loan works.

Dan Maxwell, CPA, CA

Vice President of Corporate Services

and Chief Financial Officer

BC Housing

604 439 4756

NEWS RELEASE

For Immediate Release
[release number]
Dec.XX, 2016

Office of the Premier
Ministry of Natural Gas Development and
Responsible for Housing

New program partners with first-time homebuyers as they enter the housing market

VANCOUVER – If you're entering the market to buy your first home, the B.C. government is launching a new program to partner with you on the down payment for your mortgage, B.C. Premier Christy Clark announced today.

"We believe every British Columbian deserves a place to call home," said Premier Christy Clark. "We've invested in affordable rental housing, we've invested in transitional and emergency housing, and now we're partnering with first-time buyers to make the purchase of their first home more affordable."

Saving for a mortgage down payment can be hard for first-time homebuyers. The B.C. Home Owner Mortgage and Equity Partnership program contributes to the amount first-time homebuyers have already saved for their down payment, providing up to \$37,500, or 5% of the purchase price, with a 25-year loan that is interest-free and payment-free for the first five years. Through the program, the Province is investing about \$703 million over the next three years to help an estimated 42,000 B.C. households enter the market for the first time.

"The first step into the market can be the hardest step, so our government will partner with homebuyers to help them achieve their minimum downpayment" said Rich Coleman, Minister of Natural Gas Development and responsible for Housing. "This partnership will help lower their monthly costs in the first five years, and help make home ownership more affordable. This partnership program is another important way we're taking action on housing affordability."

During the first five years there are no monthly interest or principal payments required, as long as the home remains the homebuyer's principal residence. After the first five years, homebuyers begin making monthly payments at current interest rates. Homebuyers will repay the loan over the remaining 20 years, but may make extra payments or repay the loan in full at any time without penalty. The loan must be repaid in full when the home is sold or transfers to another owner.

To be eligible, buyers must be preapproved for an insured high-ratio first mortgage (mortgage down payment is less than 20% of the home price). On completion of the sale, program funds will be advanced and the loan will be registered as a second mortgage on the property's title.

Other programs are available to help first-time buyers save on property transfer tax. The First Time Home Buyers Program can save first-time buyers up to \$7,500 when purchasing a home valued up to \$475,000. Or, first-time buyers can access the Newly Built Homes Exemption, which can save buyers up to \$13,000 in property transfer tax when purchasing a newly constructed or subdivided home worth up to \$750,000.

The B.C. Home Owner Mortgage and Equity Partnership program will start accepting applications Jan. 16, 2017.

Key Facts:

The Province's commitment to Housing Action is driven by six key principles:

- Ensuring the dream of home ownership remains within the reach of the middle class
- Increasing housing supply
- Smart transit expansion
- Supporting first-time home buyers
- Ensuring Consumer Protection
- Increasing rental supply
- The B.C. government has committed \$855 million over five years, including \$575 million this year, to support the construction or renovation of 4,900 units of affordable housing across the province.
- Since 2001, the B.C. government has invested \$4.9 billion to provide affordable housing for low income individuals, seniors and families.
- More than 104,000 B.C. households benefit from a diverse range of provincial housing programs and services.

Learn More:

To learn more about the Province's actions on housing affordability, visit:

<http://housingaction.gov.bc.ca/>

For additional details about the B.C. Home Owner Mortgage and Equity Partnership program, please visit: <https://homeownerservices.bchousing.org/>

Backgrounders follow.

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Ally Skinner-Reynolds
BC Housing
604 456-8895
604 209-4399

Darren Beaupre
Ministry of Natural Gas Development
& Responsible for Housing
250-356-5892
250-213-3334

BACKGROUND 1

B.C. Home Owner Mortgage and Equity Partnership program details

Am I eligible for a partnership loan?

The program supports eligible first-time homebuyers who are approved for an insured high-ratio first mortgage. To qualify for the program, all individuals on title must:

- Have been a Canadian citizen or permanent resident for at least five years.
- Have resided in British Columbia for at least one year immediately preceeding the date of application.
- Be a first-time buyer who has not owned an interest in a residence anywhere in the world at any time.
- Use the property as their principal residence for the first five years.
- Purchase a home that has a purchase price of \$750,000 or less (excluding taxes and fees).
- Obtain a high-ratio insured first mortgage on the property for at least 80% of the purchase price.
- Have a combined, gross household income of all individuals on title not exceeding \$150,000.
- Have saved a down payment amount at least equal to the loan amount for which the buyer applied.

What do I do and how do I apply?

Step 1: Get preapproval for an insured first mortgage from your financial lending institution.

Step 2: Apply to BC Housing for the B.C. Home Owner Mortgage and Equity Partnership program loan. If you are eligible, you will receive confirmation of eligibility and Homebuyer's Kit which includes information for your Lender, Real Estate Agent, and Lawyer/Notary Public.

Step 3: Find your home and provide the details of your planned purchase to BC Housing for approval.

Applications for the program will be accepted starting Jan. 16, 2017, for purchases that will close on or after Feb. 15, 2017.

What information will I need to apply?

Buyers can begin gathering the documents they'll need to submit an online application. Buyers will need:

1. Proof of status in Canada and residency in British Columbia.
2. Secondary identification (must include your photo).
3. Proof of income and tax filings.
4. Insured first mortgage pre-approval.

More information about these requirements: <https://homeownerservices.bchousing.org/>

BACKGROUND 2

Support for first-time buyers using the B.C. Home Owner Mortgage and Equity Partnership program

Example #1: Home purchase price – \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price, as required by Canada Mortgage and Housing Corporation. This loan is interest and payment-free for the first five years.

As a first-time buyer, this person can also qualify for the First Time Home Buyer's exemption for the Property Transfer Tax, saving: \$7,500.

The B.C. HOME Partnership program enabled this buyer to purchase their first home as this buyer did not have the minimum down payment saved to qualify for an insured first mortgage.

Example #2: Home purchase price – \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

If this is a newly built home, the buyer can also qualify for the Newly Built Home Exemption for the Property Transfer Tax, saving: \$10,000.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000, and enabling this buyer to purchase their first home as they had not yet saved the minimum down payment required to qualify for a insured first mortgage.

Example #3: Home purchase price – \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Assuming a 3% interest rate, this buyer will save \$5,201 in interest payments during the first five years of their mortgage compared to if the buyer had purchased the home without the program.

In addition, if this is a newly built home, the buyer can also qualify for the Newly Built Home Exemption for the Property Transfer Tax, saving: \$13,000.

From: [Rotgans, Trudy OHCS:EX](#)
To: [Steves, Gregory OHCS:EX](#)
Cc: [Page, Doug OHCS:EX](#); [Holden, Virginia OHCS:EX](#); [Rabinovitch, Hannah R OHCS:EX](#); [Tiffin, Kim OHCS:EX](#)
Subject: FW: For review: QA for TB Dec 5 2016 v2
Date: Thursday, December 1, 2016 4:24:14 PM
Attachments: [QA for TB Dec 5 2016 v2.docx](#)
Importance: High

Hi Greg,

Here's some Q and A's for Monday's TB meeting. s.22
with Doug if you need further information. Thanks.

please review and discuss

Best regards,

Trudy

From: Page, Doug OHCS:EX
Sent: Thursday, December 1, 2016 2:45 PM
To: Rotgans, Trudy OHCS:EX
Cc: Tiffin, Kim OHCS:EX; Rabinovitch, Hannah R OHCS:EX
Subject: For review: QA for TB Dec 5 2016 v2
Importance: High

BC Housing has updated these since the September version, and I have reviewed and edited.

Doug

Housing Affordability Initiatives

Questions and Answers

December 5, 2016

Additional Investment in Housing Innovation (IHI)

1. What are the rules or processes in place to ensure that IHI program clients don't take advantage of the program by sub-letting their subsidized homes?

Tenants in subsidized housing projects sign tenancy agreements that prevent subletting. Annual unit inspections are conducted.

2. Are there ways for non-eligible people to game the system and access IHI or other subsidized housing?

BC Housing has established processes in place to ensure that only eligible individuals can access affordable rental units constructed under programs including IHI.

Every tenant is income tested upon entry. Tenants must provide an annual declaration of income and assets for all rent-geared-to-income units. A vulnerability assessment tool is used to evaluate the mental and physical health needs of tenants so that they are placed in an appropriate supported housing unit.

Professional staff evaluate vulnerable tenants upon entry and provide supports to them during their residency. Periodic income verification audits are performed by BC Housing and by non-profit societies in instances where flags have been raised or concerns are reported.

3. What is the process for how clients access IHI homes? Who decides and how?

BC Housing maintains a province-wide housing registry. The housing registry uses a point scoring system such that those in highest need are housed first.

Applicants' incomes are vetted at the time they are placed on the list and then their incomes are confirmed at the time of offer of a unit.

Some non-profit societies also maintain a wait list and select eligible tenants by following BC Housing's Rent Calculation Guide.

4. Will any of the funding help achieve the goals in the Accessibility 2024 Action Plan?

Yes, in partnership with municipalities, BC Housing works to ensure that a minimum of 5 percent of new units that it funds are wheelchair accessible.

5. Would the request support the Rick Hansen Foundation's call to make public spaces inclusive and universally accessible?

Yes. BC Housing's design and construction guidelines require a minimum of 5 percent of units to be wheelchair accessible, there are also additional accessibility requirements regarding common areas within the development.

BC Housing is participating in the Rick Hansen Foundation workshops as development of the framework progresses.

Building housing near transit corridors will also improve transportation accessibility.

6. With IHI, and the proposed expansion to IHI, will the waitlist for accessible units be addressed?

There are 683 people on BC Housing's waitlist in need of a wheelchair accessible unit. BC Housing does not have statistics on non-profit wait lists.

BC Housing's design and construction standards call for at least 5 percent of units to be wheelchair accessible and all seniors units to be adaptable. With the 7,200 units planned under the Provincial Investment in Affordable Housing (PIAH), IHI and the IHI Extension, a significant share of the current waiting list for accessible units could be housed.

When an accessible unit becomes available, it is matched to the highest point scoring applicant on the registry in need of that type of unit. Time spent on the waitlist is not a factor in allocating units; the highest need individual is allocated the unit.

As well, BC Housing is working with the City of Vancouver on a registry of accessible units to ensure they are appropriately matched to people with needs for those units.

Operating Pressures

s.12,s.13,s.17

Rental Assistance Enhancements

9. When was the last benefit increase to rental assistance programs?

In April 2014, the maximum amount of rent used to calculate benefits for both RAP and SAFER were increased. On average, families received an extra \$40 per month; the average increase for seniors was about \$34 per month.

s.12,s.13

11. Do the changes to SAFER respond to the recommendation in the Seniors Advocate's report on housing?

The report recommended the Province revise SAFER to align with the subsidized housing model of tenants paying no more than 30 percent of their income for shelter costs, by:

- a. adjusting the maximum level of subsidy entitlement from the 90 percent currently indicated in the SAFER regulations to 100 percent; and
- b. replacing the current maximum rent levels used in the SAFER subsidy calculations with the average market rents by community for one-bedroom units, as published by Canada Mortgage and Housing Corporation (CMHC).

s.12,s.13

Page 40

Withheld pursuant to/removed as

s.12;s.13

14. What is the process to ensure that developer selections are fair, open and transparent?

BC Housing uses Requests for Proposals (RFPs) advertised through BC Bid and MERX when it hires contractors and developers. As well, BC Housing issues RFPs to select projects for funding when proposal calls are issued.

Often these projects come to BC Housing in a fairly advanced stage, including land and building designs. The non-profit society will have already selected their project team including architect, lawyer and contractor.

BC Housing's selection of these projects is fair, open and transparent. In instances where societies have not selected their contractor, BC Housing has issued non-profit tendering guidelines that help societies conduct competitive process to select their partners.

15. Are there ways that developers or societies can game the system? If so, what preventive systems are in place?

Operating agreements and restrictions on title (including section 219 covenants, leases and mortgages) restrict use to the purposes of the program.

Construction budgets with developers are evaluated by BC Housing prior to a project proceeding.

The projects must comply with BC Housing's design and construction standards and must fall within BC Housing's construction cost benchmarks.

Non-profit societies must enter into operating agreements with BC Housing that require annual reporting and provide for operational reviews by BC Housing.

Home Purchase Assistance Program (HPAP) – *formerly DAP*

16. Under the program design would HPAP be provided to a buyer who hasn't saved the minimum 5 percent required for the downpayment?

Yes, HPAP will provide matching assistance to a maximum of 5 percent of the purchase price.

If a prospective buyer applies for HPAP with only a 2.5 percent downpayment saved, matching assistance under HPAP for 2.5 percent would be provided to help the buyer meet the minimum downpayment requirement, which is 5 percent for homes costing up to \$500,000.

This situation is unlikely as the buyer would be responsible for the 5 percent required for the cash deposit at the time of offer.

It's also expected that the majority of buyers would want the maximum 5 percent benefit that the program provides.

17. Can the HPAP approval be assigned to facilitate a deposit loan?

No, in order to prevent flipping of presale contracts, the HPAP approval will specifically preclude assignments. The HPAP approval is based upon the individual buyer's circumstances (first time home buyer, British Columbia resident, tax payer, etc.) and cannot be assigned to any other person.

However, home buyers regularly arrange lines of credit with their mortgage lender as part of their home purchase. It is possible that some buyers will have a slightly easier time arranging a line of credit because their financial institution will understand that the HPAP loan will be provided at the time of closing.

18. Is HPAP still on track to begin accepting applications in January?

Yes, HPAP is scheduled to be announced in December and will be ready to begin accepting applications January 16, 2017.

19. What are the effects of the new federal mortgage rules and introduction of the “stress test” on first-time home buyers applying for HPAP?

Last month, the federal government implemented changes to mortgage eligibility rules. All new insured borrowers will now undergo a “stress test” to ensure that buyers can afford their mortgages even if interest rates begin to rise.

Previously, if buyers were to secure a five-year or longer fixed term, they would only need to qualify at their lender’s discounted rate. Buyers will now qualify for an insured mortgage using the typically higher Bank of Canada 5-year fixed rate (currently 4.64 percent) even if they can get a lower rate with their lenders.

Some media outlets have reported that the new mortgage rules will reduce a first-time buyer’s purchasing power by up to 20 percent. However, data from the CMHC shows that most first-time buyers are not purchasing the most expensive home allowed based on their income.

First-time buyers have an average income between \$80,000 to 90,000 and purchase a home with an average price of \$322,000. Based on the average income and purchase price, most first-time buyers won’t be impacted by the change as they are not purchasing the maximum priced home within the allowable limits.

20. Why are the repayment terms of the HPAP loan being changed?

Downpayment assistance loans provided under HPAP were designed to be repaid after five years when the first mortgage is renewed (typically five year terms).

To repay their downpayment assistance loan, it was assumed that most homeowners would refinance their insured mortgage and roll the value of the loan into their first mortgage.

However, effective November 30, 2016, CMHC implemented changes that will prevent a homeowner from refinancing their insured mortgage; normal mortgage renewals (where the value of the mortgage is unchanged) will still be permitted.

In other words, homeowners will not be able to roll the value of the HPAP loan into their insured mortgage during the renewal process. s.12,s.13

s.12,s.13

21. What policy changes are required to HPAP as a result of the new federal regulation?

The new federal regulation necessitates modifications to the repayment terms of the HPAP loans as they can no longer be rolled into the homeowners' insured first mortgage at the time of renewal. The new repayment terms include:

Change	Description
10-Year Second Mortgage Term	<p>The second mortgage term will be 10 years with the option to renew every five years until the mortgage is fully repaid after 25 years.</p> <p>The mortgage is interest and payment free during the first 5 years. At year 6, the mortgage becomes interest bearing requiring monthly principal and interest payments. At each renewal, the interest rate payable on the mortgage is reset at current market rates.</p>
Principal Residence Requirement	<p>A 5 year principal residence requirement will be enforced through the mortgage. Ceasing to live in the home for 5 years will trigger repayment.</p> <p>For years 6-25, the principal residency requirement is removed as the homeowners will begin loan repayments under commercial terms.</p>
Interest Rate	<p>To ensure affordability, the interest rate charged in years 6 through 25 will be set at rates comparable to that of the insured first mortgage.</p>

ISSUES NOTE
PREPARED FOR THE MINISTER OF FINANCE AND
MINISTER OF NATURAL GAS DEVELOPMENT AND
MINISTER RESPONSIBLE FOR HOUSING

SUBJECT: Impact of insured mortgage regulation changes on the Home Purchase Assistance Program (HPAP)

ISSUE:

Effective November 30, 2016, the federal government will be implementing changes that will prevent a homeowner from refinancing their insured first mortgage and increasing the outstanding balance of their loan amount. Normal mortgage renewals (where the value of the mortgage is unchanged) will still be permitted and usually occur every five years.

s.12,s.13

DISCUSSION:

s.12,s.13

- However, the CMHC advised BC Housing on November 21, 2016 that the federal government will be implementing a new regulation on November 30, 2016, which stops insured first mortgages from being refinanced at the end of the normal mortgage renewal term.

s.12,s.13

Page 46 to/à Page 48

Withheld pursuant to/removed as

s.12;s.13

Page 49 to/à Page 64

Withheld pursuant to/removed as

s.12

Home Ownership Partners in Equity

Technical Building

December 2016





Home Ownership Partners in Equity (HOPE) Overview

Supports eligible homebuyers with the purchase of their first home

- Matching repayable loans for up to 5% of the purchase price, maximum of \$37,500
- No interest, no payment for the first 5 years
- Applications accepted starting January 16, 2017
- Three-year program - loans advanced from February 15, 2017 to March 31, 2020

Anywhere in British Columbia



Home Ownership Partners in Equity



Homebuyer Eligibility

All individuals with a registered interest on title must reside in the home and:

- Be a first-time homebuyer
- Have been a Canadian citizen or permanent resident for at least five years
- Have resided in BC for at least one year
- Have a combined gross income of \$150,000 or less
- Have saved at least half of the minimum down payment they will require
- Applicants must be pre-approved for a 1st mortgage before applying

**1st mortgage must be high-ratio insured from an NHA approved lender,
for more than 80% of the purchase price**



Home Ownership Partners in Equity



Eligible Properties

Any legal, self-contained, mortgageable residence located in BC

- Must be used as the homebuyer's principal residence for the first 5 years
- Rental properties and seasonal/recreational properties not eligible



**Purchase price cannot exceed
\$750,000**

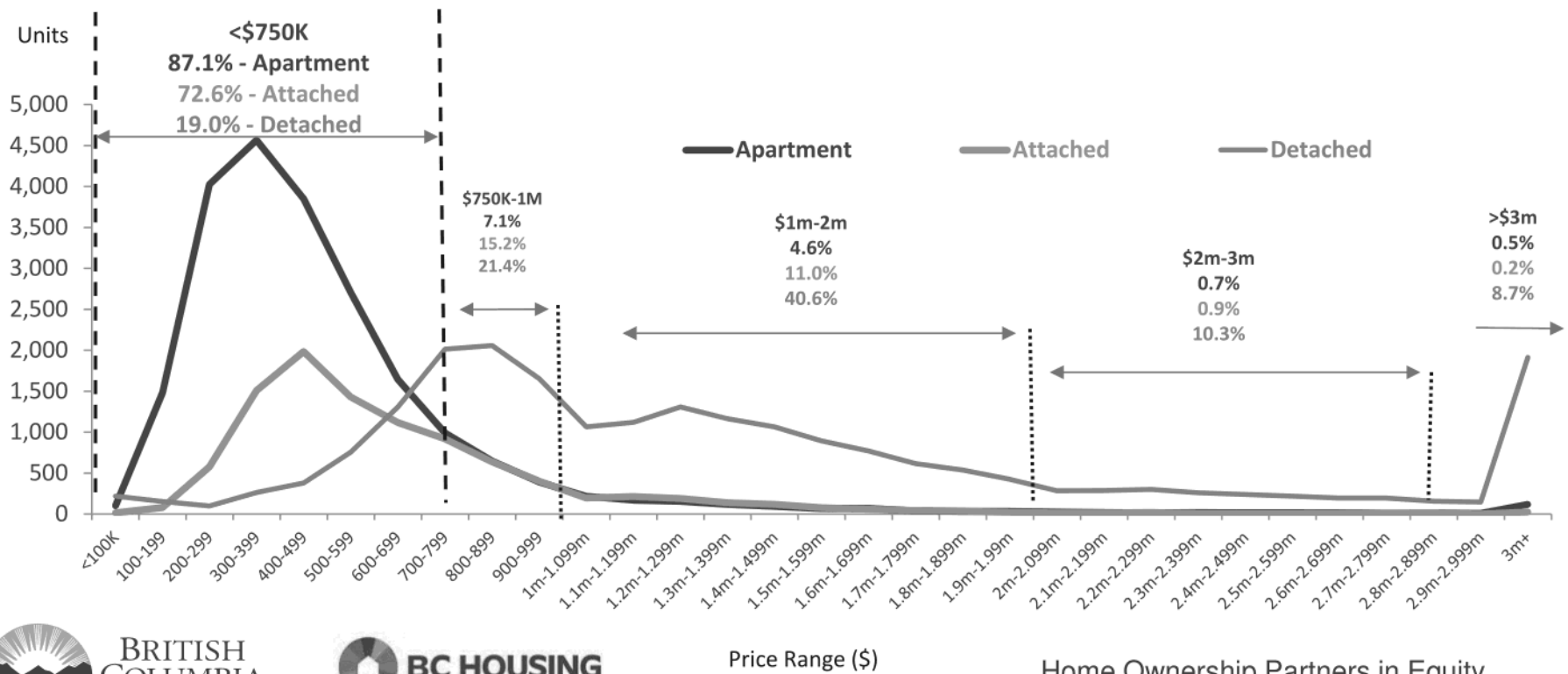


Home Ownership Partners in Equity



MLS® Residential Sales by Product Type

Metro Vancouver 2016 (Jan-Nov)



Price Range (\$)

Home Ownership Partners in Equity

Source: REBGV, FVREB, BCREA Economics



HOPE Loan Examples

Example #1 – Home purchase price \$480,000, homebuyer has saved
\$12,000

Minimum down payment required for an insured first mortgage - \$24,000

HOPE Loan - \$12,000 (matching homebuyer's down payment, equal to 2.5% of
purchase price)

Total down payment - \$24,000

**HOPE enabled this homebuyer to purchase their first home as they did
not have the minimum down payment saved to qualify for an insured first
mortgage**



Home Ownership Partners in Equity



HOPE Loan Examples

Example #2 – Home purchase price \$600,000, homebuyer has saved \$30,000

Minimum down payment required for an insured first mortgage - \$35,000

HOPE Loan - \$30,000 (matching homebuyer's down payment, equal to 5% of purchase price)

Total down payment - \$60,000

HOPE enabled this homebuyer to purchase their first home as they did not have the minimum down payment saved to qualify for an insured first mortgage



Home Ownership Partners in Equity



HOPE Loan Examples

Example #3 – Home purchase price \$750,000, homebuyer has saved
\$52,500

Minimum down payment required for an insured first mortgage - \$50,000

HOPE Loan - \$37,500 (maximum 5% of purchase price)

Total down payment - \$90,000

At 3% APR, this homebuyer will save \$5,201 in interest payments during the first 5 years of their mortgage compared to if they had purchased the home without HOPE




Home Ownership Partners in Equity



Apply Online

Applicants register for a *MyBCHousing* account and complete their HOPE applications online

MENU

 MyBCHousing

My BC Housing Account

Email

Password

Sign in

I forgot my password

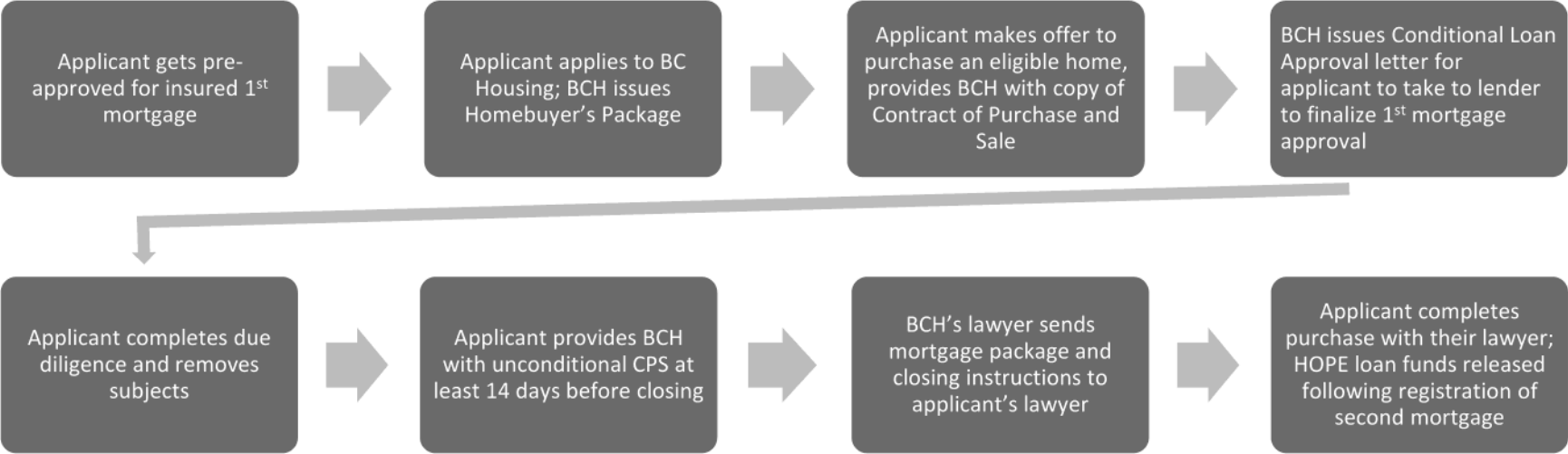
Don't have an account? Create one now.



Home Ownership Partners in Equity



Process



Home Ownership Partners in Equity



Homebuyer's Package

Provided to homebuyer once they apply online and eligibility is confirmed

- Confirmation of eligibility letter highlighting key details and dates
- Homebuyer's Package - program overview and Homebuyer's Checklist
- Information and program overview for the professionals the homebuyer will work with:
 - Lender's Package
 - Real Estate Agent's Package
 - Lawyer/Notary Public's Package



Home Ownership Partners in Equity



HOPE Loans

- Up to 25 year term, registered second mortgage
- Interest and payment free for the first five years
- Monthly principal and interest payments begin in year six, amortized over remaining 20 years
- Interest rate for years 6 to 10 set near first mortgage rate at time mortgage is registered
- Interest rate reset to near first mortgage rate at years 10, 15 and 20
- Homeowner may repay in full or in part at anytime without penalty



Home Ownership Partners in Equity



HOPE Loans

- Due and payable in full upon:
 - The home ceasing to be the principal residence in the first five years
 - Default on the first mortgage
 - Sale of home or change of ownership (adding anyone to title)
 - Any other default on the HOPE second mortgage



Home Ownership Partners in Equity



Forecast HOPE Loans

	2016/17	2017/18	2018/19	2019/20	Total
New Loans Issued (number)	2,778	11,110	13,110	15,110	42,108
New Loans Issued (\$ millions)	47	185	219	252	703

Estimated Average Loan Amount : \$16,685



Home Ownership Partners in Equity



Questions?



Home Ownership Partners in Equity

Page 80 to/à Page 86

Withheld pursuant to/removed as

s.12