



Corporate Report

NO: R056

COUNCIL DATE: March 24, 2003

REGULAR COUNCIL

TO: **Mayor &
Council** DATE: **March 20,
2003**

FROM: **General Manager, Planning
& Development** FILE: **4815-20**

SUBJECT: **Home Ownership Assistance Program -
Administration Agreement with the Greater
Vancouver Housing Corporation for 2003**

RECOMMENDATION

It is recommended that Council:

1. Receive this report as information;
2. Approve minor amendments to the Affordable Home Ownership Policy and Home Ownership Assistance Program (the "Program") as documented in Appendices II and III; and
3. Authorize staff to enter into an administration agreement with the Greater Vancouver Housing Corporation (the "GVHC") for 2003 in accordance with the draft agreement attached as Appendix IV.

PURPOSE

The purpose of this report is to obtain Council approval of minor modifications to the Affordable Home Ownership Policy and related Program and authorization for staff execute an agreement with the GVHC for administration of the Program for year one of the three-year extension of the Program, which was approved by Council on January 13, 2003.

BACKGROUND

At the Regular Council meeting of January 13, 2003, Council considered Corporate Report C002 "Home Ownership Assistance Program" (attached as Appendix I) and approved the following:

- That the Affordable Home Ownership Policy and the related Home Ownership Assistance Program be extended for a three year period beyond the expiry of the current Policy and Program, which concluded in February 2003; and
- That staff be authorized to negotiate an agreement with the GVHC to administer the Program for the three-year extension with similar provisions to the agreement between the City and the GVHC for administration of Phase Two of the Program, with the new agreement to be forwarded to Council for approval.

DISCUSSION

Policy and Program Updates

- The 2003 income ceiling for the Program is adjusted from \$49,000 to \$51,500, which is expected to

produce improved program accessibility

The Policy and the Program are targeted at assisting households with incomes at least 10% below the average household income in Surrey. The average household income for the City is based on the most recent Canada Census data updated to the current year by the Consumer Price Index. The 2001 census information on household incomes in Surrey is not yet available and, therefore, the income ceiling for the Program for 2003 will be based on the 1996 census data. The average annual household income for 2003 is estimated to be \$57,000. On this basis, an annual household income of \$51,500 will be the maximum annual income that will allow a household to be eligible for participation in the next year of the Program. The maximum income for the most recent previous year of the Program was \$49,000, based on an average household income in Surrey in 2001 of \$54,500.

The Policy and the Program, attached as Appendices II and III respectively, have been updated to reflect this proposed maximum household income.

GVHC Administration Agreement

- **Annual administration agreements with GVHC proposed for each of the three Program delivery years**

While Council has granted staff the authority to negotiate an agreement with the GVHC to administer the Program for the next three years, the Legal Services Division has advised that the City should continue to enter into an annual agreement with the GVHC for each of the three years as opposed to a single agreement to cover the three years. A series of separate annual agreements will allow the City and GVHC to make any necessary changes to the Program delivery and administration on a year-by-year basis in response to changing priorities and experiences gained from delivering the Program in the previous year.

The proposed administrative agreement with the GVHC, for the one-year period commencing in 2003, is attached as Appendix IV. The agreement is substantively the same as the agreement between the City and the GVHC for 2002, except for the addition of a provision requiring the GVHC to undertake follow-up during the year for households who have pre-qualified to purchase a home under the Program, but have not completed a home purchase. The purpose of maintaining contact with pre-qualified applicant households is to provide encouragement, support and information on the home purchasing process and opportunities that may be available in relation to purchasing a home. Many households approaching their first home purchase require considerable support. Aside from this change, the financial obligations to the City under the proposed agreement are the same as the previous agreement with the GVHC. Schedule "C" (Fees) of the agreement, provides a listing of the general components of the proposed agreement and the fees associated with each component. These are summarized below:

• Program administration, including marketing, application forms and processes, application support review	\$9,200
• Advertising and press releases	\$3,400
• Information meetings, open houses and consultation with Surrey residents, developers and real estate agents	\$2,700
• Administration costs per household - \$800 per household to a maximum of \$15,000	\$15,000
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Upset Limit of Fees =	\$30,000

The GVHC is again proposing to administer the delivery of the Program at a maximum cost of \$30,000, which includes two components: (i) a flat fee of \$15,000 for overall Program administration; and (ii) a variable fee of \$800 for each household directly assisted in purchasing a home under the Program, up to maximum of \$15,000 for this second component. In addition, there will be nominal fees associated with monitoring the Program from 2004 to 2007 to ensure households who are given assistance through the

Program continue to comply with the Program conditions. It is expected that each of up to 18 households will receive assistance in purchasing their first home through the Program in the coming year.

Program Administration and Marketing

- **Expanded marketing approach to make the Program more well-known in Surrey**

The delivery of year one of the three-year extension of the Program will commence as soon as Council has approved the agreement and it has been executed by the City and the GVHC. As a priority in delivering the Program, both the GVHC and City staff will be focusing on increasing the marketing component to assist in ensuring that the Program reaches its full potential over the three-year period approved by Council. One of the key challenges experienced during the past two phases of the Program has been the limited exposure of the Program relative to the size of the market in Surrey.

To address this directly, the GVHC and City staff will commence marketing the program by attending and hosting a booth at the Greater Vancouver Home Builders Association's First Time Home Buyers Seminar, scheduled for April 1, 2003, at the Sheraton Hotel in Surrey. In previous years, the seminar was attended by over 800 first-time homebuyers from across the region, including Surrey. This is seen as a prime opportunity to launch the next phase of the Program and target Surrey households. The GVHC and City staff has identified other marketing opportunities to support the Program over the next year including, but not limited to, the following activities:

- An updated Brochure (attached as Appendix V),
- Brochure distribution through City facilities,
- City website information
- Public information open houses,
- City page ads and press releases,
- Visitation program to real estate offices
- Site visits to presentation centres of new residential developments,
- Liaison with local real estate agents, financial institutions and developers.

The concept behind more aggressive marketing is to make the Program more readily recognizable and understood by Surrey households, real estate agents, financial institutions and developers. As understanding of the opportunities available through the Program increases, more Surrey households will set their home purchasing and financial goals with the Program in mind and have the Program accessible to them when they are financially ready and able to purchase a home.

CONCLUSION

In January 2003, Council approved a three-year extension to the Affordable Home Ownership Policy and related Home Ownership Assistance Program and authorized staff to negotiate an agreement with the GVHC to administer the Program. A tentative agreement with the GVHC has been finalized that contains comparable terms and conditions to the agreement that the City and the GVHC executed for the previous phase of the Program with some minor modifications, as documented in this report. The GVHC will commence marketing and other Program administration as soon as the agreement is

approved by Council and executed. It is recommended that Council approve minor amendments to the Policy and related Program and authorize staff to execute the agreement attached as Appendix IV with the GVHC to administer the Program for the coming year.

Murray Dinwoodie
General Manager

Planning and Development

BB/kms/saw

Attachments

Appendix I Corporate Report C002 - Home Ownership Assistance Program (without Appendices)

Appendix II Affordable Home Ownership Policy, 2003

Appendix III Home Ownership Assistance Program, 2003

Appendix IV Proposed Administration Agreement with the GVHC

Appendix V Home Ownership Assistance Program - Brochure

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Corporate Report

NO: C002

COUNCIL DATE: JAN. 13/03

APPENDIX I

COUNCIL-IN-COMMITTEE

TO: **Mayor & Council** DATE: **January 9, 2003**

FROM: **General Manager, Planning & Development** FILE: **4815-20 (Affordable Housing)**

SUBJECT: **Home Ownership Assistance Program**

RECOMMENDATION

The Planning and Development Department recommends that Council:

1. Receive this report as information;
2. Approve the extension of the Home Ownership Assistance Policy (the "Policy") and related Home Ownership Assistance Program (the "Program") for a three year period beyond the expiry of the current policy which concludes in February, 2003;
3. Authorize staff to negotiate an agreement with the Greater Vancouver Housing Corporation ("GVHC") to administer the Program for the three year extension with similar provisions to the agreement between the City and GVHC for administration of Phase Two of the Program, with the new agreement to be forwarded to Council for approval ~~based on the draft administration agreement attached in Appendix IV;~~ and
4. Direct that staff submit an annual report to Council, for each calendar year of the extended Program, by the end of February of the following calendar year.

PURPOSE

The purpose of this report is to:

- Advise Council of the results of Phase Two of the Program;
- Present Council with information about the current/projected residential market conditions as they relate to and influenced participation and placement of Program applicants into homes during 2002;
- Recommend that Council extend the Program for a period of three years; and
- Recommend that staff be authorized to negotiate an agreement with the GVHC to continue administration of the Program through its three year extension, with such agreement to be forwarded to Council for approval.

BACKGROUND

In January 2002, Council considered a Corporate Report and approved the extension of the Program to Phase Two (i.e., the second year of a two year pilot project). A copy of the Program is attached as Appendix I and a brochure providing a simplified description of the Program is attached as Appendix II). Council, subsequently, approved a budget of \$300,000 for Phase Two, which was equivalent to the interest earned in 2001 on the Affordable Home Ownership Reserve Fund (the "Fund"). The Fund has a balance of approximately \$7.5 million. The Council adopted Policy (attached as Appendix III) stipulates that only the interest earned on the Fund is to be used annually in support of the Policy and related Program so that the Program is sustainable over time (i.e., the Fund is used as an endowment). Changes were made to Phase Two of the Program criteria and administration that were targeted at increasing the level of participation in the Program, above the level achieved by Phase One. Applications for funding under Phase Two of the Program had to be submitted by December 1, 2002 and Phase Two of the Program becomes "inactive", effective February 20, 2003, unless the Program is extended.

DISCUSSION

Comparison of Phase One and Phase Two Results

Six Surrey households have purchased a home as a result of Phase Two of the Program, which had an application deadline for funding of December 1, 2002. The number of home purchasers during Phase Two is double the number in Phase One, during which three homes were purchased under the Program. During Phase Two, there were a total of 54 Stage 1 applications (applications for approval to participate in the Program) submitted, of which 24 have been approved, 11 denied as they did not satisfy the Program criteria and 19 that required additional information to be submitted to confirm eligibility. Of the 24 approved Stage Two applications, six households have purchased a home and 18 households are eligible for funding, but have not entered into an agreement for the purchase of a home, at this time.

Phase Two Review

Over 2002, Planning and Development Department staff has worked closely with GVHC staff and have met with representatives of the real estate and development industry to promote the Program. The modifications to Phase Two of the Program included extending the application deadline to December 1, 2002. This administrative change has provided opportunities for promoting the Program over a longer period of time than was possible in Phase One of the Program, as the deadline for applications was much earlier in the year. Promotion of the Program during Phase Two has included the following initiatives:

- Public Information Open Houses were hosted throughout Surrey in April and June;
- A presentation was made to realtors at the Fraser Valley Real Estate Board Office;
- Advertisements promoting the Program were placed in local news papers;
- Mail outs were sent to developers, builders, realtors and financial institutions;
- Site visits of developments were conducted to promote the Program and obtain feedback from the realtors marketing the developments; and
- A workshop on creative financing was hosted for approved applicants and attended by representatives of residential development projects and loans staff from financial institutions.

Phase One of the Program had limited success, from which numerous lessons were learned and applied to improve the Program for Phase Two. Although changes were made to the Program criteria and administration process and Phase Two has had double the number of households purchase new homes in comparison to Phase One, the full potential of the Program has not yet been realized (i.e., there is sufficient funding to provide assistance to at least 17 households per year). There are several possible reasons for the lower than expected number of households purchasing a home under the Program, as outlined below.

- Lack of affordable/entry level newly-constructed housing stock;
- An active real estate market;
- Purchaser difficulty in raising the 5% down payment;

- Residual stigma/negative perception of the leaky condo experience; and
- Relative maturity of the Program.

The following paragraphs discuss each of these factors in more detail.

Affordable Housing Stock

The availability of newly constructed affordable housing stock is one of the key obstacles for potential participants in the Program. Building starts in the condominium housing market, which comprises the primary stock of entry-level housing, have been very limited. This is primarily due to the fact that prices of used apartment condominiums has been depressed by the "leaky condo" problem and developers are hesitant to enter this market under current pricing conditions, with its inherent risks. The primary housing units purchased under the Program are apartment condominiums because of their lower price range. The shortage of this particular type of housing product has limited Program participants from buying a home, even when they are qualified under the Program. Program participants are restricted to buying new homes under the Program. The most predominant type of multi-family residential housing unit being constructed in Surrey is the townhouse. Although townhouse construction in 2002 has been healthy, the entry price point for townhouses is beyond the affordability of most qualified applicants under the Program.

Active Real Estate Market

The residential real estate market in Surrey over past 12 to 18 months has been very active. There has been a high level of new residential construction and sales have been brisk. This active residential market in Surrey has had a negative influence on the Program, in that the high sales figures have focused the real estate agents' attention to dealing with those potential purchasers that will provide a quick sale, at the expense of potential purchasers under the Program. In an active market, potential home purchasers under the Program, as first time home buyers with financing encumbrances, place a high demand on a real estate agent's time and have a relatively lower probability of making a purchase because of the limited affordable housing stock that is available. As such, real estate agents have not demonstrated a particularly strong interest in working with clients approved under the Program.

Required Down Payment

For participants to purchase a home under the Program, they require a down payment of 5% of the purchase price of the home. For example, to purchase a home selling for \$150,000, which is the affordable price for most applicants in the Program, a purchaser requires a down payment of \$7,500. For many households that have applied for approval under the Program, accumulating this amount of savings and qualifying for a high ratio mortgage, given other debt obligations, has been the primary obstacle to purchasing, even when the applicant's income would otherwise qualify them for a mortgage. The possibility for a household to save the amount required for a down payment is made even more remote, due to a relatively short period of time available between the date of application for approval under the Program and the expiry date of the Program (i.e., less than one year). In most circumstances, unless a household can obtain financial assistance from friends or family for the down payment, they are prevented from taking advantage of the Program. Applicants tend to have unrealistic or inflated expectations as to the impact that the Program's assistance will have on their ability to purchase a home.

Leaky Condo Residual Impact

The impact of the leaky condo experience is still exerting its influence on the residential home market. Condominium development has been virtually non-existent in Surrey until the last 12 months, during which time a small number of projects have been built. The leaky condo influence is a two-sided issue with developers being reluctant to build for fear that the stigma associated with leaky condos will limit sales, while purchasers are hesitant to purchase condos due to the lack of confidence in the product. Further, the market price of used apartment condominiums that have been repaired is below replacement cost. However, qualified participants under the Program are restricted to buying only new homes.

Maturity of the Home Ownership Assistance Program

The Program was initiated with the expectation that its appeal would quickly spread and it would be attractive to a large number of households that are currently in rental accommodation. However, as with most new programs/initiatives, there needs to be a period of time for such programs to mature (i.e., recognized as being credible and for households to prepare themselves to become involved in the Program). Longevity of a program is important because it demonstrates the credibility of the program. Developing familiarity with the Program takes time, as those in the real estate industry and potential homeowners become aware of and accustomed to the program and gain experience with it. Participation in the Program has been limited by the timelines of the Program. Interested households do not have enough time to save for a down payment during the current term of the Program and, therefore, quickly abandon the Program realizing that they cannot save enough for the down payment by the expiry date of the Program.

In discussions with real estate agents, the common view of the Program is that it is a reasonable program since it addresses both affordability and supports increased financial independence for households, a by-product of owning a home. It is important to recognize that, in terms of its current lifespan, the Program is still a new program. Like other new programs it has not fallen perfectly into place in the short term.

The GVHC, which has been contracted by the City as the administrator for Phases One and Two of the Program, has offered the following comments on the Program:

- Professionals in the real estate field need time to learn about the Program and its potential benefits for their clients. Real estate agents, mortgage brokers, etc. are advisers to home purchasers. There are hundreds of these professionals and even though information about the Program has been directed to them this past year, only a handful have a working knowledge of the Program. Those familiar with the Program endorse it as a very good initiative that needs to be more broadly publicized and promoted by the real estate industry.
- The development (building) process is not short term. The industry has experienced a significant level of disruption over the last several years due to the leaky condo situation. Although the industry is building apartment condominiums again, there remains a very limited supply of appropriate housing stock, especially in the entry-level market.
- Potential first time home purchasers need an active market that provides choice in product and location. In each of the first two Phases of the Program there have been potential purchasers who could have proceeded if they had been able to find affordable product and/or product in the right geographical area of the City.
- For many potential first-time purchasers, time is an issue. Time to accumulate savings to achieve a minimum down payment, time to pay down other debts to meet mortgage requirements, time to consider housing options and get to know the market place, etc. Purchasing a home represents a very significant decision in their lives. Even those who are able to purchase and who make the commitment to go forward, may still need more than a year to get everything ready.
- Many of the inquiries and even applicants for the Program, have not been familiar with the housing ownership market place. Often, their initial expectations for housing are unrealistic. The program for such individuals has been educational and may result in them making decisions to plan and work towards home ownership and the continued availability of the Program will reinforce that process and pursuit of an application in the future.

Home Ownership Assistance Program – Proposal for Extension

A review of Phases One and Two of the Program by City staff and the GVHC, in consultation with professionals in the real estate industry, has concluded that the Program has significant potential for increased participation and the full potential of the Program should be realized with additional time. Time is needed to increase the availability of affordable housing stock, for the professionals in the real estate industry to recognize the value of the Program and become advocates and time for potential purchasers to prepare financially for home ownership.

The primary objective of the Program is to position Surrey individuals/families who have not previously owned a home, to become homeowners. Achievement of this goal must be viewed in the context of the realities that have influenced the Program during the two phase pilot project. As the end of Phase Two approaches and the pilot project's term concludes, the Program remains in its infancy. The Program needs time to mature so that its full potential can be realized. It is recommended that Council authorize the extension of the Program for a further three years and that funding for each year of the extension be based on the interest earned on the Fund in the previous year, in accordance with the Policy. This recommendation is made with the recognition that the overall success of the Program is dependent on influences such as the availability of appropriate housing stock and the real estate market, in general. If Council chooses to extend the Program for an additional three years, staff will review the Policy with a view to identifying possible amendments that will further increase the participation levels by Surrey residents. Proposed changes will be submitted to Council for consideration in conjunction with the administrative agreement that is discussed in the following section of this report.

Administration of the Extended Program

The GVHC has gained valuable experience in the administration of the Program during the first two phases of the Program and City staff is satisfied that the GVHC is in the best position to maximize the potential participation in the Program and to administer the Program at reasonable costs, through the period of the proposed extension. If Council decides to extend the Program, it is recommended that Council authorize staff to negotiate an agreement with the GVHC to administer the Program through the extension and that such agreement be based, generally, on the terms and conditions of the previous agreement with the GVHC in respect of Phase Two. A copy of the previous agreement is attached as Appendix IV. Once the negotiations have been concluded and a final agreement developed, it will be forwarded to Council for approval.

Possible Means of Increasing Housing Stock Available to Program Participants

During recent months, City staff and GVHC staff have discussed an initiative that, in the event the Program was extended, could be pursued to expand the availability of affordable housing stock in the City. The initiative involves the GVHC partnering with a private sector company to develop a purpose-built affordable home ownership project in Surrey. Such a project would support the Program by expanding the availability of affordable housing stock in the City and provide an opportunity for a greater number of Surrey residents to participate in the Program. Should Council approve the extension of the Program, GVHC staff will continue to explore opportunities with the private sector to facilitate such a housing development in Surrey. The housing development would be a partnership between the GVHC and a private-sector partner.

CONCLUSION

Phase Two of the Home Ownership Assistance Program will be concluded at the end of February, 2003. Participation in Phase Two of the Program doubled, in comparison to Phase One, due in part to program logistical and criteria changes. However, the total level of participation is below that which was originally expected (six households in Phase Two as opposed to a potential maximum of 17 households, based on available funding). Several factors have come to light as affecting the degree of participation in the Program, including:

- the limited availability of affordable housing stock;
- the ability of participants to raise the down payment;
- the residual stigma that remains from the leaky condo issue (both in terms of development of new condominium projects and the hesitancy of potential home owners to purchase a condominium); and
- the relatively short length of time the Program has had to take effect and enable the development and real estate industry to become familiar with it and to allow potential participants time to prepare financially to become involved in the Program.

The Program is still in its infancy in relation to the timelines of other similar government programs/initiatives. Allowing the Program to run for a longer period of time will diminish the affects that the above factors are currently having, in relation to the success of the Program. On this basis, it is recommended that the Program be extended for a further three years and that funding for the Program continue to be allocated on an annual basis, with the amount based on the interest earned on the Affordable Housing Reserve Fund, in the previous year. It is further recommended that staff be authorized to negotiate an agreement with the GVHC to administer the Program, on behalf of the City, for each year of the three years, with similar terms and conditions to the agreement that covered their administration of Phases One and Two of the Program and subject to the agreement containing a termination provision that allows the City to terminate the agreement with notice. The GVHC has advised that they are prepared to continue to administer the Program, on behalf of the City, subject to an appropriate agreement. Should Council choose to extend the Program, staff will submit a Corporate Report to Council, in the next few weeks, that will discuss and seek Council approval for any proposed changes to the Program criteria that are considered necessary to further enhance participation in the Program and will request Council approval of the agreement negotiated with the GVHC covering the on-going administration of the Program. Finally, it is recommended that Council direct staff to submit an annual report to Council, for each calendar year of the extended Program, by the end of February of the following calendar year.

Original Signed By:

Murray D. Dinwoodie
General Manager
Planning and Development Department

BB/kms/saw

Attachments:

Appendix I – Home Ownership Assistance Program

Appendix II – Home Ownership Assistance Program Brochure

Appendix III – Home Ownership Assistance Policy

Appendix IV – Home Ownership Assistance Program Administration Agreement Phase Two

CITY OF SURREY

AFFORDABLE HOME OWNERSHIP POLICY

March 2003

Primary and Other Objectives:

The primary objective of the Affordable Home Ownership Policy is to financially assist families who reside in Surrey and who would not typically be able to enter the housing market due to income constraints to own a home.

Other objectives of the proposed policy include:

- The Affordable Housing Reserve Fund must be a "revolving fund" (i.e., the Fund continues to exist and provide benefit to the City's citizens over time);
- Households who are assisted should not recognize a "windfall" as a result of the application of the policy;
- The use of the Fund should be directed such that Surrey residents are assisted; and
- Administration costs associated with the policy's implementation and on-going maintenance should be minimized.

Term:

This policy will remain "active" until March 31, 2006 after which time the policy will be deemed "inactive". Prior to the policy becoming inactive, the City Manager will submit a report to Council which reviews the merits of the policy based on the experience to date and makes recommendations regarding its continuation.

Funding:

Funding to support the implementation of the policy will be provided from the Affordable Housing Special Reserve Fund ("the Fund") and will be approved by Council on an annual basis in conjunction with the adoption of the City's annual operating budget.

Funding in support of this policy in any year will be limited to a maximum of the annual interest earned during the previous year on the principal contained in the Fund.

Target Group:

The policy will be focused on assisting Surrey households who are first time homebuyers with incomes below the average household income in the City. The average household income for the City will be based on the most recent Census data and adjusted by the annual changes in the Consumer Price Index to reflect the estimated average household income for the previous year. The average household income in Surrey for the Year 2003 is estimated to be \$57,700 and the target group for this Policy will have a household income equal or below \$51,500 representing an income at least 10% below the average household income in Surrey.

Amount of Assistance to be provided:

The target reduction in the price of affordable housing units provided as a result of the application of this policy is the lesser of 15% of the market price of the qualifying dwelling unit or \$15,000.

The maximum mortgage of the affordable housing unit purchased by a household through the application of this policy is to be related to the income of the household. The mortgage available from financial lending institutions is typically no more than three (3) times the annual income of the household purchasing the unit.

Where the financial assistance is provided directly to a qualifying household, the assistance may not be used as any part of the "5%

minimum down payment" on the affordable home but rather as a reduction in the amount of the first mortgage.

Means by Which Assistance Will be Provided:

The City will enter into an agreement with a non-profit housing society (the "society") to deliver "affordable homes" under this policy. The agreement will ensure that the conditions of this policy are fully respected. The City will provide funding to the society which will then be used to provide affordable homes in the City under one or both of the following options, to be specified by the City in its agreement with the selected non-profit society:

- 1. Home Ownership Development Program** - Affordable housing units will be constructed in Surrey with support from the private sector and/or non-profit housing groups. These housing units will be sold to qualifying Surrey households at a discount below market value. Each of the sponsors will be responsible for absorbing part of the targeted price discount of the housing units. Further study of this option will be necessary before detailed program requirements can be specified and implemented.
- 2. Home Ownership Assistance Program** - Qualifying Surrey households will be eligible for an interest free loan to assist in the purchase of a newly constructed housing unit in Surrey. The program requirements and eligibility criteria are as described in the Home Ownership Assistance Program, as amended from time and as adopted by Council.

Recovery of Funds:

Any subsidy on each affordable housing unit provided under the application of this policy will be registered as an interest free "silent" second mortgage on the housing unit and be recoverable by the Fund on any resale of the unit or if the owner(s) of the unit cease(s) to occupy the unit as his/her/their primary residence. The recoverable amount will decrease annually by 10% of the original value of the subsidy to a maximum of 50% of the original value (i.e., if a unit is held for 5 years before sale, the repayment to the Fund would amount to 50% of the original value of the "silent" second mortgage).

Annual Report:

The City Manager will provide, during the first quarter of each year, an annual report to Council on the results of the application of the policy during the previous calendar year.

Legislation:

This policy is subject to any specific provisions of the Local Government Act or other relevant legislation.

CITY OF SURREY - AFFORDABLE HOME OWNERSHIP POLICY HOME OWNERSHIP ASSISTANCE PROGRAM

March 2003

CITY OF SURREY - AFFORDABLE HOME OWNERSHIP POLICY **HOME OWNERSHIP ASSISTANCE PROGRAM**

March 2003

A. PROGRAM OVERVIEW

The home ownership assistance program is aimed at improving the access to *Home* ownership for *Households* who find it difficult due to income constraints to enter the housing market. The *Program* is meant to assist *Households* with incomes at least 10% below the *Average Household Income* in the *City*.

The *Program* will improve access to *Home* ownership in the following two ways:

- By providing an interest free loan to qualifying *Households* towards the purchase of a *Home*, subject to the availability of allocated funds for the *Program*. The loan will be registered as a Second Mortgage and will be partially forgivable over time.
- By improving home affordability through encouraging developers to offer competitively priced homes to *Participants* in recognition of the marketing opportunity presented by the *Program*.

The administration of the *Program*, including the receiving of *Applications* from interested *Households*, registration of *Second Mortgages* and reporting requirements will be undertaken by a *Non Profit Housing Society* with which the *City* will enter into an *Agreement*.

B. PROGRAM CRITERIA

1. Program Eligibility Requirements:

Households interested in having the opportunity to participate in the *Program* will need to meet the following eligibility requirements:

(a) **Surrey Resident**

Is a *Household* residing in the *City* and who has continuously maintained a principal residence in Surrey for not less than one year prior to making an *Application*. Proof of residency will be required (e.g. telephone bill, driver's license, etc.).

(b) ***Households***

An eligible *Household* means one or more individuals 19 years of age or older occupying a residence in the *City*.

(c) ***Household Income and Assets***

Eligible *Households* will have a gross annual income 10% below the *Average Household Income* for the City of Surrey. On this basis, the total annual income for eligible *Households* is not to exceed \$51,500.

The total annual income includes income from all sources, including earned income, all income from public and private pension and disability plans, government income supplements, child support, alimony, unemployment insurance and an imputed income from assets.

Income from assets is determined by exempting the first \$15,000 from total assets and computing the balance at a per annum rate based on the average return for a one year Guaranteed Investment Certificate (GIC). Assets include accounts in banks, trust companies, etc.; stocks and bonds; real estate; equity in a business; Registered Retirement Savings Plans; and cash and other items of potential income earning nature.

The total asset amount held by eligible *Households* is not to exceed the maximum total annual income permitted under the *Program*.

(d) **Income Statements**

To assist in verification of income and assets, eligible *Households* must submit copies of filed income tax returns for the current year and two previous years, a summary of other financial or investment statements, and such other information as may be necessary to verify the current total annual income of the *Household*;

(e) ***First Time Home Buyer***

An eligible *Household* must include an individual 19 years of age or older, who will be one of the owners of the *Home*, and who:

(i) Is a Canadian citizen or is lawfully admitted to Canada as a landed immigrant,

(ii) Has not previously held a registered interest in land, whether in British Columbia or elsewhere that constituted the individual's principal residence, and

(iii) Has continuously maintained their principal residence in Surrey, B.C. throughout a period of not less than one year immediately before the *Application* is submitted to the *GVHC*;

2. Homes:

The following conditions describe a *Home* that is eligible to be purchased under the *Program*:

(a) *Homes* must be new (i.e. never occupied), and covered by a new home warranty in accordance with the requirements of the Homeowner Protection Act; and

(b) *Homes* must be located in the *City*.

C. DEVELOPER PARTICIPATION

To increase the level of *Home* affordability provided under the *Program*, the *Non Profit Housing Society* will contact residential developers and builders who are planning or constructing new homes to advise them of the *Program* and to encourage and identify competitively priced, eligible *Homes* for the *Program*.

D. HOME OWNERSHIP ASSISTANCE PROVISIONS

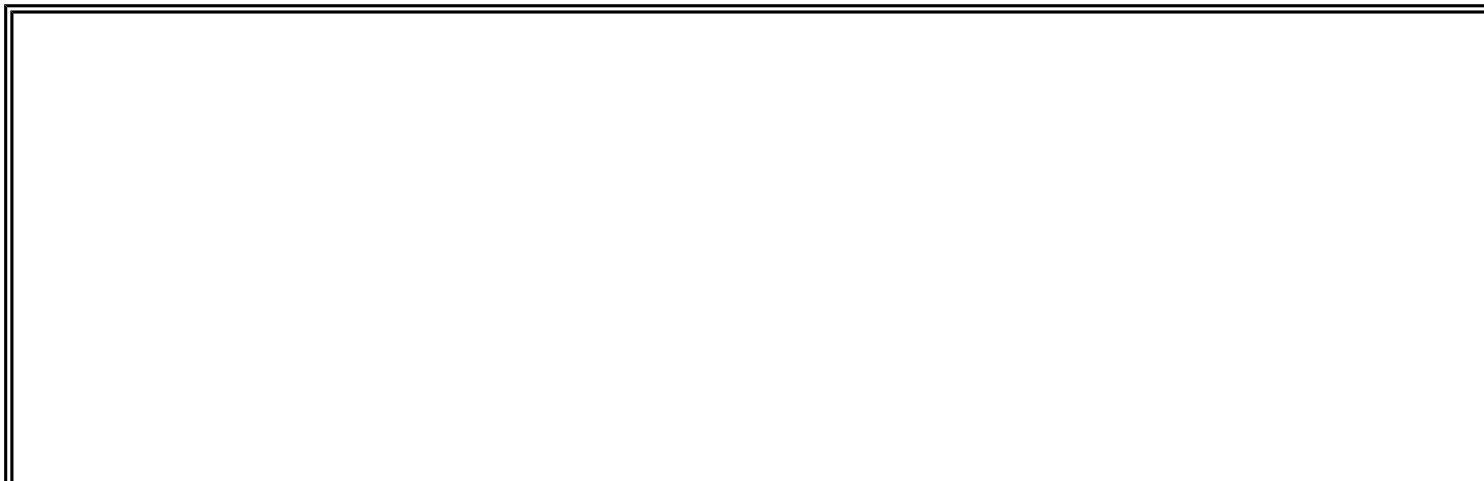
Participants will be eligible for a loan equal to the lesser of 15% of the market price of a qualifying home or \$15,000. The terms and conditions of the loan will include, but not be limited to the following:

- (a) The loan will be interest free and be registered on title as a *Second Mortgage*, to be recovered upon resale of the *Home*;
- (b) The repayment amount of the loan will decrease annually by 10% of the original loan amount to a maximum of 50%. The annual discount will occur on the anniversary of the registration date of the *Second Mortgage*;
- (c) The *Home* is to be occupied by the owner during the term of the *Second Mortgage*; and
- (d) The loan may become due and payable if the terms and conditions of the *Second Mortgage* are not fully met at all times.

E. PROGRAM DEFINITIONS

The following definitions apply throughout the Home Ownership Assistance Program:

- "*Agreement*" means the agreement entered into between the City and a Non Profit Housing Society;
- "*Applicant*" means a Household which has submitted an Application for the opportunity to participate in the Program;
- "*Application*" means an application form completed by an Applicant, including supporting documentation submitted to the contracted Non Profit Housing Society;
- "*Home*" means the lands and premises, not previously occupied, purchased under the Program registered in fee simple in the New Westminster Land Title Office in the Participant's name which will be the principal residence of the Participant;
- "*Average Household Income*" means the gross annual household income that is the mathematical average of all household incomes in the *City* based on the most recent Canadian census;
- "*Non Profit Housing Society*" means the Non Profit Housing Society selected by the City to implement, administer and monitor the Program and with which the City has an agreement;
- "*Participant*" means an applicant who:
- i. has been verified as eligible under the Program;
 - ii. will be the registered owner in fee simple of the Eligible Home to be registered in the New Westminster Land Title Office; and
 - iii. has entered into a second mortgage to purchase a home under the Program
- "*Program*" means the Home Ownership Assistance Program as outlined in this document and referenced in the City's Affordable Home Ownership Policy.



DRAFT

HOME OWNERSHIP ASSISTANCE PROGRAM

ADMINISTRATION AGREEMENT

PHASE THREE

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[SCHEDULE "A" CITY OF SURREY - AFFORDABLE HOME OWNERSHIP POLICY](#)

[SCHEDULE "B" - TIMETABLE](#)

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THIS AGREEMENT is dated for reference the _____ day of March 2003.

BETWEEN:

CITY OF SURREY
14245 56 Avenue
Surrey, B.C. V3X 3A2

(the "*City*")

OF THE FIRST PART

AND:

GREATER VANCOUVER HOUSING CORPORATION
4330 Kingsway
Burnaby, B.C. V5H 4G8

(the "*GVHC*")

OF THE SECOND PART

WHEREAS:

- A. The *City* and *GVHC* wish to enter into this *Agreement* to set forth the rights and obligations of each of them with respect to the provision of services by the *GVHC* to the *City*.
- B. The *City* desires to retain the services of *GVHC* to deliver and administer the Home Ownership Assistance Program, under the *City's* Affordable Home Ownership Policy, as hereinafter defined as the *Program*.
- C. *GVHC* is a non profit housing agency with experience in administering housing programs throughout the Lower Mainland and, as an independent contractor, desires to administer the *Program* to benefit the *City's* residents.
- D. *GVHC* in its delivery of the *Program* will endeavour to protect the *City's* interest in maintaining a positive public image for the *Program* while ensuring adherence to all *Program* requirements.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of One Dollar (\$1.00) and other good and valuable consideration given by each of the parties to each other (the receipt and sufficiency of which is hereby acknowledged) the parties agree as follows:

1. DEFINITIONS

1.1 This *Agreement*, including the recitals, shall have the following definitions:

- (a) "*Agreement*" means this agreement, as amended from time to time, and includes Schedules "A", "B", and "C". All references in Schedule "A" to Non Profit Housing Society shall be read as a reference to *GVHC*;
- (b) "*Applicant*" means a Household which has submitted an Application to pre-qualify for the Program or to receive assistance under the Program;
- (c) "*Applications*" means application forms completed by an *Applicant*, including supporting documentation submitted to *GVHC*;
- (d) "*City*" means the City of Surrey;
- (e) "*City Representative*" means the General Manager, Planning and Development, of the City;
- (f) "*Fees*" means the compensation payable by the City to *GVHC* for the administration of the Program in accordance with Schedule "C" attached hereto;
- (g) "*First Time Home Buyer*" means an individual who:
- (i) Is a Canadian citizen or is lawfully admitted to Canada as a landed immigrant,
- (ii) Has not previously held a registered interest in land, whether in British Columbia or elsewhere that constituted the individual's principal residence, and
- (iii) Has continuously maintained their principal residence in Surrey, B.C. throughout a period of not less than one year

immediately before the Application is submitted to the GVHC;

- (h) "GVHC" means the Greater Vancouver Housing Corporation;
- (i) "GVHC Representative" means the Housing Manager, of the Greater Vancouver Housing Corporation;
- (l) "Home" means the lands and premises, not previously occupied, purchased under the Program registered in fee simple in the New Westminster Land Title Office in the Participant's name which will be the principal residence of the Participant;
- (m) "Home Ownership Assistance Program Guide" **means information material, including but not limited to, providing the potential Applicant with Program eligibility requirements, Application requirements and guidelines;**
- (n) "Household" means one or more individuals 19 years of age or older, with or without dependants, occupying a residence in the City.
- (o) "Participant" means an Applicant who:
 - (i) Has been verified as eligible under the Program;
 - (ii) Has entered into a *Second Mortgage* to purchase a *Home* under the Program; and
 - (iii) Will be the registered owner in fee simple of the Home purchased under the Program to be registered in the New Westminster Land Title Office.
- (p) "Program" means the Home Ownership Assistance Program as outlined in Schedule "A" attached hereto and referenced in the City's Affordable Home Ownership Policy;
- (q) "Second Mortgage" means a second mortgage, approved by the City, to be registered in the New Westminster Land Title Office as a second financial charge against the Home. The conditions of the second mortgage include but are not limited to:
 - (i) The use of the *Home* on a continuous basis as the principal residence of the *Participant*;
 - (ii) The requirement for repayment of the *Second Mortgage* as set out in the *Program*; and
 - (iii) The rights of recovery of the *Second Mortgage* as set out in the *Program*, in the event:
 - 1. The *Home* is sold for any reason by the *Participant*,
 - 2. The *Home* is not used as a principal residence or verification thereof is not provided by the *Participant* in a timely manner, or
 - 3. The *Participant* is in default of any obligations under this *Agreement* or the *Program* concerning the *Home*.
- (s) "Term" means the term of this Agreement which shall commence on March ____, 2003 and terminate in 60 months;
- (t) "Timetable" means the timetable by which the Program is to be delivered by GVHC as outlined in Schedule "B" attached hereto.

1.2 The singular of any term includes the plural, and vice versa, the use of any term is generally applicable to any gender and, where applicable, to a corporation and the word "including" is not limiting.

2. COMMENCEMENT

2.1 During the *Term* of this *Agreement* GVHC agrees to the following:

- (a) To commence the *Program* deliveries referred to in section 3 on March ____, 2003 and continue for 12 months;
- (b) To commence the *Program* monitoring referred to in section 5 after 13 months of signing the Agreement and continue for 48 months;
- (c) The *City* can, at its option, enter into a new *Agreement* for the *Program* delivery referred to in section 3 for another 12 month period and the *Program* monitoring referred to in section 5 for another 48 month period on the same terms and conditions as this *Agreement* with 60 days written notice prior to the *Program* delivery referred to in (a) being terminated.

3. PROGRAM DELIVERY

3.1 Forms, Documents and Materials

GVHC will prepare for the City's review the following forms, documents and materials to support the delivery of the *Program* including, but not limited to:

- (a) Two *Applications* including an application for pre-qualification of interested households for the *Program* and an application for pre-qualified households to request assistance under the *Program*;
- (b) Information material providing the potential *Applicant* with *Program* eligibility requirements, and *Application* requirements and guidelines, referenced as the *Home Ownership Assistance Program Guide*;
- (c) A schedule and plan for public announcements, promotional and public information meetings for the *Program*; and
- (d) Press releases and advertisements to be placed in both local community newspapers and media outlets.

3.2 Home Ownership Assistance Program Guide

GVHC will prepare a *Home Ownership Assistance Program Guide* including, but not necessarily limited to:

- (a) Pertinent information about the *Program*, the application and review process, and related *Program* requirements;
- (b) A clear description of the eligibility criteria, as well as the required supporting documentation;
- (c) Pertinent information about the associated costs a *First Time Homebuyer* may encounter when purchasing a *Home*; and
- (d) The *Applications* for pre-qualification of interested *Households* and request for program assistance for pre-qualified *Households* who have selected a *Home*; and
- (e) A waiver permitting GVHC to conduct a third party verification of the information provided by the *Applicant* and contained within the *Application*.

3.3 Distribution of Program Information

3.31. GVHC will make information packages for the *Program* available in several locations, including:

- (a) At Surrey City Hall;
- (b) At other locations specified by the *City*;
- (c) At the GVHC offices; and
- (d) By mail from the GVHC

GVHC will provide information packages and hold information sessions, including but not limited to:

- (a) Community information and referral services;
- (b) Local Non-profit Housing organizations;
- (c) Developers and builders, and real estate boards active in the *City*.

3.33 GVHC will provide information packages and *Applications* available and printable through the Internet.

3.4 Process for Applications

GVHC will establish and administer a process for *Applications* enabling interested *Households* to be pre-qualified for the *Program* and for pre-qualified *Applicants*, who have selected a qualified home, to make *Application* for assistance under the *Program*, including but not limited to:

- (a) Recording the receipt of all *Applications*;
- (b) Reviewing *Applications* for completeness;
- (c) Returning an *Application* which is incomplete or illegible;
- (d) Confirming the receipt of a fully completed *Application*; and
- (e) Advising *Applicants* of the outcome of the pre-qualification application and the request for assistance each within five business days, and to confirm the outcome in writing.

3.41 The GVHC will reject *Applications* in situations where:

- (a) Either the *Applicant* or the selected home do not meet the *Program* criteria; and
- (b) There is insufficient funding available under the *Program* to fulfil the requested amount of assistance or where the *Program* funds

have been fully allocated.

- 3.42 The GVHC will pre-qualify *Applicants* for the *Program* in situations where the *Applicant* meets the eligibility criteria for income, assets, residency, and first time home buyer status, and has provided supporting documentation, including but not limited to:
- (a) Income tax information for the past two years for all adult members of the *Household* including, but not limited to: 2002 Tax Return, or T4 slips for 2002, and 2001 Tax Return;
 - (b) Summary of assets for all adult members of the household;
 - (c) Surrey residency supported by one year of documentation that may include utility bills, drivers license etc. of at least one adult member of the *Household*; and
 - (d) *First time homebuyer* status of all adult members of the household.

The GVHC will maintain contact with pre-qualified Applicants for the Program through bi-yearly written communication, for the purpose of providing the following, including but not limited to

- (a) Support and encouragement in the process of achieving home ownership;
- (b) Information on Program related workshops and open houses being hosted by the City and/or GVHC; and
- (c) Updates on policy or administrative changes to the Program.

The GVHC will approve ***Applicants*** for assistance under the ***Program*** in situations where:

- (a) There are sufficient funds for distribution under the ***Program***;
- (b) The ***Applicant*** was pre-qualified not more than four months prior to submitting an application for assistance under the ***Program***;
- (c) The ***Applicant*** has submitted a contract of purchase and sale for a qualified ***Home*** under the ***Program***;
- (d) The contract of purchase and sale to purchase a *Home* is made conditional upon inspections of the *Home* to the satisfaction of *GVHC* and subject to financing;
- (e) An independent appraisal to be made available to *GVHC* to verify that the purchase price reflects market value;
- (f) The *Second Mortgage* funds be released to a lawyer/notary public in trust for completion of the purchase; and
- (g) Registration of a *Second Mortgage*.

4. SECOND MORTGAGE

4.1 Documentation

GVHC will ensure that a *Second Mortgage* equal to the monetary assistance provided under the *Program* will be registered on the property title of each purchased *Home*. *GVHC* will use the *Second Mortgage* document approved by the City, including, but not limited to the following stipulations:

- (a) The use of the *Home* on a continuous basis as the principal residence of the *Participant*;
- (b) The requirement for repayment of the *Second Mortgage* as set out in the *Program*; and
- (c) The rights of recovery of the *Second Mortgage* as set out in the *Program*, in the event:
 - (i) The *Home* is sold for any reason by the *Participant*,
 - (ii) The *Home* is not used as a principal residence or verification thereof is not provided by the *Participant* in a timely manner, or
 - (iii) The *Participant* is in default of any obligations under this *Agreement* or the *Program* concerning the *Home*.

4.2 Distribution of Funds

GVHC will process the *Second Mortgage* funds including, but not limited to the following:

- (a) Release the funds to the lawyer/notary public in trust for completion of a *Home* purchase;

- (b) Registration of a *Second Mortgage* against the *Home* on behalf of every *Participant* as a condition of the purchase of a *Home*;
- (c) Discharge the *Second Mortgage* upon sale of the *Home* by the *Participant*; and
- (d) Return the net proceeds of the *Second Mortgage* funds to the *City*.

5. PROGRAM MONITORING

5.1 *GVHC* will establish a process to verify *Program* compliance by each *Participant* during the *Term* including, but not limited to:

- (a) Obtaining a statutory declaration from each *Participant* annually on or before the date of submission of the Form A Freehold Transfer in the Land Title Office transferring the *Home* into the *Participant's* name confirming that they are still occupying the *Home* as their principal residence;
- (b) Verifying the *Participant's* principal residence status by other such means as may be required; and
- (c) Initiating and undertaking compliance procedures for any *Participant* in breach of the principal residency requirement.

6. PROGRAM REPORTS

6.1 *GVHC* will provide the *City* with the following information and reports, including:

- (a) The number of *Applications* received and the processing of outcomes;
- (b) Completion of a *Home* purchase by each *Participant* and the registration of the *Second Mortgage*;
- (c) Any issues of *Program* compliance and status;
- (d) Progress reports on the delivery of the *Program* on a monthly basis; and
- (e) Such other reports as the *City* may reasonably require.

7. TIMETABLE

7.1 *GVHC* will deliver and administer the *Program* in a timely manner based on the *Timetable* included in Appendix "B".

8. COMPENSATION

8.1 *GVHC* will establish a process with the *City* for payment of *Fees* and advance of *Second Mortgage* funds including, but not limited to:

- (a) Submission of an invoice to the *City* requesting compensation for services provided based on the *Fees*, up to a maximum of \$30,000 for *Program* delivery referred to in section 3 and *Program* monitoring in section 5, and as set out in Appendix "C";
- (b) Submission of a notice in writing requesting a transfer of funds to cover *Second Mortgages*, one month prior to the date in which the *Second Mortgage* funds are required by *GVHC*; and
- (c) Provision of any audits as required by the *City* to verify the delivery of the *Program* in accordance with this *Agreement*.

9. DISCLAIMER OF PARTNERSHIP

9.1 The *City* disclaims any intentions to create a partnership with *GVHC* and Constitutes the *GVHC* as an agent (except as expressly provided in the *Agreement*) with respect to the matter of this *Agreement*.

10. NOTICE

- 10.1 Any notice, which is required under this *Agreement*, including *Program* compliance issues and corrective actions undertaken by *GVHC*, shall be in writing and delivered or sent by facsimile transmission, addressed to:

To the *City*:

Attention: General Manager, Planning and Development
City of Surrey
14245 56th Avenue
Surrey, B.C. V3X 3A2
Phone: (604) 591 4474
Fax: (604) 591 4632

and

To the *GVHC*:

Attention: Housing Manager
Greater Vancouver Housing Corporation
4330 Kingsway
Burnaby, B.C. V5H 4G8
Phone: (604) 432 6300
Fax: (604) 436 6960

THIS AGREEMENT has been executed as of the day and year first above written.

CITY OF SURREY by its
authorized signatories

Murray Dinwoodie - General Manager,
Planning & Development Department

Marg Jones – Acting City Clerk

**GREATER VANCOUVER HOUSING
CORPORATION** by its authorized
Signatory

Garry Charles - Regional Manager

SCHEDULE "A"
CITY OF SURREY - AFFORDABLE HOME OWNERSHIP POLICY
HOME OWNERSHIP ASSISTANCE PROGRAM

March 2003

A. PROGRAM OVERVIEW

The home ownership assistance program is aimed at improving the access to *Home* ownership for *Households* who find it difficult due to income constraints to enter the housing market. The *Program* is meant to assist *Households* with incomes at least 10% below the *Average Household Income* in the *City*.

The *Program* will improve access to *Home* ownership in the following two ways:

- By providing an interest free loan to qualifying *Households* towards the purchase of a *Home*, subject to the availability of allocated funds for the *Program*. The loan will be registered as a Second Mortgage and will be partially forgivable over time.
- By improving home affordability through encouraging developers to offer competitively priced homes to *Participants* in recognition of the marketing opportunity presented by the *Program*.

The administration of the *Program*, including the receiving of *Applications* from interested *Households*, registration of *Second Mortgages* and reporting requirements will be undertaken by a *Non Profit Housing Society* with which the *City* will enter into an *Agreement*.

B. PROGRAM CRITERIA

1. Program Eligibility Requirements:

Households interested in having the opportunity to participate in the *Program* will need to meet the following eligibility requirements:

(a) Surrey Resident

Is a *Household* residing in the *City* and who has continuously maintained a principal residence in Surrey for not less than one year prior to making an *Application*. Proof of residency will be required (e.g. telephone bill, driver's license, etc.).

(b) *Households*

An eligible *Household* means one or more individuals 19 years of age or older occupying a residence in the *City*.

(c) *Household* Income and Assets

Eligible *Households* will have a gross annual income 10% below the *Average Household Income* for the City of Surrey. On this basis, the total annual income for eligible *Households* is not to exceed \$51,500.

The total annual income includes income from all sources, including earned income, all income from public and private pension and disability plans, government income supplements, child support, alimony, unemployment insurance and an imputed income from assets.

Income from assets is determined by exempting the first \$15,000 from total assets and computing the balance at a per annum rate based on the average return for a one year Guaranteed Investment Certificate (GIC). Assets include accounts in banks, trust companies, etc.; stocks and bonds; real estate; equity in a business; Registered Retirement Savings Plans; and cash and other items of potential income earning nature.

The total asset amount held by eligible *Households* is not to exceed the maximum total annual income permitted under the *Program*.

(d) Income Statements

To assist in verification of income and assets, eligible *Households* must submit copies of filed income tax returns for the current year and two previous years, a summary of other financial or investment statements, and such other information as may be necessary to verify the current total annual income of the *Household*;

(e) *First Time Home Buyer*

An eligible *Household* must include an individual 19 years of age or older, who will be one of the owners of the *Home*, and who:

- (i) Is a Canadian citizen or is lawfully admitted to Canada as a landed immigrant,
- (ii) Has not previously held a registered interest in land, whether in British Columbia or elsewhere that constituted the individual's principal residence, and
- (iii) Has continuously maintained their principal residence in Surrey, B.C. throughout a period of not less than one year immediately before the *Application* is submitted to the *GVHC*;

2. *Homes*:

The following conditions describe a *Home* that is eligible to be purchased under the *Program*:

- (a) *Homes* must be new (i.e. never occupied), and covered by a new home warranty in accordance with the requirements of the Homeowner Protection Act; and
- (b) *Homes* must be located in the *City*.

C. DEVELOPER PARTICIPATION

To increase the level of *Home* affordability provided under the *Program*, the *Non Profit Housing Society* will contact residential developers and builders who are planning or constructing new homes to advise them of the *Program* and to encourage and identify competitively priced, eligible *Homes* for the *Program*.

D. HOME OWNERSHIP ASSISTANCE PROVISIONS

Participants will be eligible for a loan equal to the lesser of 15% of the market price of a qualifying home or \$15,000. The terms and conditions of the loan will include, but not be limited to the following:

- (a) The loan will be interest free and be registered on title as a *Second Mortgage*, to be recovered upon resale of the *Home*;
- (b) The repayment amount of the loan will decrease annually by 10% of the original loan amount to a maximum of 50%. The annual discount will occur on the anniversary of the registration date of the *Second Mortgage*;
- (c) The *Home* is to be occupied by the owner during the term of the *Second Mortgage*; and
- (d) The loan may become due and payable if the terms and conditions of the *Second Mortgage* are not fully met at all times.

E. PROGRAM DEFINITIONS

The following definitions apply throughout the Home Ownership Assistance Program:

- "*Agreement*" means the agreement entered into between the City and a Non Profit Housing Society;
- "*Applicant*" means a Household which has submitted an Application for the opportunity to participate in the Program;
- "*Application*" means an application form completed by an Applicant, including supporting documentation submitted to the contracted Non Profit Housing Society;
- "*Home*" means the lands and premises, not previously occupied, purchased under the Program registered in fee simple in the New Westminster Land Title Office in the Participant's name which will be the principal residence of the Participant;
- "*Average Household Income*" means the gross annual household income that is the mathematical average of all household incomes in the *City* based on the most recent Canadian census;;
- "*Non Profit Housing Society*" means the Non Profit Housing Society selected by the City to implement, administer and monitor the Program and with which the City has an agreement;
- Participant means an applicant who:
 - i. has been verified as eligible under the Program;
 - ii. will be the registered owner in fee simple of the Eligible Home to be registered in the New Westminster Land Title Office; and
 - iii. has entered into a second mortgage to purchase a home under the Program
- "*Program*" means the Home Ownership Assistance Program as outlined in this document and referenced in the City's Affordable Home Ownership Policy.

SCHEDULE "B" - TIMETABLE

MONTHS	2003 ACTIVITIES
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Program Delivery

March 2003	<ul style="list-style-type: none"> Finalize the Home Ownership Assistance Program Guide, Applications forms and supporting material for printing, distribution and for access on the GVRD website. Issue press releases and respond to inquires and requests for Program information and <i>Applications</i>; and Coordinate and host professional stakeholders workshops and public information meetings.
April 1, 2003 To March 1, 2003	<ul style="list-style-type: none"> Begin accepting and recording Applications for pre-qualification; and Verify eligibility of the Applicants and the selected home to be purchased under the Program.
April 15, 2003 to March 1, 2003	<ul style="list-style-type: none"> Begin accepting, recording, reviewing applications from pre-qualified applicants for requests for funding assistance to purchase a home under the Program; Verify availability of funds under the Program; Verify and approve eligibility of applicant and the selected home purchase; and Submit monthly status reports of program activity.
January 31, 2004	<ul style="list-style-type: none"> Submit annual report on <i>Program</i> delivery.

Program Monitoring

March 2004 To December 2007	<ul style="list-style-type: none"> Monitor and verify <i>Program</i> compliance for each second mortgage registered under the Program; and Discharge <i>Second Mortgage</i> upon resale of <i>Home</i>.
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SCHEDULE "C" - FEES

EXPENSE DESCRIPTION	EXPENSE FREQUENCY	ITEM AMOUNT
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Program Delivery

<ul style="list-style-type: none"> Program Administration <ul style="list-style-type: none"> ➤ Response to inquiries and <i>Application</i> mailing ➤ <i>Application</i> receipt, registration and acknowledgement ➤ Follow-up on incomplete <i>Applications</i> ➤ <i>Application Review Process</i> ➤ <i>Application</i>, and other forms preparation and printing ➤ <i>First Time Home Buyer</i> information package ➤ Home Ownership Assistance Program Guide ➤ Program updates and reports 	Annual	\$9,200
<ul style="list-style-type: none"> Advertising and press releases 	Annual	\$3,400
<ul style="list-style-type: none"> Brochure printing 	Annual – Surrey	
<ul style="list-style-type: none"> <i>Program</i> consultation with community groups and representatives of professional associations for developers, homebuilders, and real estate agents 	Annual	\$1,200
<ul style="list-style-type: none"> Public information sessions / open houses for Surrey residents & bi-yearly follow ups with qualified applicants 	3 x \$500	\$1,500
Pre-purchase Home documentation, inspection reviews	\$550 per <i>Participant</i> *	\$10,350

• and Participant consultations		maximum
• Registration of <i>Second Mortgage</i> and reporting	\$250 per <i>Second Mortgage</i> *	\$4,650 maximum

*Note: Where the total number of applicants exceeds 18, the fee per approved participant will be adjusted such that the maximum item amount is not exceeded.

Annual Program Monitoring

• <i>Program</i> monitoring and reporting after purchase of a home (2003 to 2006)	Per <i>Participant</i> per year	\$75 (Total of \$1,500 per year)
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