

Corporate Report

NO: R103

COUNCIL DATE: May 3, 2004



REGULAR COUNCIL

TO: Mayor & Council DATE: **April
29,
2004**

FROM: General Manager, FILE: 4815-20
Planning and Development

SUBJECT: Home Ownership Assistance Program – Program
Refinements and Administration Agreement with the
Greater Vancouver Housing Corporation

RECOMMENDATION

It is recommended that Council:

1. Receive this report as information;
2. Approve minor amendments to the Home Ownership Assistance Program, as described in this report and documented in Appendix I; and
3. Authorize staff to enter into the Administration Agreement with the Greater Vancouver Housing Corporation to administer the Home Ownership Assistance Program for the 2004 program year, which agreement is attached as Appendix II to this report.

PURPOSE

The purpose of this report is to obtain Council's approval for minor amendments to the Home Ownership Assistance Program (the Program), to advise Council of a proposed agreement negotiated with the Greater Vancouver Housing Corporation (the "GVHC") for the 2004 Program year, and to obtain Council authorization for staff to execute this agreement with the GVHC.

BACKGROUND

At the Regular Council meeting of February 23, 2004, Council considered Corporate Report No. R042, entitled "The Surrey Home Ownership Assistance Program - Status Report and Proposed Funding Allocation for 2004". Council adopted the recommendations of the report that included authorization for staff to negotiate an administration

agreement with the GVHC for the 2004 Program year.

DISCUSSION

Program Updates and Revisions

A number of changes to the Program have been made on a year-by-year basis over the first few years of the Program, in response to changing market conditions or to improve the administration of the Program. The following Program updates, refinements and clarifications are proposed to assist with the administration of the program in the 2004 Program year.

- **Maintain the Income ceiling at \$59,000 for the 2004 Program Year**

The Program provides that the maximum household income criterion be updated annually to reflect changes in the estimated average household income for the City of Surrey. The Program provides that eligible households are those with gross annual incomes at least 10% below the average household income for the City, based on the most recent available census data and adjusted for specific years by the rate of inflation using the Consumer Price Index.

Increasing awareness of the Program by Surrey residents and increased supply of affordable townhouse and condominium housing options, together with low financing costs, are the basis for concluding that the Program is well positioned to reach an adequate pool of eligible households without adjusting the maximum income criterion for 2004. It is therefore recommended that the maximum income criterion for households to qualify for the Program remain at \$59,000 for the 2004 Program year, which is the same as it was for the 2003 program year.

- **Maintain the Program down payment requirements**

The Canada Housing and Mortgage Corporation's ("CMHC") recent policy change has made it easier for homebuyers to achieve the minimum 5% down payment for the purchase of a home. Since March 1, 2004, homebuyers may borrow funds to achieve the 5% down payment instead of having to achieve the down payment through their own resources.

The City's Affordable Home Ownership Policy, specifically states, that the assistance provided by the Program may not be used as any part of the 5% minimum down payment on the affordable home, but rather is to be used as a reduction in the amount of the first mortgage. City staff and the GVHC staff recommend that this approach continue for 2004.

- **Proposed Refinements to the Program Criteria**

City and GVHC staff have identified several Program criteria, which require some fine tuning to assist with the administration of the Program and to ensure that the criteria are clear and definitive. The refinements include the following:

- **First Time Homebuyers** – revise the definition of "first time home buyer" to provide that first time homebuyers are those that have not previously owned **land or** a home.
- **Eligible homes** – clarify the requirement that both **the builder of the home, and** the home to be purchased, are subject to the provincial New Home Warranty provisions.
- **Second Mortgage** – expand the description of the terms and conditions of the second mortgage loan to clarify the requirements and limitations of the second mortgages for first time homebuyers.
- **Income and Assets** – **reword** the criteria to provide better clarity.

The revised Program is attached as Appendix I, and the proposed changes are underlined.

Proposed GVHC Administration Agreement for the 2004 Program Year

The GVHC will continue to administer the Program on behalf of the City for the 2004 Program year. The proposed administration agreement with the GVHC, attached as Appendix II to this report, is substantially the same as the agreements between the City and GVHC for previous Program years. This proposed agreement covers one year of Program delivery (i.e., 2004) and four years of Program monitoring, for a total contract term of five years. The Program differs slightly from the previous years in that during this current year it is anticipated that up to 27 households may be assisted under the Program, compared to 18 households in previous years. The number of households that are actually provided with assistance will be dependent on the amount of assistance provided to each of the households. Under the Program, households purchasing an eligible newly constructed home in the City Centre may receive up to \$20,000 in financial assistance and households purchasing an eligible home outside of City Centre may receive up to \$15,000 in assistance. The GVHC administration agreement is based on 27 households being provided with assistance.

The proposed agreement provides that the GVHC will administer the Program on behalf of the City for a total maximum fee of no more than \$38,720, depending on the number of households provided with assistance. This amount is similar to previous years, but takes into account the higher number of households that can be assisted under the 2004 Program year. The maximum fee amount remains under 10% of the 2004 Program's total funding allocation of \$450,000. This percentage is similar to previous years.

Legal Services has reviewed both the proposed Administration Agreement and the proposed changes to the Program and found them to be satisfactory.

2004 Program Launch and Marketing

The delivery of the 2004 Program year will commence as soon as Council has approved the agreement and the City and the GVHC have executed it. City staff have initiated the marketing of the 2004 Program year by attending and hosting a booth at the Greater Vancouver Home Builders Association's First Time Home Buyers Seminar, held on April 6, 2004, at the Sheraton Hotel in Surrey. Over 800 first-time homebuyers attended the seminar. This was a prime opportunity to promote the Program and target Surrey households in advance of the Program launch. As in previous years, City staff will continue to distribute brochures, maintain the City's website information and run City page ads and press releases about the Program and the GVHC staff will continue to act as the primary contact for information on the Program.

CONCLUSION

In March 2004, Council approved the continuation of the Home Ownership Assistance Program and authorized staff to negotiate an agreement with the GVHC to administer the Program. Based on the information provided in this report, it is recommended that Council approve minor changes to the Program as documented in Appendix I and authorize staff to execute the Administration Agreement, attached as Appendix II to this report, with the GVHC to administer the Home Ownership Assistance Program for the 2004 Program year.

Murray Dinwoodie
General Manager
Planning and Development

BB/kms/saw

Attachments

Appendix I - Revised Home Ownership Assistance Program

Appendix II - Draft GVHC Administration Agreement

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Appendix I

CITY OF SURREY HOME OWNERSHIP ASSISTANCE PROGRAM

Revised May 2004

Changes are underlined

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. Eligible Households:

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

(a) *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; and
- (ii) Has not previously held a registered interest in land, whether in British Columbia or elsewhere.

(b) Full-time employment

Refers to an individual 19 years or older who works 30 or more hours per week at their main or only job located in the City of Surrey.

(c) *Household*

An eligible *Household* means one or more individuals, 19 years of age or older, who will be the registered owner (s) in fee simple of the eligible *Home* to be registered in the New Westminster Land Title Office, and who have continuously maintained a principal residence in the City of Surrey or continuously maintained *full-time employment* in the City of Surrey for a period of not less than six months immediately before an *Application* is submitted to the GVHC.

(d) *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 \$59,000.

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.

The total asset amount held by the eligible *Household* is not to exceed the maximum total annual income permitted under the *Program*. Assets include accounts in banks, trust companies, etc.; stocks and bonds; equity in a business; Registered Retirement Savings Plans; and cash including any amount to be used as a down payment on the eligible *Home*.

Down Payment Requirements

An eligible *Household* is required to provide a minimum equity of 5% as down payment on the purchase of *Home* as set out by Canada Housing and Mortgage Corporation, and qualify for a first mortgage with a financial lending institution. The *Program* assistance cannot be used as any part of the minimum 5% down payment, but rather the *Program* assistance can only be used to reduce the amount of the first mortgage.

(f) Income Statements

To assist in verification of income and assets, each eligible *Household* 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*.

(g) Surrey Resident

Is an individual who meets the requirements of a *Household*, and resides in the City of Surrey.

(h) Surrey Worker

Is an individual who meets the requirements of a *Household* and does not reside in the City of Surrey.

2. Eligible Homes:

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

- (a) *Homes* may be new (i.e. never occupied) or resale (provided the building permit was issued on January 1, 2000 or later) and the *Home* is 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 of Surrey.

C. DEVELOPER PARTICIPATION

To increase the level of *Home* affordability provided under the *Program*, the City may request the *Non Profit Housing Society* to 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. *Participants* purchasing a newly constructed *Home* located in the City Centre are eligible for a loan equal to the lesser of 20% of the market price of a qualifying *Home* or \$20,000. The City Centre is as described in the attached map and as defined in the Surrey Zoning By-law No. 12000. 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 in favour of the City, 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;
- (d) The loan available to eligible *Households* that will be secured by way of a second mortgage in favour of the City must be arranged before the completion date of the purchase of the *Home*;
- (e) Additional owners cannot be registered on the title of the property (*Home*) during the term of the second mortgage; and
- (f) The City retains the right to call the loan if it is determined that the terms and conditions of the second mortgage are not being fully met. If the loan is called, the full amount becomes due and payable immediately.

E. PROGRAM DEFINITIONS

The following definitions apply throughout the Home Ownership Assistance Program:

" <i>Agreement</i> "	means the agreement entered into between the City of Surrey and a Non Profit Housing Society;
" <i>Applicant</i> "	means a <i>Household</i> which has submitted an <i>Application</i> for the opportunity to participate in the <i>Program</i> ;
" <i>Application</i> "	means an application form completed by an <i>Applicant</i> , including supporting documentation submitted to the contracted <i>Non Profit Housing Society</i> ;
" <i>Home</i> "	means the lands and premises, purchased under the <i>Program</i> registered in fee simple in the New Westminster Land Title Office in the <i>Participant's</i> name which will be the principal residence of the <i>Participant</i> ;
" <i>Average Household Income</i> "	means the gross annual household income that is the mathematical average of all household incomes in the City of Surrey based on the most recent Canadian census;
" <i>Non Profit Housing Society</i> "	means the Non Profit Housing Society selected by the City to implement, administer and monitor the <i>Program</i> and with which the City of Surrey has an agreement;

“Participant”

means an applicant who:

- (a) has been verified as eligible under the *Program*;
- (b) will be the registered owner in fee simple of the eligible *Home* to be registered in the New Westminster Land Title Office; and
- (c) 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.

Appendix II



HOME OWNERSHIP ASSISTANCE PROGRAM

ADMINISTRATION AGREEMENT

2004

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THIS AGREEMENT is dated for reference the _____ day of May 2004.

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, for the 2004 *Program* year, 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) "*Application*" 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, and
 - (iii) Has continuously maintained their principal residence in Surrey or has worked full-time in Surrey, B.C. throughout a period of not less than six months 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;
- (j) "*Home*" means the lands and premises, 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*;
- (k) "*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;

- (l) "*Household*" means one or more individuals 19 years of age or older, with or without dependants, occupying a residence in the *City*.
- (m) "*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(s) in fee simple of the *Home* purchased under the *Program* to be registered in the New Westminster Land Title Office.
- (n) "*Program*" means the Home Ownership Assistance Program as outlined in Schedule "A" attached hereto and referenced in the *City's* Affordable Home Ownership Policy;
- (o) "*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*.
- (p) "*Term*" means the term of this Agreement which shall commence on May ____, 2004 and terminate in 60 months;
- (q) "*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* Delivery referred to in section 3 on May ____, 2004 and continue for 12 months;
- (b) To commence the *Program* monitoring referred to in section 5, 13 months from signing the Agreement and continue for 48 months;
- (c) The *City* may, 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 90 days written notice prior to the *Program* delivery referred to in (a) being terminated; and

- (d) The *GVHC* may, at its option, advise the *City* of its intention not to 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 90 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) 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*; and
- (c) Public announcements, promotional and public information meetings for the *Program* including issuing press releases, as required.

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) The *Applications* for pre-qualification of interested *Households* and request for *Program* assistance for pre-qualified *Households* who have selected a *Home*; and
- (d) 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:

- (a) At the *GVHC* offices; and
- (b) By mail from the *GVHC*.

3.32 *GVHC* will provide to the *City* information packages and *Applications* available and printable through the *City's* Website.

3.4 Process for Applications

GVHC will establish and administer a process enabling interested *Households* to be pre-qualified for the *Program*, and for pre-qualified *Applicants*, who have selected a qualified *Home*, to apply 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 *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.

3.42 The *GVHC* will pre-qualify *Applicants* for the *Program* in situations where the *Applicant* meets the eligibility criteria for income, assets, residency, employment 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: 2003 Tax Return, or T4 slips for 2003, and 2002 Tax Return;
- (b) Summary of assets for all adult members of the household;
- (c) Proof of Surrey residency or full-time employment in Surrey supported by six months of documentation that may include employment records, 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.

3.43 The *GVHC* will maintain contact with pre-qualified *Applicants* for the *Program* as required to provide updates on policy or administrative changes to the *Program*.

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

The number of ***Participants*** approved under the ***Program*** is 27 ***Applicants***, provided the cumulative amount of the assistance provided under the ***Program*** does not exceed the approved allocated amount for the ***Program***;

The ***Applicant*** was pre-qualified not more than four months prior to submitting an application for assistance under the ***Program***;

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 is made available to *GVHC* to verify that the purchase price reflects market value;
- (f) Verification that the *Second Mortgage* funds will 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 of 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 of the *Second Mortgage* upon sale of the *Home* by the *Participant*; and
- (d) Return of 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) Verifying the *Participants* principal residence status annually with assistance from the City of Surrey;
- (b) Obtaining a statutory declaration from *Participants*, whose home ownership status needs further verification, 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; 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; and
- (d) Such other reports as the *City* may reasonably require.

6.2 ***GVHC*** will comply with requests for any audits as required and funded by the *City* to verify the delivery of the *Program* in accordance with this *Agreement*.

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*, for *Program* delivery referred to in section 3 and *Program* monitoring in section 5, and as set out in Appendix "C"; and
- (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*.

9. DISCLAIMER OF PARTNERSHIP

9.1 The *City* disclaims any intentions to create a partnership with *GVHC* 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 - City Clerk

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

Don Littleford - Housing Manager

SCHEDULE "A"

CITY OF SURREY HOME OWNERSHIP ASSISTANCE PROGRAM

Revised May 2004

Changes are underlined

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. Eligible Households:

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

eligibility requirements:

(a) *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; and
- (ii) Has not previously held a registered interest in land, whether in British Columbia or elsewhere.

(b) **Full-time employment**

Refers to an individual 19 years or older who works 30 or more hours per week at their main or only job located in the City of Surrey.

(c) *Household*

An eligible *Household* means one or more individuals, 19 years of age or older, who will be the registered owner (s) in fee simple of the eligible *Home* to be registered in the New Westminster Land Title Office, and who have continuously maintained a principal residence in the City of Surrey or continuously maintained *full-time employment* in the City of Surrey for a period of not less than six months immediately before an *Application* is submitted to the GVHC.

(d) *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 \$59,000.

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.

The total asset amount held by the eligible *Household* is not to exceed the maximum total annual income permitted under the *Program*. Assets include accounts in banks, trust companies, etc.; stocks and bonds; equity in a business; Registered Retirement Savings Plans; and cash including any amount to be used as a down payment on the eligible *Home*.

Down Payment Requirements

An eligible *Household* is required to provide a minimum equity of 5% as down payment on the purchase of *Home* as set out by Canada Housing and Mortgage Corporation, and qualify for a first mortgage with a financial lending institution. The *Program* assistance cannot be used as any part of the minimum 5% down payment, but rather the *Program* assistance can only be used to reduce the amount of the first mortgage.

(f) Income Statements

To assist in verification of income and assets, each eligible *Household* 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*.

(g) Surrey Resident

Is an individual who meets the requirements of a *Household*, and resides in the City of Surrey.

(h) Surrey Worker

Is an individual who meets the requirements of a *Household* and does not reside in the City of Surrey.

2. **Eligible Homes:**

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

- (b) *Homes* may be new (i.e. never occupied) or resale (provided the building permit was issued on January 1, 2000 or later) and the *Home* is 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 of Surrey.

C. DEVELOPER PARTICIPATION

To increase the level of *Home* affordability provided under the *Program*, the City may request the Non Profit Housing Society to 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. *Participants* purchasing a newly constructed *Home* located in the City Centre are eligible for a loan equal to the lesser of 20% of the market price of a qualifying *Home* or \$20,000. The City Centre is as described in the attached map and as defined in the Surrey Zoning By-law No. 12000. 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 in favour of the City, 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;
- (d) The loan available to eligible Households that will be secured by way of a second mortgage in favour of the City must be arranged before the completion date of the purchase of the Home;
- (e) Additional owners cannot be registered on the title of the property (Home) during the term of the second mortgage; and
- (f) The City retains the right to call the loan if it is determined that the terms and conditions of the second mortgage are not being fully met. If the loan is called, the full amount becomes due and payable immediately.

E. PROGRAM DEFINITIONS

The following definitions apply throughout the Home Ownership Assistance Program:

- "*Agreement*" means the agreement entered into between the City of Surrey and a Non Profit Housing Society;
- "*Applicant*" means a *Household* which has submitted an *Application* for the opportunity to participate in the *Program*;

" <i>Application</i> "	means an application form completed by an Applicant, including supporting documentation submitted to the contracted <i>Non Profit Housing Society</i> ;
" <i>Home</i> "	means the lands and premises, purchased under the Program registered in fee simple in the New Westminster Land Title Office in the <i>Participant's</i> name which will be the principal residence of the Participant;
" <i>Average Household Income</i> "	means the gross annual household income that is the mathematical average of all household incomes in the City of Surrey based on the most recent Canadian census;
" <i>Non Profit Housing Society</i> "	means the Non Profit Housing Society selected by the City to implement, administer and monitor the Program and with which the City of Surrey has an agreement;
" <i>Participant</i> "	means an applicant who: <ul style="list-style-type: none"> (d) has been verified as eligible under the <i>Program</i>; (e) will be the registered owner in fee simple of the eligible <i>Home</i> to be registered in the New Westminster Land Title Office; and (f) has entered into a second mortgage to purchase a home under the <i>Program</i>;
" <i>Program</i> "	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	2004 ACTIVITIES
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Program Delivery

May 2004	<ul style="list-style-type: none"> • Revise the <i>Home Ownership Assistance Program Guide, Application forms and supporting material for printing, distribution and for access on the City of Surrey website.</i>
May	

2004 To May 2005	<p>Stage I Applications – Program Pre-qualification</p> <ul style="list-style-type: none"> • Begin responding to inquiries and requests for <i>Program</i> information; • Begin accepting and recording <i>Applications</i> for pre-qualification; and • Verify eligibility of the <i>Applicants</i> and the selected <i>Home</i> to be purchased under the <i>Program</i>.
May, 2004 To May 2005	<p>Stage II Applications – Program Funding</p> <ul style="list-style-type: none"> • Begin accepting, recording, reviewing <i>Applications</i> from pre-qualified <i>Applicants</i> for requests for funding assistance to purchase a <i>Home</i> under the <i>Program</i>; • Verify availability of funds under the <i>Program</i>; and • Verify and approve

	eligibility of <i>Applicant</i> and the selected <i>Home</i> purchase.
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Program Monitoring

May 2005 To May 2009	<ul style="list-style-type: none"> • Monitor and verify <i>Program</i> compliance for each <i>Second Mortgage</i> registered under the <i>Program</i>; and • Discharge <i>Second Mortgages</i> upon sale of the <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"> • <i>Program</i> Administration • 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>Home Ownership Assistance Program Guide</i> • <i>Program</i> updates and reports • As required, provide information in writing to pre-qualified <i>Applicants</i> in regards to updates on policy or administrative changes to the <i>Program</i>. [Cross reference to Section 3.43] 	Annual	\$11,800
<ul style="list-style-type: none"> • As required, public announcements, advertising, promotional and/or public information meetings for the <i>Program</i>, including press releases. [Cross reference to Section 3.1(c)] 	Maximum 2 public related initiatives @ \$500 each	\$1,000
<ul style="list-style-type: none"> • Pre-purchase Home documentation, inspection reviews and <i>Participant</i> consultation 	\$660 per <i>Participant</i> *	Up to a maximum of \$17,820

<ul style="list-style-type: none"> Administration and documentation of <i>Second Mortgage</i> 		
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Annual Program Monitoring

<ul style="list-style-type: none"> Discharge <i>Second Mortgage</i> upon resale of <i>Home</i>, Monitoring and reporting of <i>Program</i> compliance of Homes purchased during the 2004 <i>Program</i> year, for the four years following the purchase being 2005, 2006, 2007 and 2008 	<p>Per <i>Participant</i>*</p> <p>\$75 per year</p> <p>Up to a maximum of \$2,025 per year</p>	<p>Up to a maximum of \$8,100 for 4 years</p>
Total		\$38,720

* Surrey City Council allocated \$450,000 for the 2004 *Program* year. This amount includes the *GVHC*'s fees as set out in the Agreement, and the cumulative value of the *Second Mortgages* provided to *Participants* under the *Program*. It is estimated that the capacity of the *Program* is between 21 to 27 households, depending on the amount of assistance provided to individual households. The administrative agreement is based on the potential capacity of 27 *Participants*, but the actual number of *Participants* assisted under the *Program* may be less.