

BC HOUSING'S AFFORDABLE  
HOME OWNERSHIP PROGRAM

# Memorandum of Understanding

# Purpose

- To consider a request by BC Housing to enter into an MOU to participate in the HousingHub's Affordable Home Ownership (AHO) program.
- The AHO program creates new opportunities for households to transition into homeownership.
- BC Housing requires that all municipal partners of the AHO program enter an MOU.

# MOU Scope & Contents

- Non-binding
- Includes the basic business terms of the program
- Establishes a shared understanding
- Shows Council's support for this program
- May improve development application efficiencies and policy outcomes

# Recommendation

- Direct staff to prepare a memorandum of understanding (“MOU”) with BC Housing, generally in accordance with the terms and conditions as outlined.

# City of Victoria Affordable Home Ownership Program Presentation



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HousingHub  
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| <b>\$ 500,000 Market Value<br/>Purchaser has \$25,000 cash deposit (5%)</b>            | <b>Market Purchase</b> | <b>10% Below Market AHOP</b>          |
|--|------------------------|---------------------------------------|
| Market Value   | \$500,000              | \$500,000                             |
| Buyer's cash deposit   | \$25,000               | \$25,000                              |
| AHOP 2 <sup>nd</sup> Mortgage  | n/a                    | \$50,000                              |
| 1 <sup>st</sup> Mortgage (base)  | \$475,000              | \$425,000                             |
| Est. Loan Insurance Premium  | 4%<br>\$19,000         | n/a                                   |
| Monthly P&I on 1 <sup>st</sup> mortgage<br>25 years @ 3% (incl. premium)               | \$2,311                | \$2,011<br><br><i>Savings (\$300)</i> |
| Minimum household income (stress test 5.19%)<br>PITH = +\$400 (taxes, heat and strata) | \$108,450              | \$96,925                              |

# Affordable Home Ownership Program

## SAVINGS



### Municipal contributions :

Additional density, reduction of fees, land contribution, approval and process streamlining

### Developer Contributions :

Reduced profits

### BC Housing Contribution :

Low cost interim construction financing



2nd mortgages are released and reinvested into Community

Savings captured towards the project are realized as an equity and secured by 2<sup>nd</sup> mortgage on title of each strata lot sold



# Home Buyer Eligibility

- Be a Canadian citizen or permanent resident
- Have resided in BC for the past 12 months
- Be living in rental housing or other non-ownership tenure prior to purchase
- Gross Household Income at or below BC Housing's Middle Income Requirements

***Home buyer must qualify for a 1<sup>st</sup> mortgage from an NHA approved lender***



# Master Partnering Agreement

- Key document that outlines the model from start to finish
- Aligns BC Housing and the Municipality
- Non-Binding
- Enhances a shared understanding of the program between the Municipality and BC Housing
- Creates efficiencies for Staff

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