

Comox Valley Employer Housing Summit

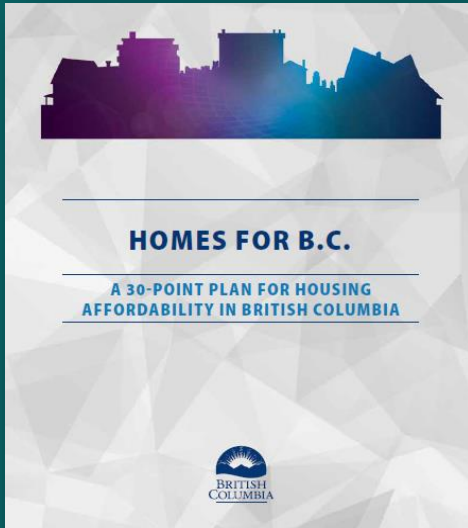
BC Housing New
Funding Programs



Raymond Kwong
Development and Asset Strategies
May 23, 2019



Homes for Today. Hope for Tomorrow.



HOUSING HUB

BUILDING PARTNERSHIPS. BUILDING HOMES.

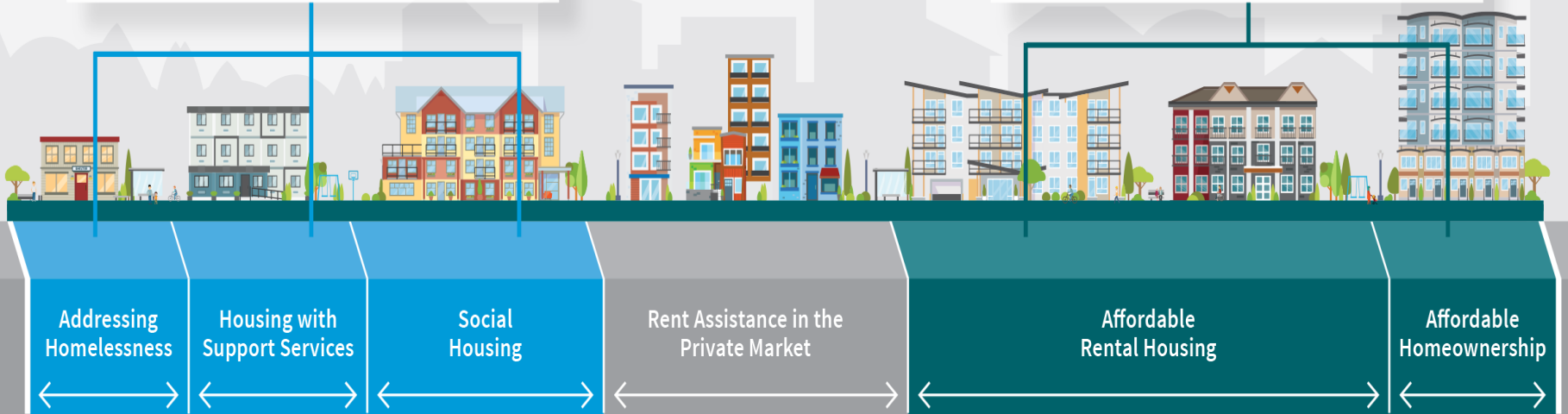


Raymond Kwong
Development and Asset Strategies
May 13, 2019

Building BC Funds



Affordable Rental & Homeownership Program



Addressing Homelessness

Housing with Support Services

Social Housing

Rent Assistance in the Private Market

Affordable Rental Housing

Affordable Homeownership

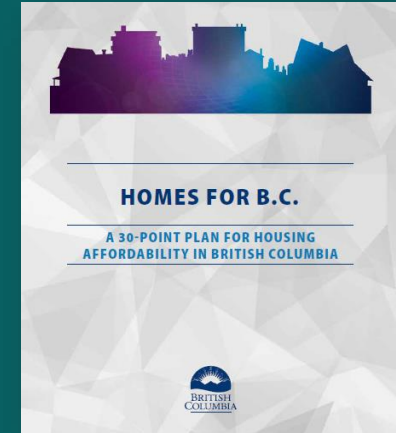
Provincial Funding for Housing

Homes for BC: 30-Point Plan for Housing Affordability

\$7B investment in housing over 10 years, including

- \$6.184 billion to increase housing supply
- \$1.1 billion for maintenance & upgrades
- Rapid Response to Homelessness
 - modular housing with supportive services

\$116 million over three years to expand rental assistance, RAP and SAFER



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Programs:

- Affordable rental housing – Provincial Rental Supply Program
- Owner purchase housing – Affordable Homeownership Program

Methodology:

- Low cost financing / increased Loan to Cost ratios
- Increase the new housing supply

Provincial Rental Supply



PROGRAM FRAMEWORK

May 2018

<https://www.bchousing.org/partner-services/housinghub>



Partnership with the Kelowna Developer

	Capital Budget
Total Capital Costs	\$45.7M
<i>HousingHub Interim Construction mortgage</i>	\$39.5M
Total Equity from Developer	\$6.2M
Total Loan to Cost	86.36%



Kelowna's North End,
148 units





Partnership with the Kelowna Developer

Projected Average Monthly Rent	Project Annual Income
1 Bedroom - \$1,200 (60 units)	\$48,000
2 Bedroom - \$1,729 (87 units)	\$69,160
Total Average - \$1,525	\$60,979



Kelowna's North End,
148 units



*****DRAFT*****

AFFORDABLE HOME OWNERSHIP PROGRAM

Program Framework

May 2018

1st Edition

<https://www.bchousing.org/partner-services/housinghub>

Affordable Home Ownership Program

Interim construction financing

SAVINGS

Partner contributions
(density, fees, land etc.)



2nd mortgages recaptured
and reinvested into
community



AHOP affordability secured
by 2nd mortgage on title



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

Residential Units	Maximum Gross Household Income
Less than 2 bedrooms	\$112,410
Two bedrooms or more	\$155,510

Home buyer must qualify for a 1st mortgage from an NHA approved lender



2nd Mortgages

AHOP affordability secured by 2nd mortgage on title

- Participating mortgage – shares in both the upside and downside
- 25 year term, interest and payment free
- 5 year principal residence requirement enshrined in mortgage
- Homeowner can:
 - prepay at any time
 - sell on the open market at any time (repayment required on sale)

No complicated covenants or restrictions

Repayment

2nd mortgage is due and payable in full upon:

- Sale or change in ownership
- Default on 1st mortgage
- Any default on 2nd mortgage (e.g. principal residence requirement)
- End of 25 year term

\$ 500,000 Market Value Purchaser has \$25,000 cash deposit (5%)	Market Purchase	20% below market AHOP
Market Value	\$500,000	\$500,000
Buyer's cash deposit	\$25,000	\$25,000
AHOP Mortgage	n/a	\$100,000
1 st Mortgage (base)	\$475,000	\$375,000
Est. Loan Insurance Premium	4% \$19,000	n/a
Monthly P&I on 1 st mortgage 25 years @ 3% (incl. premium) <i>Savings</i>	\$2,338	\$1,775 (\$563)
Minimum income (stress test 4.6%) PITH = +\$400 (taxes, heat and strata)	\$115,000	\$90,000
Income at 25%-26% GDS @ 3% interest <i>(25.6% = 2016 avg. GDS for CMHC insured)</i>	\$125,000	\$97,000

Repayment examples

* \$500K, 5% down + 20% AHOP Mtg, (with premium first mortgage = \$375K)
market value increases at 2%/year

	5 Years	10 years	25 years
Market Value	\$552,040	\$609,497	\$820,303
Less Outstanding 1 st mortgage	(320,530)	(\$257,315)	(\$0)
Less AHOP Mortgage Repayment *20% of market value*	(\$110,408)	(\$121,899)	(\$164,061)
Total Homeowner Equity	\$121,102	\$230,283	\$656,242



Partnership with the Surrey Developer

	Capital Budget
Total Capital Costs	TBD
<i>HousingHub Interim Construction mortgage</i>	TBD
Total Equity from Developer	TBD
Total Loan to Cost	Approx. 86.30%



Surrey,
429 units





Partnership with the Surrey Developer

	Avg. Price	2 nd Mortgage	AHOP Amount
1 Bed (AHOP)	\$381,075	\$40,688	\$340,387
2 Bed (AHOP)	\$530,806	\$52,267	\$478,539
		% BCH Mtg.	Ann. Income
1 Bed (AHOP)		10.67%	\$81,844
2 Bed (AHOP)		9.84%	\$115,062



Surrey,
429 units



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