



**City of Kingston
Report to Council
Report Number 15-382**

To: Mayor and Members of Council
From: Lanie Hurdle, Commissioner, Community Services
Resource Staff: Sheldon Laidman, Director, Housing & Social Services
Date of Meeting: October 20, 2015
Subject: Municipal Home Ownership Reserve

Executive Summary:

City staff administers the Home Ownership Program (the Program) which has two components. The first component was initially provincially funded through the Affordable Housing Program and now operates only through its reserve. The second component is the Municipal Home Ownership Program (MHOP) which is funded by the City.

Both components of the Program provide down payment assistance to low and moderate income rental households to assist them with the purchase of a home. The provincial HOP reserve can be accessed by residents of both the City and the County. The MHOP can only be accessed by City residents.

Under the provincial guidelines all repaid loans are deposited into a reserve and reinvested into the program to assist additional households. The purpose of this report is to request Council to approve the establishment of the Municipal Home Ownership Reserve (the Reserve) and for it to act as a revolving fund where repaid loans are to be deposited and placed back into the MHOP for eligible City residents to access. This would permit the MHOP to operate in the exact same manner as the former provincial program.

Recommendation:

That Council approve the establishment of a Municipal Home Ownership Program (MHOP) Reserve for any municipal funds repaid by homeowners pursuant to the MHOP program guidelines and agreements.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

Lanie Hurdle, Commissioner, Community Services

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Cynthia Beach, Corporate & Strategic Initiatives	Not required
Denis Leger, Transportation, Facilities & Emergency Services	Not required
Jim Keech, President and CEO, Utilities Kingston	Not required
Desiree Kennedy, Chief Financial Officer & City Treasurer	

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Options/Discussion:**Background**

City staff administers the Home Ownership Program (the Program) which has two components. The first component was initially provincially funded through the Affordable Housing Program and now operates only from its revolving reserve. The second component is the Municipal Home Ownership Program (MHOP) which was initiated in 2011. A total of \$340,000 was invested from 2011 to 2014 in the MHOP with continued funding of \$60,000 in 2015.

Both components of the Program provide down payment assistance to low and moderate income rental households to assist them with the purchase of a home. Eligible households receive down payment assistance in the form of a forgivable loan to purchase an affordable home within the City of Kingston or County of Frontenac. The loan is paid to an eligible home owner's lawyer in trust upon the closing of the sale of the home, and registered on title behind the first mortgage. The loan is forgiven on the twentieth anniversary of ownership of the home providing the household still resides in the home and there has been no default on terms of the loan. Households who sell their home prior to the twentieth anniversary of ownership must repay the loan plus 5% of any capital appreciation.

Under the provincial guidelines all repaid loans are deposited into a reserve and reinvested into the program to assist additional households. The provincial Home Ownership Program (HOP) reserve can be accessed by residents of both the City and the County. The MHOP, once approved by Council and set up, will only be accessible by City residents. The purpose of this report is to recommend that Council approve the establishment of the Municipal Home Ownership Reserve (the Reserve) and for it to act as a revolving fund where repaid loans are deposited and placed back into the MHOP for additional eligible City residents to access.

Under the MHOP agreement, the occurrence of any one or more of the following events shall constitute a default of the agreement:

- Use of the Loan for a purpose other than the down payment;
- The home owner(s) file for any relief under the provisions of the *Bankruptcy and Insolvency Act, R.S.C. 1985 c. B-13* or any other Act for the benefit of creditors or the Home Owners make a general assignment for the benefit of its creditors or otherwise acknowledges insolvency;
- A writ of execution against the home owner is or becomes binding against the home;
- If any element of ownership registered on title changes;
- If any representation, statement, declaration, documentation or any information provided to the City by the home owner for the purpose of application and approval under the MHOP for the Loan is false or erroneous in any material respect as of the time it was made or given;
- The home owner(s) wish to refinance the home for an amount greater than the original mortgage;
- The home is no longer the sole and principal residence of the home owner; or

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- The home owner fails to provide confirmation that the home continues to be the sole and principal residence of the home owner when requested by the City in a form satisfactory to the City.

In those cases, the home owner(s) is required to repay the full amount of the original loan, and in addition, five percent (5%) of any capital appreciation of the home based on the fair market value of the home at the time the loan becomes payable.

A public information fact sheet on the program is attached as Exhibit A.

The intent of the Reserve is to receive funds repaid under the program and redistribute to eligible households under the MHOP so that additional households can be assisted under the program. The MHOP has assisted more than twenty-five rental households in purchasing a home since its creation in 2011. The revolving fund would ensure that additional households are assisted by reinvesting the funding into the Reserve. To date, one household under MHOP has repaid their loan.

Existing Policy/By-Law:

10 Year Municipal Housing and Homelessness Plan

Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

A total of \$228,149 in municipal funding has been spent as part of the MHOP since its creation in 2011, assisting more than twenty-five households during that time. It continues to be funded annually in the amount of \$60,000. It is intended that the transfers to this reserve will include the one repayment received to date.

Contacts:

Sheldon Laidman, Director, Housing & Social Services 613-546-2695 extension 4957

Other City of Kingston Staff Consulted:

Lee Campbell, Manager, Housing and Childcare Programs, Housing & Social Services

Mitchell Grange, Housing Programs Administrator, Housing & Social Services

Melanie Bale, Financial Analyst, Housing & Social Services

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Desiree Kennedy, City Treasurer

Exhibits Attached:

Exhibit A Municipal Home Ownership Program – 2015 Fact Sheet



City of Kingston – County of Frontenac Home Ownership Program 2015 Fact Sheet

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The City of Kingston **Municipal Home Ownership Program** provides down payment assistance to residents currently renting and seeking to purchase a home within the City of Kingston or County of Frontenac. The program rules and application process are set out below:

Program Rules

As listed in the following thirteen (13) bullet points:

- The funding is available only for down payment on the purchase of a home.
- The funding cannot be used for any construction financing or any other purpose.
- Approved applicants must provide a fully executed Purchase and Sale Agreement within sixty (60) days of receipt of the Letter of Conditional approval. Closing date may be beyond sixty (60) days.
- The funding will be paid directly to the home purchaser's solicitor on the day of closing.
- The maximum amount of the funding will be five per cent (5%) of the purchase price of the home to a maximum of \$14,000.00.
- The funding will be in the form of a twenty (20) year forgivable interest free loan registered on title.
- The home purchaser will be responsible for covering all costs associated with finalizing the purchase of the home, including legal fees, land transfer tax, registration of documents on title and any other related costs.
- All re-sale homes must have a home inspection completed at the expense of the home purchaser and provide verification of same (i.e. copy of inspection summary page and invoice).
- The funding will be forgiven and can be discharged at the request and expense of the home owner on the twentieth (20th) anniversary date of the home purchase.
- The funding plus five per cent (5%) of the capital property appreciation will become payable if at any time prior to the twentieth (20th) anniversary, as listed in the following four (4) bullet points:
 - The home is no longer the sole and principal residence of the home owner; or
 - The home is sold, transferred or disposed of; or
 - The home owner wishes to increase the original financing for the home; or
 - There is any default of the funding agreement.
- Should the funding become payable, the City may at its expense, commission an appraisal of the property in order to determine the fair market value and the property appreciation.

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- The home owner must provide confirmation of their continued residency on an annual basis or upon request by the City of Kingston.
- Any misrepresentation may result in an applicant being deemed ineligible.

Household Eligibility Criteria

As listed in the following ten (10) bullet points:

- At least one member of the household must be eighteen (18) years of age.
- The household members must be permanent residents of the City of Kingston or the County of Frontenac.
- The household must currently be renting a self-contained unit that will be re-rented within the City of Kingston and the County of Frontenac.
- The household must not currently own a home or have a vested interest in any real estate.
- The household must be purchasing their sole and principal residence.
- The combined total gross income of the adult household members must be at or below \$80,400.00.
- The combined total assets of the adult household members must not be above \$30,000. Assets include vehicles, recreational vehicles, non-registered investments and bank accounts. Registered retirement assets are exempt.
- The household members must be Canadian citizens, landed immigrants or have refugee claimant status and must be able to provide such documentation.
- The household must have a valid mortgage pre-approval from a primary lending institution.
- Each adult household member must provide documentation as listed in the following seven (7) bullet points:
 - Current Notice(s) of Assessment (2013 or 2014);
 - Verification of current income;
 - Verification of current banking information;
 - Verification of rental status;
 - Photo Identification (health card cannot be accepted);
 - Mortgage pre-approval must be submitted on letterhead and signed by a representative of the primary lending institution; and,
 - Verification of full time attendance in school, if applicable.

Eligible Home Purchases

As listed in the following six (6) bullet points:

- The home must be located within the City of Kingston or the County of Frontenac.
- The home may be new or re-sale.
- The purchase price of the home cannot be higher than \$280,000.

- Homes must be single residential units which may include detached, semi-detached, condominiums, limited equity co-operatives, or row houses.
- Mobile homes are not eligible.
- Multi-residential units, such as duplexes and triplexes, are not eligible.

Application and Selection Process

As listed in the following eleven (11) bullet points:

- All applicants must complete the application form in full and provide the supporting documentation as required, and submit in the time and manner set out on the application form.
- Only complete applications **with all** required documentation and signatures will be reviewed for eligibility.
- Applications will be accepted on Monday, March 2, 2015 starting at 8:30 A.M. until Friday, March 13, 2015 at 4:30 P.M. Once an application has been deemed eligible it will be held for consideration and approved on a priority basis; assisting those applicant(s) with the lowest income first until all funding is allocated. If there are any remaining applications, they will be placed on a waiting list in order of priority.
- After March 13, 2015, any further applications received will be placed on a waiting list in order of priority of the completed application and determination of eligibility.
- Approved applicants will receive a Letter of Conditional Approval and will have sixty (60) days to provide a fully executed Purchase and Sale Agreement. Closing date of the purchase may be beyond the sixty (60) days.
- Upon receipt of a fully executed Purchase and Sale Agreement, the home purchased will receive a commitment letter specifying the exact amount of funding to be paid to their solicitor, "In Trust", on the closing date.
- Home purchasers will be required to sign a loan agreement which sets out the terms of the funding prior to any funds being paid "In Trust" to their Solicitor. Agreements will be registered on title at the Homeowner(s) expense.
- If the approved applicant is unable to provide a fully executed Purchase and Sale Agreement within sixty (60) days, the funding allocation will be withdrawn and the applicant will no longer be eligible to receive the funding.
- If funding becomes available, the next eligible applicant on the waiting list will be contacted and provided a Letter of Conditional Approval.
- Applications will continue to be received, evaluated and funding assigned until all funding has been allocated.
- When all funding has been expended, eligible applicants remaining on the waiting list will be advised accordingly.

Please see the "2015 Application Form" for submission process.

If you require more information please call telephone number 613-546-2695 extension 4871.

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