



City of Kingston
Information Report to Housing and Homelessness Advisory Committee
Report Number HHC-19-001

To:	Chair, Housing and Homelessness Advisory Committee
From:	Peter Huigenbos, Acting Commissioner, Community Services
Resource Staff:	Sheldon Laidman, Director, Housing & Social Services
Date of Meeting:	February 14, 2019
Subject:	Home Ownership Program – 2019 Program Modification

Executive Summary:

The Home Ownership Program (the Program) provides down payment assistance to support home ownership opportunities for low and moderate income households. Since 2007, the Program has assisted 131 low to moderate income households purchase a home.

Typically, the program assists ten to thirteen households per year. In 2018, only six households accessed the Program due to local market conditions and new mortgage interest rate stress testing regulations.

For the 2019 program year, the maximum down payment available will be increased from five per cent to ten per cent. It is intended that the modification will support increased program participation and funding delivery in 2019.

The purpose of the report is to ensure the Committee stays apprised of challenges in this program and how the Consolidated Municipal Service Manager (CMSM) has sought to respond to those challenges. The CMSM has the authority and discretion to amend the policy without approval from the Committee or Council but will ensure that any feedback is considered as changes are implemented.

Recommendation:

This report is for information purposes only.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Peter Huigenbos, Acting Commissioner,
Community Services**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Lanie Hurdle, Acting Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Jim Keech, President & CEO, Utilities Kingston	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	Not required
Deanne Roberge, Acting Commissioner, Corporate & Emergency Services	Not required

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Options/Discussion:

The Program provides a down payment of five per cent of the purchase price of a home up to a maximum of \$15,000. The Program is funded with both municipal and shared provincial/federal dollars; though all funding is delivered in accordance with the provincial home ownership component of the Investment in Affordable Housing (IAH) program. Since 2007, the Program has assisted 131 low to moderate income households purchase a home. According to the Program guidelines, the loan is forgiven if the participant stays in the home for a twenty year period. If the home is sold or fails to remain the primary residence of the participating household during the twenty year period, the full value of the loan is repaid in addition to a portion of the capital appreciation. Funds repaid to the City are redistributed under the Program to other eligible households.

In 2018, the maximum eligible household income was \$84,800 and the maximum home purchase price was \$300,000; these amounts are slightly lower than the permitted levels under the provincial program guidelines. Although the maximum down payment assistance was \$15,000 in 2018, the average down payment provided to the six participating households was \$10,700, meaning households tend to purchase homes below the maximum price level. The average participating gross household income was \$54,600 in 2018.

In previous years the program has typically supported ten to thirteen households; however, due to the interaction of increasing house prices and new mortgage interest rate stress testing regulations, applicants found it more challenging in 2018 to obtain lender mortgage pre-approval. In order to continue to support low to moderate income households accessing homeownership, the CMSM has established the eligible down payment amount at ten per cent in 2019. The 2019 maximum home price and household income levels will be maintained the same as the 2018 levels. As part of staffs' assessment, it was identified that more than half of the CMSMs in eastern Ontario already provide a 10% down payment through their programs. Further conversations indicated CMSMs providing 5% had also experienced a decline in program uptake in 2018, citing increased home prices and mortgage stress testing as the primary obstacles relative to previous years.

Currently, the Program has approximately \$288K in available funding which includes \$95K in new municipal contributions in 2019, with the balance from repayments resulting from previous sales which were unable to be distributed in 2018 due to the reasons outlined here. It is the intention of staff to begin receiving applications in mid-March when eligible applicants will be provided funding commitments on a first-come first-served basis.

It is within the authority and discretion of the CMSM to make amendments to its programs without the requirement of Committee or Council approval. The purpose of this report is to ensure that the Committee is kept aware of challenges to housing related programs and how the CMSM is responding. Feedback from the Committee is valued; however, and will be used to guide CMSM implementation of the program.

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Housing staff will report back to the HHAC in the first quarter of 2020 on the outcomes of the modification to the Program.

Existing Policy/By-Law:

Not applicable

Notice Provisions:

There are no specific notice requirements for this report. It should be noted for the Committee that advertising for the 2019 round of funding is planned to begin on March 1st in order to allow applicants to be approved for funding in time to search for their house purchase during the prime spring and summer seasons.

Accessibility Considerations:

Not applicable

Financial Considerations:

The affordable housing program modification outlined in this report will be supported by an existing approved program budget; no additional funds are being sought.

Contacts:

Sheldon Laidman, Director, Housing & Social Services 613-546-4291 extension 4957

Other City of Kingston Staff Consulted:

Ruth Noordegraaf, Manager, Housing and Childcare Programs

John Henderson, Housing Programs Administrator

Exhibits Attached:

Exhibit A Home Ownership Program 2019 Program Guideline

Exhibit B Home Ownership Program Policy – Revised



City of Kingston – County of Frontenac Home Ownership Program 2019 Program Guidelines

The Home Ownership Program (HOP) provides down payment assistance to residents currently renting a self-contained dwelling and seeking to purchase a home within the City of Kingston or County of Frontenac. The eligibility criteria, general terms of the program and application process are set out below.

Program Eligibility Criteria and Terms of Funding

The following thirteen (13) bullet points outline the program eligibility criteria and terms of funding:

- The funding is available only for the 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 Agreement of Purchase and Sale within sixty (60) days of receipt of the Letter of Conditional Approval; the closing date may be beyond sixty (60) days.
- The funding will be paid directly to the home purchaser's solicitor in-trust on the day of closing.
- The maximum amount of the funding will be ten per cent (10%) of the purchase price of the home to a maximum of \$30,000.00.
- The funding will be in the form of a twenty (20) year interest-free forgivable loan registered on title of the property.
- 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 resale 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 ten per cent (10%) of the capital property appreciation will become payable if at any time prior to the twentieth (20th) anniversary any of the following occurs:
 - 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 refinance the home for an amount greater than the original primary mortgage amount; or
 - There is any other 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.
- 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

The following ten (10) bullet points outline the household eligibility criteria:

- At least one member of the household must be eighteen (18) years of age.
- The household must currently be renting a self-contained unit that will be re-rented within the City of Kingston or 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 \$84,800.
- The combined total assets of the adult household members must not be above \$10,000; assets include recreational vehicles, non-registered investments and cash held in 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 supporting documentation.
- The household must have a valid mortgage pre-approval from a primary lending institution.
- An application with mortgage pre-approval supported by a co-signer or guarantor is not eligible.
- Each adult household member must provide documentation as listed in the following seven (7) bullet points:
 - Recent Notice of Assessment (2016 or 2017);
 - Verification of current income (i.e. two recent paystubs or a letter from employer);
 - Verification of current banking information (i.e. two months for all bank accounts);
 - Verification of rental status in the City of Kingston or County of Frontenac (i.e. a current lease or letter from Landlord);
 - Photo Identification (health card cannot be accepted);
 - Mortgage pre-approval must be submitted with the completed application 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

The following six (6) bullet points outline the eligible home purchase criteria:

- The home must be located within the City of Kingston or the County of Frontenac.
- The home may be new or resale.
- The purchase price of the home cannot be higher than \$300,000.

- 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 properties, such as duplexes and triplexes, are not eligible.

Application and Selection Process

The following ten (10) bullet points outline the application and selection process:

- 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.
- Once a complete application has been deemed eligible it will be held for consideration and approved on a first-come, first-serve basis. If there are any remaining applications, they will be placed on a waiting list in order of submission date.
- Approved applicants will receive a Letter of Conditional Approval and will have sixty (60) days to provide a fully executed Agreement of Purchase and Sale; the closing date of the purchase may be beyond the sixty (60) days.
- Upon receipt of a fully executed Agreement of Purchase and Sale, the home purchaser will receive a Letter of Conditional Approval 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 on the closing date.
- If the approved applicant is unable to provide a fully executed Agreement of Purchase and Sale 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 "2019 Application Form" for submission details.

If you require more information please call telephone number 613-546-2695 extension 4949 or email housing@cityofkingston.ca.



City of Kingston
 Policies and Procedures
 Housing and Social Services Department, Community Services

Home Ownership Program

Document No. Housing-001
Effective Date 01-01-2012
Revision Date August 12, 2016
Revision No. 2.0
Page No. 1 of 3
Approval: Council Report # 38
 Clause 3, Mar 6,2012

1.0 PURPOSE

- 1.1 The purpose of this policy is to establish guidelines for a municipally funded Homeownership program which will provide financial assistance, in the form of a forgivable loan, to low and moderate income renter households towards a down payment for the purchase of a home.
- 1.2 The purpose of the Homeownership program is to assist low to moderate income renter households to purchase affordable homes and move along the housing continuum, thereby increasing the number of available rental units in the City of Kingston.

2.0 REVISION HISTORY

Date	Revision Number	Change	Ref. Section
	1.0	New document	Not applicable
August 2016	2.0	Amendments to reduce timeline to secure APS and to change the maximum value of home to a determination annually by SM.	4.4, 4.6
March 2018	3.0	Amend asset limit from \$30,000 to \$10,000.	5.7
February 2019	4.0	Amend maximum down payment amount from five per cent to ten per cent.	4.6

3.0 DEFINITIONS

Approved Applicants means households whose application meets the eligibility criteria and who have been conditionally approved to receive funding.

Adult Members of the Household means all members of the household over the age of 18 years and not in school full time.

Asset means all assets owned by the adult members of the household and includes vehicles, recreational vehicles and cash on hand.

Conditional Commitment Letter means the letter sent to eligible applicants advising that funding has been approved on the condition that they provide a fully executed Purchase and Sale Agreement within the timeline set out in the letter.

Down Payment means the money paid on behalf of the home purchaser to the primary lending institution toward the purchase of a home.

Eligible Applicants means households whose application meets the eligibility criteria but who have not yet been approved to receive funding.

Funding means the interest free forgivable loan provided for down payment.

Fully Executed Purchase and Sale Agreement means a legal and binding unconditional agreement between the home purchaser and the home vendor for purchase and sale of the home.

Home means real property.

Home Inspection means an inspection, of the home to be purchased, by a person qualified to do home inspections.

Home Owner means the household that has completed the purchase of a home and has received funding.

Home Purchaser means the household approved for the funding and in the process of purchasing a home.

Loan Agreement means the agreement signed between the City of Kingston and the home purchaser and which sets out the terms of the funding and is registered on title of the purchased home.

Property Appreciation means the difference between the original purchase price of the home purchased under this program and the final sale price of the home if sold within twenty (20) years of the original purchase.

Unit means a self-contained dwelling with a kitchen, bathroom and sleeping space for which the household is paying fair market rent.

4.0 PROGRAM RULES

- 4.1.1 The funding is available only for down payment on the purchase of a home.
- 4.2 The funding cannot be used for any construction financing or any other purpose.
- 4.3 Approved applicants must provide a fully executed Purchase and Sale Agreement within ninety (90) days of receipt of the conditional commitment letter.
- 4.4 The ninety (90) day timeline may be extended if market conditions indicate more time may be needed to secure a home to purchase and will be set out in the conditional commitment letter.
- 4.5 The funding will be paid directly to the home purchaser's solicitor upon closing the purchase of the home.
- 4.6 The maximum amount of the funding will be up to ten per cent (10%) of the purchase price of the home to a maximum as determined annually by the Service Manager.
- 4.7 The funding will be in the form of a 20 year interest free loan registered on title.

- 4.8** The home purchaser will be responsible for covering all costs associated with finalizing the purchase, including legal fees, land transfer tax and any other costs related to the purchase of the home.
- 4.9** 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, invoice).
- 4.10** The funding will be forgiven and can be discharged at the request and expense of the home owner on the 20th anniversary date of the home purchase.
- 4.11** The funding plus a percentage of the property appreciation as outlined in 4.12, will become payable if, at any time prior to the 20th anniversary:
 - a)** the home is no longer the sole and principal residence of the home owner; or
 - b)** the home is sold, transferred or disposed of; or
 - c)** the home owner wishes to refinance the home for an amount greater than the original mortgage; or
 - d)** there is any default of the funding agreement.
- 4.12** Should the funding become payable, the home owner shall pay, in addition to the original funding, a percentage of the property appreciation. The percentage will be the same percentage used to determine the amount of the original funding. For example, if the home purchaser received down payment funding equal to ten percent (10%) of the purchase price, then the home owner would be required to repay ten (10%) of the capital gain in addition to the original funding.
- 4.13** Should the funding become payable as set out in 4.12, the City may at its expense, commission an appraisal of the property in order to determine the fair market value and the property appreciation.
- 4.14** The home owner must provide confirmation of their continued residency in the purchased home on an annual basis.
- 4.15** Any misrepresentation by the household will result in a repayment of the loan agreement as outlined in 4.12.

5.0 HOUSEHOLD ELIGIBILITY CRITERIA

- 5.1** At least one member of the household must be 18 years of age.
- 5.2** The household members must be permanent residents of the City of Kingston at the time of application.
- 5.3** The household must be renting a unit within the City of Kingston.
- 5.4** The household must not currently own a home or have a vested interest in any real estate.
- 5.5** The household must be purchasing their sole and principal residence.
- 5.6** The combined total gross income of the adult members of the household must be at or below the maximum household income limits as set by the City of Kingston and adjusted annually. The income limits will be provided as part of the information package released with each year funding.
- 5.7** The combined total assets of the adult members of the household must not be above \$10,000. Registered retirement assets are not included.

- 5.8** The household members must be Canadian citizens, landed immigrants or have Refugee Claimant status and must be able to provide such documentation if requested.
- 5.9** The household must have a valid mortgage pre-approval from a primary lending institution.
- 5.10** The adult household members must each provide documentation as follows:
 - a)** Two (2) most current Notices of Assessment;
 - b)** Verification of current income;
 - c)** Verification of current banking information;
 - d)** Verification of rental status, including rent receipts;
 - e)** Photo identification (health card is unacceptable);
 - f)** Copy of mortgage pre-approval from a primary lending institution; and
 - g)** Verification of full time attendance in school, if applicable.

6.0 ELIGIBLE HOME PURCHASES

- 6.1** The home must be located within the City of Kingston.
- 6.2** The home may be new or re-sale.
- 6.3** The purchase price of the home must be at or below the maximum house price as determined by the City of Kingston. The maximum house price will be provided as part of the information package released with each year funding.
- 6.4** Homes may be detached, semi-detached, condominiums, stacked homes or row houses.
- 6.5** Multi-residential units, such as duplexes and triplexes, and mobile homes are not eligible.

7.0 APPLICATION AND SELECTION PROCESS

- 7.1** Program funding will be advertised on the City of Kingston website and will include program guidelines, application form, maximum income limits and maximum house purchase price, as well as any other information which may be pertinent at the time of release of the information.
- 7.2** All prospective home purchasers must complete an application form and provide supporting information and documentation as required.
- 7.3** All applications and documentation must be delivered to the Housing Department office as explicitly outlined in the application form.
- 7.4** Only complete applications with all required documentation will be reviewed for eligibility.
- 7.5** Upon determination of eligibility, and as long as funding is available, applicants will be approved on a first come first serve basis and will receive a conditional commitment letter.
- 7.6** The conditional commitment letter will confirm funding on the condition that the approved applicant provides a fully executed Purchase and Sale Agreement within the timeline set out in the letter.
- 7.7** The closing date on the Purchase and Sale Agreement does not need to be within the set timeline.

- 7.8** Upon receipt of a fully executed Purchase and Sale Agreement, the home purchaser will receive a final commitment letter specifying the exact amount of funding to be paid to their solicitor on the closing date.
- 7.9** Home purchasers will be required to sign a loan agreement which sets out the terms of the funding prior to any funds being paid to the solicitor and which will be registered on title.
- 7.10** If the approved applicant is unable to provide a fully executed Purchase and Sale Agreement within the timeline set out in the conditional commitment letter, the funding allocation will be withdrawn and the applicant will no longer be eligible to receive the down payment funding.
- 7.11** If funding becomes available, the next eligible applicant on the waiting list will be contacted and provided a conditional commitment letter.
- 7.12** Once funding is allocated, eligible applicants will be placed on a waiting list in chronological order based on receipt of applications considered complete as set out in 7.4.
- 7.13** When all funding has been spent, eligible applicants remaining on the waiting list will be advised that all funding has been expended and that:
 - a)** they will be contacted should additional funding become available;
 - b)** it is the applicant household's responsibility to notify the City, in writing, of any changes in their contact information; and
 - c)** they will be required to submit a new application and documentation to be deemed eligible.

8.0 HOME OWNERSHIP RESERVE

- 8.1** The City has a Home Ownership Reserve which was established for any down payment funds returned under the previous Home Ownership Programs.
- 8.2** Should funding become payable as set out in section 4.12 above, the funds shall be deposited into the Home Ownership Reserve.
- 8.3** Funds held in the Home Ownership Reserve shall be included in the next round of the Home Ownership Down Payment Assistance Program funding.