



Banff Housing Corporation Changes to the way we work

While Banff has always faced a shortage of affordable, quality housing, what's happening in the rest of the Bow Valley is now having more of an impact in Banff than it once did, especially on housing prices, and this has brought even tougher challenges for the Banff Housing Corporation (BHC).

The BHC has provided opportunities for Banff residents to acquire cost-effective, sought-after quality housing. However, ever changing market conditions are affecting the Corporation's ability to deliver on its mandate over the long term. To do so, the BHC is proposing to move forward with seven changes to the way the BHC works today. These recommendations are the result of much discussion and analysis by the Board of the BHC and Council and take into consideration the current practices of the BHC as well as the environment of escalating housing prices in the Bow Valley.

Banff Town Council will be asked to vote on these recommendations on Monday, Feb. 23.

If you would like to discuss these proposed changes with the BHC an Open House will be held on Friday, Feb. 13 from 2 to 7 p.m. in Banff Town Hall Council Chamber.



Recommendation 1:

The BHC will create/acquire 126 apartment/condominium style units by 2015 (representing approximately eight to 12 per cent of this type of housing in Banff).

BHC has met its targets of eight to 12 per cent of single family, duplex, fourplex, triplex and row housing, but has no apartment or condo-style housing. Apartment style condos are needed to better serve our diverse community.

Recommendation 2:

The BHC will implement changes to the Registered Resale List (RRL) process and point allocation in the first quarter of 2009.

- the points for not currently owning property will increase to 50 points from 10 points;
- definitions for shared custody/full-time residence/part-time residence and not owning property will be established;
- the one-time application fee will increase to \$50 from \$25;
- applicants require a mortgage pre-qualification letter signed by a lender when they first apply; and applicants will have to re-confirm their willingness to be on the wait list (RRL) annually.

Changes to the Registered Resale List means a greater preference will be given to applicants who do not currently own property.

Recommendation 3:

To determine whether or not the BHC should offer rental opportunities the BHC will:

1. Investigate options for a rental portfolio;
2. Continue to use the province's annual Apartment Vacancy and Rental Cost Survey to determine average rental costs in Banff; and
3. Closely monitor the Town of Banff's Land Use Bylaw review. The Town of Banff should look at options to deal with the challenges of neighbourhood density and the creation of more secondary suites

Through its 2007 Affordable Housing Plan, the BHC has targeted \$30,000 toward increasing the number of secondary suites in the community.

Recommendation 4:

For the purpose of influencing the Land Use Bylaw review, the BHC will craft a position specific to addressing neighborhood residential density. The position will focus on the social benefits of housing construction, environmental benefits of intensification and densification within the Town of Banff's existing footprint, and the necessity of quality housing construction in order to meet the service sector's housing needs.

Banff's limited land base means intensification and higher density new development is the only solution to our residential housing challenges. The BHC would like to see higher density (built by the BHC and privately) housing developments throughout the Town of Banff but needs broad community support to move such a concept forward.

Recommendation 5:

Specific to Banff's Affordable Housing Plan, the BHC will continue to work with the province of Alberta to address shortfalls in the province's rental market survey and average Banff rental rates.

The province supports affordable housing initiatives on a per capita basis. To meet the province's funding criteria, each community must have an Affordable Housing Plan (AHP). In 2007 and 2008, Banff accessed \$578,363 as a result of its AHP. A percentage of these funds will be put toward increasing rental opportunities in Banff.

Recommendation 6:

The BHC will continue to allow homeowners to acquire 100 per cent of the equity in their property (homeowners will continue to be bound to the conditions within the sublease agreement) and will change the way the equity share of the BHC is transferred on resales by:

1. When transactions occur after January 1, 2014, BHC properties will be sold at a minimum of 80 per cent of fair market value and the purchaser will be required to sign on to an amended sublease agreement. The future re-sale of the property is bound to a maximum price restriction of the Vendor's purchase price plus two per cent per annum compounded annually.
2. Until the earlier of January 1, 2014 or the closing of the second disposition (sale), the next purchaser of a BHC property will acquire the existing sublease and be bound to the terms and conditions contained within. If the same property sells for a second time prior to January 1, 2014, any subsequent sale of the property will be sold at a minimum of 80 per cent of fair market value and the purchaser will be required to sign on to an amended sublease agreement. The future re-sale of the property is bound to a maximum price restriction of that Vendor's purchase price plus two per cent per annum compounded annually.

To accomplish these changes, the BHC may be required to exercise its Right of First Refusal more frequently and in such instances does not guarantee that the purchaser whose offer triggered the exercise of the Right of First Refusal will subsequently acquire the property. If the purchaser enters into an agreement with the vendor and is not willing to move forward as described above, the BHC may consent to the sale at 100 per cent of the transaction price requiring the BHC's equity share to be paid to the BHC. However, per the BHC's sublease, it is in the sole discretion of the BHC whether or not to consent to the sale of any BHC property.

The BHC is standardizing the way it manages its equity position. While this recommendation may be contentious among existing homeowners, this price restricted model has proven successful in other communities and presents a viable option to keep below market housing at below market prices over the long term.

Middle Springs 2G presented the BHC with an opportunity to test the desirability of price restricted housing in the Banff marketplace and based on demand, we believe this model will be successful in the future.

Resale of properties in Middle Springs 2G will not be subject to the above provisions as the Original Subleases contain provisions to restrict the price on resale.

Owning a home through the BHC saves you roughly \$5,000 a year. When considering BHC's total housing units this equates to \$865,000 in savings each year.

The BHC's first priority is to support a healthy and balanced community by providing below market, quality housing for ownership in Banff.

The BHC has developed 173 housing units in Banff (45 have suites), supporting 200 families in our community.

Recommendation 7:

To support the BHC's financial sustainability a two prong approach is recommended:

1. Create a rental portfolio that will enable the BHC to cover 50 per cent of its annual operating costs.
2. Increase the BHC's administration fee over six years, beginning in 2009:
 - 2008 - \$80 plus GST
 - 2009 - \$110 plus GST
 - 2010 - \$140 plus GST
 - 2011 - \$170 plus GST
 - 2012 - \$200 plus GST
 - 2013 - \$230 plus GST
 - 2014 - \$250 plus GST

Without the BHC, there would be no below-market housing in Banff. For owners, the value of the annual administrative fee far exceeds the cost of conventional financing for the full market value of the house (i.e. in fact, owners save approximately \$5,000 per year as a result of owning a BHC property).



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For more information on the Banff Housing Corporation and details on these changes, visit www.banff.ca/bhc.

“The purpose of the Banff Housing Corporation is to help the Town of Banff maintain a healthy and balanced community. Our purpose is achieved by:

- Developing and maintaining quality, value priced housing on Corporation sponsored housing projects;
- Removing the developer's profit;
- Providing housing of various types and densities;
- Providing efficiency in housing types and development methods; and
- Researching methods of financing and obtaining financial support of the best rates possible.”