MINUTES OF THE BANFF HOUSING CORPORATION SHAREHOLDER SPECIAL MEETING
Town Hall Council Chamber
Thursday, August 26, 2010 at 4:00 p.m.

SHAREHOLDERS PRESENT

John Stutz	Mayor
Chris MacDonald	Councillor
Karen Sorensen	Councillor
Chip Olver	Councillor
Stavros Karlos	Councillor and Deputy Mayor
Leslie Taylor	Councillor and Acting Mayor
John Gibson	Councillor

SHAREHOLDERS ABSENT

ADMINISTRATION PRESENT

Dougal Forteath	Banff Housing Corporation CAO
Cheryl Hyde	Municipal Clerk (Recording Secretary)

1.0 CALL TO ORDER

The Mayor called the August 26, 2010 Special Meeting of the Banff Housing Corporation Shareholder to order at 4:00 p.m.

2.0 APPROVAL OF AGENDA

2.1. Meeting Agenda

BHCS10-21 Moved by Councillor Sorensen to approve the agenda of the August 26, 2010 Special Meeting of the Banff Housing Corporation Shareholder as presented.

CARRIED

3.0 ADOPTION OF PREVIOUS MINUTES

3.1. Minutes of the August 16, 2010 Special Meeting of the Banff Housing Corporation Shareholder

BHCS10-22 Moved by Councillor Sorensen to adopt the minutes of the August 16, 2010 Special Meeting of the Banff Housing Corporation Shareholder as presented.

CARRIED

4.0 REPORTS

4.1. Correspondence Regarding Banff Housing Corporation Working Group Consensus Recommendations & Statements:

4.1.1. Banff Housing Corporation Board Comments
4.1.2. RMRF Comments
4.1.3. Public Submissions

All correspondence items were accepted as information.

4.2. Banff Housing Corporation Working Group Definition of Market Value

BHCS10-23 Moved by Mayor Stutz to adopt the definition of "market value" as presented in the administrative report:

> "Market Value" generally means the highest price, expressed in dollars, that a property would bring in an open and unrestricted market between a willing buyer and a willing seller who are knowledgeable, informed, and prudent, and who are acting independently of each other.
>
> An open and unrestricted market means no limitations on the pool of potential purchasers, no restrictions of buyer or vendor, and represents the normal consideration for the property sold unaffected by special or creative financing concessions granted by anyone associated with the sale.
>
> "Market Value" as defined for the Banff market is subject to:
> 1. Need to Reside
> 2. The Leasehold Estate

Discussion

Administration read into the record an opinion received from the Town's legal counsel:

> "If the proposed definition of Market Value is adopted as part of the proposed sale process, in the future, appraisals to determine Fair Market Value should only include sales of properties in Banff which are outside of the Banff Housing Corporation portfolio. This is necessary so that the sales used as comparables do not include sales where there is an element of 'creative financing.'
>
> I make this recommendation because the sales under the proposed sale process do include the deferral of the Banff' Housing Corporation's equity position and this is an element of creative financing that is not present in the open and unrestricted market and which would/could affect the normal consideration for the property being sold.
>
> If the proposed definition of market value is not accepted by the shareholder and no definition of market value is proposed or accepted by the shareholder, there continues to be an issue that should be considered by appraisers when doing an appraisal. The appraiser has to identify how they define market value for the purpose of the appraisal. This is necessary so they know to what standard or benchmark they are appraising. As the proposed resale process contemplates the Banff Housing Corporation and the sublessee each obtaining appraisals, it is possible that without some agreement on the definition of market value, the two appraisers could define the term in slightly different ways. The definition of market value that is used could impact the adjustments that the appraiser is required to make in order to compare past sales to the property upon which the appraisal is being prepared. Sales of Banff Housing Corporation properties could be used as comparables, but the appraiser would have to consider, relative to the definition of market value the appraiser has adopted, how to take into account the deferral of the Banff Housing Corporation equity interest in adjusting any Banff Housing Corporation portfolio sales used a comparables.

The vote followed on motion BHCS10-23: to accept the definition of "market" value as presented in the administrative report.

CARRIED

4.3. Banff Housing Corporation Working Group Recommendations
Council unanimously agreed to vote separately on each consensus recommendation submitted by the Banff Housing Corporation Working Group.

BHCS10-24 Moved by Mayor Stutz to adopt the following consensus recommendation: That the working group defines the term "value-priced" as follows: Where a purchaser has an opportunity to share with the Banff Housing Corporation in the purchase of a home where the amount the purchaser pays for their percentage share is less than the full price that 100% of the property would sell for in an open and competitive market.

BHCS10-25 Moved by Councillor Olver to amend motion BHCS09-24 by adding a clarification from legal counsel that the method by which we achieve this is by giving a purchaser an opportunity to acquire a sublease of a home where the amount the purchaser pays for the sublease is less than the amount that that particular home would sell for in an open and competitive market.

CARRIED
Gibson, Stutz, MacDonald opposed

The vote followed on motion BHCS10-24 as amended: to adopt the following consensus recommendation: That the working group defines the term "value-priced" as follows: Where a purchaser has an opportunity to share with the Banff Housing Corporation in the purchase of a home where the amount the purchaser pays for their percentage share is less than the full price that 100% of the property would sell for in an open and competitive market. The method by which we achieve this is by giving a purchaser an opportunity to acquire a sublease of a home where the amount the purchaser pays for the sublease is less than the amount that that particular home would sell for in an open and competitive market.

CARRIED

BHCS10-26 Moved by Mayor Stutz to adopt the following consensus recommendation: Subject to public consultation that includes at least public notification and at least one public hearing on each development or acquisition, the Banff Housing Corporation should consider creating or acquiring all types of units.

CARRIED

BHCS10-27 Moved by Mayor Stutz to adopt the following consensus recommendation: The group agrees to the following statement: "The Town should consider assigning funding to track rental rates and rental construction within the town of Banff."

CARRIED

BHCS10-28 Moved by Mayor Stutz to adopt the following consensus recommendation: That the Banff Housing Corporation should consider entering the rental market in order to offset administrative costs, aiming to acquire a portfolio of up to eight to ten rental units. The initial capital outlay is to come from external funding sources, not from Banff property tax payers, Banff Housing Corporation equity share housing, or leveraging of existing units. The units must cover all their costs including debt servicing and provide a cash flow surplus of at least one third of the monthly rent to Banff Housing Corporation operating costs. Before this overall model is in place, we recommend an opportunity for public comment on this concept.

CARRIED
Macdonald and Karlos opposed

BHCS10-29 Moved by Mayor Stutz to adopt the following consensus recommendation: The working group reached consensus on the resale process. The agreed upon resale process in non-capped units is as follows:

<u>Step 1: Getting ready to sell</u>
The Banff Housing Corporation and the Homeowner make a binding agreement regarding the "Base Market Value" of the home.

a) The Homeowner notifies the Banff Housing Corporation that he/she intends to sell.
b) The Homeowner and the Banff Housing Corporation each procure an appraisal from a list of approved appraisers at their own expense, and simultaneously provide the appraisal to the other party.
c) The average of the two appraisals will be accepted as the "Base Market Value" valid for a period of 3 months.
d) If the appraisals differ by more than 8% there will be a 48 hour review period while the homeowner and the Banff Housing Corporation discuss and decide whether either party wishes to obtain a 3rd appraisal. Should either party obtain a third appraisal (at their own cost, unless both parties deem it necessary in which case the costs will be shared equally) the "Base Market Value" is the average of the 3 appraisals.
e) Appraisals are kept confidential by all parties except as noted above, unless agreed to by both parties.

NOTE: The percentage difference between appraisals is calculated by: (Highest-Lowest) over Highest x 100

<u>Step 2: Setting of the "Bookends" of the pricing range</u>
The upper limit of the "Range" is 6% above the Base Market Value or 3% above the highest appraisal, whichever is lower.

The lower limit of the "Range" is 6% below the Base Market Value or 3% below the lower appraisal, whichever is higher.

<u>Step 3: Clear Outcomes</u>
If a qualified Third Party Purchaser makes an offer for a sale value within the Range, the Banff Housing Corporation will consent to the transaction and will not refuse to defer its equity on the basis of the price.

If a qualified Third Party Purchaser makes an offer for a sale value above the Range, the Banff Housing Corporation may refuse consent to the transaction and refuse deferral of its equity on the basis of the price.

The above process applies specifically to consent based on price. However, equity deferral can also be refused based on public policy. The choice to refuse equity deferral based on public policy can only be made for previously established and published public policy reasons.

Public policy as it affects the re-sale of Banff Housing Corporation properties will be established by the Shareholder through a public process requiring public notification via media, door-drops to all Banff Housing Corporation homeowners and a minimum of at least one public hearing.

BHCS10-30 Moved by Councillor Karlos to amend motion BHCS10-29 by adding the following statement (shown in underline): "The lower limit of the "Range" is 6% below the Base Market Value or 3% below the lower appraisal, whichever is higher. <u>This lower limit is not a price guarantee of any sort.</u>"

CARRIED
Stutz opposed

BHCS10-31 Moved by Councillor Karlos to amend motion BHCS10-29 by adding the following to section 1b) "All appraisals should have at least one non-Banff Housing Corporation home as a comparable."

CARRIED
Stutz and MacDonald opposed

BHCS10-32 The vote followed on motion BHCS10-29 as amended: to adopt the following consensus recommendation: The working group reached consensus on the resale process. The agreed upon resale process in non-capped units is as follows:

<u>Step 1: Getting ready to sell</u>
The Banff Housing Corporation and the Homeowner make a binding agreement regarding the "Base Market Value" of the home.

a) The Homeowner notifies the Banff Housing Corporation that he/she intends to sell.
b) The Homeowner and the Banff Housing Corporation each procure an appraisal from a list of approved appraisers at their own expense, and simultaneously provide the appraisal to the other party. All appraisals should have at least one non-Banff Housing Corporation home as a comparable.
c) The average of the two appraisals will be accepted as the "Base Market Value" valid for a period of 3 months.
d) If the appraisals differ by more than 8% there will be a 48 hour review period while the homeowner and the Banff Housing Corporation discuss and decide whether either party wishes to obtain a 3rd appraisal. Should either party obtain a third appraisal (at their own cost, unless both parties deem it necessary in which case the costs will be shared equally) the "Base Market Value" is the average of the 3 appraisals.
e) Appraisals are kept confidential by all parties except as noted above, unless agreed to by both parties.

NOTE: The percentage difference between appraisals is calculated by: (Highest-Lowest) over Highest x 100

<u>Step 2: Setting of the "Bookends" of the pricing range</u>
The upper limit of the "Range" is 6% above the Base Market Value or 3% above the highest appraisal, whichever is lower.

The lower limit of the "Range" is 6% below the Base Market Value or 3% below the lower appraisal, whichever is higher. This lower limit is not a price guarantee of any sort.

Step 3: Clear Outcomes
If a qualified Third Party Purchaser makes an offer for a sale value within the Range, the Banff Housing Corporation will consent to the transaction and will not refuse to defer its equity on the basis of the price.

If a qualified Third Party Purchaser makes an offer for a sale value above the Range, the Banff Housing Corporation may refuse consent to the transaction and refuse deferral of its equity on the basis of the price.

The above process applies specifically to consent based on price. However, equity deferral can also be refused based on public policy. The choice to refuse equity deferral based on public policy can only be made for previously established and published public policy reasons.

Public policy as it affects the re-sale of Banff Housing Corporation properties will be established by the Shareholder through a public process requiring public notification via media, door-drops to all Banff Housing Corporation homeowners and a minimum of at least one public hearing

CARRIED

BHCS10-33 Moved by Mayor Stutz to adopt the following consensus recommendation: Through a process of public dialogue the Banff Housing Corporation Shareholder establish identified policy and/or guidelines under which first right of refusal will be used. Public policy as it affects first right of refusal for Banff Housing Corporation properties will be established by the Shareholder through a public process requiring public notification via media, door-drops to all Banff Housing Corporation homeowners and a minimum of at least one public hearing. Policy and/or guidelines will include information on the overriding nature of the sub-lease. Special reference should be given to the situation of the % priced capped properties.

CARRIED

BHCS10-34 Moved by Mayor Stutz to adopt the following consensus recommendation: With communications approach in place that lets people know what the product is and encourages them to understand the list and get on the list, the working group believes that giving people the opportunity to buy in the order of a ranked list is an appropriate approach to achieving the mandate of the Banff Housing Corporation. The ranking system needs to be reviewed through a public process from time to time based on the changing needs of the community.

CARRIED

BHCS10-35 Moved by Mayor Stutz adopt the following consensus recommendation: The working group recommends that the Banff Housing Corporation:
1) Establish a definition for dependants specific to: shared custody; full time residence; part time residence; and a definition of dependant adults should be added to the point system;
2) Increase the one-time application fee to $50 from $25;
3) Require that applicants annually re-confirm in writing their willingness to be on the waiting list and reconfirm their financial capability;
4) Requires applicants to provide a mortgage pre-qualification letter signed by a Lender.

BHCS10-36 Moved by Councillor Gibson to amend motion BHCS10-35 by deleting the following words shown in underline from item 2): Increase the ~~one-time~~ application fee to $50 from $25.

CARRIED

BHCS10-37 The vote followed on motion BHCS10-35 as amended: to adopt the following consensus recommendation: The working group recommends that the Banff Housing Corporation:

1) Establish a definition for dependants specific to: shared custody; full time residence; part time residence; and a definition of dependant adults should be added to the point system;
2) Increase the application fee to $50 from $25;
3) Require that applicants annually re-confirm in writing their willingness to be on the waiting list and reconfirm their financial capability;
4) Requires applicants to provide a mortgage pre-qualification letter signed by a Lender.

CARRIED

BHCS10-38 Moved by Mayor Stutz to adopt the following consensus recommendation: The working group recommends that the points for not owning property remain at ten. The working group sees some merit in implementing a maximum number of thirty to forty points per applicant for residency and recommends that this option be explored through a broader public process and that consideration be given to providing a generous notice period once the decision is made but before implementation.

CARRIED

BHCS10-39 Moved by Mayor Stutz to adopt the following consensus recommendation: The working group recommends:

1) The Banff Housing Corporation's communications specific to policy will apply a public process to include notification via media, door drops to all Banff Housing Corporation homeowners, and a minimum of at least one public hearing;
2) Banff Housing Corporation policies and procedures should be made public on the Town of Banff's website. The first iteration will be posted after the Shareholder has voted on the working group recommendations;
3) That the Banff Housing Corporation website information should include a list of Frequently Asked Questions (FAQ) for diverse user groups such as new homeowners, vendors, and registered resale list applicants.

BHCS10-40 Moved by Councillor Karlos to amend motion BHCS10-39 by adding the following words (shown in underline) to section 3: To include a list on the Town's website of Frequently Asked Questions (FAQ) for diverse user groups such as new homeowners, vendors, and registered resale list applicants. <u>A disclaimer approved by Town legal counsel will be added to the FAQ.</u>

CARRIED
Gibson, Stutz and MacDonald opposed

BHCS10-41 The vote followed on motion BHCS10-39 as amended: to adopt the following consensus recommendation: The working group recommends:

1) The Banff Housing Corporation's communications specific to policy will apply a public process to include notification via media, door drops to all Banff Housing Corporation homeowners, and a minimum of at least one public hearing;
2) Banff Housing Corporation policies and procedures should be made public on the Town of Banff's website. The first iteration will be posted after the Shareholder has voted on the working group recommendations;

3) That the Banff Housing Corporation website information should include a list of Frequently Asked Questions (FAQ) for diverse user groups such as new homeowners, vendors, and registered resale list applicants. A disclaimer approved by Town legal counsel will be added to the FAQ.

CARRIED

BHCS10-42 Moved by Mayor Stutz to adopt the following consensus recommendation: The working group recommends that the Banff Housing Corporation should ask Parks Canada what their position is specific to Banff Housing Corporation sales being completed at 100% of the offer price.

CARRIED

BHCS10-43 Moved by Mayor Stutz to adopt the following consensus recommendation: The working group recommends that the structure of the Banff Housing Corporation board of directors be changed to include two councillors, four public members and one senior administrator from the Town of Banff. All things being equal, in making their appointment the Shareholder would give preference to two of the public members being Banff Housing Corporation homeowners.

BHCS10-44 Moved by Councillor Karlos to amend motion BHCS10-43 as follows: The working group recommends that the structure of the Banff Housing Corporation board of directors be changed to include ~~two~~ zero councillors, ~~four~~ six public members and one senior administrator from the Town of Banff. All things being equal, in making their appointment the Shareholder would give preference to two of the public members being Banff Housing Corporation homeowners.

DEFEATED
Karlos in favour

The vote followed on motion BHCS10-43: to adopt the following consensus recommendation: The working group recommends that the structure of the Banff Housing Corporation board of directors be changed to include two councillors, four public members and one senior administrator from the Town of Banff. All things being equal, in making their appointment the Shareholder would give preference to two of the public members being Banff Housing Corporation homeowners.

CARRIED

BHCS10-45 Moved by Mayor Stutz to adopt the following consensus recommendation: The working group finds merit in the concept of a Banff Housing Corporation homeowner association with the idea that the Banff Housing Corporation and its Shareholder would encourage input from this homeowner association.

CARRIED

BHCS10-46 Moved by Mayor Stutz to adopt the following consensus recommendation: The working group also recommends that – should an implementation of a floor on equity split be contemplated – a business plan for the use of the moneys generated should be publicly available for perusal and comment.

CARRIED

BHCS10-47 Moved by Mayor Stutz to to adopt the following consensus recommendation: The working group recommends that the FAQs referred to in the recommendation for Topic Area 11 should include information on the sublease agreement, with special reference to Article 8 – Alienation (with special reference to inheritance) and Article 4 – Use of the Land, on the Town's website.

CARRIED

BHCS10-48 Moved by Mayor Stutz to adopt the following consensus recommendation: Prior to any further consideration of increasing homeowner administration fees, the working group recommends that the Shareholder direct that, based on the forecasted operating costs of the Banff Housing Corporation, effort be made to estimate the relative costs (taking into account the level of various tasks) of providing:

1) Administration of existing homes
2) User-pay functions, and
3) Community housing plans, policies and initiatives

And that

1) Homeowner administration fees (with the maximum noted in 3(b) of the sublease)
2) User pay fees, and
3) A grant from the Town

Be calibrated accordingly. The working group further recommends that any changes to existing fees arising from the calculations go through the public process that we've established, as outlined in the resale process recommendation.

BHCS10-49 Moved by Councillor Karlos to amend motion BHCS10-48 by deleting item 3 "A grant from the Town."

DEFEATED
Karlos in favour

The vote followed on motion BHCS10-48.

CARRIED
Karlos opposed

BHCS10-50 Moved by Mayor Stutz to adopt the following consensus recommendation: The working group recommends that a price-capped resale process be clarified and publicized as a complement to the non-capped process recommended by the group.

CARRIED

BHCS10-51 Moved by Mayor Stutz to adopt the following consensus recommendation: The existing rental policy should be publicly known, and it is the hope of the working group that the communications recommendation regarding Article 4 will assist with that.

CARRIED

Council unanimously agreed that any further outstanding issues related to the working group recommendations will be addressed at the next special meeting of the Banff Housing Corporation Shareholder.

5.0 NEW BUSINESS

Councillor Karlos gave notice that he will make the following motion at the next special meeting of the Banff Housing Corporation Shareholder: to raise Banff Housing Corporation administrative fees to $215 in 2010 and $250 in 2011. Administration will provide Council with existing documentation on administrative fees.

6.0 ADJOURNMENT

BHCS10-52 Moved by Councillor Sorensen to adjourn the meeting at 6:34 p.m.

CARRIED

John Stutz
Mayor

Cheryl Hyde
Municipal Clerk