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Banff Housing Corporation – 2013 Business Plan

General Background Overview

The Banff Housing Corporation (BHC) was incorporated in 1993 and is a Not for Profit Developer whose sole shareholder is the Town of Banff (ToB). The BHC operates under its own mandate at arm's length from the ToB. The Board of Directors, who govern the administration of the BHC, comprises: four public members; two Councilors from the ToB; and one senior administrative personnel from the ToB.

Mission/Vision Statement

The purpose of the BHC is to help the ToB maintain a healthy and balanced community. Per BHC Bylaw 1 our purpose is achieved by:

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

The Banff Housing Corporation is bound by the following:

- To operate in a not-for-profit and user-pay manner
- Develop quality housing in response to current market conditions

Program Description

The BHC's goal is to provide homes within the community of Banff that are more affordable for residents of the Town. For the purposes of the equity share model this has been defined as housing which is sold at approximately 66-86% of the current market value. With the exception of Middle Springs 2G and Peyto Place, in order to meet the affordability targets the BHC has implemented a unique *Sub-Lease Agreement* whereby the homeowner pays the total cost of construction and land, as well as operating cost related to the development of the property, and the BHC acquires the equity difference between the aforementioned costs and the appraised market value of the unit. The Middle Springs 2G development and Peyto Place were sold at eighty percent (80%) of fair market value and the future resale of these properties was tied to a price restriction of two percent per annum, compounded annually.

The BHC will also identify opportunities where it can expand the amount of rental units in the Town.

BHC Developments

To date, the BHC has constructed seven housing developments with a total of one hundred and seventy three (173) units and forty five (45) suites completed. Using the appraised values at the time of development, the total value of all BHC built equity share housing was **\$48,409,088** and the BHC's equity share of this figure was valued at **\$13,254,802.60**. Of the one hundred seventy three (173) developed units, ten (10) were originally price restricted and two (2) have subsequently become so. The BHC has further acquired ten (10) units whose resale is also price restricted, for a total portfolio of one hundred and eighty three (183) units. The value of the BHC's price restricted housing at time of development or acquisition was **\$8,794,667** of which the BHC's equity interest at the time of development/acquisition was **\$1,758,933**.

Project	Number of Units	Number of Suites
Riverview Court	7SF / 7TH / 4DP	
2A (Jasper Way)	14DP	
2B (Sulphur Court)	14DP / 10TH	
2C (Middle Springs Dr)	17TH	12(TH)
2D (Fairholme Place)	8TH / 14DP / 7SF	8(DP) + 5(SF)
2D2 (Fairholme Place)	4SF	4(SF)
2F (Sundance Court)	21TH	
2E (Middle Springs Dr)	14SF/22DP	6(SF)+10(DP)
2G(Jasper Way)	10DP	
Peyto Place (Bear Street)	10 APT	
Total	183 Units	45 suites

SF –Single Family/TH –Townhouse/DP –Duplex/APT- Apartments

Appraised Value - Summary of equity share projects:

Project	Appraised Value ¹	Cost to Owner	Excess Value	BHC % Ownership
Riverview	4,965,000.00	3,440,605.00	1,524,395.00	30.70%
MSIIA	3,875,000.00	2,624,320.00	1,250,680.00	32.28%
MSIIB	6,594,000.00	5,273,891.00	1,320,109.00	20.02%
MSIIC	5,030,500.00	3,776,307.60	1,254,192.40	24.93%
MSIID	10,858,000.00	7,692,391.80	3,165,608.20	29.15%
MSIIF	5,585,250.00	4,352,970.00	1,232,280.00	22.06%
MSIIE	11,501,338.00	9,058,400.00	2,442,938.00	21.24%
	48,409,088.00	36,218,885.40	12,190,202.60	25.18%
Subsequent Transactions				
2005 MSIID (31 Fairholme)	<u>(251,500.00)</u>	<u>(162,670.20)</u>	<u>(88,829.80)</u>	
2007 MSIID (24 Fairholme)	<u>(355,500.00)</u>	<u>(232,923.60)</u>	<u>(122,576.40)</u>	
2007 MSIID (22 Fairholme)	<u>(296,000.00)</u>	<u>(214,422.40)</u>	<u>(81,577.60)</u>	
Total	<u>47,506,088.00</u>	<u>35,608,869.20</u>	<u>11,897,218.80</u>	25.04%

¹ Appraised values were calculated at the time of development

Note: In 2005 The BHC did consent to sale of 31 Fairholme Place at 100% of the equity value of the property. In 2007 the BHC re-introduced both 22 & 24 Fairholme Place back into the portfolio at an 80% equity share and a future sale restriction of 2% per annum, compounded annually. The future use of the funds received through the course of these sales has been restricted to housing development.

Middle Springs II/Peyto Place – Price Restricted Properties

Within the portfolio of one hundred and eighty three (183) units are twenty two (22) units whose resale price is tied to a restriction of a maximum of two percent (2%) per annum compounded annually. Specific to the price restricted units, the BHC's equity is the difference between the maximum resale value that the homeowner can receive and the market value of the home at the time of sale. The price restricted units include: all ten (10) units in Middle Springs 2G; all ten units in Peyto Place; and 22 & 24 Fairholme Place.

Appraised Value- Summary of price restricted projects:

Project	Appraised Value ²	Cost to Owner	Excess Value	BHC % Ownership
24 Fairholme Place	\$513,500	\$410,800	102,700.00	20%
22 Fairholme Place	\$449,000	\$359,200	89,800.00	20%
MSIIG Development	5,323,000.00	4,258,400.00	1,064,600.00	20%
Peyto Place	3,481,667.00	2,786,933.00	694,734.00	20%
	<u>9,767,167.00</u>	<u>7,815,333.00</u>	<u>1,951,834.00</u>	20%

BHC Rental Properties

The BHC has two (2) two- bedroom rental properties; the net revenues from these two properties offset a portion of the BHC's annual operating costs.

² Appraised value and BHC ownership percentage are calculated at time of sale

BHC Goals/Strategies 2012

Strategy/Objective: Financial Sustainability: Completed (user fees approved in October 2012 and 3 year operating grant approved by Council in December 2012)

Strategy/Objective: Cave Avenue: Postponed (by Board pending Housing Needs Study recommendations)

Strategy: Housing needs study: Ongoing (Web based survey, key people interviews and statistical data analysis completed in 2012)

Strategy/Objective: BHC land opportunities: Ongoing (two land opportunities presented to the Board for consideration in 2012)

Strategy: BHC rental opportunities: Completed (direction from shareholders received through BHC shareholder motion BHCS12-13 in April 2012, awaiting Housing Needs Study recommendations for direction as what community requirements are projected to be)

Strategy: Development of community housing strategy for Banff: Ongoing (Council approved terms of reference for and membership to the committee tasked with overseeing the creation of said strategy in December 2012)

Strategy: Monitor community plan indicators: Completed (provided to BHC shareholder in April 2012)

Strategy/Objective: BHC bylaw amendment & shareholder direction: Completed (as per BHC shareholder motion BHCS12-11 in April 2012)

Strategy/Objective: BHC – email communication with homeowners: Completed (email distribution list created by June 1 2012)

Strategy/Objective: BHC – On-going administration: Completed

BHC Goals/Strategies 2013

Strategy: Housing Needs Assessment

The BHC will finalize and release the housing needs assessment in 2013. The consultant had completed two thirds of the process by year end 2012, and it is anticipated the study will be released at the end of April 2013.

Key players: BHC Board, BHC CAO

Performance measure: complete the focus group sessions by March 1st 2013; decide and provide direction to the consultant specific to the availability and use of Statistics Canada tax filer data for the quantifiable analysis by March 1st 2013; circulate the final draft of the housing needs study to BHC Board and to relevant Town departments by the first week of April 2013 for a seven (7) day review period; present final draft of housing study to Council/BHC Shareholder by May 10th 2013; The Board will formulate tactics for the future based on the results of the study by September 2013.

Strategy/Objective: BHC land, homeownership and rental opportunities

The BHC will continue to monitor the market for the acquisition of land that would address either rental and/or homeownership opportunities. The BHC will also continue to negotiate with Parks Canada for infill development opportunities as compensation for the approximately 4 ha of developable land lost (1998) through the realignment of the Town Boundary.

Key Players: BHC Board, BHC CAO

Action: BHC administration and Board to monitor the market for land acquisition opportunities; BHC will build relationships with potential land partners, especially those in the public sector.

Performance measure: Monitoring market for land opportunities and discussions with Parks Canada for available land will be on-going through 2013.

Strategy: Creation of a community housing strategy

Council has directed (COU13-5) that a community housing strategy be created and that the same will be provided to Council for approval by September 2013. The objectives of the committee tasked with the creation of said strategy will include reviewing the most recent/relevant housing information available for the Town of Banff. BHC administration is to support the committee in accomplishing its goal(s) on an on-going basis

Key Players: BHC Board, BHC CAO

Performance measure: confirm the initial committees membership by February 28th 2013; ensure the first meeting occurs prior to April 30th 2013; ensure (at the first meeting) the committee determines the meeting schedule and project timelines through August 2013; BHC administration is to support the committee in accomplishing its goal(s) on an on-going basis; prepare a draft strategy for the committee's review by August 31st 2013; present the community housing strategy to Council for approval by September 30th 2013

Strategy: Monitor community plan indicators

The BHC will monitor and report to the shareholder on the following community plan indicators: percentage of apartment style dwellings in BHC portfolio in relation to market stock; percentage of family/duplex/fourplex/triplex/row housing dwellings in BHC portfolio in relation to market stock; percentage of workforce living locally; average rental cost v median income in Banff; median house price v median income in Banff.

Key Player: BHC CAO

Performance measure: Report 2012 data (where possible) to the BHC shareholder by 2012 BHC AGM (April 2013).

Strategy/Objective: Registered Resale List – changes to residency point maximum

The BHC shareholder moved (BHCS12-5) that the maximum points for residency provided through the registered resale list (RRL) will be twenty points per applicant as of July 23 2013 (eighteen months from January 23rd 2012)

Key Player: BHC CAO

Performance measure: BHC administration will amend the RRL to reflect that the maximum number of residency points per applicant is twenty points by July 1 2013.

Strategy/Objective: BHC mandate review – outstanding recommendations

The BHC to review and consider action on three outstanding shareholder recommendations as a function of the BHC's 2009 mandate review: guidelines through which the BHC's right of first refusal (ROFR) will be used (BHCS10-33); the creation of a BHC homeowner association (BHCS10-45); the creation of a business plan if the BHC chooses to move forward with a floor on equity split (BHCS10-46).

Key Player: BHC Board, BHC CAO

Performance measure: discuss and provide direction specific to the creation of a homeowner association by April 30th 2013; create the guidelines through which ROFR will be used and hold the necessary public forums to review the Boards recommendations by June 30th 2013; determine whether the Board would like to make a recommendation specific to a floor for the BHC's equity split by April 30th , if yes hold the necessary public forums by May 30th and create a business plan for the use of the funds generated by June 30th 2013.

Strategy/Objective: BHC Board recruitment and orientation

With Board turnover anticipated to occur in October 2013, the Board is committed to ensuring a new Board is properly recruited and oriented prior to November 15th.

Key Player: BHC Board

Performance measure: Board recruitment to begin in May of 2013; Board orientation package to be reviewed and approved by September 2013.

Strategy/Objective: BHC communication & public awareness

The Board will review what communication and awareness programs the BHC has in place and identify and fill any gaps that exist. This review will also include an evaluation of the key messaging that the Board would like to convey to the community.

Key Player: BHC Board & BHC CAO

Performance measure: Board will identify the key messages it wishes to convey to the community by June 2013; The Board will review the programs that are in place and identify any gaps by July of 2013; The Board will develop and implement its key messaging strategies by September 2013.

Strategy/Objective: BHC – On-going administration

Continue to provide on-going administrative services through 2012, which although not limited to, includes the following: general administration - answering calls/correspondence from homeowners and members of the public; general bookkeeping; administering the Registered Resale List (RRL) and showing RRL homes; preparing agendas/ minute taking for Board meetings; preparing BHC consents; implementing Board/Shareholder policies/procedures; responding to inquiries from outside 3rd parties.

Key Player: BHC CAO

Performance measure: On-going through 2013.