

**Approved:** December 13, 2013

## **Banff Housing Corporation – 2014 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.

The BHC has one employee and its offices are located at Banff Town Hall.

### **Mission/Vision Statement**

The purpose of the Banff Housing Corporation is to help the Town of Banff maintain a healthy and balanced community. Under the approval of Council the BHC will borrow against municipal borrowing limits and achieve its purpose by:

- Developing, maintaining (where appropriate) and acquiring quality, value priced
- housing on Corporation sponsored housing projects;
- Remove a portion of 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
- rate possible;

The Banff Housing Corporation is bound by the following:

- To operate in a not-for-profit and user pay manner. A user is the individual or organization who benefit(s) from the activity;
- Not to receive subsidy from municipal taxes for new developments and administration of new and existing developments;
- The BHC will fund the administration of existing developments and the creation of new developments
- Develop quality housing in response to current market conditions;
- Observe and track market absorption such that all BHC housing units are presold and/or subscribed;

### **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 Goals/Strategies 2014**

The Board's intent is to focus on developing added appropriate accommodation capacity while maintaining strong internal governance of the organization.

#### **Strategy: Assist with Community Housing Strategy & implementation of its recommendations**

A community Housing Strategy committee has been established by way of Council motion (COU13-5). The committee will require input from the BHC specific to reviewing the draft strategy and implementing the strategy's recommendations.

**Key players:** BHC Board; BHC CAO

**Performance measure:** Provide on-going administrative support to the Community Housing Strategy committee (CHSC) through to June 2014 or as required; Provide comment/input to the CHSC on its draft strategy and recommendations by May 2014 or such time as is requested by the CHSC; arrange an informal meeting with CHSC members, Council, and the BHC Board to discuss the housing strategy and its recommendations by June 2014.

#### **Strategy: BHC opportunities**

**Strategy:** Acquire developable land or existing properties in 2014 and determine the style of housing development the BHC could produce that will best suit the needs of the community.

**Key Players:** BHC CAO, BHC Board

**Performance measure:** work to acquire developable land(s) through 2014; investigate opportunities for land development partnerships by June 2014; determine the style of unit(s) the BHC should be focusing on developing by June of 2014; seek to secure capital grant funding for future developments by November 2014.

#### **Strategy: Parks Canada lands**

The Board will continue to pursue the availability of Parks Canada lands including the Cave Avenue lands which remain of keen interest to the BHC.

**Key Players:** BHC Board, BHC CAO

**Performance measure:** work to acquire Parks Canada land(s) through 2014; verify the tenure of the units developed in Jasper by February 2014; determine what is required for the BHC to be afforded a reduction to the value of land it acquires from Parks Canada by February 2014; determine whether the BHC will be afforded a Right of First Refusal on Parks land that are offered for sale by April 2014; arrange a meeting or forum with Parks Canada and Jasper Housing Corporation to discuss housing in municipalities within a National Park by December 2014.

#### **Strategy/Objective: Corporate Branding/Communications**

The Board will review the 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 and BHC homeowners how the organization brands itself.

**Key Player:** BHC Board & BHC CAO

**Performance measure:** The Board will review its branding and develop and implement its key messaging strategies by September 2014.

**Strategy: Board Survey Review: Action Plan**

The Board will look to address the outcomes of its internal survey review completed in 2013.

**Key player:** BHC Board

**Performance measure:**

- 1) Reduce meetings to one a month by February 2014;
- 2) explore delegating authority of rental requests by January 2014;
- 3) conduct an annual discussion on BHC goals and objectives in by January 2014;
- 4) Schedule a session with Town Lawyer with respect to conflict of interest by March 2014;
- 5) determine whether the Board should create sub-committees of the Board by February 2014;
- 6) complete an annual Board survey review in September of 2014;
- 7) review the Boards composition and recruitment practices by September 2014;
- 8) Create a one page “how to” document specific to creating a business plan/completing Board survey review; CAO review by June 2014.

**Strategy: 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. This data is sourced from outside providers.

**Key Player:** BHC CAO

**Performance measure:** Report 2013 data (where possible) to the BHC shareholder by 2013 BHC AGM (April 2014).

**Strategy/Objective: BHC – On-going administration & carrying forward with annual calendar items**

Continue to provide on-going administrative services through 2014, 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 financial and lease assignment consents; implementing Board/Shareholder policies/procedures; responding to inquiries from outside 3<sup>rd</sup> parties.

**Key Player:** BHC CAO

**Performance measure:** On-going through 2014.

**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**.

**BHC Developments:**

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	Original Value <sup>1</sup>	Cost to Owner	BHC Equity	BHC % Ownership
Riverview	4,965,000.00	3,440,605.00	1,524,395.00	30.70%
MS-2A	3,875,000.00	2,624,320.00	1,250,680.00	32.28%
MS-2B	6,594,000.00	5,273,891.00	1,320,109.00	20.02%
MS-2C	5,030,500.00	3,776,307.60	1,254,192.40	24.93%
MS-2D	10,858,000.00	7,692,391.80	3,165,608.20	29.15%
MS-2F	5,585,250.00	4,352,970.00	1,232,280.00	22.06%
MS2-E	11,501,338.00	9,058,400.00	2,442,938.00	21.24%
	<u>48,409,088.00</u>	<u>36,218,885.40</u>	<u>12,190,202.60</u>	<u>25.18%</u>
<b>Subsequent Transactions</b>				
2005 MS-2D (31 Fairholme)	<u>(251,500.00)</u>	<u>(162,670.20)</u>	<u>(88,829.80)</u>	
2007 MS-2D (24 Fairholme)	<u>(355,500.00)</u>	<u>(232,923.60)</u>	<u>(122,576.40)</u>	
2007 MS-2D (22 Fairholme)	<u>(296,000.00)</u>	<u>(214,422.40)</u>	<u>(81,577.60)</u>	
<b>Total</b>	<u><b>47,506,088.00</b></u>	<u><b>35,608,869.20</b></u>	<u><b>11,897,218.80</b></u>	<b>25.04%</b>

**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.

<sup>1</sup> Appraised values were calculated at the time of 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:***

<b>Project</b>	<b>Original Value <sup>2</sup></b>	<b>Cost to Owner</b>	<b>BHC Equity</b>	<b>BHC % Ownership</b>
24 Fairholme Place	\$513,500	\$410,800	102,700.00	20%
22 Fairholme Place	\$449,000	\$359,200	89,800.00	20%
MSIG 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.

### **Middle Springs 1: Second Mortgages**

The BHC recovers equity with respect to the collection of Middle Springs 1 second mortgages over time. Second mortgages are due and payable when the original owner of a Middle Springs 1 property either ceases to reside in the property or the property is sold, as of December 31 2013 there remained \$1,083,000 in deferred revenue relating to Middle Spring 1 second mortgages.

### **BHC Goals and Strategies:**

#### **2012- Outstanding Goals/Strategies**

**Strategy/Objective: Cave Avenue:** Remains Postponed

**Strategy: Housing needs study:** Completed- July 2013

**Strategy/Objective: BHC land opportunities:** continues to be ongoing

**Strategy: Development of community housing strategy for Banff:** Continues to be ongoing – anticipated to be complete June 2014

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<sup>2</sup> Appraised value and BHC ownership percentage are calculated at time of sale

**2013 – Goals/Strategies**

**Strategy: Housing Needs Assessment: Completed** (Presented to/accepted by Council in July 2013)

**Strategy/Objective: BHC land, homeownership and rental opportunities: Ongoing** (Four land opportunities were presented to the Board for consideration however they were deemed not financially viable. An offer was forwarded for the acquisition of the health unit lands but was not successful)

**Strategy: Creation of a community housing strategy: Ongoing** (Committee has been established and began meeting March 2013. Per its work plan it is anticipated a draft strategy will be presented to council for consideration in June 2014. BHC is providing administrative support to the committee)

**Strategy: Monitor community plan indicators: Completed** (Presented to Council April 2013)

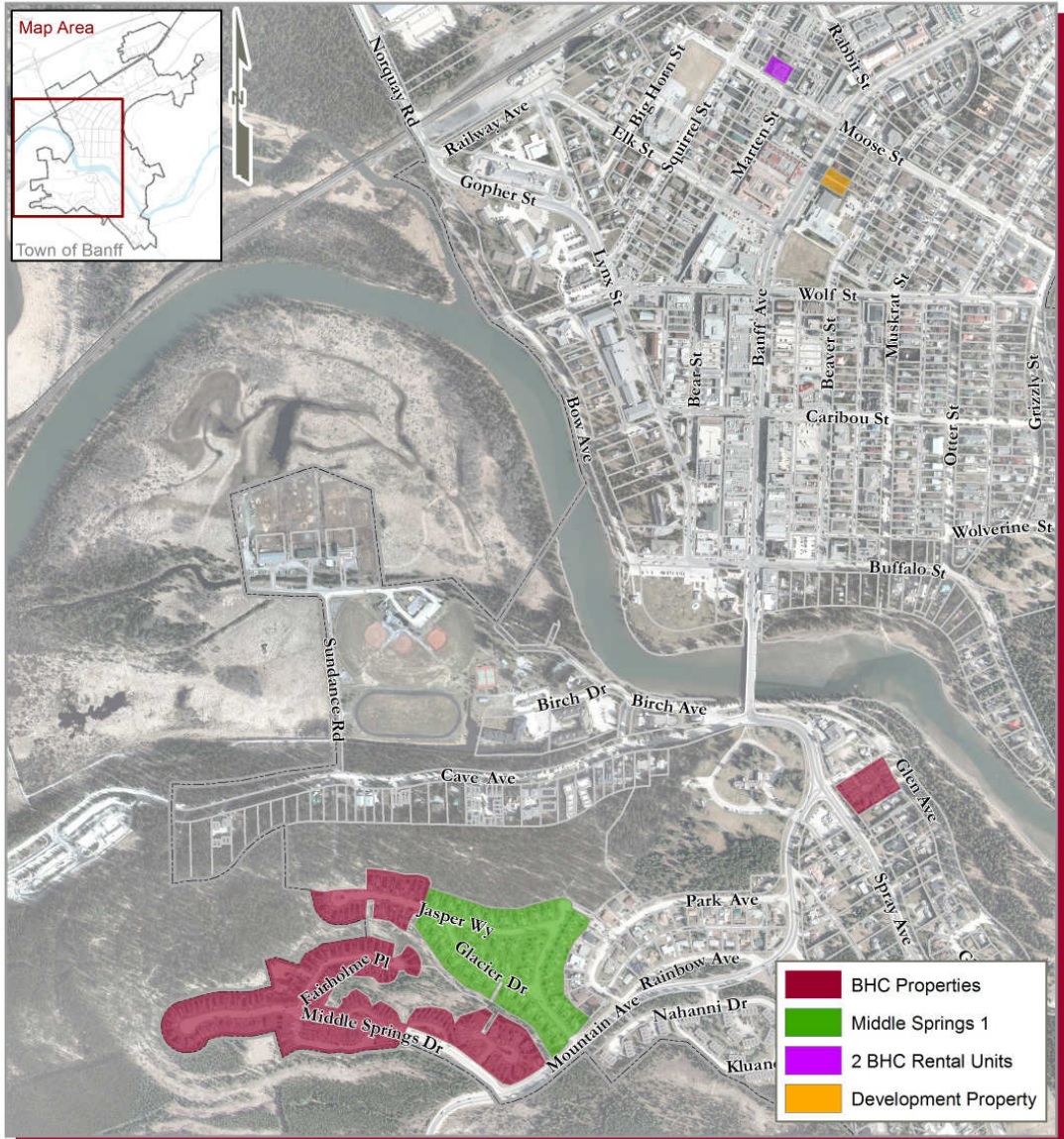
**Strategy/Objective: RRL – changes to residency point maximum: Completed** (Changes implemented by July 1 2013 per BHC shareholder direction)

**Strategy/Objective: BHC mandate review – outstanding recommendations: Review completed no action taken in 2013** (Board deemed it too challenging to form a homeowners association and not the appropriate time to bring standardization of equity split to the shareholders attention)

**Strategy/Objective: BHC Board recruitment and orientation: Completed**

**Strategy/Objective: BHC communication & public awareness: On-going** (The Board has established a semi-annual e-communique for BHC homeowners and provides residents with the BHC's web address through the banner advertisement. The Board will continue to look at communication & public awareness initiatives through 2014.

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



## Banff Housing Corporation Properties



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