

THE CORPORATION OF THE CITY OF NELSON

POLICY TITLE:	Nelson Commons - Restricted Resale Program Policy	POLICY NO: 6410-00-005
EFFECTIVE DATE:	January 9, 2017	SUPERSEDES: None
APPROVAL:	Council	PAGE: 1 of 3 pages and Appendices A & B

POLICY:

The City has established a Restricted Resale Condominium Program with Nelson Commons and Kootenay Country Store Cooperative to provide three (3) affordable housing units at the Nelson Commons.

PURPOSE:

To provide the overview and criteria for the Restricted Resale Condominium Program at Nelson Commons. The purchaser will receive a price reduction of 25% below the selling price. Upon resale, the unit will be appraised and the resale price will be reduced by 25% of the appraised value. All restricted resale units must be owner-occupied and will remain in the restricted resale program in perpetuity.

General Information for Applicants

1. All Restricted Resale owners must abide by the terms and conditions set out in the Nelson Commons Disclosure Statement, including payment of monthly strata fees, City of Nelson annual property taxes and water & sewer, and utilities.
2. The Restricted Resale Units are subject to a Housing Agreement and Section 219 Covenant in favour of the City of Nelson.
3. A minimum 5% deposit is required for the down payment on a Restricted Resale unit. This deposit is paid upon the acceptance of the Agreement of Purchase and Sale by the Vendor. This deposit is held in trust by the Vendor's attorney.

Responsibilities of Restricted Resale Owner

1. Abide by all bylaws set out by the Nelson Commons Strata Corporation.
2. Ensure owner occupancy of the restricted resale unit. In the event a Restricted Resale owner must relocate, the unit must be listed for sale within 30 days of their notification to the City of Nelson Development Services Department.
3. Upon resale, the owner must bear the costs of the appraisal used to determine the restricted re-sale price.
4. Within 30 days of any change, advise the City of Nelson Development Services Department of any changes to residency.

Criteria for Applicants

1. The applicant and all household members may not be a member of the Kootenay Country Store Cooperative Board of Directors or the senior management team of the Co-op or any of their immediate relatives (parent, grandparent, child, spouse, former spouse).
2. Eligible applicants for restricted resale units for a one-bedroom unit consist of a family maximum of 2 adults.
3. Eligible applicants for restricted resale units for a two-bedroom unit consist of a family of a minimum of 2 people, one of whom is an eligible dependent (please see Appendix A for definitions).
4. Home ownership costs must be a minimum of 30% of maximum gross household income. Home ownership costs include payments of principal and interest (if applicable), property taxes, heating costs, municipal utility costs and strata fees. See Appendix "B" of this agreement for sample calculation.
5. The applicant must provide proof of mortgage pre-approval.
6. That the applicant and all household members do not (excluding their current primary residence) have total household assets exceeding \$100,000. Interest income will be attributed to any assets over \$50,000 and will be calculated using the Bank of Canada prime interest rate minus 2%. This interest income will be added to the household income in calculating eligibility (e.g. Assets \$100,000; Bank of Canada interest rate 5%: Interest income would be $\$50,000 \times (5\% - 2\%)$ or \$1,500). Where an applicant (or household member) owns other real estate either personally, jointly or indirectly through business assets, this real estate must be sold as a condition of purchase of a restricted resale unit. Household assets and homeownership costs will be calculated based on the appraised selling price of the applicant's primary residence. The proceeds from the sale of the primary residence must first be used to pay for the purchase of the restricted resale unit; any additional value will be considered household assets.
7. The applicant has been a resident of the City of Nelson or Regional District of Central Kootenay for a minimum of 2 years as an adult prior to their application to the Restricted Resale Condominium Program.
8. A request for special consideration may be made to Development Services, with final approval from City Council.

The following information is required to complete the application:

1. Notices of Assessment from the Revenue Canada Agency for all household members 18 years and over, for the most recent fiscal year.
2. Mortgage pre-approval documentation.

3. Proof of residency for the past two years.
4. Landlord references from the past five years.
5. Two local personal references.

Appendix A to Policy No. 6410-00-005

Definitions for Nelson Commons Restricted Resale Program

1. Eligible Dependent

An eligible dependent can fit one of the following two categories:

- i. cohabitating, unmarried children under 18 years of age; or
- ii. cohabitating, unmarried children, siblings, parents or spouse who are physically or mentally incapable of self-support (i.e. they fit the definition of permanent mobility impairment or disability, outlined below)

2. Mobility Impairment or Disability

A mobility impairment or disability can be defined as a permanent condition, which features:

- i. total or partial loss of the person's bodily or mental functions; or
- ii. total or partial loss of a part of the body; or
- iii. the presence in the body of organisms causing disease or illness; or
- iv. the malfunction, malformation or disfigurement of a part of the person's body; or
- v. a disorder or malfunction that results in the person learning differently from a person without the disorder or malfunction.

3. Immediate Family Member

Immediate family members include (married and common law) spouses, parents, brothers, sisters, children, father-in-law, mother-in-law, sister-in-law, and/or brother-in-law.

4. Child(ren)

The definition of children can include natural children, legally adopted children and step-children, but does not include temporary foster children or children that do not reside with the applicant more than 75% of the year.

Appendix B to Nelson Commons Restricted Resale Policy No. 6410-00-005
Sample Calculation for Gross Income Requirement

Purchase Price		\$ 276,750	\$369,000								Beacon <680		Beacon >680	
	Down Payment	Net Prop Trans and GST*	CMHC Fee	Total Loan	Loan Payment	Strata Fee	Prop Tax	Elec W&S Heat	Total Housing Costs	Minimum Income Req'd	Max Other Debt Payments	Minimum Income Req'd	Max Other Debt Payments	
5%	\$ -	8,856	278.96	\$ 9,134.96	\$52.03	258.35	\$ 211.47	245	\$766.85	\$30,674	\$ 552	\$ 23,595	\$ 343	
10%	\$ -	8,856	212.54	\$ 9,068.54	\$51.65	258.35	\$ 211.47	245	\$766.47	\$30,659	\$ 552	\$ 23,584	\$ 343	
15%	\$ -	8,856	159.41	\$ 9,015.41	\$51.35	258.35	\$ 211.47	245	\$766.17	\$30,647	\$ 551	\$ 23,574	\$ 343	
20%	\$ -	8,856	0	\$ 8,856.00	\$50.44	258.35	\$ 211.47	245	\$765.26	\$30,610	\$ 551	\$ 23,546	\$ 343	
100%		8,856	0	0	0	258.35	\$ 211.47	245	\$714.82	\$ 28,593				
					4.74%									
				Amortization in years	25					30.00%	42.00%	39.00%	44.00%	

- Maximum Amort 25 years
- Must be occupied by borrower
- Permanent resident of Canada
- No existing CMHC-insured homeowner financing
- Assumes First Time Homebuyer has exemption from Property Transfer Tax