

RE: RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM (R.R.A.P.)
ADMINISTRATION AGREEMENT WITH CENTRAL MORTGAGE AND HOUSING
CORPORATION

Following is a report from the Director of Planning regarding the Residential Rehabilitation Assistance Program.

It will be recalled that concern was expressed by Council on 1978 May 29 relative to a discussion on a proposed Minimum Maintenance Standards By-law for the Municipality. The Central Mortgage and Housing Corporation has been advised with respect to this matter that we have in force several sources of regulatory powers in the field of housing quality standards, and that these should be considered as an alternative to the implementation of a Minimum Maintenance Standards By-law in Burnaby. As noted in the following report, the wording in the proposed agreement which is being advanced for Council's consideration is based on the understanding that existing municipal by-laws and other regulations will be acceptable to the Central Mortgage and Housing Corporation.

RECOMMENDATION:

1. THAT authority be given for the Municipality to enter into an agreement with Central Mortgage and Housing Corporation to formalize the administration of the Residential Rehabilitation Assistance Program on a fee for service basis in Burnaby under the terms specified in the Agreement which is attached to the Director of Planning's report.

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PLANNING DEPARTMENT
1978 JULY 26
OUR FILE: 12.150(10)

TO: MUNICIPAL MANAGER
FROM: DIRECTOR OF PLANNING
SUBJECT: RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM (R.R.A.P.)
ADMINISTRATION AGREEMENT WITH CENTRAL MORTGAGE AND HOUSING
CORPORATION

A. BACKGROUND

Since 1976 the Residential Rehabilitation Assistance Program grants and loans have been administered in the Eastburn area of Burnaby by Central Mortgage and Housing Corporation through their Vancouver offices. The national policy of C.M.H.C. was changed in 1977 to require that all new N.I.P./R.R.A.P. areas such as Willingdon Heights would be required to administer their own R.R.A.P. grants and loans.

This administration involves explaining the program to homeowners, accepting applications, performing technical inspections of homes to determine what work is required and to ensure that the work is properly completed, and processing the required forms and agreements regarding the grants or loans for the homeowners and C.M.H.C.

Under the terms of the attached R.R.A.P. Agency Agreement, the Municipality will receive three hundred dollars for processing each completed application for C.M.H.C. Partial payments are also available if cancellations occur (refer to Pages 12 and 13 of the Agreement).

One existing N.I.P. staff person is required to process applications and forward them to C.M.H.C. A technical person called a R.R.A.P. Advisor has been required to inspect the houses and ensure that the homeowners receive the standard of work specified. Experience from other Municipalities indicates that the fee paid by C.M.H.C. approximates the staff and overhead costs of delivering the program.

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B. ACTION REQUIRED

The designation of formal Neighbourhood Improvement Program areas in Canada has been discontinued by the senior governments. C.M.H.C. has, however, indicated that Burnaby will now be permitted to expand the available R.R.A.P. areas over the next few years. In 1978 we will be permitted to spend up to 10 per cent of our existing \$284,000 1978 R.R.A.P. budget in a newly designated area. A report is being prepared on this matter recommending boundaries for this new R.R.A.P. area.


The wording in the Agreement regarding the Occupancy and Building Maintenance Standards (Page 1) has been discussed with Vancouver C.M.H.C. staff. This wording is based upon the understanding that C.M.H.C. will accept our existing Municipal By-laws.

The attached Agreement specifies the terms and conditions under which the R.R.A.P. program will be administered. This Agreement has been reviewed by the Municipal Solicitor and he finds it to be in order.

C. RECOMMENDATION

It is therefore recommended:

THAT the Municipality enter into an agreement with Central Mortgage and Housing Corporation in order to formalize the administration of the Residential Rehabilitation Assistance Program on a fee for service basis in Burnaby under the terms specified in the attached Agreement.


A. L. Parr
DIRECTOR OF PLANNING

BR/ds

attachment

cc Municipal Solicitor

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AND WHEREAS the Corporation and the City, with the approval of the Province, have agreed that the City will act as agent for the Corporation in the processing of loans for the repair, rehabilitation and improvement of family housing units in the manner and to the extent hereinafter set forth.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants herein contained, the parties hereto undertake and agree as follows:

DEFINITIONS

1. In this agreement
 - (a) "owner" means the person who owns the family housing unit for the repair, rehabilitation or improvement of which the proceeds of the loan are to be expended and includes
 - i) the executors, administrators or other legal representatives of the estate of such person,
 - ii) any one or two or more persons who own the family housing unit as joint tenants or as tenants in common,
 - iii) a mortgagor who has an equity of redemption in the family housing unit under a mortgage, trust agreement or contract,
 - iv) a purchaser of property under an agreement for sale,
 - v) a lessee of property under a lease expiring not less than three years after the maturity of any loan made to the lessee under the Act,
 - vi) a lessee of land under a lease from the Crown or from any municipality or from any corporation when the lessee owns a family housing unit located thereon, and
 - vii) a veteran with whom the Director, the Veterans' Land Act, has a subsisting contract for the

sale of land made pursuant to Part I of the Veterans' Land Act.

(b) "cost of rehabilitation" of the unit means the estimated aggregate of

- i) the cost of doing the rehabilitation work,
- ii) the costs of legal services (including disbursements) paid to third parties, if such services are directly related to the making and, where required, the registration of the loan security, and
- iii) interest on advances made in respect of the loan.

(c) "family housing unit" means a unit providing therein living, sleeping, eating, food preparation and sanitary facilities for one family, with or without other essential facilities shared with other family housing units.

(d) "gross debt service ratio" means the ratio of the annual charges

- i) for principal and interest for the loan in respect of the rehabilitation work,
- ii) for other loans the proceeds of which have been expended on the purchase, rehabilitation, repair or improvement of the property, and
- iii) for taxes

to the aggregate gross income in whatever form received by the principal wage earner and the spouse.

(e) "rehabilitation work" means the work of rehabilitation, repair or improvement required to bring the housing unit up to C.M.H.C. standards for the Rehabilitation of Residential Buildings.

(f) "adjusted income" means the aggregate gross income in whatever form received of the principal wage earner and the spouse, less

- i) living out or travelling allowances of a family head,
- ii) capital gains, such as insurance settlements, inheritances, disability awards, sales of effects,
- iii) family allowances,
- iv) earnings of the spouse up to \$1,000
- v) income from any source other than social assistance payments of a one-parent family up to \$1,000 per annum, and
- vi) \$300 for each dependent child.

(g) "spouse" includes a common law spouse

SCOPE OF AGREEMENT

2. The City agrees to process applications for loans and to carry out inspection duties on behalf of and as agent for the Corporation in accordance with the authority of the Corporation to make loans pursuant to Part IV.I of the Act, and subject to the limitations contained therein.

3. (a) Loans pursuant to this agreement will be made only with respect to neighbourhoods selected in the City pursuant to agreement between the Corporation and the Province for the purposes of a neighbourhood improvement program or with respect to areas in the City that have been designated by Order of the Governor-in-Council pursuant to sub-section 34.1(1)

of the Act as areas within which loans may be made for the repair, rehabilitation and improvement of family housing units.

- (b) Loans pursuant to this agreement will be made only in respect of family housing units for which rehabilitation work is required in order to bring the unit up to C.M.H.C. standards for the Rehabilitation of Residential buildings and to ensure a further useful life for the unit of at least fifteen years.

RESPONSIBILITIES OF AGENT

4. For the purposes of clause 2, the processing of applications for loans and the carrying out of inspection duties shall be in accordance with this agreement, and the City agrees to exercise reasonable care in the processing of such applications and in the carrying out of such inspection duties.

5. The processing of each loan and the inspection of each unit shall include:

- (a) receive completed preliminary applications, assess the eligibility of each applicant, explain the program, and arrange for an inspection of the dwelling unit.
- (b) perform a detailed interior and exterior inspection according to C.M.H.C. Standards for the Rehabilitation of Residential Buildings, listing all actual and incipient deficiencies, review the results with the property owner and determine any additional work the property owner wishes to undertake.
- (c) prepare a detailed work write-up, prepare a cost estimate on an itemized basis, prepare a bid package and discuss and finalize the package with the applicant.

- (d) establish with the applicant the most appropriate financing arrangements and assess his borrowing suitability.
 - (e) assist the applicant in obtaining the best bids from a general contractor or from a number of sub-contractors to perform the work, receive and complete the final application.
 - (f) carry out progress inspections to ensure compliance with work write-ups and C.M.H.C. Standards for the Rehabilitation of Residential Buildings, recommend to the Corporation the making of progress advances.
 - (g) carry out a final inspection, recommend a final advance, recommend the close-out of the loan.
 - (h)
 - i) where the amount of the loan does not exceed \$5,000, prepare a promissory note in a form prescribed by the Corporation and arrange for the signing thereof;
 - ii) where the amount of the loan exceeds \$5,000 prepare a mortgage in a form prescribed by the Corporation and arrange for the execution and registration thereof;
 - (i) for rental property, prepare an operating agreement on a form prescribed by the Corporation, to be entered into by the owner and the Corporation and arrange for the signing thereof by the owner.
- 6.
- (a) An application for a loan shall be made on a form prescribed by the Corporation, and
 - (b) the City agrees to comply with directions given to it from time to time by the Corporation with respect to the forms to be used and the procedures to be carried out with respect to the matters covered by this agreement.

7. Where the City is prepared to recommend that a loan be made to a borrower, the City shall forward to the Corporation four copies of the borrower's preliminary application for loan, and four copies of the borrower's final application for loan which shall have annexed thereto a description of the rehabilitation work and, where applicable, the contract referred to in paragraph (1) of clause 5, in duplicate.

8. Where the Corporation has approved a loan to a borrower, the Corporation will forward to each of the borrower and the City a signed, approved copy of the borrower's final application.

9. When the City has received from the Corporation notification of approval of the loan, the City shall obtain and forward to the Corporation a signed promissory note or registered mortgage.

TERMS AND CONDITIONS OF LOANS

10. Loans pursuant to this agreement

- (a) shall bear such rate of interest as shall be specified from time to time in writing by the Corporation;
- (b) shall be for a term not exceeding the useful life of the housing unit as determined by the City and in any case not exceeding twenty years from the date on which the repair, rehabilitation or improvement of the unit commenced;
- (c) shall be repayable by monthly payments of principal and interest;
- (d) shall be secured
 - i) where the amount of a loan does not exceed \$5,000, by a promissory note in favour of the Corporation
 - ii) where the amount of the loan exceeds \$5,000, by a mortgage in favour of the Corporation, or
 - iii) by such other security as may be approved by the Corporation.

11. A loan in respect of a family housing unit shall not exceed \$10,000 and the maximum amount of loan, the payment of which may be forgiven, shall not exceed \$3,750.

12. Subject to clause 11, and the requirements in respect of the adjusted income of the borrower set forth in clause 13, the borrower shall be eligible for a forgiveness of the loan

(a) at the rate of \$750 per annum in respect of a family housing unit in which the borrower resides, for the period of time in which the borrower remains in occupancy thereof, calculated from the interest adjustment date in respect of the loan, and

(b) in respect of each family housing unit in which the borrower does not reside, according to the following chart, calculated from the interest adjustment date in respect of the loan:

<u>Rehabilitation</u> <u>Costs</u>	<u>Forgivable</u> <u>Per Unit</u>	<u>Annual Rate</u> <u>Of Forgiveness</u>
\$ 0 - 5,000	\$2,500	\$250
\$ 5,001 - 6,000	\$2,750	275
\$ 6,001 - 7,000	\$3,000	300
\$ 7,001 - 8,000	\$3,250	325
\$ 8,001 - 9,000	\$3,500	350
\$ 9,001 -10,000	\$3,750	375

PROVIDED, however, that where

(c) in respect of a family housing unit referred to in paragraph (a) hereof, the borrower ceases to own or occupy the unit during the period of time in which that part of the loan which may be forgiven is being earned by the borrower, the borrower shall be required to repay forthwith the balance of the loan in accordance with the terms of the loan security, including that part of the loan the payment of which would have been earned by the borrower following the date on which the borrower

ceased to own or occupy the unit as aforesaid, except that where the borrower leases his unit to a lessee, subject to terms and conditions satisfactory to the Corporation, the Corporation may waive the foregoing requirement for payment of the said balance of the loan and continue to grant the forgiveness of part of the loan to the borrower, and

- (d) in respect of a family housing unit referred to in paragraph (b) hereof and in which the borrower does not reside, the borrower sells or otherwise disposes of the unit without the prior written consent of the Corporation and on such terms and conditions as shall have been approved by the Corporation, or where the borrower shall be in default under the terms of payment of the loan or the provisions of the contract referred to in clause 15, the borrower shall be required to repay forthwith the balance of the loan in accordance with the terms of the loan security, including that part of the loan the payment of which would have been earned by the borrower following the date of the said sale or other disposal, or the said default under the terms of payment of the loan.

13. The amount of forgiveness of each loan in respect of a unit in which the borrower resides shall be determined in relation to the adjusted income of the borrower, and

- (a) in the case of a borrower whose adjusted income does not exceed \$6,000, shall be \$3,750, and
- (b) in the case of a borrower whose adjusted income exceeds \$6,000 but does not exceed \$11,000, shall on the first \$2,500 of rehabilitation costs be \$2,500 minus one dollar for each two dollars of

the borrower's adjusted income that is over \$6,000.

The same percentage of costs that was forgiven on the first \$2,500 of costs shall be forgiven on the next \$1,250 of rehabilitation costs or less.

14. (a) The City shall require a borrower, in respect of a family housing unit in which the borrower resides, to furnish a statement of adjusted income as defined in paragraph (f) of clause 1, and
- (b) The application for loan shall provide that it is a condition of the loan that if the statement referred to in paragraph (a) was false at the time of the said statement, the whole of the monies remaining unpaid on the loan, together with the amounts which have been and may become forgiven under the loan, shall forthwith become due and payable.

15. Where a loan is applied for by the owner of a family housing unit who does not reside in the unit, it shall be a condition of the loan that the borrower enter into a contract with the Corporation that provides that the rental to be charged shall not, for that period of time in which the forgiveness is to be earned, exceed a rental that is fair and reasonable having regard to the probable family incomes of the lessees generally of the units.

16. The City shall use its best efforts to ensure, when considering an application for a loan in respect of a family housing unit in which the owner resides, that the gross debt service ratio

- (a) where the loan is in respect of a one-family dwelling, shall not exceed 30% of the aggregate gross income in whatever form received of the principal wage earner and the spouse;
- (b) where the loan is in respect of an owner duplex or semi-detached house, shall not exceed 42% of

the aggregate gross income in whatever form received of the principal wage earner and the spouse, excluding rental derived from the family housing unit not occupied by the owner.

In computing the ratio referred to in paragraph (a), where the City considers that an owner would be a satisfactory borrower, notwithstanding a gross debt service ration exceeding the gross debt service ratio set out in respect of such owner in paragraphs (a) and (b), the City may recommend that the loan be made to such owner.

PROGRESS OF WORK

17. During the period of effecting the rehabilitation work, the City shall make such inspections as will ensure that the rehabilitation work as specified by the City is carried out in a reasonable conformity with the C.M.H.C. Standards for the Rehabilitation of Residential Buildings but the City shall not be required to provide supervision of the said work and subject to such inspections, the City shall recommend to the Corporation the making of advances with respect to the loan.

18. (a) If the rehabilitation work specified by the City is carried out in a manner which does not comply with the C.M.H.C. Standards for the Rehabilitation of Residential Buildings, the City shall inform the owner of such non-compliance and request that the rehabilitation work be corrected;
- (b) If the non-compliance is not corrected as required by the City, the City may recommend to the Corporation such reduction in the amount of the loan as the City may determine.

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19. In respect of loans for family housing units in areas of the City referred to in Clause 3(a):

(a) For the services carried out pursuant to Clause 5, the Corporation shall, at the time the final advance is made with respect to each loan, pay to the City a fee of Three hundred (\$300) dollars, and, where the loan covers more than one family housing unit, an additional sum of Fifty (\$50) dollars for each unit in excess of one unit for all services of the City under this Agreement.

Where the total cost to the City of rendering the services pursuant to Clause 5 exceeds the amount of the said fee, the excess shall be borne by the City.

(b) Where an application does not proceed through to completion of the rehabilitation work, the Corporation shall, at the time the application is withdrawn, rejected or cancelled, pay to the City a fee in accordance with the following:

i) for receipt of the preliminary application and transmittal to the Corporation, the sum of Twenty (\$20) dollars;

ii) for carrying out the initial inspection and reviewing findings with property owner, the sum of Forty (\$40) dollars, plus Ten (\$10) dollars for each housing unit in excess of one unit where the loan application covers more than one unit;

- iii) for preparing description of work to be done, preparing specifications, bid packaging and cost estimates, and for bid counselling, Eighty (\$80) dollars, plus Fifteen (\$15) dollars for each housing unit in excess of one unit where the loan application covers more than one unit; and
 - iv) for processing the final loan application, including bid reviews and applicant interviews; for obtaining and documentation required by the Corporation and recommending the approval or rejection of the application to the Corporation, the sum of Seventy-five (\$75) dollars; plus Ten (\$10) dollars for each housing unit in excess of one unit where the loan application covers more than one unit.
- (c) Should the City not discharge one or more of the tasks described in Clause 5 of this agreement, the Corporation reserves the right to proportionately reduce the fee paid.

20. This agreement may be terminated by the Corporation giving the City six (6) calendar months' notice in writing that its services will no longer be required or by the City giving the Corporation six (6) calendar months' notice in writing that its services will no longer be continued.

21. Notice of termination shall be sent by prepaid registered mail:

- (a) to the City, or
- (b) to the Corporation, addressed to its Head Office in Ottawa, Ontario, K1A 0P7.

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EVALUATION

22. The parties to this agreement acknowledge the need to carry out a process of evaluation of the rehabilitation program. For such purpose, the City agrees to provide the Corporation with information or the means of access to such information to the fullest extent as may reasonably be possible in respect of all matters arising out of the administration of this agreement.

PUBLICITY

23. The City will ensure that any literature or other information and material published by the City with respect to this agreement will contain reference to the assistance provided by the Corporation with respect to its program of residential rehabilitation assistance.

INDEMNIFICATION

The Corporation covenants to indemnify the Municipality from all claims for damages, arising out of this Agreement that are chargeable against the Municipality in respect to the said Application or approval of grants and loans made under or in respect to the Residential Rehabilitation Assistance Program, except those arising from gross negligence by the Municipality or its employees.

IN WITNESS WHEREOF the parties hereto have herunto affixed their corporate seals duly attested to by their proper signing officers in that behalf.

THE CORPORATION OF THE DISTRICT OF BURNABY

MAYOR

CLERK

CENTRAL MORTGAGE AND HOUSING CORPORATION

