

Deborah Liske

Subject: FW: Request for Letter of Support V2
Attachments: IMG_1107.jpg

From: Barb Desjardins
Sent: August-14-19 12:34 PM
To: Laurie Hurst
Subject: Fwd: Request for Letter of Support V2

Please add to council agenda
Thanks

Sent from my iPhone

Barbara Desjardins

Mayor, Township of Esquimalt
Lekwungen Territory
Tel: 1-250-883-1944
Begin forwarded message:

From: Oliver Lang <olang@lwpac.net>
Date: August 14, 2019 at 11:57:14 AM PDT
To: Barb Desjardins <Barbara.Desjardins@esquimalt.ca>
Cc: Casey O'Byrne <casey@obyrnegroup.ca>, Troy Sierra Lane
<troy@sierralanconstruction.com>, Oliver David Krieg <odk@lwpac.net>
Subject: Request for Letter of Support V2

Dear Mayor Desjardins,

I am writing to request Council to provide a letter of support with regard to affordable housing funding by CMHC for the Corvette Landing project.

As you know, Intelligent City has applied for the CMHC Affordable Housing Innovation Fund for a portfolio of 4 projects that share the same scalable platform technology that Corvette Landing is based on, providing homes that are affordable, sociable, livable, net zero carbon energy ready, and off site prefabricated using latest automation and mass-timber high rise technology. Thank you for your previous letter of support for the project. We are delighted that we have made it through a rigorous and highly competitive selection process and have been invited by CMHC to present in front of their expert committee in Montreal which we successfully did today. The final decision is still several months away, requiring several aspects of due diligence and contractual work. We took a very important step today, and CMHC would want to see your council support as soon as possible. Your council support does not only affect the Affordable Housing Innovation Fund for which presented for today, but also the CMHC Seed Fund that we also applied for. With your letter Corvette Landing could likely receive Seed funding within days of Council approval. The Seed funding would be important to get as it also paves the way to other CMHC funding tools such as construction loan underwriting and other assistance.

You might also be glad to hear that Corvette Landing has been named by the province as a top scoring winner of the CleanBC Better Buildings program for Net Zero Energy Ready Buildings: <https://news.gov.bc.ca/releases/2019EMPR0080-001390>, likely receiving funding towards Passive House technology upwards to \$370,000, and in addition has received BC Forest Innovation Investment grants of \$100,000 to advance its mass-timber high rise technology, and the Site Specific Regulation with the Province's Building Standard Safety Branch.

CORPORATION OF THE TOWNSHIP OF ESQUIMALT		
For Information:		
<input type="checkbox"/> CAO	<input type="checkbox"/> Mayor/Council	
<input type="checkbox"/>		
RECEIVED: AUG 15 2019		
Referred: <u>Alicia</u>		
<input type="checkbox"/> For Action	<input type="checkbox"/> For Response	<input type="checkbox"/> COTW
<input type="checkbox"/> For Report	<input checked="" type="checkbox"/> Council Agenda	<input type="checkbox"/> IC

There is a very good chance to bring federal housing assistance to Corvette Landing and to as such to your township through this CMHC funding. What we are missing is a letter of support and with the wording more specific with regards to affordable home ownership, that you can find below.

Therefore, please find below under #1 the rationale for our request and #2. the draft letter.

1.a. Following is the link to the CMHC guidelines on housing affordability that establish the 32% Gross Debt Service Ratio. (I extracted the relevant passages below for your convenience)

<https://www.cmhc-schl.gc.ca/en/buying/mortgage-loan-insurance-for-consumers/what-are-the-general-requirements-to-qualify-for-homeowner-mortgage-loan-insurance>

Citing from it: *"Your total monthly housing costs, including Principal, Interest, property Taxes, Heating (P.I.T.H.), (the annual site lease in the case of leasehold tenure) and 50% of applicable condominium fees, shouldn't represent more than 32% of your gross household income (Gross Debt Service (GDS) ratio)."*

In addition we are working with published median household incomes as per 2016 Statcan Census Profile for Esquimalt

Both the use of Median Income and the 32% rule are supported by the Township of Esquimalt as per a report on your website, see attached extract. The only difference is that you cite Census 2014 data while we refer to the updated 2016 Statcan Census.

I refer to the Esquimalt report found here: https://www.esquimalt.ca/sites/default/files/docs/business-development/OCP-review/Library/policy_briefs_may_2017_housing_workshop.pdf

Census 2016 established that Median Incomes in 2015 as follows: (<https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=5917040&Geo2=CD&Code2=5917&Data=Count&SearchType=Begin&SearchPR=01&B1=All>)

Median total income of Couple Economic Families without children or other relatives in 2015 (\$) was: \$83,141

Median total income of Couple economic Families with children in 2015 (\$) was: \$105,267

We use the median income for economic families as they more specifically point to apartment size. CMHC agrees that economic families without children require at least a 1BR, while economic families with children require at least a 2 BR. You may, but there is NO need to cite them, as they referenced in the Census report. This is just for your information.

ACCORDINGLY OUR REQUEST IS FOR YOU TO CONFIRM:

HOME PURCHASE PRICES SHALL NOT EXCEED TO REQUIRE A GDS OF 32% WITH MEDIAN INCOMES FOR ECONOMIC FAMILIES AS PER STATCAN 2016 AT THE TIME OF PURCHASE.

We agreed with CMHC to use the term "at time of purchase" to ensure that the measurement is relative to available mortgage rates at that time.

1.b. From CMHC: *"You will typically have a minimum down payment starting at 5%. For a purchase price of \$500,000 or less, the minimum down payment is 5%. When the purchase price is above \$500,000, the minimum down payment is 5% for the first \$500,000 and 10% for the remaining portion."*

Our rationale: At this time with a major challenges to find affordable homes, a down payment of 15% is acceptable. The 15% establishes a good balance between industry typical 20% and a desire for lesser down payment to make homes more accessible with a lower down payment while balancing monthly mortgage costs.

OUR REQUEST:

15% DOWN IS ACCEPTABLE FOR THE CORVETTE LANDING PROJECT

With this confirmation up to 55 homes at Corvette Landing will qualify for affordable homeownership. We believe the wording below is entirely consistent with CMHC national affordability guidelines and the Townships previously stated positions.

Please note that we do not anticipate a need for the township to be involved in any legal agreement between the owner and CMHC.

Last, the owner will work with you on a future housing agreement. At this moment the purchase price for qualifying affordable home ownership is strictly a mathematical formula taking the published median income of i.e. \$83,141 for a couple without children, and calculate a maximum mortgage based on current mortgage rates, 50% of strata cost, property tax, and energy cost monthly payments that do not exceed 32% GDS. This is all based on CMHC guidelines that I forwarded. At 15% down this results in a maximum price for an affordable home. That price will vary depending on actual mortgage rates and latest census data - therefore the added "at time of purchase".

2. Accordingly, the letter should state the following (please send to my attention at Intelligent City, as we are the applicants on behalf of the 4 projects)

To Intelligent City Inc.
Oliver Lang, CEO
3353 West 4th Avenue
Vancouver BC V6R1N6

August xx, 2019

RE: Letter of Support - CMHC Funding for the Corvette Landing project in Esquimalt

Dear Mr. Lang,

We confirm that the Corvette Landing project provides affordable home ownership as follows:

- Corvette Landing offers important innovation to help to ensure long term affordability and environmental benefits to our community and beyond.
- The maximum affordable home prices for Corvette Landing should be based on 32% of household income GDS (Gross Debt Ratio) as defined by Statcan Census 2016 for A. median total income of couple economic families without children or other relatives and B. for median total income of couple economic families with children.
- The home purchase should not require a down payment of more than 15%.

Sincerely,
Barb Desjardins, Mayor of Esquimalt

We greatly appreciate your and Council's support. We are looking forward to bring breakthrough housing innovation to Esquimalt, and the CMHC funding is of critical importance to do so.
Kind regards, Oliver

Oliver Lang
, Principal
Architect AIBC, NY-
USA
,
NRW-Ger
, MScAAD, Dipl.Ing.Arch., MRAIC, Int.Assoc.AIA

L W P A C + I C

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