

NUNAVUT HOUSING CORPORATION: HOMEOWNERSHIP PROGRAMS

**Program
Module
Date**

Tenant to Owner Program (TOP)
Program
October 22, 2015

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OBJECTIVE

The Tenant to Owner Program (TOP) assists tenants in NHC Public Housing Program units to become homeowners by purchasing a public housing unit.

SUMMARY

The TOP allows public housing tenants who are in good standing with the Local Housing Organization (LHO) to become homeowners by purchasing a suitable public housing unit that the NHC has approved for sale in consultation with the LHO.

ENABLING LEGISLATION

Nunavut Housing Corporation Act, Section 10 (General Powers)

ELIGIBLE CLIENTS

- The applicant(s) must be at least 19 years of age and have resided in Nunavut for the past two consecutive years.
- The applicant(s) must be a current tenant(s) of the Nunavut Housing Corporation's Public Housing Program.
- The applicant(s) income must fall below NHC's Adjusted Income Eligibility Threshold. (See Verification of Income Guidelines)
- The applicant(s) must have sufficient income to pay for all ongoing, mortgage/loan and operating costs of the unit. The applicant's ability to pay will be assessed using current Home Ownership guidelines.
- Applicants with rental or mortgage arrears with any Local Housing Organization in Nunavut or with the NHC, or have otherwise caused a financial loss to the NHC, do not qualify for the program until those arrears or losses are paid in full.

Note: At the discretion of the Corporate Executive Committee, this requirement may be waived, provided that the client(s) agrees in writing to a Repayment of Arrears Schedule.

AFFORDABILITY ANALYSIS/ APPLICANT EVALUATION

- For NHC programs that rely on private financing from a bank or equivalent lender, the lender will undertake their own borrower assessment. While the NHC may rely on the lender's borrower assessment, the NHC will undertake its own analysis and evaluation of the borrower, and reserves the right to

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reject the applicant should its analysis indicate that the applicant is unlikely to succeed as a homeowner. If the application is rejected as a result of the analysis, a letter will be sent to the applicant explaining reasons why.

For this analysis, the NHC will review the applicant's:

- Rent payment history
- Arrears and tenant damage history
- General unit care
- Ability to pay
- Income stability

In order to complete a borrower assessment, the NHC may refer to factors such as:

- Income Verification for applicant and co-applicant from all sources as specified in the Verification of Income (VOI) Guidelines. This includes current income and income information for the three years preceding the application as verified directly by the Canada Revenue Agency or via the client's Notice of Assessment.
- Statement of assets and liabilities
- Credit bureau check
- Local credit history -- outstanding debts/repayment histories with LHOs, Hamlets and local stores
- Employment History – to determine the reliability and stability of income and employer

ELIGIBLE UNITS

- Public housing units in all communities throughout Nunavut that are owned by NHC, a minimum of fifteen years old and are self-contained, with separately metered utilities, are eligible.
- All units sold under TOP must be approved by the NHC's Corporate Executive Committee in consultation with the LHO Board.
- The NHC, in consultation with the LHOs, may designate certain units as not for sale.
- Public housing units purchased under TOP must be used by the client(s) as their principal residence following the sale for five consecutive years.

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CONTRIBUTION

- Clients must obtain any mortgage financing they require for the purchase from a Canada Mortgage and Housing Corporation (CMHC) approved lender. Any alternative financing arrangement will require Corporate Executive Committee approval.
- Clients are ineligible to receive assistance under the Nunavut Downpayment Assistance Program (NDAP) for the purchase of a unit through the TOP.

VERIFICATION OF INCOME

- The applicant's income and ability to pay will be verified in accordance with the NHC's Verification of Income (VOI) Guidelines for Homeownership.

TOP PRICING GUIDELINES

TOP units will be offered for sale to approved clients at a price based on the value of the unit as determined by the NHC. NHC's valuation may be based on:

- Net book value of the house
- independent appraisals (as available)
- market conditions
- recent renovations and improvements
- other factors impacting house value

Legal fees and disbursements may be included in the sale price.

TOP AGREEMENT

- Approved client(s) are required to enter into a Tenant to Owner Program Agreement with the NHC.

PRINCIPAL RESIDENCE

- Clients must maintain the unit as their principal residence for a period of five consecutive years.
- At the discretion of NHC, the principal residency requirement may be waived on a year-to-year basis for the following:
 - Education leave for up to four years;
 - Temporary out-of-town job placement for up to two years;

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- Extended medical treatment or hospitalization for up to two years;
- Involuntary absence from the community while remanded for Court appearances or serving a sentence for up to two years;
- Any temporary suspension of the residency requirement must be approved, in writing, by NHC prior to commencement.
- A temporary suspension of the residency requirement is required for any absence of the Client(s) from the community for a period greater than six months in a twelve-month period.
- In the event that a temporary suspension of the residency requirement is approved, the required duration of residency would be extended by the number of months of non-residency, excluding the first three months.
- Except as noted above, if the client(s) ceases to occupy the unit while the residency requirement is in effect, the NHC may, at its discretion, exercise its option to buy the unit back from the client at the original sale price.

CLIENT COUNSELLING

- Homeownership counselling will be provided by NHC prior to client(s) signing the TOP Agreement to ensure they understand their responsibilities as a homeowner, as well as their responsibilities under the program. Client counselling is a mandatory component of the program and must be completed prior to the signing of the TOP Agreement.
- Clients may be eligible for NHC repair/renovation/maintenance programs, including the Emergency Repair Program (ERP), the Home Renovation Program (HRP), the Heating Oil Tank Replacement Program (HOTRP), the Senior Citizens Home Repair Program (SCHRP), and the Seniors and Persons with Disabilities Preventative Maintenance Program (SPDPMP).
- Clients of the TOP program will require the approval of the Corporate Executive Committee in order to participate in the Seniors and Persons with Disabilities Housing Options Program (SPDHOP) at a later date.

INSURANCE

The client(s) must provide proof of a Broad Form of Homeowners Insurance policy in an amount not less than the replacement cost of the building, and must show NHC as a loss payee as its interests may appear. The policy is to be in place prior to the transfer of leasehold interest.

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RIGHT OF FIRST REFUSAL

The NHC retains the right of first refusal for five years following the purchase of the unit.

- The client(s) must give written notice to the NHC of any legitimate offer to purchase received during this period.
- During the first five years, the NHC retains the right, but not the obligation, to buy back the unit at the original sale price before the unit is transferred or offered for sale to another party.
- The NHC may also exercise this right if the client fails to comply with the requirements of the program or the terms of the TOP Agreement.
- The client is prohibited from selling the unit or transferring ownership to any party other than the NHC without the documented approval of the Corporate Executive Committee.

SIGNATURES

- In situations where clients are married or living under common law arrangements, the NHC considers that any assistance provided to the client and his/her partner is provided jointly to both partners. All associated agreements must be in both partners' names. This creates a joint tenancy whereby, upon the death of either partner, the surviving partner acquires the interest of the deceased partner.
- The names on all agreement documentation must match the names on the land lease.

ESTATE AFTER CLIENTS DEATH

- Under Joint-tenancy, upon the death of either partner, the surviving partner acquires the interest of the deceased partner.
- In the event of the death of all title holders during the five year residency requirement, the NHC will allow transfer of the remaining obligations to beneficiaries of the estate if they meet the eligibility requirement of the program.