

RFP# 1070-1819/016

New Rental Housing Units Under the Building BC: Community Housing Fund

Submission Date: 17 September 2018 @ 2:00 P.M. PST

ADDENDUM NO: 5 of 5

Part 1. Questions that were verbally answered during the webinar. Please view the webinar again to hear the answers.

Part 2. Additional questions that were received following the webinar, along with answers.

Part1. Webinar-answered Questions:

Program:

1. Why has this new program been introduced? Has BC Housing done such a program in the past?
2. This is a multi-year program. Are there limits on the number of projects to select or funds to be allocated each year?
3. Will proposals that have been submitted, but not approved for year one of the program funding be eligible for resubmission in the future?
4. Why must a project have all 3 types of rentals?
5. Must we meet the exact percentage breakdowns identified?
6. It says projects are for seniors and families only. Does a project have to be a mix of both or can we focus on just on group? If it must be a mix if there a mandatory or preferred mix between both groups?
7. What if the need and demand in our community is almost all seniors? Do we still need to include families?
8. What are BC Housing's guidelines for determining "affordable market rent"?

9. What types of entities are eligible to own and operate the projects under this program? (Answer: registered Societies, municipally-controlled non-profit housing corporations, and non-profit Housing co-operatives).
10. You ask for demonstration of community support – do you mean financial support from other entities in the community (eg. Municipality) or any kind of support that shows that the community is behind the project?
11. Will the rental vacancy rate in our area be a deciding factor in the awarding of this funding?
12. Is the federal government providing any funding to this program?
13. We are thinking of a project but it is not ready to proceed forward yet. Would it be better to apply next year, or do we still need to apply this year?
14. Does each submission need to include a need & demand survey/study?
15. We are a campus of care that includes affordable housing/ assisted living and residential care. Are we still eligible for this program to add additional affordable rental units even though our organization also provides residential care?
16. What specifically are you looking for in terms of local government level of support for projects?
17. Do housing providers need to attach a certificate of good standing with the applicable Registrar, or can they provide their own written confirmation they are currently in good standing?
18. How should Indigenous housing providers participate? Should they go through AHMA or can they approach BCH independently?
19. Is this program available to individual homeowners seeking to add rental accommodation to their house?
20. Will housing co-ops be eligible for the funding?
21. Will BC Housing be considering a regional distribution of funding for potential projects, or will the allocation of funds be solely focused on the completeness of each need?
22. Given the regional differences in capital costs through-out the province is there any flexibility on the capital grant amount per housing unit per region?
23. In the past projects required a 40-year operating agreement – why is there a much longer term under this program (60 years)?
24. Will we be able to negotiate the term of the Operating Agreement?
25. Could we layer funding from multiple BC Housing proposal calls (RFP/EOI) that are or will become available – i.e. Indigenous, women/children etc.?

Development

1. If we have an existing piece of land with existing structures, can we still apply this land towards this new program?
2. Will successful proponents not have to put construction to tender?

3. Must we have a contractor or development consultant committed to the project before our organization will be considered?
4. Can you apply for a building that already exists with some upgrades required?
5. If the project is already in predevelopment, can we still apply?
6. Do the BC Housing design guidelines apply?
7. What is the timeline for completion of projects? Will shovel-ready projects be scored higher?
8. Your presentation leans towards construction. Would purchase of an existing property with little or no construction or renovation be acceptable?
9. Do I need to demonstrate the project's consistency with the local official community plan, and if so how do you suggest this best be handled?
10. Will the project have to meet all requirements of the BC Housing Design and Construction Guidelines (specifically LEED gold)?
11. Is there a maximum percentage of non-residential space (ie services, commercial) allowed for a project?
12. If a society has two concurrent projects underway, can they both apply for funding under this program?
13. If the construction of a building is already underway, can we still apply for funding?
14. Can some of the units in a development be market condos – ie sold rather than rented? Or some life lease and the rest rental?
15. What costs will be covered by PDF funding? Is there a max PDF dollar amount per project? When is PDG repayable? Is PDF funding forgivable?
16. What is the typical size of the projects that you will consider (in terms of number of units)?
17. The RFP asks, “when can you start construction?” If awards are in October/November for projects that are “shovel ready” in the Interior or North, we miss getting concrete in prior to the freeze up. Is BC Housing flexible to try and approve based on building season? Or is it the plan to have working drawing done over the winter and build in the spring?
18. For projects which receive funding in this round, is there a cut-off for projected construction start date?
19. In lieu of partnering with a non-profit organization can a for-profit proponent provide a new turn-key facility and land parcel, and then sell it to BC Housing who can then assign it to the most appropriate non-profit group?
20. Does zoning need to be completed at the time of submission to this RFP?
21. Can a project apply for this funding while currently receiving BC Housing pre-development financing for a social housing redevelopment project?
22. The program requires the housing provider to have a mortgagable ownership interest in the land/project. Does that include a long-term lease from a 3rd party landowner (e.g. municipality)?

23. What help or assistance can BC Housing provide? For example, can you:
24. Review our preliminary proposal and provide feedback to us so we can submit a stronger proposal?
25. Is there predevelopment funding (PDF) available to help us put together our proposal?
26. With the limited amount of capital grant per unit funded through this program, what is an acceptable amount of contingency on a project?
27. The RFP says that proposals must reflect the following mix of rents within a single building. What if we wanted to do a village-style project in a remote community? Would this be eligible?

Operations

1. I understand that the society will be responsible for operating this while rental project. Will BC Housing approve the operating budget each year to determine the operating subsidy required, including the contribution to replacement reserves?
2. Will projects that require higher on-going subsidies be scored lower through the evaluation process even if the operating subsidy is being provided by a non-BC Housing source?
3. Will BC Housing collect back surpluses and pay deficits for projects that receive an operating subsidy?
4. Can you please provide more detail on the “limited operating subsidy” available?
5. How will the difference in rents collected versus rents projected in the financial model during the planning phases be dealt with once the building is operational? What if there is a gap between the two?

RFP & Timelines

1. BC Housing has identified numerous criteria for proposal evaluations. Can you provide an outline of how factors will be weighted and evaluated?
2. Is there a way for local governments to view or download a copy of the RFP for information purposes without paying any fees required on MERX?
3. Why is there such a big gap between when questions need to be in and when proposals need to be submitted?
4. Will today’s webinar be available online afterwards?

Part 2. Additional Questions & Answers:

1. **As there are two recent announcements from BC Housing, the Building BC: Community Housing Fund and Building BC: Women’s Transition Housing Fund, is there an opportunity to submit one proposal for a community that combines both services? I am aware that there are supports included in the Women’s Transition Housing Fund and the Community Housing Fund does not have support included. Or would you want separate applications?**

Answer: Separate applications. Please note these two funding streams have different ownership requirements, and that funding from multiple programs cannot be layered into the same project.

2. **Given that the greatest need and identified gap in affordable housing in our community is for single persons under the age of 55 capable of independent living, could the RFP be amended to include this group or must we limit our proposal to seniors and families as currently defined in the RFP?**

Answer: The Community Housing Fund program targets families and seniors, as well as households that include a person with a disability. Other households, including singles, with incomes below the applicable limit may be eligible; however, priority will be given to seniors, families or persons with a disability.

3. **For the market housing units, will the National Housing Standard apply regarding the number and gender of individuals per bedroom or will there be greater flexibility for this category of tenant?**

Answer: National Occupancy Standards will apply, but there will be some room for flexibility within the affordable market units where appropriate.

4. **Given CMHC’s Rental Market Report does not publish data for our community, shall we assume that we will provide our own evidence of current rental market rates through? (The nearest community with published data is one in which rents are substantially higher than our community.)**

Answer: Yes, you may submit your own evidence to BC Housing.

5. **The criteria for tenancy in these projects is seniors and families. Are singles excluded, or can they be included in the mix? If singles are OK, do they have to be seniors only? Our wait list is longest for 1-bedroom apartments and many on that list are singles.**

Answer: The Community Housing Fund program targets families and seniors, as well as households that include a person with a disability. Other households, including singles, with

incomes below the applicable limit may be eligible; however, priority will be given to seniors, families or persons with a disability.

6. **Regarding the deep need tenants (20%), can they be on disability pensions?**

Answer: Yes.

7. **We are an Indigenous community with a housing department which functions like a non-profit. Would we have to form a non-profit organization to be considered under this program?**

Answer: The project must be owned (with a mortgage interest) and operated by an entity that meets BC Housing's constating document requirements and is eligible for CMHC-insured financing arranged by BC Housing. If your existing organization does not meet these requirements, you will need to form a new non-profit that does (e.g. incorporated under the Societies Act).

8. **Would the project need to be open for indigenous and non-Indigenous residents?**

Answer: Housing Providers will be responsible for establishing lawful, non-discriminatory resident selection policies within the program parameters. Specific populations within an organization's mandate may be targeted with consideration of, and compliance with, applicable anti-discrimination legislation.

9. **I am inquiring on behalf of a Society that wishes to submit a proposal under CHF. They purchased a building a couple of years ago with IHI funding and wish to redevelop with CHF funding. The question is, can they layer CHF funding on top of IHI funding?**

Answer: While layering is not permitted, a full redevelopment or infill of an existing site may be considered. The Society is encouraged to submit the proposal for further review.

10. **Pg. 9 "The successful proponent must enter into a sixty (60) year Operating Agreement with BC Housing for the management for all units within the development. BC Housing's standard mortgage package for a repayable mortgage of thirty-five (35) years, and a forgivable mortgage for the capital grant for thirty-five (35) years, will be required." Why do the terms of the operating agreement differ so significantly from the mortgage terms?**

Answer: The 60-year Operating Agreement term is to cover the full expected economic life of the building, including operating subsidy, to ensure the intended level of affordability can be retained.

11. **Typically, projects in the past required a 40-year Operating Agreement, why does this program include an Operating Agreement with such a substantially longer term?**

Answer: This program includes ongoing operating subsidy; a 60-year agreement protects the

affordability and provides financial certainty for the housing provider for the full expected life of the building. Operating Agreements may include language to permit early termination where appropriate, for example, if the building reaches the end of its useful life and redevelopment is required. Administrative flexibility will also be provided where operating subsidies are no longer required, such as exemption from annual operating budget submission and ability to retain surpluses.

12. Will there be room to negotiate the term of the Operating Agreement?

Answer: No. Please refer to previous answers regarding 60-year term for further detail on flexibilities.

13. What are the benefits to the proponent of a sixty (60) year Operating Agreement?

Answer: Financial certainty for the full expected life of the asset.

14. Will an Operating Agreement/Section 219 covenant limit the redevelopment potential of a building constructed under this framework in the future if a building hits end of its useful life at fifty years (50), for example? How will this operating agreement impact the opportunity to access modernization and improvement funds down the road?

Answer: The operating agreement will not include any restriction on eligibility for capital repair funding. Operating agreements will include language to permit termination prior to 60 years if the building reaches the end of its useful life and redevelopment is required.

15. "BC Housing, at its discretion, will review other possible sources or models of funding a proponent may propose, to determine eligibility under this RFP." (Pg. 9) --> how does this statement relate to: "... Proposals under the Building BC: Community Housing Fund program must be independently financially viable and not contingent on cross-subsidy from other sources, including other BC Housing programs..." (Pg. 8) and "Projects can be combined onto a site with other mixed uses or existing housing if the new project is completely separate and independently operating rental housing development (eg., separate legal parcels, separate financial operations)." (Pg. 6). Would a proposal for one building that includes a layered approach be accepted? For example, one building that includes a strata component of low-end of market units requesting BC Housing CPI only and the remaining portion (legally separated lot) of the building would request funding under the Community Housing Fund and comply with all existing rental requirements?

Answer: BC Housing may consider a proposal for a project as described above if the two components are financially independent of one another (e.g. no cross subsidy from one component to another).

16. **Can we layer National Housing Co-Investment Fund to make up the equity gap? Can BC Housing provide any guidelines or parameters on how layered funding should be structured on these projects? Would there be any limitations or requirements (e.g. any financing requirements in order to qualify for funding under this framework if a non-profit decides to get a mortgage with CMHC?)**

Answer: BC Housing is currently in discussion with CMHC to determine how various Provincial and Federal programs may work together.

17. **Can we expect that the new IAH (Investment in Affordable Housing) may contribute to this or future calls?**

Answer: Any new funding arrangement with CMHC may contribute to this or future calls.

18. **Are the funds in this funding framework Provincial funds only?**

Answer: Currently, this is a wholly-provincially funded program but new funding arrangements with CMHC may apply in the future.

19. **As there are multiple open Provincial RFP/EOI calls currently (and we anticipate additional calls will be released shortly), can we layer these different programs?**

Answer: No, multiple funding programs cannot be layered to create a single project. However, a site with multiple 'projects' (separate legal parcels) may be considered for funding from different programs provided each project is financially independent and funded from a single program.

20. **The RFP document does not mention a mortgage subsidy and only mentions a limited operating subsidy where required. How will the difference in rents collected versus the rents projected in the financial model during the planning phases be dealt with once the building is operational? Operating costs will not reduce based on tenants' ability to pay rent and the building's financial viability will be based on the RGI rental table provided as part of the open RFP call. Will there be subsidy available? Or is the RGI category actually a rent on the door requirement and not actually Rent Geared to Income?**

Answer: Operating subsidy will be provided to bridge any gap between the budgeted revenues and expenses, including mortgage payments. To confirm – yes, the RGI component is truly RGI (not rent on the door). The rent estimation tables are included in the RFP as a target and to assist in estimating RGI revenue; however, if proponents do not believe these estimates are accurate for their project they should submit their proposal with a lower RGI revenue estimate.

21. Will indigenous proposals be accepted under this call?

Answer: Yes

22. The rent estimates on appendix G appear to be significantly below HIL levels. Can you tell me why?

Answer: Rent revenues in RGI units are calculated on each household's actual income, in accordance with the BC Rent Scale - this means each household pays a different rent set at 30% of their actual household income. Since not all households will have an income equal to the maximum (the HIL), actual RGI rent revenues will be significantly less than 30% of the HIL.

23. Can you tell me what is meant by the row labelled "lower mainland non-market areas"? The rents are much higher in this row.

Answer: Non-market areas refer to communities that are outside of HIL planning areas, and the maximum income for eligibility is based on the cost to own (as there is no rental market). If you are unsure where your project lies, click on the information links to find the 2018 Housing Income Limits and scroll to the last page for a listing of "Municipalities not on the HILs Table". This will tell you which HILs Planning Area applies to your community.

24. New projects are NOT eligible for SAFER or RAP: Why can Seniors NOT use SAFER & why can Families NOT use RAP to supplement their rents?

Answer: Community Housing Fund projects are not eligible for RAP and SAFER because they are fully subsidized. These are intended to be mixed-income projects serving households with a range of low and moderate incomes; low-income families and seniors will pay a rent based on 30% of their income in the RGI units, and therefore no additional rent assistance is required.

25. What locations in BC are you most interested in?

Answer: BC Housing is interested in projects from across the Province.

26. We have several projects that may require deeper levels of affordability. Will BC Housing evaluate project based on community needs.

Answer: Community Housing Fund program is intended to develop mixed-income projects serving households with a range of low and moderate incomes as outlined in the RFP. For clarity, this includes 70% of units at RGI (rent at 30% of income) for low income households (including 20% of units for those requiring the deepest level of affordability).

27. Is there any possibility of using this program for the development or re-development of group homes?

Answer: No

28. Does location of the development make a difference in the proposal acceptance?

Answer: Acceptance in part will depend upon evidence of Need/Demand in any community/location.

29. Will the Take-out Mortgage be backstopped by BC Housing?

Answer: The take-out financing will be arranged by BC Housing, and include CMHC loan insurance through our agreement with CMHC.

30. Is there any flexibility to the subsidy levels can they be negotiated as per the client groups?

Answer: Annual operating subsidy will be based on the individual project's annual operating budget, subject to the unit mix and other parameters described in the RFP.

31. Please clarify are the three rents types allowed to be distributed throughout a "project" versus a single "building"

Answer: Rent types can be distributed anywhere throughout the project, including across multiple buildings.

32. Is this open to for profit organizations as well? Or only non-profit organizations?

Answer: Projects must be owned and operated by a non-profit housing provider eligible for CMHC insured take-out financing arranged by BC Housing.

33. Can the BCH program be combined with CMHC's current Co-investment program?

Answer: BC Housing is currently in discussion with CMHC to determine how various Provincial and Federal programs may work together.

34. For the shelter allowance units can you please clarify what those are? The posted table online is not clear.

Answer: We assume you are referring to the Deep Subsidy units. These are RGI units for households whose RGI rent is equal to or less than the equivalent shelter allowance. For example,

a 2 BR unit in Abbotsford:

- *Mom with one child in receipt of Income Assistance would pay max shelter allowance = \$570 (this is the max shelter allowance for 2-person household)*
- *Mom with one child whose gross income (e.g. salary) is \$1800 per month would pay \$540 per month and would also be considered a “Deep Subsidy” unit.*

35. How do we define RGI and CMHC Average market rates for communities that don't have those published?

Answer:

***RGI:** Actual RGI rents will be calculated with the actual household incomes of tenants. For the purposes of your proforma, use the RGI estimation table. If your community is not listed, click on the information links to find the 2018 Housing Income Limits and scroll to the last page for a listing of “Municipalities not on the HILs Table”. This will tell you which HILs Planning Area applies to your community.*

***CMHC Market Rent:** Use figures from the nearest community if this is reasonable for your community, or an alternative measure of the average market rent in your community with rationale.*

36. Are the 50% and 20% applied to the remaining 70% or the total 100%?

Answer: The percentages are applied to the total. For example, in a 100-unit project:

- *30 units will be rented at Affordable Market Rent*
- *70 units will be Rent Geared to Income (rents calculated using the BC Rent Scale) and of these 70 units, 20 will be at the Deep Subsidy level (e.g. households in receipt of Income Assistance or OAS/GIS)*

37. Are co-ops eligible to apply?

Answer: yes

38. What if the project is a redevelopment project of a larger site where all of the housing is affordable and will be operated together by one NP?

Answer: BC Housing may consider a project that is situated within a larger development, provided any components not under the CHF program are legally and financially separate. This includes separate mortgage title (e.g. Strata or Airspace parcel) and complete financial independence with no ‘cross-subsidy’ across the various components.

39. The tenant profile says seniors and families; what about persons with disabilities or low-income singles?

Answer: The Community Housing Fund program targets families and seniors, as well as households that include a person with a disability. Other households, including singles, with incomes below the applicable limit may be eligible; however, priority will be given to seniors, families or persons with a disability.

40. Can a municipality apply for funding without a non-profit partner?

Answer: Municipal housing corporations can apply as the housing provider.

41. Approximately what percentage of the BCH RFP is directed to First Nation--Low Income and Seniors Housing?

Answer: There is no predetermined allocation. All projects are evaluated based on the RFP criteria.

42. The mixed income approach may pose a challenge for those housing societies with charitable status. While they may have revised their constitution to state “low and moderate-income households” and while that may not have had an immediate impact on their charitable status, there is no certainty that a mixed income development containing only 20% of the units targeted at low-income tenants would not jeopardize the housing provider’s charitable status. Has BC Housing had any communication with CRA to address this question?

Answer: To clarify, 70% of the units are targeted to Low Income households at Rent Geared to Income. Housing providers can discuss any potential impact on their charitable status with the CRA in the context of their specific mandate, portfolio of existing housing and services, etc. and/or seek independent legal advice.

43. We are working with societies in small communities where proposals may be no more than 5 or 10 units. It will be difficult, particularly in the case of a 4 or 5-unit project, to achieve the required mix of rental rates, and equally difficult to properly manage. Is there flexibility to the rental rate mix for these small communities with smaller project proposals?

Answer: BC Housing may consider an alternative rental mix where circumstances require. In such cases, we encourage providers to submit their proposal showing two proformas: One with the prescribed mix (30/50/20) and a second with the proposed alternative and a clear rationale.

44. We are developing a project for that same target population; however, I’m not certain that we can meet all requirements of the program. One of the panelists on the webinar suggested that the housing project could be subdivided such that we could apply for only a portion of the

project to receive funding subject to the program's requirements. Does this mean that the remainder of the project could be rented at market rates, for example?

Answer: BC Housing may consider a project that is situated within a larger development, provided the 'remainder' of the building/site is legally and financially separate. This includes separate mortgagable title (e.g. Strata or Airspace parcel) and complete financial independence with no 'cross-subsidy' across the two components.

45. **Given the distribution mix for projects supported by this grant, we have a concern if we would be able to serve our client group (low income) as we would need to provide housing for other income groups as well. We would like to know if we could partner with other organization(s) to manage units for moderate incomes?**

Answer: The housing provider who owns the project and signs the operating agreement will be responsible for the entire project. However, this does not preclude opportunities to partner with other organizations on the management/delivery of services, selection of tenants, etc.

46. **On page 5 it is noted that "this program does not include housing with support services or residential care components". If a project provides multiple components - including independent rental housing as well as housing with support services and residential care components - is it still possible to establish a partnership for the portion of the project that does qualify? We are currently reviewing our three properties for renovation/redevelopment and our proposal will likely include all three modes of housing.**

Answer: BC Housing may consider a project that is situated within a larger development, provided the other components of the building/site are legally and financially separate. This includes separate mortgagable title (e.g. Strata or Airspace parcel) and complete financial independence with no 'cross-subsidy' across the two components.

47. **3.5.1 - The weighting of Operations Planning, Capability & Capacity is 40 out of 100 possible points. Rural communities with populations of under 5,000 such as our own, do not have any institutional knowledge or previous experience in creating or managing affordable housing projects. This unfairly puts rural communities at a significant disadvantage in the weighting criteria despite our motivations to learn and find innovative ways to manage a project to meet our needs. Is there anything BC Housing can do to ensure rural communities with populations under 5,000 people can still access this funding and not be immediately discounted or discouraged from applying? Perhaps, securing a minimum of \$500M to go to communities with populations under 5,000, despite their limited "capability & capacity"?**

Answer: This has not been a problem in the past. There are many examples of small communities that have successfully obtained funding and operated over the years. New operators are encouraged to put together strong boards and operating plans. BCNPHA has resources for this.

We also encourage new operators to partner with existing operators and enter into mentoring relationships.

- 48. As this will be our first foray into building social housing, we would like to know what we need to have in place in terms of constitution, bylaws, and potential changes to CRA activity mandate in order: a) to apply for funding and b) to receive funding from BC Housing.**

Answer: No special bylaws, etc are required for non-profits to apply. Prior to funding, your constating documents will be reviewed and you will be advised of any required changes and given an opportunity to make the changes prior to funding. For example, you will need to have a purpose that includes the provision of housing for low and moderate-income households. See BC Housing’s website, under Partner Resources click on Non-profit Training and Resources, and then click on Non-Profit Governance for more information on our constating document requirements. Please note BC Housing does not require your organization to have Charitable status.

- 49. The CHF seeks to have projects provide 30% of housing for moderate income households that would be only means-tests at “move-in”. This would suggest that their incomes can increase over time and they would still be able to remain as residents. A BC Charity lawyer has indicated that providing “simply rental housing at below market rates, it is not something that a charity is permitted to do” (based on CRA and legal precedence). Has BC housing considered the legal issues for charities/non-profits in providing moderate income housing and potential impacts on their status?**

Answer: We understand some housing providers have charitable status, however each organization is unique (e.g. types of services and housing they provide across their portfolio). We encourage any housing provider with questions regarding their charitable status to contact CRA and/or seek independent legal advice.

- 50. Will BC Housing be releasing any details of the proposed operating agreement prior to RFP submission?**

Answer: sample operating agreements are under development and may not be released publicly prior to the close of this RFP.

- 51. Our organization has concerns with agreeing to a 60-year operating agreement especially on wood frame buildings – we are currently looking at redeveloping wood frame buildings that are 40 – 45 years old. How will the 60-year agreement interface with buildings that may need replaced well before a 60-year operating agreement expires?**

Answer: This program includes ongoing operating subsidy; a 60-year agreement protects the affordability and provides financial certainty for the housing provider for the full expected life of the building. Operating Agreements can permit early termination where the building reaches the

end of its useful life prior to 60 years, and include administrative flexibility where operating subsidies are no longer required, such as exemption from annual operating budget submission and ability to retain surpluses.

- 52. Can the units be located on their own lots, and/or a duplex on a double lot, and/or 8-unit apartment on one lot, rest of the units on their own lots, if zoned properly and owned by the District, with the District signing a 60-year lease back to the proponent?**

Answer: If there are several lots one Society/Community is considering that will meet the needs and provide economies, we encourage that you do submit these as one proposal. It would be beneficial to provide a total capital and operating budget for all the sites but to also provide a breakdown of the estimated costs per site. However, it must be a mortgagable interest.

- 53. Can these units be sold to tenants on a “life lease” basis?**

Answer: No

- 54. Can this RFP support purchase of majority of units in an existing Strata Development (ie. 8 out of 14 units)?**

Answer: BC Housing may consider a project that is situated within a larger development, provided any components not under the CHF program are legally and financially separate. This includes separate mortgagable title (e.g. Strata or Airspace parcel) and complete financial independence with no ‘cross-subsidy’ across the various components.

- 55. In Section 2.4 the RFP states that proposals under the Building BC: Community housing Fund program must be independently viable and not contingent on cross-subsidy from other sources, including other BC housing programs. Please confirm if this viability requirement only relates to operational subsidies or for other equity sources as well? If that is the case what if a proponent has already received/confirmed funding from another source such as CMHC? Can that funding be included in the project?**

Answer: This refers to reliance on other sources of operating funds. Other sources of equity can be included.

- 56. Mix of tenant populations: Will a proposal that focuses on seniors only be accepted by the committee? If it is accepted by the committee will it be given the same priority as projects with a mixture of tenant populations? If it is accepted and given the same priority will it have points deducted?**

Answer: Such proposal will be accepted but as stated in the RFP, BC Housing will review proposals more highly that include a higher percentage of family units across all affordability

levels.

57. Tenancy regulations under the Human rights code indicate there cannot be discrimination by age with one exception, it allows an age restriction if each unit is reserved for 55+ tenants. This RFP includes families and seniors. As the project is not limited to 55+ for each unit is there a BC Housing policy which allows us to restrict the senior's units to only 55+, or 2 persons at least one of whom has reached 55+, as per the RFP?

There is an exception in the Human Rights Code concerning discrimination based on age regarding rental premises. The exception is for premises reserved for the use of individuals 55 years of age and older. The Human Rights Code provides that restrictions as they relate to family status or age do not apply if the space is a rental unit in residential premises in which every rental unit is reserved for rental to a person who has reached 55+ years of age or to 2 or more persons, at least one of whom has reached 55+ years of age

Answer: These are subsidized buildings, and as such applicants for Rent Geared to Income must be eligible for BC Housing subsidy under this program. Applicants for Affordable Market Rent units are open to any household within the applicable income threshold.

58. Can the management model be a non-profit co-op (provided it can be proven that there will be sufficient oversight and training of the initial board/members)?

Answer: Yes, non-profit housing co-ops are eligible.

59. I am wondering whether the CPI is still an alternative to obtain funding or whether that option is now replaced by the RFP through the Community Housing Fund route for financing.

Answer: Yes, CPI is still available.

60. We have a two-bedroom unit set aside for our Resident Manager. The Occupancy Standards state that 'there shall be no less than 1 person per bedroom' – does this apply in this situation? As we may only find a single person for this position, not a couple. Not sure what rental rules/limits apply to this type of suite. We intend to work the rent for this unit into the compensation package for the manager.

Answer: No, the manager suites are exempt from eligibility restrictions, etc.

61. Does receiving Provincial funding make us ineligible for any innovation grants associated with energy efficiencies and green building, if they originate with other Provincial Ministries? You've stated that our residents won't be eligible for rent subsidy programs, so didn't know whether that would extend to other areas.

Answer: Please consult with any specific Provincial programs as BC Housing cannot comment on their eligibility criteria. As mentioned in the RFP Units in the development are not eligible for Shelter Aid for Elderly Renters (SAFER) or Rental Assistance Program (RAP).

- 62. Please describe what support is available from the BC Housing Management Commission to proponents to ensure that a non-profit partner qualifies for and obtains take-out financing for a project.**

Answer: Through the project approval process, BC Housing will work with the provider to ensure the project meets all underwriting criteria. If the project reaches Final Project Approval with BC Housing, BC Housing will arrange the take-out financing on your behalf.

- 62. Please confirm that the BC Housing Management Commission (or a similarly-rated Provincial entity) will provide credit support (if necessary) to a non-profit housing society that partners with a for-profit firm for the purposes of securing take-out financing for a project. Such support by the Commission would include a guarantee on behalf of the non-profit housing society in favor of a 3rd party lender who provides take-out financing to the non-profit society.**

Answer: If the project reaches Final Project Approval with BC Housing, BC Housing will arrange for CMHC-insured take-out financing from a 3rd party lender, on your behalf. There is no need or option to arrange take-out financing through other means.

- 63. Can we use the appraised market rent for the 30% affordable housing market component or must we use the CMHC average market rent?**

Answer: No, you must use the CMHC Average Market Rents, but they may be adjusted as described in the RFP document.

- 64. Are the market rent units required to be income tested or can we use 30% of the maximum income when calculating maximum rent?**

Answer: Affordable Market Rent units are fixed rents (as defined), and to be eligible households must have an income below the Low and Moderate-Income threshold.

- 65. What debt coverage do you want to see in our pro-formas?**

Answer: BC Housing will subsidize the project based on a 1.0 DCR. The Operating Agreement addresses operational surpluses and deficits.

66. What is the process to receive funding for projects selected by BCH under this RFP once Stage II is concluded?

Answer: Project proponents will be notified in writing and the process of underwriting the projects will commence. Typically, development managers are assigned to the project and the projects will move through the project development funding (PDF), Provisional Project Approval (PPA) and Final Project Commitment (FPC) process

67. The HILS table indicated in the RFP reflects the limits for 2017. When preparing our submission, do we use the latest available published HILS (2018)?

Answer: Yes

68. For the category ‘Moderate Income – Affordable Market Rents’, the RFP indicates that we should use the initial rent to be no less than the CMHC Average Market Rent. For a project in the Marpole neighborhood of Vancouver, the 2017 CMHC Average Market Rent and the current market rent estimate is shown in the table below. Is it correct to say that:

- For a 1-bedroom unit, the initial rent for units in this category must be no less than \$978 but can be as high as \$1,750?
- However, for the 3-bedroom unit, the range correspondingly will be between \$1,397 and \$2,611 (because of the cap of 30% of the low-to-moderate income limit)?

	CMHC Average Market Rent 2017				Current Market Rent Estimate			
	Bachelor	1 BR	2 BR	3 BR	Bachelor	1 BR	2 BR	3 BR
Marpole					\$1,300	\$1,750	\$2,400	\$2,900
	\$828	\$978	\$1,248	\$1,397	Low-to-moderate income limit of \$1,780 per month		Low-to-moderate income limit of \$2,611 per month	

Answer: Incorrect. To maintain affordability, the Affordable Market Rents must be set at the CMHC Average Market Rent. As stated in the RFP, you may add up to 25% to the current CMHC figure in your proforma, to account for increases that may occur between proposal and rent-up.

69. Is the successful non-profit operator receiving the grant permitted to assign the contribution agreement to another non-profit during the 60-year term of the operating agreement?

Answer: Operating Agreements cannot be assigned without consent, and are held by the owner of the asset. In the event your organization wanted to transfer the building/asset to another non-profit with BC Housing’s consent the Operating Agreement would be assigned to the new NP owner.

70. In the RFP, it indicates that limited amounts of operating subsidy are available. Please clarify the terms of this operating subsidy including:

- **Basis for determining the amount**

Answer: Subsidy will be determined based on the annual approved operating budget, and will cover the difference between revenues and expenses.

- **Guarantee by BC Housing to cover all shortfall for the duration of the 60-year operating agreement**

Answer: BC Housing will provide subsidy to cover any shortfall in the annually approved budget.

- **Provision for inflation/escalation**

Answer: Budgets will be prepared and approved annually, and will consider actual costs and inflation.

- **Are there any restrictions on what the operating subsidy is supposed to cover?**

Answer: Operating subsidy will cover expenses approved in the operating budget each year.

71. With respect of the capital grant limit of \$100,000 per housing unit, would the amount be adjusted depending on the unit type, for example, would more capital grant be allocated for 2 and 3 bedrooms?

Answer: No increased capital grant would be allocated to 2 or 3-bedroom units

72. Are we able to submit proposals on behalf of other partners?

Answer: Yes, we encourage partnership but we only sign an agreement with one organization.

73. Some of our projects have existing tenants, would BC Housing enable relocation of these tenants to other affordable homes so that we can redevelop to a greater density?

Answer: If the project is selected, the proponent will need to determine a relocation strategy appropriate for the specific residents and any anticipated budget for this relocation strategy should be identified in their proposal. Maximizing density is an opportunity that BC Housing will consider as a viable option.

74. Would BC Housing accept a lesser period for the operating agreement than 60 years if the land lease is for a lesser period?

Answer: We encourage you to submit your proposal with all details for consideration.

75. Some of our sites are in the DTES in Vancouver, they are small lots and suitable for micro-suites/studios. Can we have 100% of the units allocated to seniors?

Answer: yes

76. Would BC Housing repay any costs incurred in developing the site concepts in the absence of any seed funding from BC Housing?

Answer: These costs would not necessarily be repaid but may be considered as a project costs and part of the project equity that the society is bringing to the project.

77. Are we allowed to use seed funding from other sources to support the design development of the projects?

Answer: Yes, proponents are encouraged to seek seed funding and other funding from various sources to help support their project.

78. Can project proposals include commercial space in addition to the affordable housing rental units, as long as the latter adheres to the 30/50/20 ratio of renter demographics and the other conditions of the RFP?

Answer: Yes, and the space cannot be more than 30% of the total budget costs.

79. Can project proposals include rental units at market rates in addition to the affordable housing rental units, as long as the latter adheres to the 30/50/20 ratio of renter demographics and the other conditions of the RFP?

Answer: Yes, as long as the market component has a separate mortgage interest and is less than 30% of total budget costs. If a project comes in with a market component, we review each project individually. Should they want to access our financing then they would be subject to income testing.

80. In general, is there any flexibility on the capital grant amount per housing unit? For example, given the variation in capital costs across the Province, many projects will have a significantly higher per unit capital costs in more expensive regions like in Northern BC. How will the regional differences in capital costs be fairly addressed through this program?

Answer: No, the per unit grant allocations are set for across the Province. However, we understand that the costs in certain areas of the Province will be more challenging than in others. We encourage proponents to submit their proposals regardless, as we will review the submissions taking into account a number of considerations, such as geographic cost factors.

81. Given rising labor and material costs within the construction industry, we have been including substantial escalation contingencies within our capital budgets. With the limited amount of capital grant per unit funded through this program, what is an acceptable amount of contingency on a project?

- **Please provide an example of an unacceptable project contingency.**

Answer: For project contingency, it depends on how the pro forma has been prepared. Some may just have an overall project contingency while other more thorough pro formas will show contingencies throughout the budget line items. For example, contingency for soft costs, contingency for hard costs including (price escalation, design changes, project contingency), contingency for interest rate fluctuations etc. These can all add up so depends on how the pro formas are developed and depends on what assumptions have been made on the other parts of the budget.

- **An ideal range would help non-profits balance the risk of rising project costs and the limited amount of equity per unit provided under this program.**

Answers: The “limited” amount of capital grant is actually not related to the contingency. Societies should be encouraged to provide an appropriate capital budget that considers schedule, location, current status of plans (see above answer). It is recommended that explanations regarding the categories in the capital budget and rationale around how values were arrived at is very helpful in evaluating this component of the submission. This is especially prudent for contingency, construction estimates, consultants, municipal costs, land and off sites, etc

82. If your proposal is to purchase and perhaps renovate an existing building how will this be impacted by the Design Guidelines and Construction?

Answer: We commit to being reasonable when reviewing existing structure against the guidelines.

83. Why are there no PDF funds available at this stage?

Answer: We typically do not approve grant funding before the RFP closing.

84. What is the sustainability criteria? Will a specific level of the STEP code be required for projects funded under this framework?

Answer: Yes. These can be found in the RFP document and Step Code requirements are defined regionally.

85. Can projects propose the level of sustainability or STEP Code they anticipate on achieving?

Answer: Yes

86. What financing rate do you recommend using for the construction and take-out mortgages?

Answer: Please refer to the BC Housing website for the most current forecasted interim and take out mortgage rates. Please Note: It is important to use the forecasted rates when putting together the project proformas'.

87. If a proposal is approved at the PPA stage, will the proponent be able to get PDF to cover certain proposal-related costs, like architect, development consultant or other consultant fees and disbursements?

Answer: Yes

88. I am wondering if there is a range of cost per unit for the capital budget and for the operating budget that BC Housing aims for?

Answer: BC Housing would prefer to access and evaluate each project on its individual merit. Please see BC Housing's target cost framework to assist in determining cost ranges.

89. On p. 14 of the CHR RFP, pertaining to Section 3.5.2a (second bullet), is it necessary for us to provide the site layout, building schematics, and floor plans for each project if we don't have them yet to apply (we would be grateful if you could please specify which ones are required)? If we could indicate that any of these components are 'to be confirmed,' when would we need to submit these drawings if required?

Answer: BC Housing would prefer to review at a minimum a rough schematic of the project being considered and these would need to be included in the submission package. We are not looking for detailed floor plans or detailed consultant drawings.

90. For Appendix C: (Capital Budget) do we have to provide the details of just the aggregates (for the hard, soft, and borrowing costs)?

Answer: Please refer to the budget template provided in the RFP document as all those line items will need to be shown for us to score the project fairly.

91. In responding to the RFP, must the land be in-hand, or can acquisition be included in the development proposal? Would it be sufficient to show that an offer to purchase was in place, or to commit the land under contract for six months, use a refundable deposit on land, etc. if the full acquisition cannot be made by the submission deadline?

Answer: Yes

92. One of the locations we are strongly considering has formerly been in industrial use, and would require an Environmental Site Assessment (likely Phase I and II) in order to be considered for residential development. We also know that any site will need to have an Archaeological Assessment as well, before being deemed appropriate. Our question is, how much work needs to be done on these assessments prior to the RFP submission? Any land purchase on our end would be contingent on the “passing” of these two assessments, and we are wondering if it would be acceptable to submit a proposal with these contingencies in place.

Answer: Yes, however we strongly advise you also include in your submission any other elements of the proposal that hit the metrics of the program so that the outcome is that your proposal scores as high as possible.

94. What is the monthly construction escalation percentage that should be used?

Answer: BC Housing recommends an escalation factor of .3% per month to the start of construction and which should be calculated on the capital budget without land. In addition, BC Housing’s Cost Target Framework document also provides guidance around escalation factors and locational factors to assist with this analysis.

95. Should we use the BC Housing Cost Target Framework to generate our price estimates?

Answer: Yes, however the BC Housing Cost Target Framework are guidelines and we urge the developments teams to get current market pricing, and include current contracted costs if any for the projects submitted.

96. What is the replacement reserve requirement that you expect on a PUPM basis?

Answer: \$72 per month for family units, \$60 per month for senior units

97. In our relatively small rural region, the BC Housing Registry is largely an unknown resource. Do we need to ensure that anyone expressing an interest in our housing is assisted to become registered before they can be considered for tenancy? (If registration on the Housing Registry is mandatory, our Society and/or BC Housing will need to mount a public information campaign to create awareness of this Registry in rural communities like ours).

Answer: BCH will work with the successful proponents to assist them in determining the best strategy for their community.

98. On Pg. 5 the RFP states - "This program does not include housing with support services or residential care components." and then on Pg. 8 the RFP states ".... Limited amounts of operating subsidy are available, where required...."

- Can you please provide more detail on the "limited amounts of operating subsidy" available?
- How much is reasonable?
- What will be eligible for operating subsidy?
- Please give specific examples of acceptable subsidized costs?
- How would BC Housing review a proposal that looks for an operating subsidy to help pay for a large mortgage to make up for a capital gap?

Answer: The amount of subsidy will be based on the difference between the economic rent and the total rent collected. We anticipate that the subsidy will be low as many of the affordable rents may be higher than the economic rent of the building. The goal of the program is that it will be able, over time operate without a subsidy.

Mortgage costs are factored into the economic rent that is required to operate the building.

99. Do ALL future tenants (on our remote island) need to be listed and come from the official BC Housing Registry versus a local wait list?

Answer: Yes, applicants can be sorted by community and by housing projects.

100. Can you give us an idea of what an acceptable amount of operating subsidy might be? I.e.\$60. \$100?

Answer: Each development will be different – variables will be mortgage amounts, type of building, location and region etc.

101. If our organization already has a rental wait list, do we have to draw upon the housing registry for the 50% RGI tenants to be chosen?

Answer: Yes, the applicants will need to apply through the registry.

102. Would it help if tenants were selected & processed through reputable systematic property management companies?

Answer: No preference.

103. How much of an operating subsidy does a typical unit receive?

Answer: Operating subsidy will not be based on a per unit basis. The operating subsidy will be based on the economic rent minus the rent received. Groups will need to pay particular attention to the income mix of the tenants.

104. In the suggested proposal format (3.4) you recommend addressing a few sections (3.5.2). None of these sections refers to demonstrating need, yet this was emphasized strongly in the presentation. Where would you recommend including demonstration of housing need?

Answer: A Need and Demand Analysis should be included with your proposal. This is mentioned under 'Operations, Planning, Capability and Capacity (40%)' on page 15 of the RFP.

105. Is there a maximum amount available for the operating subsidy, and how long is it available for a given project? (i.e. first 5 years)

Answer: The operating agreement will be for 60 years with the same conditions. The operating subsidy will be determined based upon the type and unit mix of the project.

106. On pg. 15 of the RFP, for Section 3.5.2e, who are the specific stakeholders that BC Housing is interested in? Should the focus be for the external community engagement?

Answer: Each community will be different, use your knowledge of the community and the stakeholders in your community that will be impacted, will support, and recognize both your expertise and value the project brings to the community.

107. The RFP contains details on staffing requirements. Do these requirements apply to contractors who have contact with residents? Are we required to have on file proof of current WCB registration for contract workers?

Answer: You should have on file their current WCB status. BC Housing also recommends the contractors possess the appropriate level of criminal records clearance.

108. There was mention of future RFPs (i.e. in March/April 2019) – will those also focus on seniors and families or will each phase/RFP target a different demographic of renters?

Answer: Each RFP will have its own specific requirements. It was mentioned in the webinar that this Community Housing Fund program is a multi-year RFP. A new RFP will be issued each year. If a proponent's proposal was unsuccessful in a given year, they can make any updates and apply again to the new RFP.

109. There are conflicting deadlines on your website Sept 15 versus this webinar Sept 17. Please

clarify.

Answer: Submission Date is 17 September 2018 @ 2pm PST

110. Can you confirm that instead of using MERX we could email the RFP to submit proposals?

Answer: Yes, email is acceptable. Email: purchasing@bchousing.org

111. Once we have submitted our application on MERX, if we were to make subsequent revisions prior to the due date, could we replace the application previously submitted? Or do we have to create a new MERX account for every time we re-submit?

Answer: It is preferred that you submit your application when fully completed.

112. Will a transcript be provided for the webinar?

Answer: No. Since the webinar was recorded proponents can repeatedly review the content.

113. Page 21 of the RFP notes a number of prohibited communications that specifically prohibits communications (directly or indirectly) with the media with regard to the RFP and that any information that is provided in the RFP is confidential and requires permission to release even before the issuance of the RFP. Does this mean we cannot inform our community that we are seeking funding from BC Housing for our affordable housing project or let them know about our “needs assessment” that we will be sharing with BC Housing in our application?

Answer: You are free to inform your community as this may help with securing any local contributions or level of support towards you project. Prohibited communications would occur if your proposal were to be selected to move forward and any public announcements would require government public announcement.

114. The Capital Budget and Operating Budget Templates have calculation errors. Can we manually fix these and then submit the forms? Or will there be new Templates provided?

Answer: Updated templates will be provided

115. By what date will BCH have concluded Stage I and by what date will BCH have concluded Stage II?

Answer: It is estimated that submissions will be fully reviewed by November 2018

116. How many applications does BCH expect to receive under this RFP call?

Answer: We have no idea how many submissions will be received.

117. Size of emails BCH can receive?

Answer: Total size of email, including attachments, is 20MB.

118. 3.2.1.2 Stage 1 of the evaluation provides proponents whose proposal fails to meet the minimum requirements of the RFP the opportunity to revise their proposal to correct minor deficiencies. The Rectification Date Deadline is September 18th, 2018. Please advise when and how BCH will provide feedback on the proposals submitted on September 17th, 2018, the Submission Date, so that proponents can make corrections if necessary.

*Answer: You would be contacted by BC Housing and asked to provide corrected information for the deficient section(s). The Rectification Deadline has been extended to **September 21st, 2018.***

119. Is there a limit to the number of projects we can submit?

Answer: There is no limit to the number of projects you can submit but each project must be submitted as a separate project. Do not bundle them together into one submission.

END OF ADDENDUM