

NUNAVUT HOUSING CORPORATION: HOMEOWNERSHIP PROGRAMS

Program	GN Staff Condominium (Condo) Program
Module	Program Guidelines
Date	November 2017

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OBJECTIVE

The objective of the Government of Nunavut (GN) Staff Condominium (Condo) Program is to provide an affordable homeownership option to GN staff, and support Inuit employment. The program is intended to increase retention rates, decrease dependence on subsidized staff housing, and support the GN's Inuit employment goals and Article 23 of the Nunavut Agreement.

SUMMARY

- The Condo program allows GN staff to purchase condominium units directly from the Nunavut Housing Corporation (NHC).
- NHC will facilitate the establishment of condominium corporations.
- Clients may apply for assistance under the Nunavut Downpayment Assistance Program (NDAP).
- NHC will prepare all purchase and sale agreements which will include all necessary details, and will comply with the Nunavut *Condominium Act*

ENABLING LEGISLATION

Nunavut Housing Corporation Act:

Section 10 (General Powers) – In addition to the powers vested in a corporation under the Interpretation Act, NHC may:

- Administer, manage, and maintain properties; and make grants or loans to individuals, municipalities and other corporate bodies for the purpose of acquiring, constructing or improving housing.

ELIGIBLE CLIENTS

- Clients will be approved for the GN Staff Condominium Program based on clearly established criteria, as outlined in Appendix A.

TARGETING OF ELIGIBLE APPLICANTS

Targeting and prioritization of applicants form part of the approval process. The following will be used for targeting applicants under the GN Staff Condo Program.

- **Priority One:** Nunavut Inuit Employees
- **Priority Two:** Non-Inuit Employees

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PRIORITY OF APPLICANTS

- When interest in the program exceeds the number of available units, and for the initial allocation of specific units, it is necessary to prioritize the applications received.
- Within each of the priority groups, eligible applications will be point-rated to determine the order in which clients will be offered a condo unit.
- Point ratings will be determined according to the criteria listed in the Condo Priority Allocation Criteria (see Appendix A)
- Applicants wishing to challenge their eligibility or priority ranking may submit a written appeal to the NHC. The appeal will be brought to an appeals committee consisting of the Deputy Minister of the Department of Finance, the Deputy Minister of the Department of Justice, the President of the NHC, and the Deputy Head of the appellant's department or agency.

NDAP ELIGIBILITY

- Clients obtaining a mortgage from a Canada Mortgage and Housing Corporation (CMHC) approved lender, or who have alternative financing available, and who otherwise meet the eligibility criteria, may be eligible to receive assistance through the Nunavut Downpayment Assistance Program (refer to NDAP guidelines for information on program eligibility). All regular residency and forgivable loan requirements for NDAP will be applied.

AFFORDABILITY ANALYSIS/ APPLICANT EVALUATION

- The NHC will undertake an analysis and evaluation of the applicant and reserves the right to reject the applicant should the analysis indicate that the applicant represents a significant risk.
- NHC will weigh the applicants' Gross Debt Ratio and Total Debt Service Ratio to assess the applicant's eligibility for the GN Staff Condo Program, and will offer homeownership counselling to ensure clients understand the responsibilities of homeownership.
- The NHC may waive an affordability analysis, if the applicant is successful in achieving bank financing for the purchase.

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ELIGIBLE UNITS

- Eligible units are any condo units in communities throughout Nunavut that the NHC has designated for sale under the program.

CONDO PRICING GUIDELINES

- The sale cost of the units will be determined by the NHC and will reflect the NHC's purchase/construction and administration costs.

CLIENT COUNSELING

- Homeownership counselling will be provided by NHC staff to ensure clients understand their responsibilities as condominium owners under the program, including:
 - How the GN Staff Condominium Program works
 - Personal household financing
 - Household operating and maintenance costs/responsibilities
 - Homeowner Insurance
 - Conditions of Sale
 - Verification of income
 - Repercussions when agreement is breached
- Purchasers will be required to obtain a lawyer to finalize and close the purchase. Purchasers will be responsible for the costs of their lawyer.

CONDOMINIUM CORPORATION

NHC will take the necessary steps to establish Condominium Corporations within various eligible communities. In doing so, it shall:

- a) Provide the necessary Declaration and By-laws required to establish the Condominium Corporation pursuant to the *Nunavut Condominium Act*.
- b) Establish an appropriate reserve fund amount for the Condo project.
- c) Establish an estimated budget for the first year of operation, including the Condominium fees that will be charged for the first year.
- a) Undertake the necessary management of the Condominium Corporation until sale of 60% of the units in the Condominium project has been realized and the first Board of Directors has been established. At that time, the NHC will no longer be associated with the Condominium project other

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than in providing assistance as may be required from time to time by the Condominium Corporation and in providing counseling services to the Board of Directors of the Condominium Corporation, or in the case of repurchase or Ownership, as a condominium Owner.

After the sale of 60% of the units, condominium owners are responsible for maintaining the Condominium Corporation, including ensuring enough volunteers to maintain an active Condominium Board of Directors.

DEFAULT

In the event of a bank foreclosure of the condo unit within 5 years of sale, the NHC may pursue purchase of the unit from the bank.

INSURANCE

Condominium complexes are to be insured by the NHC initially and by the condo corporation once it has been declared; the cost of which is included in the condo fees. Clients will be required to obtain individual condominium unit insurance specific to their unit and its contents.

SIGNATURES

- In situations where the NHC provides NDAP funding, and 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. The application form must be in both partners' names.
- Names on all agreement documentation must match the names of the purchaser.

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Appendix A – Eligibility and Priority Allocation Criteria

Eligible Clients:

- *The applicant(s) must be at least 19 years of age and a full-time resident(s) of Nunavut.*
- *The applicant(s) must be indeterminate employees of a GN department or public agency who are beyond the probationary term of their employment.*
- *The applicant(s) and/or his/her spouse or common law partner must not currently own a n y residential property.*
- *The applicant(s) must be approved for a mortgage from a CMHC approved lender or otherwise have proof of alternative financing in place or provide sufficient evidence that no financing is required. Approval from the NHC’s Corporate Executive Committee is required for alternative financing.*
- *Applicants with rental, mortgage, or tenant damage arrears with any Local Housing Organization in Nunavut or with NHC, or have otherwise caused a loss to NHC, do not qualify for the program until those arrears or losses are paid in full.*

Clients will be approved for the GN Staff Condominium (Condo) Program based on established eligibility criteria. When interest in the program exceeds approved funding levels, it will be necessary to prioritize the applications received.

The application review process involves three steps:

1. Applications will be assessed against the program’s eligibility criteria.
2. Once eligibility has been established, the application will be assigned a priority ranking.
3. All applications in each priority ranking will be point rated to determine the order in which applications are approved.

Priority Allocation Criteria

Priority Ranking

Priority 1) Nunavut Inuit Employees

Priority 2) Non-Inuit Employees

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Point Rating (Max 25 points)

- Overcrowding (5 points) – Gives 5 points for those whose housing situation is considered crowded in accordance with National Occupancy Standards.
- Length of Residency in Nunavut (10 points) - Gives longer-time residents priority for unit allocation. One point per year will be given for Nunavut residency up to a maximum of ten points.
- Length of GN Consecutive Service (10 points) - Gives longer-time GN employees priority for unit allocation. One point per year will be given for years of service up to a maximum of ten points.

Where applicants tie in Priority Ranking Points the applicant with the longest residency in Nunavut will receive priority. Where this cannot be established or still results in a tie, the case will be referred to the NHC Corporate Executive Committee.

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Appendix B - Principal Residency

The client must maintain the condominium unit as the sole principal residence for the first (5) years following purchase. Principal residence means the condominium unit is where the client actually resides. The principal residency requirement may be waived when a client is on:

- Education leave of up to four years;
- Temporary out of town job placement up to two years; or
- Extended medical treatment or hospitalization.
- Other exceptional circumstances such as illness, accident or disability.
- Where a client does not meet the terms of the residency requirements, the Client may sell the unit on the open market applying the penalties described below or will provide the NHC the first right of refusal to repurchase the Condominium Unit at the initial selling price.
 - Where a client contracts to sell the condominium unit within the first 5 years of purchase the purchaser agrees to reimburse the NHC the difference between the purchase price and the new selling price according to the following schedule:

Within:

0-6 months of purchase: 100%

6 months -1 year of purchase: 90%

1-2 years of purchase: 80%

2-3 years of purchase: 60%

3-4 years of purchase: 40%

4-5 years of purchase: 20%

5+ years: 0

For example, if a client contracts to sell the condominium unit after 25 months for \$260,000 and purchased the condominium unit from NHC for \$200,000, the client reimburses NHC $(\$260k - \$200k) \times 60\% = \$36,000$

If the client also received a forgivable loan through the NDAP program, loan forgiveness does not start until after the first 5 years. Using the example above, if a client receives \$19,500 in NDAP; they will be required to return a total of \$55,500 $(\$19,500 + \$36,000)$ to the NHC.

- Within the first 5 years following the purchase, the NHC reserves the right to take back the property at its original purchase price upon receiving sufficient evidence that the condominium unit is being leased, and is no longer the principal residence of the purchaser.

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- If a client is planning to move from one Nunavut community to another Nunavut community where they will be taking up residence, they can request a postponement of the principal residency requirement to allow sufficient time for relocation. The NHC's Corporate Executive Committee must approve all requests for residency postponement.
- In the event of a death of the sole purchaser, or both of the joint purchasers within the first 5 years of purchase, the case will be brought to the NHC's Corporate Executive Committee for a decision regarding principal residency and the purchaser's estate.