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Bitu Jamalpour
Planning and Development
City of Port Moody
100 Newport Drive
Port Moody, BC V3H 5C3

October 22, 2024

Ms. Jamalpour,

Re: 121 Albert St. – Request to Amend the Rent-to-Own Covenant Terms

As discussed at our meeting of October 18th, 2024, Marcon recognizes that home ownership is a challenge within Metro Vancouver and are supportive of any initiatives at a local governmental level that are aimed to improve entry into home ownership for buyers. As part of our development located at 121 Albert Street, Marcon agreed to participate in a Rent to Own program for 10 homes. Over the course of the last year, we have been working through this program and have experienced challenges in the implementation due to the eligibility criteria defined within the Rent to Own agreement.

Marcon has collected over 190 applicants in accordance with the terms and obligations of the RTO agreement, in excess of the 160 required. Presently, and in conjunction with TD Canada Trust, we have processed the complete database of over 190 applicants to the Rent-to-Own program. After doing so, only one prospective applicant qualifies and is interested in proceeding. All other applicants have been deemed not interested or have been unable to qualify for the eligibility criteria.

Per the RTO agreement, the FTHBI criteria sets a maximum loan to income ratio of 4.5 times, and maximum income threshold of \$150,000. In order to qualify for a mortgage, the required income is in excess of \$150,000 for all homes within the program. In absence of this income, a gifted down payment to supplement income would also disqualify buyers as the mortgage would no longer be a high ration mortgage, which is required under the FTHI program. As further evidence of this restriction, a letter from the mortgage broker who has been assisting in qualifying applicants will be provided to staff.

The purchase price of homes in the current market is out of sync with the FTHBI program that was created over five-years ago and not adjusted in accordance with changing market conditions since its inception. The FTHBI program is now defunct, and thus the income thresholds are not being updated in accordance with inflation and other adjustment factors. Being that the intent of the RTO program was to facilitate home ownership by allowing individuals who could qualify for a mortgage to build a down payment over time, the buyers who would have the income to qualify for the mortgage are expressly disqualified due to the income limits of the FTHBI program.

While the FTHBI program may have been appropriate mechanism to adopt when the covenant was originally created, it is now out of date as it has not been updated to reflect market conditions.



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In order to ensure these homes are available and accessible to those who truly need them, we are proposing the following changes to the RTO program.

1. Remove the reference to CMHC's First-Time Home Buyer Incentive Program. This will remove the maximum income limit and the maximum loan to income ratio and allow those that can qualify for a mortgage to access the homes without undue additional cash requirements.
2. Remove the requirement for purchasers to be first-time homebuyers. Many of the applicants, particularly those interested in 2-bedroom homes, had previously owned a home but didn't have the financial means to take the next step in their life and acquire a larger, family-oriented home. The covenant also places priority on existing Port Moody residents and first-responders. Removing the first-time buyer requirement, allows the program to better target those key pools of potential applicants. We would be proposing that first time buyers still receive priority over non-first time home buyers, and that we would be able to open up the buyer pool subject to first time home buyers receiving priority.

Lastly, as we are approximately seven-months from first occupancy, it is important that further clarity be provided as to how any unsold RTO homes are removed from the program. Given what we heard from prospective applicants over the past month, we believe that it is possible that we are unable to find qualified purchasers for all homes. We believe it would be counter to the City's strategic objectives as well as Marcon's to have new homes that are sitting vacant due to a lack of qualified rent to own buyers.

We propose that should homes remain after the following efforts are made, any homes still remaining can be removed from the program and sold as regular condo homes on the market. The program would include:

1. A second round of marketing of the RTO program to identify potential applicants with a total target for this round not less than 160 respondents.
2. Qualification of the new applicants, as well as the prior list of 190, under the revised program terms noted in items 1 and 2 above.
3. Once the second round of applicants have been processed and qualified, all homes that were designated under the RTO program not under contract would be removed from the RTO program.
4. Application for release would be supported by full reporting of the advertising activity, database of response, and identification of any respondents that qualified but chose not to proceed.

Lastly, we would like staff to provide, and add to the covenant, clarification on how we should proceed in the meantime. The original covenant did not anticipate there being a lack of qualified applicants and, as such, provides no direction on how or whether Marcon can proceed with a second round of advertising and applicant selection.

Regards,

Tim Schmitt

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