

1. What is the value of BC Housing's contribution in previous AHOP partnership proposal?

BC Housing, as a former partner of this project, would provide a construction loan up to \$64,000,000 at a below market lending rate, usually floating around 1% annually, while the market lending rate is at 5% annually, not including 1% to 2% admin fees traditional banks would charge on the lending amount. By providing construction loan to the project, BC Housing would reduce the project cost by around \$5.5M. That is the value of BC Housing's contribution to the previously proposed AHOP partnership on this project.

2. What is the value of Developer's contribution in previous AHOP partnership proposal?

The discounts proposed in the partnership with BC Housing add to about \$6.5M, covering 10% of 118 units. We would be able to provide the discounts due to the financial support from BC Housing via much lower rate in the construction loan than what is seen in the conventional lending market. The savings from the BC Housing, in the range of \$5.5M, enable us to offset the discounts, thus still making the project viable. After the offset, Bold's compromised profit in the AHOP partnership amounts to about \$1M.

3. What is the value of Developer's Rent-to-own program in the new proposal?

The value of the 15 units provided in the Rent-to-own program is close to \$7,500,000 in today's market, which is deferred revenue that we cannot collect until two years after project completion. The rent collected from the qualified purchasers during the 2 years will be down payments to their home purchases. Before the purchasers close on these units, Bold will have to hold them for 2 years during which time there will be about \$1M in interest (5%~ 6% plus fees) and \$60,000 in property taxes (\$2,000/unit/year). As a result, providing 15 rent-to-own units costs us around \$1M.

4. Can Developer provide more details of "Rent-to-own" program?

4.1 Is Bold expecting an initial down payment from potential purchasers? If so, how much?

Yes, there would be deposit of \$10,000, and it can be broken down in two payments: \$5,000 when the contract is signed and \$5,000 when construction financing gets arranged.

4.2 Will Bold be giving Port Moody residents first priority? Will Bold be undertaking a lottery system similar to 50 Electronic in order to select the purchasers?

Yes, Port Moody residents would be given first priority, like what we did at our previous project Edgestone. However, we propose to give higher priorities to the city's frontline workers who have worked tirelessly during this challenging time. Frontline workers, such as these working in hospitals, fire departments, police stations, schools and the city hall will have first chances on these units. If the number of applications exceeds what the program can offer, we would be undertaking a lottery system.

4.3 Can Bold provide an estimate as to what household types can afford to participate in this program?

Typically, the bank requires a 20% down payment of the home value from the purchaser. To qualify a mortgage amount of \$400K for a \$500K value condo, the buyer would need a household income of at least \$75K. However, when banks evaluate the situation, they would also look at purchasers' debt situations such as car loans, credit card debts and student loans. The more debts they hold, the higher requirement of income levels the bank wants to see.

4.4 Can Bold provide a total value for the rent-to-own program?

Estimated to be in the range of \$7M-\$8M

4.5 What are the requirements for the prospective participants of the program?

- Already live and work in Port Moody
- Qualify for a mortgage
- Have to commit to living in the unit as their principal residence

5. Would Bold still pay full amount of city levies in the new proposal?

The arrangement in terms of the city fees does not change from our last proposal.

6. What is the rationale for option 1 cash-in-lieu contribution in Bold's new proposal?

Among the total amount of \$903,436.80 Community Amenity Contribution (CAC), \$302,145.60 will be directed to the Affordable Housing Reserve fund. We propose to make an additional voluntary contribution of \$300,000 to Affordable Housing Reserve Funds as an alternative to the rent-to-own program. The contribution, payable upon the issuance of Development Permit, is at the city's discretion to help people whose housing needs are impacted by COVID-19.