

**MANITOBA HOUSING
RURAL HOMEOWNERSHIP
PROGRAM
POLICY MANUAL
May 1, 2017**

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PROGRAM OVERVIEW

Homeownership is a desired financial and social objective. Homeowners are connected and invested in communities. Affordable homeownership can provide stability and improve the well-being of a household. Owning a home also contributes to the growth of the net worth of the household and can provide a financial safety net when equity appreciates.

The Rural Homeownership Program provides financial assistance for low to moderate income households in Manitoba. The program allows for the purchase of **single-detached** and **semi-detached** homes that are owned by the Manitoba Housing and Renewal Corporation.

Financial assistance is provided to qualified applicants in the form of a forgivable loan to assist with a down payment, an additional second mortgage to reduce the cost of the first mortgage, payment of land transfer taxes and fees and, a grant to assist with fees associated with the purchase of a home.

There are two types of **properties** that are eligible for the Rural Homeownership Program, tenanted properties and vacant properties.

Tenanted Properties

Manitoba Housing may consider selling properties to qualifying eligible tenant(s). See policy 2.01 in this manual.

Vacant Properties

Manitoba Housing may consider selling vacant properties to qualifying eligible Manitobans. See policy 3.01 in this manual.

PROGRAM OBJECTIVES

- To create homeownership opportunities by offering eligible tenanted properties for purchase at fair market value to eligible tenants who reside in the property.
- To create homeownership opportunities by offering eligible vacant (untenanted) properties for purchase at fair market value to eligible Manitobans.

PROGRAM PRINCIPLES

- Assist tenants in transitioning to greater housing independence through home ownership in communities:
 - which do not demonstrate sufficient demand for Social Housing Rental Program;
 - with limited direct managed housing;
 - where units are underutilized or vacant; and
 - where there is limited or no option for private homeownership.
- Provide a wider range of housing options to Manitobans in need of affordable housing.
- Strengthen rural communities by increasing homeownership.
- Improve the long-term sustainability of the housing portfolio by reducing the number of surplus or vacant properties which carry high operating costs.
- Reinvest the proceeds from the sale of properties under the Asset Repurposing Policy to meet the mandate of the Manitoba Housing and Renewal Corporation.

SECTION 1

PROPERTY SELECTION

RURAL HOMEOWNERSHIP PROGRAM		BOARD APPROVED April 26, 2017
SECTION 1 PROPERTY SELECTION	SUBSECTION 1.01 Property Eligibility	

POLICY:

Properties identified for homeownership must be approved for repurposing under the Asset Repurposing Policy 1.01 Repurposing Policy.

Approved properties must meet adequacy and safety standards including compliance with all building codes and by-laws.

Eligible properties will be valued by Manitoba Housing or through a formal valuation process. **See Policy 3.01 Valuation, Asset Repurposing Policy Manual.**

GUIDELINES:

Eligible tenanted properties are offered for sale in rural communities where there is a predominance of social housing relative to the private rental market and there is limited or no option for private homeownership.

To be eligible for the program, **vacant properties** are offered for sale when the property has been unoccupied for six or more consecutive months or the property has been unoccupied for six or more months in the previous 36-month period.

Properties not suitable for homeownership are directed to an alternate repurposing method under the **Asset Repurposing Policy Manual.**

RATIONALE:

Manitoba Housing supports tenants with capacity to transition to alternate housing options. The Rural Homeownership Program supports this transition by providing financial assistance to low to moderate income tenants to purchase a home from Manitoba Housing. Homeownership is a desired financial and social objective.

Affordable homeownership can provide stability and improve the well-being of a household. Homeowners are connected and contribute to the community they reside.

Manitoba Housing incurs costs when properties are underutilized or chronically vacant, including costs related to liability. Other costs can include property taxes, insurance and maintenance costs. In some cases, the properties identified as underutilized have reached the end of their useful life due to age and condition. The cost to repair in these cases may show that it is not viable to retain the property in the portfolio. By selling properties, Manitoba Housing can reinvest the cost savings and any realized gains into the sustainability of existing social and affordable housing options.

Manitoba Housing is responsible for providing safe and adequate housing to low to moderate income Manitobans. Manitoba Housing follows all applicable building codes and by-laws established by the appropriate municipality.

SECTION 2

TENANTED PROPERTIES

RURAL HOMEOWNERSHIP PROGRAM		BOARD APPROVED: April 26, 2017
SECTION 2 TENANTED PROPERTIES	SUBSECTION 2.01 Applicant Eligibility	

POLICY:

To be eligible to purchase an approved tenanted property under the Rural Homeownership Program an applicant must:

- complete the application and provide all required supporting documentation;
- qualify for mortgage funding, such as a loan or be able to purchase the home directly;
- be a current eligible tenant and be listed on the Tenancy Agreement;
- live in the rental unit being offered for purchase for a minimum of two consecutive years or have lived in a property owned by Manitoba Housing for a minimum of two cumulative years;
- pay all outstanding balances owed to Manitoba Housing as stated in the **Social Housing Rental Program Policy Manual Section 5 Leaving Housing, Policy 5.05 Outstanding Balance at End of Tenancy**).
- have a gross annual household income at or below the **Rural Homeownership Program Income Limits**;
- not own any real property (e.g. a **second home or vacation property**); and
- make the property the primary residence of the approved applicant(s).

EXCEPTIONS:

A tenant may be given the option to purchase an eligible vacant property with approval from Manitoba Housing.

Applicants who have an outstanding balance with Manitoba Housing will be considered for the program if they meet the requirement as stated in the **Social**

Housing Rental Program Policy Manual Section 5 Leaving Housing, Policy 5.05 Outstanding Balance at End of Tenancy).

Tenants with a household income that exceeds the Program Income Limit may be eligible for the program. See [Asset Repurposing Policy 2.01 Homeownership](#).

Tenants who own property that they do not reside in and that property generates income that has been included in the total household income when determining eligibility for the Rural Homeownership Program will be considered for the program.

Tenants who own property that they do not reside in and that property does not generate income: vacant land, farm land not in production and/or the property has an uninhabitable dwelling situated on it may be considered for the program.

GUIDELINES:

When an applicant has been approved for the program, Manitoba Housing provides new homeowners with home maintenance information.

RATIONALE:

Manitoba Housing offers eligible properties in rural communities where there is a predominance of social housing relative to the private rental market and there is limited or no option for private homeownership.

Homeownership is a desired financial and social objective. Homeowners are connected to and invested in communities. Affordable homeownership can provide stability and improve the well-being of a household. Owning a home typically grows a household's net worth. Applicants under the Social Housing Rental Program (SHRP) are assessed based need and the SHRP Program Income Limits. All income from all household members is used to determine eligibility. This includes self-employment income, rental income or farming income. If an applicant applying for the Rural Homeownership Program is a tenant and, the household income includes income that is derived from

owning a property and, that tenant is under the program income limits for the Rural Homeownership program, they are able to apply for homeownership under this policy.

An objective of the SHRP is to support and promote successful tenancies and enable households with capacity to transition to alternate housing options. The Rural Homeownership Program supports this objective by allowing tenants with capacity the opportunity to purchase their home if eligible.

SECTION 3

VACANT PROPERTIES

RURAL HOMEOWNERSHIP PROGRAM		BOARD APPROVED: April 26, 2017
SECTION 3 VACANT PROPERTIES	SUBSECTION 3.01 Applicant Eligibility	

POLICY:

To be eligible to purchase a **vacant property** under the Rural Homeownership Program an applicant must:

- complete the application and provide all required supporting documentation;
- qualify for a mortgage, funding such as a loan or be able to purchase the home directly;
- pay all outstanding balances owed to Manitoba Housing as stated in the **Social Housing Rental Program Policy Manual Section 5 Leaving Housing, Policy 5.05 Outstanding Balance at End of Tenancy.**
- have a gross annual household income at or below the Rural Homeownership Program Income Limits;
- not own any real property (e.g. a **second home or vacation property**); and
- make the property the primary residence of the approved applicant(s).

Vacant units which have not been purchased by a qualified applicant within a specified timeframe will be offered for sale to partners and to the public. **See Policy 2.02 Sale to Partners and 2.03 Sale to Public, Asset Repurposing Policy.**

EXCEPTION:

Applicants who have an outstanding balance with Manitoba Housing will be considered for the program if they meet the requirement as stated in the **Social Housing Rental Program Policy Manual Section 5 Leaving Housing, Policy 5.05 Outstanding Balance at End of Tenancy).**

Applicants who own vacant land, farm land that is not in production or a property and/or the property has an **uninhabitable** dwelling situated on it may be considered for the program.

GUIDELINES:

When an applicant has been approved for the program Manitoba Housing provides new homeowners with home maintenance information.

RATIONALE:

Upon completion of sale, Manitoba Housing holds no interest in the property, has no legal rights to the property, provide no subsidies, insurance or assistance of any kind.

Manitoba Housing offers eligible properties in rural communities where there is a predominance of social housing relative to the private rental market and there is limited or no option for private homeownership.

Homeownership is a desired financial and social objective. Homeowners are connected to and invested in communities. Affordable homeownership can provide stability and improve the well-being of a household. Owning a home typically grows the net worth of households.

Applicants who own assets such as land, farmland not in production and/or an uninhabitable dwelling situated on the property may still be considered for the program as the asset is not considered to be home. The asset may have little or no value or there is no market for resale. These properties are uninhabitable therefore the applicant(s) are not "homeowners."

When a property cannot be sold to a qualified household to create homeownership opportunities, or to support community development, Manitoba Housing will consider selling the viable property to partners or to the public. **See Asset Repurposing Policy 2.03.**

SECTION 4

FUNDING

RURAL HOMEOWNERSHIP PROGRAM		BOARD APPROVED: April 26, 2017
SECTION 4 FUNDING	SUBSECTION 4.01 Down Payment Assistance	

POLICY:

To be eligible for down payment assistance under the Rural Homeownership Program, an approved applicant must have an annual gross household income at or below the Rural Homeownership Program Income Limit.

Manitoba Housing will approve funding at 10% of the purchase price as a contribution toward the down payment for the home in the form of a forgivable loan that both parties agree to and execute.

GUIDELINES:

- Approved applicants agree and enter into a Forgivable Loan Agreement with Manitoba Housing.
- Manitoba Housing explains the terms of the agreement to the approved applicant before signing.
- Terms and conditions of the agreement include but are not limited to:
 - Length of the agreement, if a five year period where the approved applicant must occupy the unit as the principal residence;
 - Manitoba Housing monitors the occupancy of the home for the length of the agreement; and
 - Forgivable loans are pro-rated and payable should the applicant sell the home or default on the terms and conditions of the agreement within the five year period.

RURAL HOMEOWNERSHIP PROGRAM		BOARD APPROVED: April 26, 2017
SECTION 4 FUNDING	SUBSECTION 4.02 Second Mortgage	

POLICY:

To be eligible for second mortgage funding under the Rural Homeownership Program, an approved applicant must have an annual gross household income at or below the Rural Homeownership Program Income Limit.

Manitoba Housing will approve funding at 15% of the purchase price to reduce the first mortgage in the form of an interest free mortgage that both parties agree to and execute.

GUIDELINES:

- Approved applicants agree and sign a second mortgage encumbrance that is registered on the property's title until:
 - sale of the unit;
 - the 2nd mortgage has been repaid;
 - expiry of the fifteen year term of continuous ownership and residency in the property; or
 - death of the applicant.
 - In all cases forgiveness is not pro-rated.
- The second mortgage is not transferred on resale or bequeath of the property.
- Manitoba Housing explains the terms of the agreement to the approved applicant before signing.
- Terms and conditions of the agreement include but are not limited to:
 - Length of the agreement; if a fifteen year term where the approved second mortgage, the owner must occupy the home as their principle residence for fifteen years;
 - Manitoba Housing monitors the occupancy of the home for the length of the agreement; and
 - If the approved applicant relocates or sells the property within 15 years, the full amount of the second mortgage is due and payable to Manitoba Housing.

RURAL HOMEOWNERSHIP PROGRAM		BOARD APPROVED: April 26, 2017
SECTION 4 FUNDING	SUBSECTION 4.03 Cash Grants and Fees	

POLICY:

To be eligible for a non-repayable cash grant under the Rural Homeownership Program, an approved applicant must have an annual gross household income at or below the Rural Homeownership Program Income Limit.

Manitoba Housing will approve a cash grant up to a maximum of \$1,500 to reduce closing costs such as:

- Legal fees;
- Moving costs;
- Home Inspection; and
- Utility connection costs.

To be eligible for land transfer tax fees funding, an approved applicant must have an annual gross household income at or below the Rural Homeownership Program Income Limit.

GUIDELINES:

- The cash grant is payable through the reduction of the purchase price on final closing.
- The grant does not cover the cost of mortgage insurance and registration.
- The land transfer taxes fees are paid directly by Manitoba Housing and are not advanced until the signing of the Forgivable Loan Agreement.

RELATED LEGISLATION

The Housing and Renewal Corporation Act Section 7(2)(a) Acquisition of Property:

Notwithstanding the provisions of The Land Acquisition Act but in compliance with that Act relating to the Land Value Appraisal Commission, the Corporation has the power (a) to acquire by lease, purchase, expropriation, or otherwise such real property as is required for the purposes of the Corporation and this Act and to dispose of that property when no longer required.

Conflict of Interest

- Manitoba Government's of Manitoba's *Principles & Policies for Managing Human Resources* (section 3.2.1 – Conflict of Interest)

DEFINITIONS

Property: single detached or semi detached property owned by Manitoba Housing (see semi-detached and single-detached).

Second Property /Vacation Property: a property that someone owns but lives in only for short periods of time and does not reside in permanently.

Semi-detached (property): one of two dwellings attached side by side (or back to back) to each other, but not attached to any other dwelling or structure (except its own garage or shed). A semi-detached dwelling has no dwellings either above it or below it, and the two units together have open space on all sides.

Single-detached (property) : a single dwelling not attached to any other dwelling or structure (except its own garage or shed). A single-detached house has open space on all sides, and has no dwellings either above it or below it. A mobile home fixed permanently to a foundation is also classified as a single-detached house.

Uninhabitable: a property that is uninhabitable is generally missing one or more of the following criteria:

- plumbing and heating systems that work properly;
- windows and doors that fit and close properly and securely;
- homes that are resistant to the elements and moisture damage;
- homes that are free from the infestation of pests that can transmit disease;
- floors, walls and surfaces that can be cleaned and kept clean;
- safe indoor air; and
- the property is uninsurable.

Vacant Properties: A Manitoba Housing and Renewal Corporation single or semi-detached building that has been untenanted/vacant for six or more consecutive months, or has been vacant (unoccupied) six or more months in the previous 36-month period.