

UBC Restricted Resale Capped Appreciation Program

Description of Key Terms

(Updated February 12, 2014)

The Restricted Resale Capped Appreciation Program is one of two options in UBC's Home Ownership Program intended to assist full-time tenured and tenure-track faculty at UBC's Vancouver campus with the purchase of a new home on the campus. The Program was developed to support the long term development of a thriving, diverse and sustainable community on UBC's Vancouver campus. Housing choice and affordability and their effect on UBC's academic mission have been identified as high priorities for faculty. The Program is designed to help recruit and retain the highest caliber of faculty needed to ensure UBC's continued research and training excellence.

The Restricted Resale Capped Appreciation Program involves UBC Properties Trust development of a limited number of new housing units on-campus for sale only to tenured and tenure-track faculty approved through the process referenced in UBC's Eligibility, Allocation and Occupancy Policies. These new units will be sold to approved faculty at 33% below benchmark value for a comparable unit in the unrestricted market. A faculty member may remain in a unit purchased under this program indefinitely as long as they continue to meet eligibility requirements. At time of resale, the unit must be offered for sale first to the priority faculty buyer pool as outlined by the UBC Housing & Relocation Services office. The resale price is limited to the lesser of the original purchase plus a faculty salary increase index, or to 33% below appraised benchmark value. Original 33% purchase price savings to faculty on a new home in this program, will be deemed a taxable benefit to be paid up front. This program is described more specifically under the section headings below.

A pilot project of approximately 36 units will initially be designed and built under the Program subject to sufficient demand. Additional projects will be subject to Board of Governors approval following the pilot program review. This project forms part of a larger 3 year pilot program approved by the Board of Governors to offer 150 capped appreciation units or 2nd Mortgage Loans, combined. More details on the Second Mortgage Program are also available on this website.

Purchase Details

- Available for tenured and tenure-track faculty only, and final selection for the limited number of units is subject to the Eligibility, Allocation and Occupancy Policies (Sections 3.1, 3.2 and 3.3). Each eligible purchaser ("Purchaser") will be approved by the University of British Columbia (UBC).
- UBC Properties Trust (UBCPT) will design and build the pilot project. UBCPT will obtain approval for the project by way of a Development Permit issued by UBC Campus & Community Planning. Upon issuance of a Development Permit, UBCPT will be able to initiate Pre-Construction Sale contracts for individual homes with each Purchaser, in the following manner:
 - Development Permit drawings indicating the layout of each home and general building design will be available.
 - Specifications of the building and applicable finish materials will be provided by UBCPT.

- As required under the Real Estate Development and Marketing Act, a Disclosure Statement will be provided by UBCPT.
- Like other homes on campus, “purchase” means acquiring a 99-year prepaid lease.
- The purchase price of each new home will be 33% below the benchmark price of comparable homes in an unrestricted market.
- A taxable benefit on the initial 33% savings is assessed in the first year after purchase. The income tax payable on the taxable benefits will be the responsibility of the Purchaser. Purchasers must obtain their own legal and accounting advice regarding taxable benefits and entering into a Purchase & Sale contract.
- The construction period for the pilot project will result in building completion in early 2016 (to be further specified in the Disclosure Statement).
- UBCPT will require at least 80% of the homes to be committed by way of Pre-Construction Sales Contracts, prior to committing the project to proceed.
- Upon completion of the project, each Purchaser completes the purchase of the strata lot designated in their Pre-Construction Sale contract, and becomes a “Designated Owner”.

Occupancy Policies

- Occupancy (and events triggering a resale requirement) must be in accordance with UBC’s Eligibility, Allocation and Occupancy Policies.
- The home must be the principal residence of the Designated Owner.
- The building will be a strata-titled building, and as such must have a governance structure as specified in the Strata Property Act. This requires a Strata Corporation and Council, along with adoption of bylaws governing occupancy. Bylaws and policies adopted by the Strata Corporation will need to comply with the Eligibility, Allocation and Occupancy policies, but are more geared to building operations and management.

Maintenance & Repairs

- Purchasers must maintain the property in good repair and condition at all times, and all costs will be borne by the Designated Owner. This includes all operating costs including, but not limited to, insurance, property taxes (or equivalent), utilities, strata fees, special assessments, maintenance & repair, etc.
 - For clarity, maintenance of common areas of the building is typically the responsibility of the strata corporation, paid through monthly fees paid by each Designated Owner. Maintenance of space within each home/strata unit is the responsibility of each Designated Owner.

Resale Policies

- To ensure that the Restricted Resale Capped Appreciation housing option at UBC remains affordable in perpetuity, there are limitations on appreciation and resale prices for these homes:
 - In an appreciating market, the resale price is capped at 33% below benchmark prices or the original purchase price plus the average faculty salary increase, whichever is less.
 - In the event of a decline in benchmark real estate values, for UBC's Restricted Resale Capped Appreciation housing values will also be correspondingly lower. UBC will not share in the loss.
 - Benchmark prices will be determined by appraisal at the time of resale.
 - Indices of faculty salary increases for the period of each Designated Owner's ownership of a unit will be made available by UBC.
 - While a home in UBC's Restricted Resale Capped Appreciation housing inventory may increase in resale value even with these restrictions, prospective purchasers seeking an investment that will appreciate significantly in value should not purchase these units.
- At time of resale, the unit must be offered to the next approved faculty buyer on the wait-list or to the next priority buyer pool as outlined by the UBC Housing & Relocation Services office, and pursuant to Section 3.4(v)(k) Eligibility, Allocation and Occupancy Policies.
 - UBC's Service Unit responsible for administering the program will maintain priority lists of potential purchasers.
 - UBC or UBCPT may exercise an option to purchase the unit.
 - In the event that UBC or UBCPT does not exercise this option, and after all other eligible purchaser groups are exhausted, the unit may be offered to the general public.
 - Any person who purchases the Restricted Resale Capped Appreciation unit (including a member of the public) shall be bound by all provisions respecting subsequent resale and maximum resale prices.
 - Policies are in place to accommodate owners' requests to move to a different size of unit or purchase a new Restricted Resale Capped Appreciation unit. Only one unit may be owned at a given time.
- Detailed polices, process and requirements for resale of Restricted Resale Capped Appreciation units can be found in the Eligibility, Allocation and Occupancy Policies (Section 3.j).

Other

- The tax payable on any taxable benefits will be the responsibility of the Designated Owner.
- The Designated Owner can temporarily rent their home, but only for and during the duration of a UBC pre-approved leave.