

**Supplementary Agreement
to the Affordable Housing Program Agreement made on the 13th day of December 2001
made this 9th day of September, 2004**

BETWEEN

Canada Mortgage and Housing Corporation ("CMHC")

AND

British Columbia Housing Management Commission ("BCHMC"):

WHEREAS, on the 13th day of December 2001, the Parties concluded an Affordable Housing Program Agreement (the "Original Agreement"), setting out the terms and conditions for increasing the supply of off-reserve Affordable Housing in British Columbia ("Phase I"), and they intend to continue to carry out that Agreement for implementing that Phase I;

AND WHEREAS, the Parties wish to conclude a supplementary agreement (this "Supplementary Agreement") for the implementation of a second phase of increasing the supply of Affordable Housing in accordance with the terms and conditions set out in this Supplementary Agreement ("Phase II"), as well as make certain amendments to the Original Agreement;

NOW THEREFORE, CMHC and BCHMC agree as follows:

PART A: PROVISIONS APPLICABLE ONLY TO PHASE II

1. APPLICATION

This Part A of this Supplementary Agreement applies only to the CMHC Funding and Contributions by Others for the purposes of Phase II, pursuant to commitments made by BCHMC only from and after April 1, 2003 to not later than March 31, 2007.

2. FINANCIAL PROVISIONS FOR PHASE II

- 2.1** For the purposes of Phase II, Contributions by Others will be not less than \$41.68 million, which is in addition to the Contributions by Others pursuant to the Original Agreement. For the purpose of matching CMHC Funding for Phase II, Contributions by Others shall consist only of contributions by the Government of British Columbia and contributions by municipalities. The value of ongoing contributions for a Project will be the present value of the projected annual contributions for a period that is not longer than the term of the contribution agreement for that Project between BCHMC and the Project sponsor.

- 2.2 CMHC agrees to contribute, in addition to the maximum amount of \$88.7 million Phase I CMHC Funding stipulated in the Original Agreement, a maximum amount of \$41.68 million in CMHC Funding to be used only for the delivery and administration of Program A1 "Homes BC" and Program A2 "Seniors Supportive and Assisted Living Program" under Phase II pursuant to this Supplementary Agreement. Only rental Units conforming to section 4 are eligible for Phase II.
- 2.3 For each Unit, the maximum amount of CMHC Funding shall not exceed the lesser of (i) \$75,000 and (ii) 50% of the Capital Costs for that Unit, in each case including Program Management and Administration Costs. The amount of CMHC Funding used for a Unit shall not in any event exceed the sum of the contributions by the Government of British Columbia and the municipality used for that same Unit.
- 2.4 For the purposes of paragraph 2.3, for each Unit up to a maximum of 30% of the combined contributions by the Government of British Columbia and the municipality may come from the municipality.
- 2.5 Within Phase II, any reallocation of the contributions by the Government of British Columbia and the municipalities between Phase II of Program A1 and Phase II of Program A2 must be consistent with paragraphs 2.2, 2.3 and 2.4 above.
- 2.6 Not later than seven months after the end of each of the 2003/2004, 2004/2005 and 2005/2006 Fiscal Years, BCHMC shall provide CMHC with a summary of Phase II commitments of CMHC Funding for that Fiscal Year as of six months after the end of that Fiscal Year. CMHC may cancel any CMHC Funding for that Fiscal Year which has not been so committed in accordance with Schedule B for Phase II.
- 2.7 For the 2006/2007 Fiscal Year, BCHMC shall provide CMHC with a summary of Phase II commitments of CMHC Funding to March 31, 2007 not later than April 30, 2007. CMHC may cancel any CMHC Funding which has not been so committed in accordance with Schedule B for Phase II.

3. PAYMENT PROCEDURES FOR PHASE II

- 3.1 No claim will be paid by CMHC unless it is received not later than 90 days after the end of the Fiscal Year in which its Costs were incurred, but in any event not later than March 31, 2008.
- 3.2 Notwithstanding paragraph 3.1, CMHC will accept claims for Costs incurred in the period from April 1, 2003 to March 31, 2004 up to 120 days following the execution of this Supplementary Agreement.

4. PROGRAM DELIVERY AND ADMINISTRATION FOR PHASE II

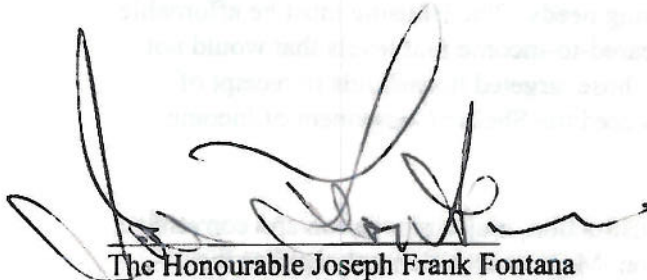
- 4.1 CMHC Funding shall be used only in respect of Program A1 and Program A2 Projects of Affordable Housing for the benefit of low-income households who are on, or are eligible to be on, a waiting list for social housing, in a manner approved by BCHMC, and who reside in urban centres with considerable housing needs. The Housing must be affordable to these targeted households on the basis of geared-to-income rent levels that would not exceed 30% of total household income, or for those targeted households in receipt of Income Assistance the rent charged will not exceed the Shelter Component of Income Assistance.
- 4.2 CMHC Funding may be used only for new construction, major renovation and conversion from non-residential with or without acquisition. Major renovation only applies for Affordable Housing Units needing work that is beyond what could be addressed by RRAP and which would otherwise be lost from the Affordable Housing stock. CMHC Funding shall be used for rental Projects only, excluding lease-to-own and life-tenancy Projects.
- 4.3 Within 30 days following the execution of this Supplementary Agreement and before making the first claim for payment of CMHC Funding, BCHMC shall provide CMHC with a plan. The plan shall be in a format agreed to by the Parties and shall set out both by municipality and by Program (i) the intended number of qualifying Units, and (ii) the intended amount of CMHC Funding to be used. The plan will ensure that CMHC Funding is used in accordance with this Supplementary Agreement.
- 4.4 BCHMC will ensure that, for a minimum period of 10 years, the Units produced under this Supplementary Agreement will be affordable to, and occupied by, low-income households.

PART B: PROVISIONS APPLICABLE TO BOTH PHASE I AND PHASE II

5. For the purposes of both Phase I under the Original Agreement and Phase II under this Supplementary Agreement, effective April 1, 2002, Schedule B to the Original Agreement is hereby replaced with revised Schedule B appended to this Supplementary Agreement.
6. For the purposes of both Phase I under the Original Agreement and Phase II under this Supplementary Agreement, effective for Fiscal Years after March 31, 2003, Schedule C to the Original Agreement is hereby replaced with revised Schedule C appended to this Supplementary Agreement.
7. For the purposes of both Phase I under the Original Agreement and Phase II under this Supplementary Agreement, effective the date of this Supplementary Agreement, Schedule D to the Original Agreement will hereby be replaced with a revised Schedule D which the Parties agree to finalize within 30 days following the execution of this Supplementary Agreement.


8. All other provisions of the Original Agreement apply to this Supplementary Agreement, insofar as they are not inconsistent.

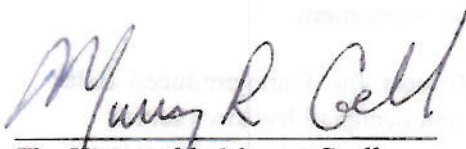
This Agreement is executed on behalf of the Parties by their duly authorized officers:



The Honourable Joseph Frank Fontana
Minister of Labour
Minister for Canada Mortgage and
Housing Corporation and the National
Housing Act

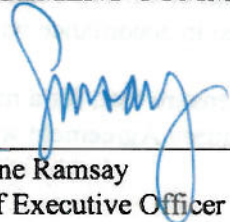
**CANADA MORTGAGE AND HOUSING
CORPORATION**

per 
Karen Kinsley
President



The Honourable Murray Coell
Ministry of Community, Aboriginal and
Women's Services
Minister responsible for British Columbia
Housing Management Commission

**BRITISH COLUMBIA HOUSING
MANAGEMENT COMMISSION**

per 
Shayne Ramsay
Chief Executive Officer

**Revised Schedule B to the Affordable Housing Program Agreement of December 13, 2001
per section 5 of the Supplementary Agreement dated September 9, 2004,
effective April 1, 2002**

**SCHEDULE B
CMHC FUNDING ALLOCATIONS AND EXPENDITURES,
AND CONTRIBUTIONS BY OTHERS**

Part One - CMHC Funding Allocations

	CMHC Funding (millions of dollars)					
	2002/03	2003/04	2004/05	2005/06	2006/07	Total
Phase I	23.61	13.24	30.16	21.69		88.70
Phase II		0.00	0.00	20.84	20.84	41.68
Total Allocation	23.61	13.24	30.16	42.53	20.84	130.38

Part Two - Planned CMHC Funding Expenditures

Program	CMHC Funding (millions of dollars)						Total
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	
Urban Programs							
Homes BC (Phase I)	19.96	9.74	3.66	0.00	0.00		33.36
Homes BC (Phase II)			0.00	10.00	10.00	10.00	30.00
SSALP (Phase I)	0.00	2.96	22.49	12.73	7.19		45.37
SSALP (Phase II)			0.00	3.76	3.76	3.76	11.28
<i>Subtotal Urban</i>	19.96	12.70	26.15	26.49	20.95	13.76	120.01
Remote Programs							
Homes BC (Phase I)	3.65	0.00	0.15	0.00	0.00		3.80
SSALP (Phase I)	0.00	0.16	3.69	1.60	0.00		5.45
<i>Subtotal Remote</i>	3.65	0.16	3.84	1.60	0.00		9.25
Administration - Phase I	0.00	0.38	0.17	0.17	0.00		0.72
- Phase II			0.00	0.00	0.20	0.20	0.40
Total	23.61	13.24	30.16	28.26	21.15	13.96	130.38

Part Three - Planned Contributions by Others

Program	Total Amount of Expenditure (\$ millions)	Contributing Party		Nature of Contribution*
Homes BC (Phase I)	95.35	Province of B.C., Municipalities		PV of 10 years of rent subsidies
	19.95	Housing Sponsors, Health Regions		Land, cash and fee discounts
SSALP (Phase I)	81.80	Province of B.C., Municipalities		PV of 10 years of rent subsidies
		Housing Sponsors, Health Regions		Land, cash and fee discounts
Subtotal	197.10			
		Contributing Party		
		Party	Share (\$ millions)	Nature **
Homes BC (Phase II)	30.00	Province	21.00	Land, cash and PV of stream of rent subsidies
		Municipalities	9.00	Land, cash and fee discounts
SSALP (Phase II)	11.28	Province	7.90	Land, cash and PV of stream of rent subsidies
		Municipalities	3.38	Land, cash and fee discounts
Administration (Phase II)	0.40			
Subtotal	41.68			
Total	238.78			

* May include cash, appraised value of land, present value of up to a 10-year stream of payments (e.g. rent supplement subsidies) calculated in a manner acceptable to CMHC.

**May include cash, appraised value of land, present value of a stream of payments for a period not longer than the term of the contribution agreement between BCHMC and the Project sponsor (e.g. rent supplement subsidies) calculated in a manner acceptable to CMHC.

Part Four - Planned Eligible Unit Commitments

Program	Estimated Number of Units					
	2001/02*	2002/03*	2003/04*	2004/05	2005/06	2006/07
Urban Programs						
Homes BC (Phase I)	0	1,154	320	161	0	
Homes BC (Phase II)			0	133	133	134
SSALP (Phase I)	0	0	205	893	412	
SSALP (Phase II)			0	50	50	51
<i>Subtotal Urban</i>	0	1,154	525	1,237	595	185
Remote Programs						
Homes BC (Phase I)	0	146	0	0	0	
SSALP (Phase I)	0	0	4	146	80	
<i>Subtotal Remote</i>	0	146	4	146	80	
Total	0	1,300	529	1,383	675	185

* - Actual Unit Commitments.

