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January 31, 2014

Mr. Thom Armstrong
Co-operative Housing Federation of British Columbia
220 - 1651 Commercial Drive
Vancouver, BC
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RE: Treatment of Subsidy Surplus Funds upon Maturity of Operating Agreements

As you may be aware, on November 21, 2013 the Honourable Candice Bergen, Minister of State for Social Development announced a policy change that will help support a number of existing social housing projects when their operating agreements mature.

Effective immediately, social housing providers whose operating agreements allow for the establishment of a Subsidy Surplus Fund can now retain any money they may have in this fund to use after their operating agreements mature

As you are aware, the Subsidy Surplus Fund is a component of the operating agreement that you entered into with Canada Mortgage and Housing Corporation (CMHC) under Section 95 (formerly Section 56.1) of the *National Housing Act*. This fund is comprised of unused federal assistance, up to a maximum of \$500 per unit, plus any interest earned. Under the terms of the operating agreement it is to be used solely for the purpose of lowering the cost of housing for low-income households.

Under the new policy, when operating agreements mature, housing providers will be able to retain any funds they may have in their Subsidy Surplus Fund and continue to use them to lower the cost of housing.

This policy change will be applied retroactively. This means that for housing providers whose operating agreements have already matured and who have repaid CMHC amounts that remained in their Subsidy Surplus Fund at the time of maturity, CMHC will reimburse the funds it collected, provided the project continues to be owned and operated by the social housing provider.

Sincerely,

Janice Rice
General Manager, CMHC BC Region