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Dear Providers:

**SECTION 219 COVENANT CHANGES – IN CONNECTION WITH INFRASTRUCTURE FUNDING**

Some concerns have recently been brought to the attention of BCNPHA within the federal infrastructure funding for redevelopment. For non-profit housing societies that own the land upon which the building being renovated is situated, these issues are important to monitor.

HFBC Housing Society, operated under the leadership of Barbara Bacon, was selected to receive federal infrastructure funding, and in consequence had to apply for a third mortgage to provide the matching funds. HFBC had donated the land for the development. Within this process, a new section 219 covenant would be lodged against the title of the property. Upon request for a copy of this new document, the following unsatisfactory clauses were discovered:

*D (iii) the Project and operation of the property for the Specific Purpose is or will be possible only as a result of the financial assistance to be provided by the Commission.*

*D (v) the Transferor is willing to give PRHC whatever covenants, restrictions , assurances, rights and remedies as are necessary to ensure that the foregoing objectives are carried out and the property is used for the Specific Purpose*

*Definitions:*

*1.1 "Eligible occupant" means an individual who meets the eligibility criteria prescribed in the Operating Agreement if an Operating Agreement is in force, or as the Commission may otherwise prescribe, so long as PRHC or the Commission has advised the Transferor in writing of such criteria;*

BCNPHA was concerned with the tone and tenor of the document, as well as the fact that it sought to increase the covenant to 60 years from the date of this third mortgage. The matter has been successfully and amicably resolved between HFBC and BC Housing.

We therefore urge all providers to carefully scrutinize the documentation. We have been assured by the CEO of BC Housing that a re-examination of the wording of this covenant is underway. In the interim, or if your documents have already been lodged, please examine them. If the wording in your documents resembles the wording above, please contact BCNPHA with your concerns and address the matter directly with BC Housing.

Yours sincerely

A handwritten signature in black ink, appearing to read "K Stone".

Karen Stone

Executive Director