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**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, JULY 06, 2022**

SUBJECT **902 Foul Bay Road Housing Agreement and Bylaw**

ISSUE SUMMARY

The Capital Regional District (CRD) Board must approve a bylaw that enables it to enter into a housing agreement with a developer in order to administer four (4) below-market home ownership units at a housing development proposed for 902 Foul Bay Road in the City of Victoria.

BACKGROUND

The CRD currently administers the resale control agreements on a number of below-market home ownership units within housing developments throughout the region.

The CRD's Regional Housing Division has been in discussions with the City of Victoria (the City) and Aryze Developments (the Developer), regarding a proposed housing development that will include four resale price-restricted, below-market housing units as part of the project. The unit mix of the below-market units will include two one-bedroom and two three-bedroom homes. The City and the Developer have requested the CRD administer resales of the below-market units.

The units are part of a proposed 18 unit strata development located at 902 Foul Bay Road in the City of Victoria. The terms of the Housing Agreement and Bylaw (Appendix A) require all sales of below-market units be restricted to a sale price no higher than 80% of Fair Market Value, as determined by an appraisal. Initial and subsequent sales will require a qualifying income level, which can be responsive to market conditions as they relate to increases in cost of living.

A resale control and administrative procedure based on best practice has been prepared within the Agreement to ensure the units may only be sold as described, and, in cases of hardship, may be rented at a below-market rate for up to two years at which time they must be re-occupied with an approved occupant or relisted for sale. The Agreement provides for cost-recovery measures to pay for the CRD's administrative services. Staff are taking the same resale control approach consistent with projects previously approved by the CRD Board whereby the CRD may take control in its own name in order to administer the provisions for any below market unit.

The City and the Developer have requested the CRD adopt this Agreement as a covenant and housing agreement within Section 483 of the *Local Government Act*, which further requires the CRD do so by way of bylaw.

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4501, "Resale Control and Housing Agreement Bylaw (902 Foul Bay Road), 2022" be introduced and read for a first, second and third time; and
2. That Bylaw No. 4501 be adopted.

Alternative 2

That the 902 Foul Bay Road Housing Agreement and Bylaw report be referred back to staff for additional information based on Hospitals and Housing Committee direction.

IMPLICATIONS

Financial Implications

The CRD is assessing a one-time fee of \$3,500 (plus tax) to the Developer to cover CRD costs associated with setting up the Housing Agreement and facilitating the approval of the bylaw. Administration of the resale control function and ensuring compliance with the terms of use of the affordable units has a cost associated with it, which is factored into the program by charging the buyer a fee of 0.5% of the gross selling price of the unit at completion (e.g., \$1,500 on a \$300,000 sale). The administration fee is subject to change with market fluctuations and consideration of staff time and other resources to ensure full cost recovery for the provided service.

Social Implications

For the moderate income households who are eligible to purchase and occupy these units, the economic implications of home ownership will be significant. The measure of resale control allows them to build a modest level of equity while also providing them with security of tenure. The resale control also ensure a degree of ongoing affordability that is available to future eligible buyers for the duration of the agreement.

Legal Implications

The property's rezoning is not yet final. Should the rezoning fail, CRD's practice is to repeal the associated housing agreement bylaw and discharge the covenant on the Developer's request.

CONCLUSION

The CRD has experience unique in the region, and the potential to enter into agreements with developers to administer the sale of affordable home ownership units aligns with the goals and objectives of the Regional Housing Affordability Strategy. The Developer and CRD staff have negotiated the Agreement, which includes the terms of use and matters related to the resale of units, and the Developer has executed the Agreement. The CRD has developed administrative procedures that ensure unit use conforms to the Agreement terms, provides greater authority for the CRD to act when use is non-conforming and provides the CRD adequate cost recovery for the provision of the program.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4501, “Resale Control and Housing Agreement Bylaw (902 Foul Bay Road), 2022” be introduced and read for a first, second and third time; and
2. That Bylaw No. 4501 be adopted.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Kevin Lorette, P. Eng., MBA, Acting Chief Administrative Officer

ATTACHMENTS

Appendix A: Bylaw No. 4501