



## REPORT TO CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, MARCH 13, 2019

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### **SUBJECT**      **Creation of Two Units of Affordable Housing**

### **ISSUE**

In order to support the Capital Regional District (CRD) administering two units of affordable ownership housing at 430 Parry Street in Victoria, BC, the approval of Bylaw 4289 is needed to allow the CRD to enter into a resale control that constitutes both a restrictive covenant under Section 219 of the *Land Title Act* and a housing agreement under Section 482 of the *Local Government Act* (the Agreement).

### **BACKGROUND**

The CRD's Regional Housing division has been in discussions with the City of Victoria and the developer of a proposed housing development at 430 Parry Street to create two units of resale price-restricted affordable housing as part of the project. The City of Victoria has requested the CRD administer these units, as the corporation currently administers similar units at Dockside Green. The two units are part of a proposed 11-unit strata development located at 430 Parry Street in James Bay, to be housed in a four-and-five-storey multi-unit residential building divided into two separate building masses. The terms of the development require the first sale of the affordable units to be at 20% less than market value, as determined based on an appraisal; first 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 as determined by Statistics Canada; second and subsequent sales are restricted to 15% less than market value.

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 an affordable rate for up to two years, prior to re-occupation or re-listing while rental continues. The Agreement includes cost-recovery provisions for the CRD providing the administration of these units.

The City of Victoria and the developer have requested the CRD adopt this Agreement as a covenant and housing agreement within Section 482 of the *Local Government Act*. The *Local Government Act* requires the CRD do so by way of a bylaw (Appendix A).

### **ALTERNATIVES**

#### *Alternative 1:*

- a) That Bylaw No. 4289, "Resale Control and Housing Agreement Bylaw (Parry Street), 2019", be introduced and read a first, second, and third time.
- b) That Bylaw No. 4289 be adopted.

*Alternative 2:*

That staff be provided with alternative direction.

**IMPLICATIONS**

**Current Practice at CRD**

The CRD currently administers the resale control agreements on the Dockside Green affordable units. However, as BC Housing, rather than CRD, is the charge holder on these agreements, CRD is often unable to effectively and inexpensively enforce their terms. Issues have also arisen when sellers cannot locate willing buyers, due to inflexibility in eligible income levels as set out in the Dockside Green agreements, which are not effectively pegged to inflation or affordable levels. As a result, as a best-practice staff are proposing the CRD take the re-sale control agreement in its own name, in order to most effectively administer the provisions within.

**Financial Implications**

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 assessed value upon completed sale of each unit (e.g., \$1,500 on a \$300,000 sale). In 2017, staff reviewed the Dockside program on the basis of the return on investment of staff time and other resources and found this to be a cost recovery approach. It should be noted that the administration fee will change with market fluctuations, hence charges may be adjusted in line with inflation over time, where required.

**Social Implications**

For the moderate income households who 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.

**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 recover for the provision of the program.

**RECOMMENDATION**

- a) That Bylaw No. 4289, “Resale Control and Housing Agreement Bylaw (Parry Street), 2019”, be introduced and read a first, second, and third time.
- b) That Bylaw No. 4289 be adopted.

Submitted by:	John Reilly, MSW RSW, Manager, Housing Planning and Programs
Concurrence:	Christine Culham, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services
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JR:mk

Attachment(s): Appendix A - Bylaw 4289