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## REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, FEBRUARY 03, 2021

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**SUBJECT**     1114 Rockland Housing Agreement and Bylaw

### **ISSUE SUMMARY**

The *Local Government Act* requires a bylaw to enable the Capital Regional District (CRD) to enter into a developer-initiated housing agreement to administer two below-market home ownership units at a housing development proposed for 1114 Rockland Avenue in Victoria.

### **BACKGROUND**

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

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

The units are part of a proposed development located at 1114 Rockland Avenue in the City of Victoria. The terms of the Bylaw and Housing Agreement (Appendix A) require all sales of below-market units be restricted to a sale price no higher than 90% of 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 as determined by Statistics Canada.

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, in the event the owner is in default with the terms of the agreement, the CRD may take control in its own name in order to most effectively administer the provisions for any below-market unit.

The City of Victoria 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 to do so by way of bylaw.

In this case, the Developer does not yet have ownership of the property being considered for rezoning. In order to provide assurance to the current property owner, the CRD has provided the Developer with a letter of assurance that the CRD will remove the covenant should the City of Victoria decide not to approve the rezoning application.

### **ALTERNATIVES**

#### *Alternative 1*

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

- a) That Bylaw No. 4398, "Resale Control and Housing Agreement Bylaw (1114 Rockland Avenue), 2021" be introduced and read a first, second and third time; and
- b) That Bylaw No. 4398 be adopted.

*Alternative 2*

The 1114 Rockland Avenue Housing Agreement and Bylaw report be referred back to staff with alternative direction from the Hospitals and Housing Committee.

**IMPLICATIONS**

*Financial Implications*

The CRD is assessing a one-time \$3,500 fee 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 time of completion (e.g., \$1,500 on a \$300,000 sale). Staff review and monitor the administration of previously approved projects on the basis of the amount of staff time and other resources in order to ensure full cost recovery for the provided service. It should be noted that the administration fee will change with market fluctuations, where required.

*Social Implications*

For the households who become able to purchase and occupy these units through a discounted price, the economic implications of home ownership will be significant. The measure of resale control allows the homeowner the opportunity 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 and the Developer has recommended a household income limit that has been identified as acceptable and will be presented to City of Victoria Council within the rezoning application. The Agreement 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 reasonable authority for the CRD to act when use is non-conforming and provides the CRD adequate cost recovery for the administration of the program.

**RECOMMENDATION**

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

- a) That Bylaw No. 4398, "Resale Control and Housing Agreement Bylaw (1114 Rockland Avenue), 2021" be introduced and read a first, second and third time; and
- b) That Bylaw No. 4398 be adopted.

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

**ATTACHMENT**

Appendix A – Bylaw No. 4398 "Resale Control and Housing Agreement Bylaw (1114 Rockland Avenue), 2021"