



**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, JUNE 5, 2019**

SUBJECT **Housing Agreement 1712-1720 Fairfield Road**

ISSUE

In order to support the Capital Regional District (CRD) administering two units of below-market ownership housing at 1712-1720 Fairfield Road, the approval of Bylaw 4306 (Appendix A) is needed to allow the CRD to enter into an agreement that constitutes both a restrictive covenant under Section 219 of the *Land Title Act* and a housing agreement (Appendix B) under Section 482 of the *Local Government Act* (the Agreement).

BACKGROUND

The CRD currently administers the resale control agreements on the Dockside Green below-market units on behalf of the Provincial Rental Housing Commission, and has entered into a Housing Agreement with Aryze Developments to administer two below-market home ownership units at a project approved by the City of Victoria (Victoria) for development at 430 Parry Street in Victoria.

The CRD's Regional Housing Division has been in discussions with Victoria and the developer regarding a proposed housing development in Victoria to create two units of resale price-restricted, below-market housing as part of the project. Victoria and Aryze Developments (the developer) have requested the CRD administer these units.

The two units are part of a proposed 20-unit strata development located at 1712-1720 Fairfield Road in the Fairfield neighbourhood, to be housed in three multi-unit residential buildings. The terms of the development require the first sale of the below-market units to be at 20% less than market value, as determined based on 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. All subsequent sales will be 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 a below-market 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. Staff are taking the same resale control approach taken in the 430 Parry Street project whereby the CRD takes control in its own name in order to most effectively administer the provisions for the units at 1712-1720 Fairfield Road.

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.

ALTERNATIVES

Alternative 1:

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

- a) That Bylaw No. 4306, "Resale Control and Housing Agreement Bylaw (1720 and 1720 Fairfield Road), 2019" be introduced and read a first, second, and third time; and
- b) That Bylaw No. 4306 be adopted.

Alternative 2:

That staff be provided with alternative direction.

IMPLICATIONS

Financial Implications

The CRD is assessing a one-time 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 upon completed sale for the unit (e.g., \$1,500 on a \$300,000 sale). In 2017, staff reviewed the Dockside program on the basis of the amount 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, 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 below-market 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.

RECOMMENDATIONS

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

- a) That Bylaw No. 4306, “Resale Control and Housing Agreement Bylaw (1720 and 1720 Fairfield Road), 2019” be introduced and read a first, second, and third time; and
- b) That Bylaw No. 4306 be adopted.

Submitted by:	John Reilly, MSW RSW, Manager Housing Planning and Programs
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JR:mk

Attachments: Appendix A - Bylaw 4306
Appendix B - 1712-1720 Fairfield Road Agreement