



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

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**SUBJECT**     **Housing Agreement 945 Pembroke Street**

**ISSUE**

In order to support the Capital Regional District (CRD) administering one unit of affordable ownership housing at 945 Pembroke Street in Victoria, BC, the approval of Bylaw 4305 (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 one unit of resale price-restricted, below-market housing as part of the project. Victoria and Linhar Projects Ltd. (the developer) have requested the CRD administer this unit.

The unit is part of a proposed 12 unit strata development located at 945 Pembroke Street in the North Park neighbourhood, to be housed in two 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 unit at 945 Pembroke Street.

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. 4305, "Resale Control and Housing Agreement Bylaw (Pembroke Street), 2019" be introduced and read for a first, second and third time; and
- b) That Bylaw No. 4305 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 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.

**RECOMMENDATIONS**

That the Hospitals and Housing Committee recommends to the CRD Board:

- a) That Bylaw No. 4305, "Resale Control and Housing Agreement Bylaw (Pembroke Street), 2019" be introduced and read for a first, second and third time; and
- b) That Bylaw No. 4305 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
Concurrence:	Kristen Morley, JD, General Manager Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

JR:mk

Attachments: Appendix A - Bylaw 4305  
Appendix B - 945 Pembroke Street Agreement