



**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, NOVEMBER 6, 2019**

SUBJECT Housing Agreement Program

ISSUE

A staff report is required to respond to a Hospitals and Housing Committee motion regarding the potential for a program to support municipalities and/or electoral areas in their efforts to work toward inclusionary housing.

BACKGROUND

At its February 6, 2019 meeting, the Hospitals and Housing Committee approved the following motion:

That staff be directed to report back to the Housing and Hospitals Committee on the potential for the Capital Regional Housing Corporation to operate and/or own units in privately developed buildings as a service to municipalities working towards inclusionary housing.

The Capital Region Housing Corporation (CRHC) and the Capital Regional District (CRD) have a history of supporting the administration of both affordable rental and below-market ownership housing units in market developments in the region.

Below-market Home Ownership

Dockside Green, City of Victoria

In 2009, the CRHC entered into a Memorandum of Understanding (MoU) with the Provincial Rental Housing Corporation (BC Housing) to administer resales of 26 below-market ownership condominiums within four Dockside Green properties. The MoU requires the units to be sold at a prescribed reduced price from the appraised market value.

To ensure that units continue to be sold at the agreed upon below market level, Dockside Green Ltd. entered into two separate Section 219 Covenants, Options to Purchase and Housing Agreements with BC Housing which are registered on the title of each unit. These Housing Agreements provide the details of the relationship between the CRHC and BC Housing as well as the administrative procedures governing resales. CRD Housing Planning and Programs staff administer the resales.

The current qualifying household income to purchase a unit is the region's median annual household income in 2017, or \$69,360. Over the past 10 years, the CRD has administered 23 resales at an average of 80% of market value. These services are provided on a cost recovery basis with the CRD assessing a 0.5% administrative fee based on the final sale price of each unit resale. Since inception, the CRD has collected a total of \$23,330.50 in administrative fees.

Recent Agreements

Between March and July 2019, the CRD Board has approved four new Bylaws and Housing Agreements that set the terms and conditions for the CRD, through the CRHC, to administer the resale of eight units of below-market ownership housing in four different projects within the City of Victoria. Details related to each project are summarized in Table 1.

Table 1 – Projects Recently Approved by the CRD

Location	Developer	Units		Unit Type
		Below Market	Total	
430 Parry Street	Aryze Developments	2	11	1 BR
945 Pembroke Street	Linha Projects Ltd.	1	12	1 BR
1712 & 1720 Fairfield Road	Aryze Developments	2	20	1 BR
208-242 Wilson Street	Citizen Design Build Inc.	3	34	2 BR

The terms of resale contained in the agreements registered on title for these projects are similar to those for the Dockside Green program. However, the agreements for these projects also include additional requirements that will mitigate the risk of the units being used in ways that are contrary to the terms of the overall agreements. These requirements include:

- identification of the CRD as the final arbiter of the agreed upon sale price for each unit;
- provisions made for the CRD to market and sell the unit in cases of foreclosure;
- more alternatives in hardship cases that allow owners to rent units for no more than two years at below market rates; and
- stronger remedies to ensure compliance in cases where owners are found to be in contravention of the terms of the covenant.

Affordable Rental

Travino, District of Saanich

In 2011, the District of Saanich and Geric Construction entered into a Housing Agreement, requiring Geric Construction to set aside five units for a 10-year period to be rented at 85% of CMHC average market rents to households that meet the income to rent guidelines. The CRHC entered into a MoU with the District of Saanich to provide the administration of this agreement on its behalf.

CRHC is responsible for the verification of income information and rent levels and receives a copy of the tenancy agreement for these five units during the life of the agreement. CRHC receives a fee of \$150 each time a new tenant is being housed in one of these units. The CRHC and the District of Saanich are responsible for their own costs with respect to the obligations under the MoU.

ALTERNATIVES

Alternative 1:

That the creation of a Housing Agreements Program that includes bylaws, covenants, housing agreements and any other required agreements, as outlined in Appendix A to support municipalities and electoral areas in their efforts to implement inclusionary housing practices be approved.

Alternative 2:

That the report be referred back to staff for further review based on Hospitals and Housing Committee direction.

IMPLICATIONS

Operational Implications

The proposed role and activities of the CRD within this program are based on best practices and are outlined in Appendix A. The Program Description also outlines the roles and authority of partnering municipalities and developers, the process for entering into a housing agreement with the CRD and the fee schedule for the program.

Intergovernmental Implications

Section 483 of the *Local Government Act* enables the CRD, by bylaw, to enter into housing agreements that establish the form of tenure and availability of housing units to identified populations, as well as the administration and management of units and the rates to be charged for the services required. This legislation has allowed the CRD and the CRHC to offer services on a cost-recovery basis to member municipalities and electoral areas requesting support in ensuring that units within privately held developments are achieving the given municipal authority's affordable housing objectives.

Approval of the program will allow staff to develop operating procedures and qualifying criteria to support the program. The program structure is required in order to formalize the parameters through which the CRD will enter into formal agreements with municipalities and/or private sector developers.

Financial Implications

Analysis of the administrative costs of these existing practices has helped provide a basis for ensuring the program would be operating on a full cost-recovery basis. There would also need to be an effort made to align income qualification standards with respect to defining affordability with best practices by other organizations, most notably BC Housing, as it relates to low and moderate household income within both the rental and ownership markets.

The current interest among regional municipalities and electoral areas suggest such actions by the CRD would lead to an increase in demand for such services. Regional Housing will monitor service demand and adjust staffing to manage this through current CRD budget and service planning processes.

CONCLUSION

The CRD and CRHC have a history of providing services on a cost-recovery basis to assist municipalities and electoral areas in delivering affordable and below-market housing programs that align with their inclusionary housing practices. The CRD has demonstrated responsiveness when asked, on an as-needed basis, to create such services; however, there currently are no formalized policies or procedures to support advancing these services as a CRD or CRHC program. Considering the success that the CRD and CRHC have experienced to date with these services, the most promising course of action would be to create and promote a formal Housing Agreements Program to assist municipalities and electoral areas in implementing inclusionary housing practices. It is recommended that this program include the administration of affordable rental units within purpose-built rental buildings only, and sales and resales of below-market units within ownership-based developments.

RECOMMENDATION

That the creation of a Housing Agreements Program that includes bylaws, covenants, housing agreements and any other required agreements, as outlined in Appendix A to support municipalities and electoral areas in their efforts to implement inclusionary housing practices be approved.

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JR:mk

Attachments: Appendix A – Program Description – Housing Agreement Program