

Tofino Ratepayers Association



July 12, 2020

Greetings members,

Something happened in Tofino 15 years ago, from which we have yet to recover. Decisions were made about housing. It has affected the life of the community and affordability for those living here and those wanting to live here. It affects the cost of living in Tofino. It has serious consequences for taxpayers and other residents going forward.

What happened is a case of the path both chosen, and the path not chosen. It may sound silly, but we didn't have to make that decision at all. Instead of going all in for one thing we could have gone for both in appropriate measure.

Of course, I am being cryptic to rouse your curiosity. I will now give you an account of the two paths first one, then the other, but remember. One didn't happen before the other. They both happened simultaneously. A choice was made. There is an obvious connection between the two.

Path One

Fifteen years ago, the DOT started a Housing Committee. It was to facilitate "affordable housing", "rental housing" etc. District land was identified that could be used for such purposes, and a generous budget of \$400,000 was put in front of the committee for its work. The vision was clear and talk ran high. The housing problems of Tofino, such as they were, would be ameliorated. After failing to achieve any of its core objectives in the subsequent two years, the money was gone. Years of struggle ensued with on again off again effort.

Fast forward to current events. We now have the offspring of the DOT housing committee in the form of the Tofino Housing Corporation (THC), created a few years ago. A Municipally owned corporation created for the same purpose as the previous committee. A corporation created by council and ultimately responsible to council and the people of Tofino.

A look at the recent financial statements of the new THC is cause for alarm. (See attached THC general ledgers for 2018 and 2019.)

Total of \$833,459 for Consulting fees, Management fees and Professional fees in two years without any construction. Proposals for massive giveaways in the matters of waiving standard municipal fees, development costs, amenity contributions, etc. Raw land valued at over \$400,000 transferred for a dollar and, we understand, later to be leased at no cost for a 50-year period. See attached: 'Notice of Disposition' and what the Community Charter requires for the 'Disposition of Parkland.' All to fall to the benefit of outside companies and corporations who act as consultants, who will collect the subsidized income stream while local players were given short shrift. (See online September 2017 Minutes of THC meeting <https://tofino.civicweb.net/document/69254>) There are suggestions of improprieties, conflicts of interest and self-interest. There are accusations of a lack transparency surrounding the giving away of municipal assets. It would take a many paged report to catalogue all the issues. (Attached is one informed letter.)

Some councillors claim to know nothing of this. Councillors who do not sit on the board have said this has nothing to do with them. But, it is only the council of the District of Tofino, sitting as council, who can consent to the disposition of public land and the relief of legal obligations regarding fees and charges contained in local bylaws. No private corporation, particularly one largely composed of

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unelected personnel, can give such consent.

And still no product. After 15 years not one unit has been produced. If converted to 2020 values in the order of \$1.5 to \$2 million has been spent. But our concerns are misplaced. We are told this is all to come to fruition soon.

The District of Tofino was hiring the new director/consultant for what was to become the THC in 2017. In his initial proposal he outlined his vision of the way forward for the THC. In this vision he referenced an idea that had been circulating since the start of the original housing committee. The idea was that private sector development did not cater to or satisfy the local population's housing needs, but rather some outsider market of wealthy people who wanted a residence in Tofino but not to live or work here. There was no factual basis presented to substantiate this position. In fact, it would be better understood as an urban myth. It takes only a few minutes of investigation to find out that all recent housing development in Tofino is almost completely owned and occupied by local Tofino people. That includes Yew Wood subdivision, Gibson Street subdivision, Sea Otter condos, Gateway condos. To believe the myth, you have to believe that all the people owning and occupying these places simply don't exist. The trend to local ownership continues with presale interests in Yew Wood Estates. Simply talk to the developers of these places. When did this cloud form over private development and why?

Path Two

For those who see condos going up at Yew Wood, and a few years ago at Sea Otter or see lots having been created at Gibson Street. Or before that Gateway Condos and think growth is happening, I have another story to tell. It is a story that starts at the same time as the creation of the first Tofino Housing committee. Simply put, 15 years ago Tofino stopped upzoning any significant parcels of land for residential development. Those current and recent developments referred to were all upzoned a long time ago and since then, nothing.

Yes, I said no significant parcels of land. Gibson Street was rezoned in the mid 90's. Gateway was actually a down zone from tourist commercial (hotel) to residential.

The last purely residential rezonings of significant property were Yew Wood and what came to be Sea Otter. After seemingly achieving approval 15 years ago both proponents struggled through years of serious litigation with the DOT. Only, in the end, to be vindicated after pointless waste of time and money. Since then, no significant parcels of land have been upzoned from acreage or rural to allow for the development of single-family lots or townhouses or rental units.

So the connection to be drawn is simple. When Tofino councils moved in the direction of public sector supported development, thinking that would solve their housing needs, they simultaneously moved, unwittingly for some and intentionally for others, away from approving private sector development. All manner of housing proposals have been offered up in the intervening years from trailer parks to raw land lots to strata titled subdivisions and condos. A few years ago it became apparent Tofino was not a place to try and do business and many have stayed away or given up. Tofino has acquired a reputation as a place not to even try.

Further evidence of the bias against private development is in evidence around the issue of water. The lack of water has been frequently used as a reason for not approving certain development proposals. CAO McPherson and other staff have proclaimed a new policy of not approving any rezonings until all the unused capacity of currently zoned land is built out. That policy, however, does not seem to apply

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to publicly sponsored development proposals of the kind we are currently seeing from the THC where rezonings are ongoing and in process.

A concerning fact. While the new policy on water was being proclaimed to the general public, the young THC, sought out legal opinion on a possible conflict of interest. Read the correspondence between the THC and their lawyer on pages 6-9 in January 2018 THC agenda and correspondence online <https://tofino.civicweb.net/document/75728#page6>)

Would the directors of the THC, a publicly owned Corporation, be in conflict when giving preferential treatment to THC proposals, while at the same time, making decisions to deny water to other development proposals that come before Council?

I would suggest it has not avoided that appearance. In addition, we now have another separate Corporation involved in receiving the benefits of that conflicted decision-making process. Being invited to participate in that benefit, and put in the position to out compete all, not only by a host of freebie's, but access to water as well which has been denied to others.

The Consequence

Have Tofino's housing problems been solved or gotten worse? Lately we see the proliferation of "temporary use permits" to allow impromptu trailer parks and campsites without sufficient standards or facilities. I do not criticize the operators, but this is a stop gap at best, and really, an embarrassment to the community.

There have been the aforementioned development activities, but the sad reality is the lack of approvals in the last 15 years means that the cupboard is bare.

The supply of product has been curtailed leading to inflated prices. Supply and demand. Economics 101.

The level and nature of public control and management of the housing development industry has failed the community, failed the taxpayers and failed the market. Actual mismanagement.

The current round of subsidies proposed by the THC for its proposals will result in none of the standard fees, DCC's, etc collected by the District. This is freeloading development. These fees are actually necessary to pay for the future inevitable improvements to road, water, sewer and the like. These improvements will still need to be financed without having the standard collection of money. Those shortfalls will have to be made up for, unfairly, by existing taxpayers. In an effort to create low-cost housing, the burden will fall to existing taxpayers.

Market housing contributes to municipal coffers. New water and sewer lines allow the district to collect more user fees. New roads and pedestrian paths are given to the District free. All the ensuing user fees, DCCs, Amenity contributions, Park dedications, Administration fees, and permits flow to the district. My own estimates of the Yew Wood example is that, all in, from the time of the original applications until a shovel could be put into the ground to commence construction of a home, the District had collected near \$40,000.00 per average lot in cash. The newly created properties immediately commence paying property taxes. Subsidised proposals with countless freebies drain public resources

Some THC discussions have included the subject of housing that may be owned but whose resale value is under restriction by way of covenant or some other mechanism to prevent its normal appreciation according to market forces. This would have the tendency to suppress its valuation and result in the

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property paying less tax than it otherwise would. Again, a burden that would fall to other taxpayers. But we are not supposed to be concerned.

The THC has derived significant amounts of its funding from the contributions of private development. Is there any recognition that curbing private development will directly hurt the activities of the THC itself?

The Way Forward

I believe the community needs to rethink what it is doing. What it has done and what it is going to do. Anything like the kind of subsidies being currently offered by the THC would, with proper negotiation, induce serious private developers to initiate rental housing (rental housing has actually been proposed but not made any headway with council) or rental components to new development that would satisfy the needs of those who are not seeking ownership. Here is one suggestion. Allow new subdivisions of residential development, zoned for principle residence for owner/occupant and secondary suites for long term rental only. Rental units created. Costs to Tofino? Nothing.

For many who want to commit to living in Tofino, home ownership would be their preferred option. Those seeking ownership would have more opportunity to retire with a nest egg of appreciated value to their investment. Yes, money would be made by developers, but also by their customers. Yes, I aspire to have more working people in Tofino do better. To be able to retire with a nest egg. You can't do that with renting. Very few inherently want government housing or institutional type living arrangements. We should be proud as Canadians to have the highest rates of home ownership in the world. It is most people's largest investment, source of their security. And wealth for our society.

We don't have to pillage the assets of the community. Public housing can fill in the gaps but should not be the mainstay of our plans going forward. Right now, Tofino has all its eggs in one basket. Make it the goal of the planning dept to achieve a 5% annual increase in housing stock of all kinds. Make their jobs more proactive to seek out opportunity and work with entrepreneurs to bring forward new proposals. Change the focus from "no" to "how can we make this work". Growth to the tax base, an increase in the number of owners and thus taxpayers would help spread and lower the burden of taxation to all. If councils can avoid excessive new spending. Developments which do not contribute to the tax base are a drain on the tax base. The more new subsidised housing projects that are created, which do not fully contribute to the tax base, the more you need development that does. Or existing taxpayers will unfairly see increases.

The creation of more private sector housing, not less, can only be beneficial to the housing needs of Tofino, to increasing the tax base and offsetting the tax burden to existing owners. Not everyone will be in a position to own, but that is no reason to deny water to private developments. Some developments will provide their own rental options. Particularly with encouragement. As well, most people who can achieve entry level ownership will leave behind a rental unit for someone else.

To deny a generation the opportunity of a sufficient supply of housing options, when they can be made available, is a selfish act and not part of any adequate solution.

As always, your comments and concerns are welcome.

Jack Gillie

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