



**MEMORANDUM**

To: District of Tofino Mayor and Council  
From: Ian Scott, Interim Executive Director  
Date: November 2nd, 2022  
Re: Tofino Housing Corporation – November 2022 – Fall Update

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The Tofino Housing Corporation (THC) has been providing these updates periodically over the last few years. This type of update was last provided in October 2021. This update accompanies the submission of the 2023 MRDT Affordable Housing Plan being submitted for Council consideration.

***CREEKSIDE (700 Sharp Rd)***

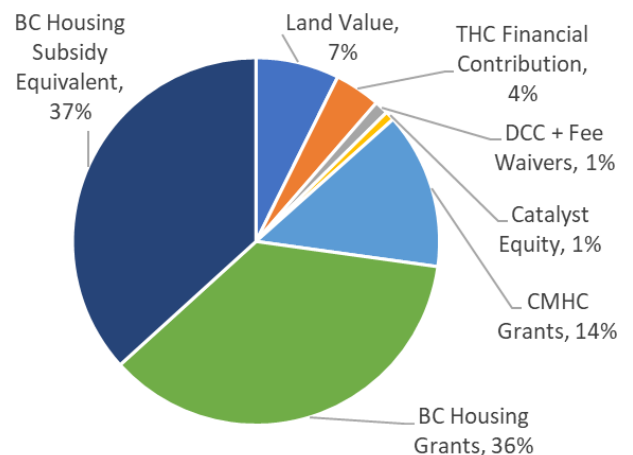
The most important news of the past year is that 14 households moved into Creekside at 700 Sharp Rd. There were a total of 90 applicants for the 14 units ranging in size from 1 bedroom to 3 bedrooms. Tenants moved in on May 1<sup>st</sup> and there are currently 23 adults and 11 minors with stable, affordable homes at Creekside.

There is a mix of below-market rentals, half which are more affordable and half of which are lower-end-of-market units. Rents range from \$864 to \$1703 and are estimated to be between approximately 20-50% below-market.

Tenants who applied by the deadline in January 2022 were randomly ordered for tenant selection. Catalyst Community Developments Society and their property manager then went through a process of matching tenants to units based on household size and income until all the units were filled. Unsuccessful applicants have been put on a waitlist and applicants will be able to reapply for Headwaters North and South.

***HEADWATERS NORTH (366 Peterson Drive) and HEADWATERS SOUTH (363 Peterson Drive)***

Both rental apartment buildings are now fully funded, financed and under construction. The rental buildings are being developed by the Catalyst Community Developments Society with financial support/funding from the BC Housing Community Housing Fund, CMHC Co-Investment, the Tofino Housing Corporation and District of Tofino. Combined BC Housing and CMHC are providing \$10.86 million in capital grants. BC Housing is also providing a long-term ongoing subsidy to support the below-market rents which is estimated to equivalent to approximately another \$8.0





million dollar capital grant. The operating subsidy allows for higher initial mortgage than might otherwise be the case and should decrease over time.

Headwaters North contains 35 units and Headwaters South contains 37 units. Headwaters North is expected to be ready for occupancy early fall 2023 and Headwaters South early in 2024. The apartments are part of BC Housing's Community Housing Fund program, which provides a mix of deep subsidy (20%), rent-geared-to-income (50%) and affordable market rents (30%).

Information is available at [www.tofinohousingcorp.ca](http://www.tofinohousingcorp.ca)/on household eligibility (similar to Creekside) and anticipated rents. There will be a separate application process and a random ordering of applicants for Headwaters.

THC and Catalyst will be hosting some information meetings and making more information available through our website as we get closer to the tenancy application dates. The anticipated schedule is

- Late fall 2022: Public Meetings and Survey with regard to Headwaters North/South rental offerings and consideration of Tofino Housing Corporation rental eligibility policy amendments (due to feedback from the Creekside rental process);
- Spring 2023: Specific information meetings related to the three Headwaters rental types
  - Lower rent homes affordable to those on fixed incomes and social assistance (20% of units)
  - Rent-Geared-Income for those with low to moderate incomes with rents that flex to 30% of household income (50% of units)
  - Affordable market rental units set at average market rents (30% of units)
- Late spring 2023: Application intake for Headwaters North & South (TBD whether a subsequent application intake will be available for Headwaters South)
- Summer 2023: Tenant selection for Headwaters North
- Late Summer/Fall 2023: Tenancy offers for Headwaters North about 5-6 weeks before move-in
- Fall 2023: Tenant selection for Headwaters South
- Late Fall 2023/early 2024: Tenancy offers for Headwaters South about 5-6 weeks before move-in

#### ***PETERSON DRIVE PRICE RESTRICTED RESIDENT RESTRICTED DUPLEXES***

THC has been working towards developing and selling 3 bedrooms plus 1 bedroom secondary suite half duplexes at 346 and 356 Peterson Drive as Price Restricted Resident Restricted (PRRR) homes. There are currently 3 other PRRR homes – two 1-bedroom townhouses and one 3-bedroom townhouse that were constructed as part of market developments.

THC has been working towards being the developer and selling the half duplexes as PRRR homes. An application process and Purchase Lottery was conducted in October with an announced price of \$699,000



plus GST. A total of 8 applications were received and two applicants withdrew from the process after further consultation with the THC. The remaining 6 applicants were randomly ordered and the top 3 applicants identified as being given the first opportunity to get mortgage pre-approval and sign a pre-construction purchase agreement. The remaining 3 applicants were also asked to seek mortgage pre-approval in case any of the top 3 applicants could not complete the pre-construction purchase agreement.

However, only 1 of the 6 applicants was able to obtain mortgage pre-approval and without sufficient buyers lined up, the project has been temporarily cancelled. THC is now in the process of assessing what to do next with those lots, including reviving the project under similar parameters.

Based on comments, feedback and observations to date we understand this outcome is related to a few different factors:

- With rising construction costs THC was uncomfortable selling for less than \$699,000 (THC was going to permanently invest about \$100,000 per half duplex in these below-market prices);
- With rising interest rates, home purchasers needed a household income of \$150,000 plus, even with the secondary suite mortgage helper;
- A number of households wanted to buy the home, live in the 1 bedroom suite and rent out the upstairs 3 bedroom or live in the 3 bedroom, but rent out both the suite and additional rooms in the upper unit; the contemplated Housing Agreement did not allow this and given the parking constraints THC decided to stay focused on the 3 bedroom unit being a home for one household; and
- A 3 bedroom home was a larger home than some applicants wanted, needed and/or could afford.

I am not sure if additional factors included lack of interest in the homes in this specific location, concerns with the home design or lack of knowledge about the specific process, but will be looking for ways to get that input.

### **SEASONAL STAFF ACCOMMODATION**

Since 2019 we have been exploring options on how THC might support the business community in efforts to provide more staff accommodation. Staff accommodation is housing provided by a business to one of its employees. This type of housing differs from the rental housing and PRRR housing as it is linked to employment with a specific business. Once an employee is no longer working for the business, the business is permitted to give notice.

THC has had more conversations with select members of the business community and potential developers of staff accommodation about getting a shared staff accommodation project underway. There are four to five landowners who the THC is aware are considering developing housing targeted at staff accommodation to meet their own and other businesses needs.



THC is hopeful that one or more of these projects will progress from the concept stage, to rezoning and ultimately development. We will continue to explore how we might play a role in making these projects a reality and support the small businesses who might become tenants or purchasers of these projects.

#### **OAP MRDT**

Revenues from the MRDT tax on short-term vacation rentals continue to be lower than in 2019, but better than in 2020 and 2021. In 2019 THC received \$274,000 in OAP revenues. This dropped to as low as \$86,350 in 2021. For 2022 it looks like the final tally (with one remittal still to come) is going to be closer to \$150,000.

THC is still not convinced that the amount of the MRDT tax on the OAP portion (Air BnB) is correct given the number of short-term accommodation providers in Tofino. THC continues to encourage the District to work with the Province to properly audit the situation to ensure that OAP MRDT revenues are being properly directed towards our affordable housing initiatives.

#### **FUTURE THC RENTAL AND PRRR HOUSING PROJECTS**

A large focus of THC's work into 2023 will be working with the District and other potential partners to identify and secure a location for additional rental and PRRR housing. THC working towards the Strategic Plan target of 150 rental units and 30 PRRR homes by 2030. As discussed with the former Council, THC is beginning the process of working with staff to consider the various options available based on the following resolution:

*That the Tofino Housing Corporation be authorised to proceed with consideration of the feasibility of options for additional Tofino Housing Corporation facilitated development on District lands and / or private lands, in consultation with District staff, to meet the Tofino Housing Corporation Strategy Plan 2030 target of 150 rental and 30 Price Restricted Resident Restricted homes, and report back to Council with:*

- a. The recommended options for public engagement, consultation and prioritisation;*
- b. A draft decision-making framework for guiding decisions about where and when to develop housing next; and*
- c. A public engagement and consultation strategy with respect to the options identified and the decision-making framework.*

THC will use some of its MRDT resources to invest in preliminary feasibility work for the District sites, identified through further staff consultation, by considering environmental, topographic, servicing and design issues. THC will also consult with potential private and non-profit partners to identify other partnership opportunities.

THC will then report back to Council and engage the community in providing feedback on a prioritization and decision-making framework. The tenanting process for Headwaters and the demand for different units will also inform what type of housing should be part of future THC projects.



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THC is hopeful to be able to find sites and project concepts that are supported by Council and the community alike. THC's successes in building in new below-market rental housing in Tofino has been the results of leveraging the District land and financial contributions – mostly MRDT OAP revenues and from developer contributions – into significant contributions from the provincial and federal governments. We are looking to build off of this successful model moving forward.

Yours respectfully,

A handwritten signature in black ink, appearing to read "Ian Scott". The signature is fluid and cursive, with a prominent initial "I".

Ian Scott, MCIP, RPP  
Interim Executive Director  
Tofino Housing Corporation