



TOFINO HOUSING  
CORPORATION



# Tofino Housing Corporation A Primer

It has been a little over 3.5 years since the Tofino Housing Corporation was restarted. This primer has been written with two goals in mind:

- Address some misunderstandings and frequently asked questions
- Clarify the eligibility requirements and application process for the new rental and price restricted housing that will be available in the coming few years

MARCH 2021

# Why the Tofino Housing Corporation (THC) is needed:

THC is a municipal corporation owned entirely by the District of Tofino. This means Council appoints the Board of Directors on an annual basis and accepts and integrates THC's financial statements into the District's. To date the District has chosen to retain "control" of its governance with a Board comprised of 4 District staff and elected officials and 3 independent Board members; the District can choose to alter the structure of its subsidiary at any time.

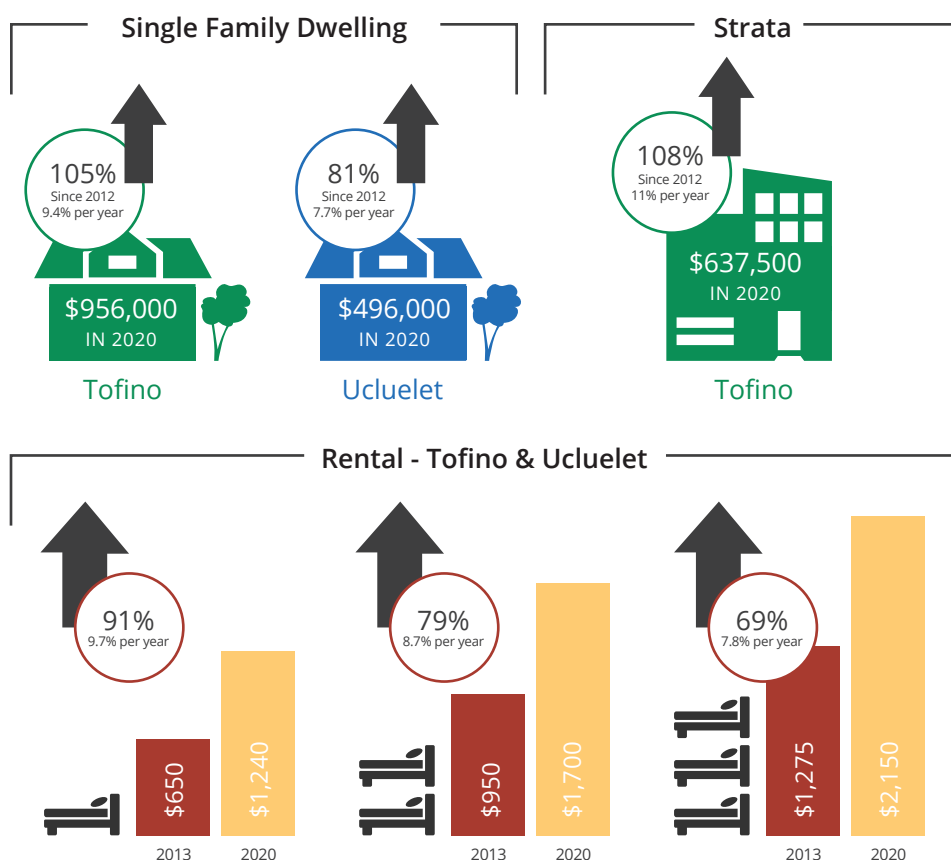
The existence of the THC is based on the understanding that the private housing market has never been able to fill all community housing needs effectively. All existing available data points to the fact that private housing has become a global commodity and the market failure is worsening not only in Tofino, but across BC, Canada and around the globe; housing prices and rental rates are rising at rates much faster than incomes.

## Vision

A safe, secure and affordable place to live is available to all people who call Tofino home.

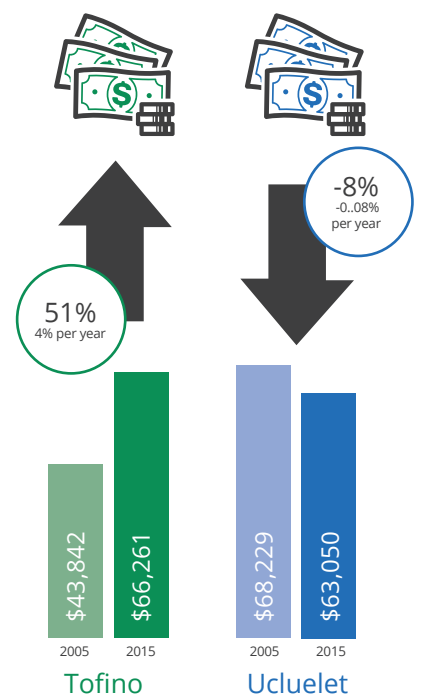
## Mission

To facilitate development and operation of below market housing in Tofino



\* Housing price data from BC Assessment, rental data from Clayoquot Biosphere Trust and Income from the Census

## Median Household Income



Some communities have multiple non-profit organisations providing housing. For example in Greater Victoria approximately 3.5-4% of the housing stock is non-market housing and it is recognized that there is still a significant undersupply. Tofino currently has no more than 0.5% percent. In Whistler, in 2015 the inventory of rental and ownership housing provided by the Whistler Housing Authority represented 57% of the Census-identified dwelling units occupied by usual residents and 22% of all dwelling units. There is strong evidence that the Census data for a tourism dominated community like Tofino or Whistler does not provide a very accurate picture. For example, the 2016 Census counted 1047 dwelling units in Tofino, but an independent estimate by THC suggests the number of dwelling units may be closer to 1800 once all suites – legal or otherwise – and those living in mobile homes, trailers, RVs and vehicles are considered. THC has set a target of providing 180 (150 rental, 30 ownership) below-market homes by 2030. This would represent approximately 10-15% of all dwelling units in Tofino in 2030.

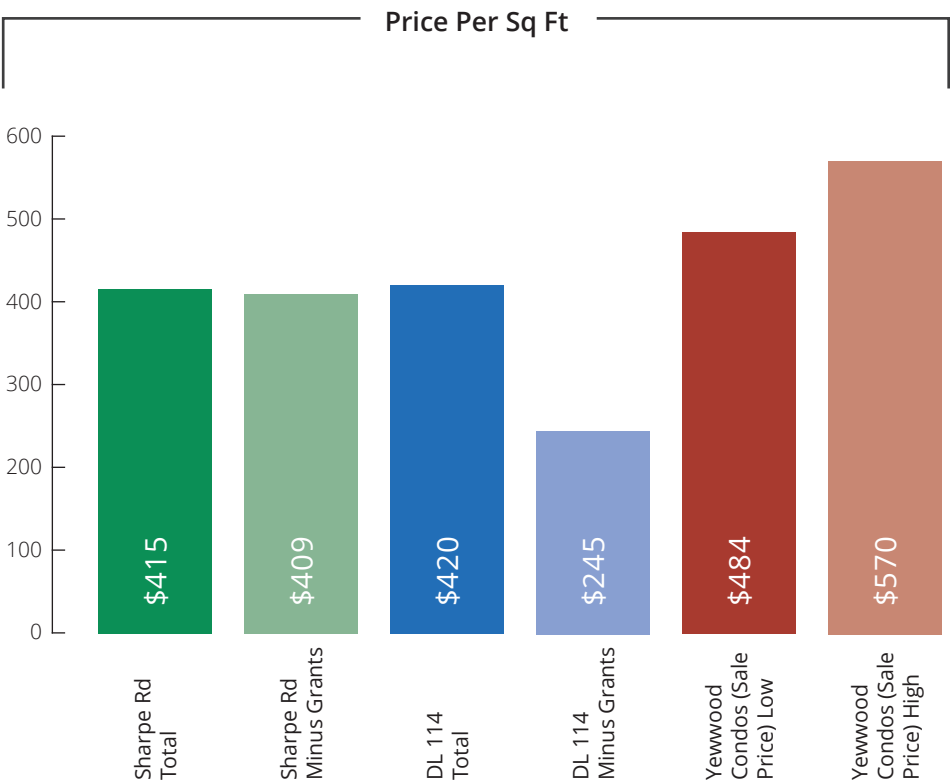
# Why housing facilitated by the THC is a good investment for Tofino

Because the money spent provides a public benefit in:

- Savings for the tenant who can reinvest in the community, their household, future or family (see next page)
- Improved retention of experienced employees and small business owners
- Improved mental health of tenants and their families
- Improved physical health (stress has proven physical impacts)
- More time to volunteer in the community

## THC and Catalyst Working Together Outperforms Private Development

Not only does the investment by the District and THC provide a reasonable payback (see the next page), but the non-profit approach to development saves money. This is both in terms of absolute project costs, but also in terms of access to senior government grants and more affordable financing.










## Short “Payback” Period – 700 Sharp Rd Example

THC and the District combined have contributed approximately \$750,000 in land, cash or in-kind resources into the 700 Sharp Rd project. The rents charged to tenants will be approximately 15-40% below market. As illustrated by the table below, these below-market rents impart a \$67,600 benefit to Tofino on an annual basis and in simple payback terms take only 11 years to recoup the \$750,000 investment. Moreover, the payback may be as short as 3 years if you consider that THC has retained ownership of land and Catalyst Community Development Society will pay back over time the \$287,000 equity investment. Admittedly, this is a simple analysis and various assumptions could be changed or more complex variables considered, but even a 20 or 30 year payback for a 60 to 100 year project is an excellent return to the community. Note that due to the significant funding obtained for the DL 114 project, THC and the District are contributing only about half as much per unit and rents will be on average 25% less ... this means an even shorter payback period.

### Net Tofino Contributions

	HIGH ESTIMATE	LOW ESTIMATE
Land	\$415,000	\$0
DCC Waiver	\$50,000	\$30,000 <sup>1</sup>
Formal Cash Contribution	\$237,000	\$105,000 <sup>1</sup>
In-Kind and Other	\$48,000	\$48,000
<b>TOTAL</b>	<b>\$750,000</b>	<b>\$178,000</b>
<b>PER UNIT</b>	<b>\$53,571</b>	<b>\$12,714</b>

		PROJECT RENTS <sup>2</sup>	ESTIMATED MARKET RENTS
1 Bedroom small (2 Units)		\$865	\$1,025
1 Bedroom large (2 Units)		\$865 - \$1,100	\$1,175
2 Bedroom (4 Units)	 	\$1,080 - \$1,550	\$1,700
3 Bedroom (6 Units)	  	\$1,200 - \$1,705	\$2,100
Projected Annual Revenues		\$218,000	\$285,600
<b>YEARLY BENEFIT</b>		<b>\$67,600</b>	
<b>PAYBACK IN YEARS HIGH ESTIMATE</b>		<b>11.1</b>	
<b>PAYBACK IN YEARS LOW ESTIMATE</b>		<b>2.6</b>	

1. Over time Catalyst when the project as yearly operational surpluses they will make payments to THC for these contributions; however due to inflation the value of this money when paid back will be less.
2. Final rents will be confirmed once the project is complete and final project costs and interest rates confirmed.



# Who is eligible for THC facilitated housing?

Eligibility criteria will vary on a project by project basis, but all housing is be rented or sold directly to households and not businesses. THC recognises that the first projects will not address the needs of all households, but will work over time to deliver a range of housing that the market is not.

## 700 Sharp Rd Rental Housing

The Housing Agreement between THC and District defines eligibility with a preference given to households who are already living and working in Tofino. Rental tenants will be matched to units based on income and household size. There are also 4 units at Sharp Rd designed as accessible units and tenants with those needs will be given priority. Not only do tenants need to meet these eligibility requirements, but will subject to both credit and reference checks before tenancy offers are made.

For example some of the 1 bedroom homes at Sharp Rd will be rented for approximately \$875 and others for approximately \$1125. The Housing Agreement defines maximum household income eligibility as approximately \$51,000 (this figure grows year after year). Generally a household making about \$40,000 or less will be placed in the lower-priced unit while a household making \$51,000 or less will be place in the higher-price unit – so all households are paying close to 30% of income on rent. Two bedroom and three-bedroom units are targeted towards households with children or adult dependents, with a similar income matching approach. There is never a perfect approach, but THC's mission focuses on below-market needs. While it is difficult to find market rentals in Tofino, a household making more than \$51,000 should be able to afford a rental (30% of gross income) of \$1275 or more.

## DL 114 Rental Apartments

Rental rates and eligibility will be similar to Sharp Rd. However, subject to confirming BC Housing funding 20% of units will be for those with fixed incomes or on social assistance (e.g. lower rents than Sharp Rd). 30% of the units will also be what BC Housing defines as Affordable Market units with eligibility for studio and 1 bedrooms units restricted to those making approximately \$76,000 or less and for 2 bedrooms and greater \$117,000 or less.

## DL 114 Price Restricted Resident Restricted Duplexes

Purchase of these homes will also be completed by a Purchase Lottery similar to the 1 bedroom townhouses previously sold by the District/THC. Residency and employment eligibility will be similar to those previous sales – please see [tofinohousingcorp.ca](http://tofinohousingcorp.ca) for information. THC has yet to make a decision on whether there will be any maximum income requirements, but the homes are expected to be sold at prices between \$600,000 and \$700,000.

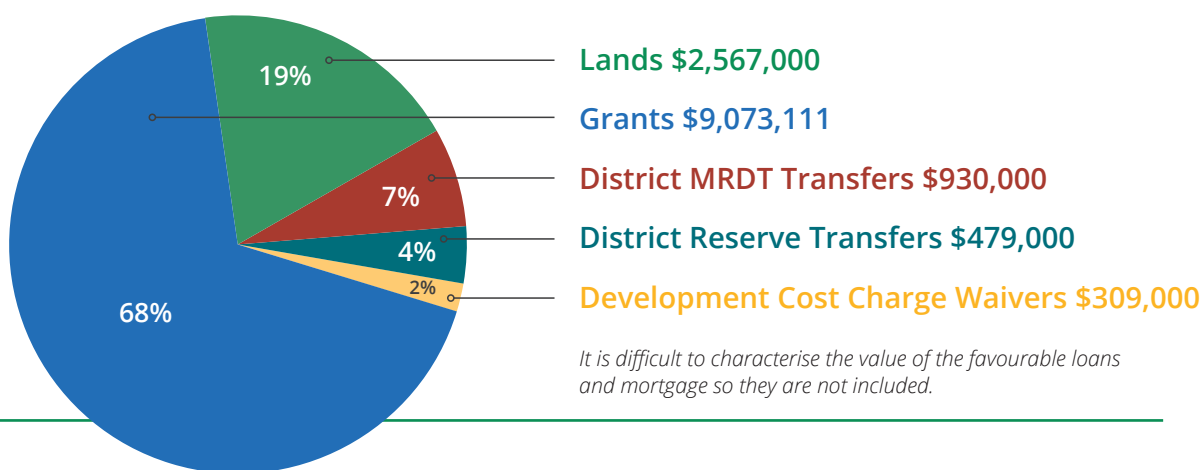
## Sharp Rd Eligibility Criteria

- Lived in region 2 out last 3 years
- Working full time for more than 1 year in Tofino, or with Island Health, Parks Canada or BC Parks, or self-employed in Tofino.
- Non-working Seniors and those on disability are also eligible
- No household ownership of real estate
- Approximate maximum Income:
  - \$51,000 for 1 bedroom units
  - \$81,000 for 2 bedroom units
  - \$91,000 for 3 bedroom units
- Catalyst will announce the application process later this year for occupancy in approximately March of 2022.
- All applications received by a specified date will be randomly ordered; a waitlist will be established once all units are rented.

# Where does the THC get its “funding”?

“Funding” is in quotes because the resources used to facilitate housing development include land provided free by the District of Tofino, MRDT OAP taxation, proceeds from the sale of homes provided through private development, DCC waivers, property tax exemptions, in-kind support from the District, grants obtained from senior government and pre-development loan and mortgage financing at below-market terms.

**Estimated “funding” distribution by end of 2022**



## Development Cost Charge (DCC) Waivers

A 50% waiver on Development Cost Charges is available when certain types of affordable housing are provided; this is based on a 2010 District of Tofino bylaw. When a waiver is provided tax revenues are required to cover the 50% waiver.

## Property Tax Exemptions

As subsidiary of the District, the Tofino Housing Corporation does not pay tax on its undeveloped land. When a property is leased – such as to Catalyst – or sold – such as for a Price Restricted Resident Restricted home – than property taxes are paid.

## MRDT OAP

In 2018 the District of Tofino elected to implement the option to impose the Municipal Regional District Tax on Online Accommodation Providers (e.g. AirBnB, VRBO). This 2.8% tax on the nightly rental rate is provided to the THC to support its affordable housing initiatives.

## Transfer of District Affordable Housing and Capital Reserves

The District of Tofino will have provided by the end of 2022 \$479,000 from its affordable housing and capital reserves, which were obtained through contributions from private developers and the sale of two 1-bedroom homes transferred to the District as the result of rezoning processes.

## Grants

These totals are not 100% confirmed, but are a mix of Rural Dividend Fund, CMHC Seed Funding, BC Housing Community Housing Fund and CMHC Co-Investment grants.

FOR MORE INFORMATION

[tofinohousingcorp.ca](http://tofinohousingcorp.ca)



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