



**MEMORANDUM**

To: District of Tofino Mayor and Council  
From: Ian Scott, Interim Executive Director  
Date: January 21, 2020  
Re: Tofino Housing Corporation – January 2020

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Since we last provided an update report in July 2019, the Tofino Housing Corporation (THC) has continued to move towards the development of new affordable housing units in Tofino. We expect the Sharp Rd project to be under construction later this year and DL 114 next year. Consultation with the business community has revealed some interest in collaboration on a shared staff accommodation development, but we are still confirming the level of interest.

**SHARP RD**

The District property on Sharp Rd has been rezoned and we expect it to be transferred to the THC by mid-February. A Housing Agreement was also approved by the District and the THC.

The THC and its partner, the Catalyst Community Developments Society (Catalyst), are close to finalizing the terms of the Development Agreement and Ground Lease for Sharp Rd. The Development Agreement stipulates the obligations of each party up to and through the occupancy of the buildings, including the financial contributions of each party. The Lease covers a period of 60 years, with options to extend the lease provided the buildings remain habitable. The Ground Lease puts all the operations costs, including property taxes and utility fees, on Catalyst. The Lease also commits Catalyst to fulfilling the terms of the Housing Agreement. Finally the Lease will provide THC an option to purchase to the buildings at a fair price should we choose to do so in the future.

We now anticipate construction to start in late summer of 2020, lasting 12-18 months. Catalyst has applied for approximately \$500,000 in CMHC Co-Investment Grant Funding with the support of THC. Depending on the success of this grant application and confirmation of construction costs, CMHC funding will mean the rents for some of the units will be approximately 20-30% below market rather than 10% below market as per the targets stipulated by the Housing Agreement.

With respect to individuals and families interested in renting units, Catalyst will begin soliciting interest once construction has started. A 'Registry' of interested households will be established, and each will be required to submit a formal Application three to six months from before occupancy. These Applications will be randomly sorted then screened for eligibility. Households that have not registered, but wish to apply will still



be permitted to do so at a later date and will be screened on a first-come, first-serve basis. The Housing Agreement provides priority to applicants who meet all the following criteria (regardless of whether pre-registered or not):

- Have lived in the Alberni-Clayoquot Regional District for 24 out of the past 36 months;
- Have been working in full time for more than one year in Tofino or for Island Health, BC Parks or Parks Canada OR are a Senior OR are receiving disability assistance;
- They or their spouse do not own any real estate; and
- Have gross annual household income (2019 dollars) no higher than
  - \$48,400 to qualify for occupancy in respect of a one bedroom unit;
  - \$53,900 to qualify for occupancy in respect of a one bedroom and den unit;
  - \$77,000 to qualify for occupancy in respect of a two bedroom unit; and
  - \$85,500 to qualify for occupancy in respect of a two bedroom and den or larger unit.



#### **DL 114 – PHASE 1**

At the end of September 2019 we held a well-attended Open House and submitted a rezoning application in October. We are expecting the rezoning application to be presented to Council for preliminary consideration at the January 28, 2020 Council meeting and are hopeful the process will be successfully completed by April.

In November 2018 the DL 114 – Phase 1 project was selected by BC Housing as a “B” list project for the Community Housing Fund. Being selected as a “B” project indicated we met the Community Housing Fund



selection criteria, but were considered not close enough to construction as the “A” list projects. We have received a Proposal Development Funding (PDF) loan and have used these funds, along with the \$500,000 grant from the Rural Dividend Fund, to have Catalyst work with a full design team to get the DL 114 – Phase 1 apartment building plans approximately 90% complete. We are currently seeking additional PDF from BC Housing to complete the designs and be completely shovel-ready as soon as possible. This summer or fall we expect to go through the round 2 application process for the Community Housing Fund and are waiting for that funding announcement (expected later this spring).

The timing of subdivision and transfer of the Phase 1 DL 114 lands to THC is still to be determined, but expect it to occur after the completion of the Rezoning process. As indicated at the Public Open house and with our Rezoning application we are still determining to what degree the three duplex lots (six units total plus option for suites) will be sold as development lots, market housing or as price restricted resident restricted housing. The rents in the apartment buildings will range from significantly subsidized to market rates.



### **SEASONAL STAFF ACCOMMODATION**

Through 2019 we have explored options 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 planned for Sharp Rd and DL 114 – Phase 1 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.

Through research on what has worked elsewhere and consultation with the advisory committee we have settled on a preferred model for a shared staff accommodation development. We are working towards getting commitment from approximately 5-10 businesses that are willing to sign a letter of commitment and



work with THC to find a suitable location and investor. Building off of what has worked in the resort municipality of Sun Peaks, it is expected that businesses would sign a multi-year lease for a certain number of staff accommodation beds / units, and the investor/developer would purpose-build the staff accommodation. Steps in the process would include:

- Confirming which business are interested in being part of this initiative
- Reaching out to landowners / investors to find a suitable partner and location
- Rezoning (almost certainly) the site
- The investor / developer builds the staff accommodation
- Once operating each month
  - the business pays a triple-net lease fee to the investor / developer
  - the business pays an operations management fee to a management company
  - the business collects rent from their employee at rate they set.

This is probably at least a three-year initiative with possible occupancy by the winter of 2023 or later.

With respect to what is working and not working with staff accommodation in Tofino, the business community has mixed views that can generally be summarised as follows:

Working	Not Working
<ul style="list-style-type: none"> <li>• The diversity of staff accommodation options that includes trailers, dorms on business properties, beds in houses in the community and sublets from property owners; staff are quite flexible in their accommodation needs.</li> <li>• The Temporary Use Permit sites.</li> <li>• Tradition of staff finding locations to park and use campers / vans / trailers / RVs as accommodation; locations include rural properties, driveways, back-yards and forest locations in various places within and outside of the District.</li> <li>• When a business can provide staff accommodation for approximately 50% of staff.</li> </ul>	<ul style="list-style-type: none"> <li>• Frustration with how hard it is to secure and manage staff accommodation.</li> <li>• Some of the aspects of trailer-based staff accommodation and staff accommodation in neighbourhoods.</li> <li>• The lack of certainty with the future of the Temporary Use Permit sites.</li> <li>• The relatively low staff accommodation rental rates, making it hard to move staff into community-based rental housing.</li> <li>• Staff expectation on what staff accommodation should cost.</li> <li>• The lack of community-based rental housing, making it hard to move staff out of staff accommodation.</li> <li>• Recruiting staff when staff accommodation full as community-based rental housing is so difficult to find.</li> <li>• The stress of managing both a business and staff accommodation.</li> <li>• Finding the resources to invest in staff accommodation as a small business.</li> <li>• Investing in staff accommodation, when businesses may only be able to collect rent from staff for part of the year.</li> <li>• Lack of collaboration amongst the business community.</li> </ul>

Yours respectfully,

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