

REPORT

Planning and Development

To: Mayor Johnstone and Members of Council
Date: January 27, 2025

From: Jackie Teed, Director
Planning and Development
File: REZ00239
#2601320

Item #: 2025-33

Subject: **Rezoning: 88 Tenth Street (Columbia Square) – Affordable Housing Legal Agreement**

RECOMMENDATION

THAT the Mayor and Corporate Officer be authorized to execute the Section 219 Covenant between the City and Edgar Properties to secure provision of affordable housing through redevelopment of the site at 88 Tenth St (Columbia Square) on behalf of the City.

PURPOSE

To request Council to authorize the Mayor and Legislative Services to execute a Section 219 Covenant between the City and Edgar Properties to secure the provision of affordable housing at 88 Tenth Street (Columbia Square), which was identified as an additional condition by Council during their deliberations at Third Reading.

EXECUTIVE SUMMARY

Following reports on October 21 and October 28, 2024 Council gave three readings to Zoning Amendment Bylaw (Columbia Square) No. 8485, 2024 and endorsed the Columbia Square Policy Statement as a basis for the creation of a Master Plan to be completed prior to consideration of adoption of the Zoning Amendment Bylaw.

At the October 28, 2024 meeting, Council identified additional conditions. Council approved a resolution that the applicant agree to secure by covenant registered on title to the property the requirement that the project provide 20% of the required rental housing floor area (4% of the total residential floor area) as below-market units. Staff committed to advancing this covenant and bringing it back to Council prior to proceeding with next steps on the master planning process.

The City solicitor has prepared a high-level legal agreement, which has been reviewed and accepted by the applicant, and staff are seeking Council’s authorization to have it be executed by the Mayor and Corporate Officer.

BACKGROUND

On October 28, 2024, endorsed the following recommendations:

1. **THAT** Council consider Zoning Amendment Bylaw (Columbia Square) Bylaw No. 8485, 2024 for Three Readings;
2. **THAT** Council endorse the Columbia Square Policy Statement as a basis for developing a Master Plan for 88 Tenth Street, to be completed prior to Council’s consideration of adoption of the Zoning Amendment Bylaw;
3. **THAT** a minimum of 80% of density bonus funds obtained from Zoning Amendment Bylaw (Columbia Square) Bylaw No. 8485, 2024 be directed to the City’s Affordable Housing Reserve earmarked for affordable housing;
4. **THAT** a covenant be registered on title, to secure 20% of rental floor space as below-market rental at HILS Rates, secured through a housing agreement for 60 years or the life of the building whichever is longer with no impact to the density bonus amount and units to be owned by the applicant and managed by a third party non-profit manager;
5. **THAT** Council receive the additional information provided by the applicant and staff in response to the Council comments raised at the October 21, 2024 Council meeting as noted in this report; and
6. **THAT** Council direct staff to actively work with the Applicant and School District No. 40 to secure a site for a new school.

DISCUSSION

Legal Agreement to Secure Affordable Housing Proposal

The applicant has agreed to secure the key terms of the affordable housing proposal within a legal agreement registered to the title of the property, including that the affordable housing:

- has floor space equal to at least 20% of all rental floor space built;
- would be delivered earlier within phases of development along with the secured market rental units;
- would have maximum rental rates for these units determined by BC Housing’s Housing Income Limits (HILs);
- would be secured by a Housing Agreement for 60 years or the life of the building, whichever is longer; and,

- be managed by a third-party not-for-profit occupancy manager, consistent with the requirements of the Inclusionary Housing Policy.

Staff have worked with the City’s solicitor to prepare a high-level Section 219 Restrictive Covenant which restricts redevelopment of the site until subsequent agreements are in place, to the satisfaction of the City, which would further detail the timing, phasing, location, design and construction of the affordable housing units. These additional details are expected to be determined through the Master Plan process and included in the Development Agreement and Housing Agreement Bylaw(s) at a later date.

The covenant would be registered on title and would run with the land. As such, the covenant would persist should the title of the property transfer to other owners. This agreement would also require the units to be delivered by the property owner even if grants or other funding to support delivery of the units is not available.

The language of covenant has been reviewed and accepted by the applicant.

FINANCIAL IMPLICATIONS

The cost of creating and implementing this agreement is the responsibility of the applicant.

As part of the conditions of approval, the applicant is required to pay density bonus charges as laid out in the October 21, 2024 staff report. At the following October 28 meeting, Council passed a resolution that a minimum of 80% of density bonus funds obtained from Zoning Amendment Bylaw (Columbia Square) Bylaw No. 8485, 2024 would be directed to the City’s Affordable Housing Reserve earmarked for affordable housing. As per the Interim Density Bonus Policy, these funds would be provided to the City at the Building Permit stage.

NEXT STEPS

Should Council pass the recommended option, the Section 219 Covenant would be provided to the Mayor and Corporate Officer for execution and the agreement will be registered on the title of the property.

OPTIONS

The following options are available for Council’s consideration:

1. That the Mayor and Corporate Officer be authorized to execute the Section 219 Covenant between the City and Edgar Properties to secure the provision of affordable housing through redevelopment of the site at 88 Tenth St (Columbia Square) on behalf of the City.
2. That Council provide staff with alternative direction.

Staff recommend option 1.

APPROVALS

This report was prepared by:
Michael Watson, Supervisor Development Planning

This report was reviewed by:
Demian Rueter, Manager, Development Planning
Rupinder Basi, Deputy Director, Planning

This report was approved by:
Jackie Teed, Director, Planning and Development
Lisa Spitale, Chief Administrative Officer