

**DRAFT**  
**SALT SPRING ISLAND**  
**LOCAL TRUST COMMITTEE BUSINESS MEETING**  
**Monday, January 31, 2011– 10:00 AM**  
**Salt Spring Island Baptist Church – Lower Level**  
**520 Lower Ganges Road**

**PRESENT**

Sheila Malcolmson, Chair  
George Ehring, Local Trustee  
Christine Torgrimson, Local Trustee  
David Marlor, Regional Planning Manager  
Susan Palmer, Planner 2  
Mary Hughes, Recorder

**GUESTS**

Tim Wake, Affordable Housing Consultant  
Garth Hendren, CRD Director  
Janis Gauthier, Consultant  
Henry Kamphof, Capital Region Housing Corporation (CRHC) (arrived at 12:00 noon.)

**1. CALL TO ORDER**

The Chair called the meeting to order at 10:10 AM. There were no members of the public present.

**2. APPROVAL OF AGENDA**

The Agenda was approved by general consent.

The Chair asked each Trustee and guest for their priorities for the day’s discussion using the circulated “Guidelines for discussion with Tim Wake”.. The following priorities were articulated:

- How to maintain affordability other than with housing agreements;
- How to use the local bylaws to control affordable housing;
- Housing agreements;
- Creation of a housing council and the Whistler experiences;
- Water supply;
- Discussion should be grounded in the reality of the current situation;
- Pilot areas within the Salt Spring context; and
- Best approach to existing suites and cottages.

The Trustees outlined the key issues on Salt Spring Island for Tim Wake.

Tim Wake commented that the Salt Spring Island situation is similar to Whistler insofar as there is a challenge to supply both workforce housing and “other” supportive housing. It’s important to keep the two separate. The gap between people who can afford market ownership housing and those who qualify for subsidized housing has grown. This is referred to as middle sector housing or workforce housing and represents the biggest need. Wake noted that there is a good system in place for the delivery of subsidized housing which requires major funding from senior levels of government.

Wake suggested that putting housing agreements on rental units is not the best approach given the cost. It's better to respond to people who want to own their own homes and consider how to make ownership possible for these people. This in turn will reduce pressure on the rental inventory. The first thing to do is to legalize suites.

Janis Gauthier observed that the seasonal use of cottages is an issue on Salt Spring. It means many people have to move each spring. There are concerns about the poor condition of some cottages.

Tim Wake said that Whistler had success enforcing and inspecting units based on health and safety issues. When they hear about substandard conditions, the fire department is asked to inspect.

There are concerns that legalized cottages could be used as short term vacation rentals. Rental agreements would better ensure there are controls.

Tim Wake explained that Whistler had the same problems with suites as with separate buildings (cottages). Secondary suites have always been permitted in Whistler and initially the market was providing them at a rate of about 50 per year. For the owner, the suite provided security and helped with the mortgage. In 1990 and 1992 when house prices rose, the number of new suites decreased. About 1997, Whistler required that every second residence in a new subdivision include a suite before the owner received an occupancy permit. The suite had a covenant on it that specified occupancy and rent. This was not a good solution because suites were being built under duress and never rented. Enforcement of the housing agreements was difficult. The conclusion was that you can't force people to rent suites in their houses.

Other communities (Bowen Island, for example) have not had a lot of uptake with straight legalization of suites even without any income or rental restrictions. Adding a housing agreement would likely reduce the uptake further.

Planner Palmer asked if having a housing agreement on a suite or cottage would affect the owner's ability to get a mortgage.

Tim Wake responded that it is usually not any more difficult to get a mortgage, but when doing a statement of income, the owner can only apply 50% of the rent as income. Thus with a lower, more affordable rent, it may be tougher to get a mortgage. This leads to vacation rentals being so attractive.

The Whistler Bylaw requires that suites be rented for not less than one month. In addition, commercial accommodation is taxed differently. Another tool is the Occupancy Declaration on employee owned deed-restricted units. They started with a Statutory Occupancy Declaration, but abandoned that. Now it's voluntary and compliance has improved; 66% of 500 units complied. The Declarations (who was living there, where they worked and the rent amount) are sent by email so it's easy to administer.

There are no Housing Agreements on the 1000 rental suites. Generally owners didn't charge exorbitant rents because when they do, the number of people living in a unit tends to increase, with resultant wear and tear or damage. 850 of the rental suites are market rents; the rest are mostly covenanted and affordable. Suites have always been legal and only a small percentage are cottages. Legalizing suites provides more opportunity for surveillance and assists in managing the existing inventory.

It was noted that the growth rates experienced by Whistler are very different from the Salt Spring situation where only 38 building permits were issued last year. The Chair noted there is a desire to ensure affordability if suites are legalized. Tenants might have more clout if suites were legal.

For Tim Wake, the solution starts with affordable home ownership. If you apply Housing Agreements and restricted rents to suites, you'd be moving middle income tenants out of their accommodation in order to house needier people. Subsidized housing is not a municipality's responsibility. Housing Agreements are costly up front, and they're better used on ownership units.

RPM Marlor commented that Housing Agreements can work if governments are providing something as well, i.e. funding, increased densities or other incentives.

The potential for more STVRs operating out of legalized cottages is a real concern, on Salt Spring, and the STVR Bylaw is costly, slow and difficult to enforce. Tim Wake spoke of one STVR enforcement case in Whistler where bad publicity played an effective deterrent role.

Regarding multi-unit buildings, Tim Wake said Housing Agreements on such projects are not very attractive to developers. You need to be able to bonus the developer to get him to build, and then have some means for the housing authority to take ownership. It's hard to impose covenants on a third party.

There was a question about available government grants (RRAP for secondary suites), and Tim Wake replied that \$24,000 is not a sufficient incentive to shift someone into accepting a covenant on their property. Incentives that do work for developers include an increase in density, relief from fees and charges, and creating good communication opportunities with developers. It's important to explore where the 'win-win' is.

There was a question about the cost of managing Housing Agreements. Tim Wake responded that every project is a one-off, with the standard costs plus, and further, that Housing Agreements seem to need ongoing modification.

There was a question about whether a Housing Agreement with an expiry date might be an alternative, but Tim Wake said it wasn't really a viable approach.

In general, said Wake, Housing Agreements are not worth the effort for a handful of rental suites, but are worthwhile on affordable owned units. He added that putting occupancy restrictions on owned units did not work. The focus should be on letting the market provide rental suites and finding ways to make it work for the market.

At noon, Henry Kamphof arrived at the meeting. He said there is talk of doubling the CRD's affordable housing budget and that there should be more emphasis on worker housing. Traditionally 75% of funds have gone to supportive housing.

According to Wake, continuing the status quo with suites and cottages will have a negligible impact on affordable stock but would affect standards of health and safety and the existence of sub-standard units.

The discussion moved on to the matter of the proposed pilot project for legalizing suites and cottages. The Chair outlined the reasons a pilot project has been proposed, noting it takes into consideration Salt Spring's water issues and also responds to the results of community consultations. One goal would be to gather data from the participants.

Henry Kamphof spoke about the so-called California model where developers must address different income segments in the community within a development proposal.

Tim Wake reported that Bowen Island is looking at zoning solutions to create opportunities for building more affordable ownership units i.e. zoning to permit smaller units, combining lots to permit multi-family units, upzoning to permit more units; creating more duplexes, stratifying large homes into flats and other innovative approaches to encourage the creation of smaller homes. He noted that people often don't want to buy units with Housing Agreements; they commonly see home ownership as the route to a retirement fund.

Returning to the subject of the pilot project, Planner Palmer asked if a time limited Bylaw with a sunset clause might work as a tool to legalize suites and cottages. Tim Wake responded that it's better to open a door and encourage compliance, not open a window and require people to jump through it. Henry Kamphof added that a pilot project would need to run for 3 – 5 years to get a good sense of how it is working. Trustee Ehring is concerned about how to deal with suites and cottages which are outside the pilot area and are therefore illegal. Trustee Torgrimson commented that pilot areas would be compliant with OCP criteria and reflect the heightened concern about watershed areas on Salt Spring. Tim Wake suggested that a pilot area might only apply to new development, and the rest would be grandfathered. He asked if Salt Spring would likely see a lot of applications to build new housing with suites? There could be issues around grandfathering suites which don't meet building code, a matter which might call for legal advice.

RPM Marlor said it would be possible to do a bylaw review when a certain number of suites are registered. If legalization were opened up to the whole island, you could then develop strong arguments for some exclusion.

There was some discussion about jurisdictions implementing regulations around the collection of rain water as a means to resolve water issues.

Janis Gauthier commented that 'pilot' implies a sense of temporary or provisional status. It was agreed that 'pilot' was perhaps not the most useful term.

Henry Kamphof mentioned that Esquimalt is talking about allowing housing in back yards or on back lanes.

Tim Wake made several closing points:

- 1) start a housing corporation or authority as soon as possible: regional would be work best for all the islands. It would be an agency that would facilitate partnerships to develop non-subsidized affordable home ownership. The Whistler Housing Authority is a good example of an agency that brokers between developers and the local government and is not a top-down funded model. Funding comes from the projects, not from taxes;
- 2) focus on affordable ownership units; and
- 3) legalize suites and cottages without restrictions.

### **3. ADJOURNMENT**

There being no further business, the meeting adjourned at 2:20 PM.

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Sheila Malcolmson, Chair

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Mary Hughes, Recorder