



**RESORT MUNICIPALITY OF WHISTLER**

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## STAFF REPORT TO COUNCIL

**PRESENTED:** December 19, 2023 **REPORT:** 23-129  
**FROM:** Planning **FILE:** 0500-20-0006  
**SUBJECT:** WHISTLER 2020 DEVELOPMENT CORP CHEAKAMUS CROSSING PHASE 2  
LOT 5 PROJECT PLAN

### RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

**That** the recommendation of the General Manager of Climate Action, Planning, and Development be endorsed.

### RECOMMENDATION(S)

**That** Council endorse the draft Whistler 2020 Development Corp (WDC) Cheakamus Crossing Phase II Lot 5 Project Plan Rev. 1 attached as Appendix A to Administrative Report No. 23-129; and

**That** Council direct staff to return to a future meeting with an updated recommendation if the required equity contribution in support of this project changes by +/- 10 per cent or more before project completion; and further

**That** Council direct staff to draft housing agreements that limit the use of the Lot 5 buildings to rental tenure only and set maximum rental rates for each unit to ensure long-term affordability.

### PURPOSE OF REPORT

The purpose of this report is to seek Council's endorsement of Whistler 2020 Development Corp's (WDC) Cheakamus Crossing Phase II Lot 5 Project Plan Rev. 1 (Lot 5 Project Plan), which was a delegation presentation on October 24, 2023, and to develop a shared understanding of the funding sources for this project.

This report also seeks Council's direction on items related to the rental framework, housing agreement, and recommended approach to financing the project. The goal is to ensure that affordable employee housing (EH) outcomes associated with this project are optimized and that the process for financing is understood. Financing is also required to be reported in a manner consistent with *Community Charter* requirements where it overlaps with municipally-controlled reserves.

Information Report

Administrative Report (Decision or Direction)

## DISCUSSION

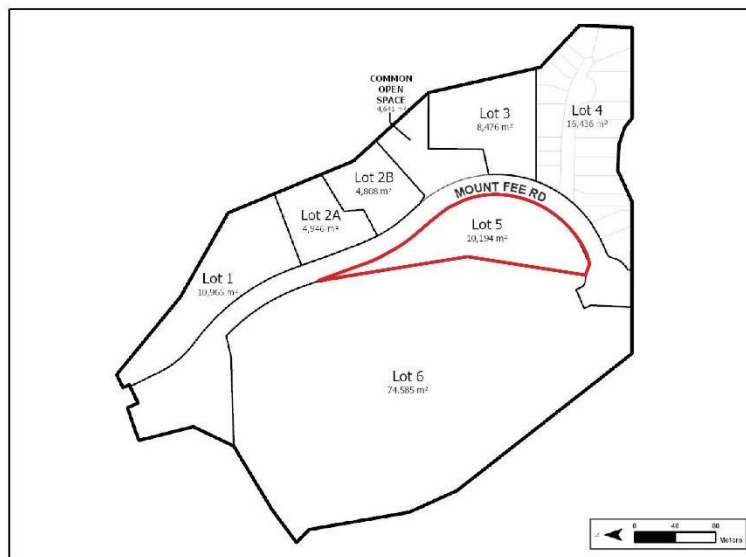
### Background

Housing is one of four priority areas identified in Council's [2023-2026 Strategic Plan](#), which establishes a goal of completing Lots 2, 3 and 5 in Cheakamus Crossing Phase 2 by 2026. The Lot 5 Project Plan advances this commitment, following on the heels of Lot 2 development and outlining the path to completion by the end of 2026. The Project Plan aligns with Resort Municipality of Whistler (RMOW) affordable housing policies and the Cheakamus Crossing Phase 2 master plan.

### Project description

Lot 5 is a 10,194 square metre (1.02 ha) east-facing parcel located at 1475 Mount Fee Road on the western side of the road, against a steep hillside. The property is zoned RM-CD2 (Residential Multiple – Comprehensive Development Two).

Figure 1: Location of Lot 5



Planning for Lot 5 began in the spring of 2023, and involved a collaborative effort between the RMOW, WDC, and the Whistler Housing Authority (WHA). The Project Plan proposes two 4-storey wood frame apartment buildings over a combined one and a half story parkade, with 104 dwelling units consisting of:

- 24 studios (12 designed to be universally accessible)
- 40 one-bedroom units
- 32 two-bedroom units
- 8 three-bedroom units

The proposed unit mix responds to the demand demonstrated on the WHA rental waitlist and RMOW Housing Needs Report.

The design carries a similar architectural style and scale to the existing apartment buildings in the Cheakamus Crossing Phase 2 neighborhood. The project will be presented to the Advisory Design Panel for review on December 20, 2023.

Figure 2: western elevation of proposed building



WDC submitted a rezoning application in October to tailor the parcel zoning to the proposed building. The rezoning contemplates increasing the Gross Floor Area by 600 m<sup>2</sup> (6,150 m<sup>2</sup> to 6,750 m<sup>2</sup>), removes the requirement for a 'stepped' fourth storey, and lowers the minimum parking standard. The zoning amendment bylaw will be presented to Council in January 2024.

Development Permit review will follow, should Council support the zoning amendment, which will confirm the project's alignment with applicable Development Permit Area guidelines.

#### Construction timeline

WDC proposes a three-year construction timeline, with excavation and site work starting early Q2 of 2024, with the goal of completing the foundation and parkade in late 2024. The site is already serviced and cleared. Framing and superstructure will be built in Q1 of 2025, with project completion anticipated in Q2 or Q3 of 2026, dependent on whether WDC seeks separate occupancy permits for each building or does this concurrently at end of construction. The RMOW's approval timeline anticipates this construction schedule.

#### Housing Agreement

Staff are seeking Council direction to work with WHA and WDC to craft a housing agreement limiting the use of Lot 5 to rental tenure only, and establishing occupancy and eligibility restrictions, maximum rental rates, and administration and management restrictions of the dwelling units that reflect current municipal EH standards for WHA rental properties consistent with *Council Policy K-01: Employee Rental Housing* (Council Policy K-01), as well as the terms for housing agreements established within the Community Land Bank Agreement and with the provincial housing covenant.

The housing agreement will establish a maximum rent per unit, as required by provincial housing covenant. The building is expected to be owned by WHA, who will operate the building in alignment with Council Policy K-01, including setting rental rates according to the Policy's rent geared to income (RGI) formula. Tenants will be selected from the WHA waitlist.

Staff will bring forward the Housing Agreement Bylaw for Council approval in January 2024.

### **Analysis**

*The building.* The Project Plan describes two four-storey buildings with a shared parkade incorporated cost-effectively (meaning, an additional floor of dwellings was added without additional parking structure, while meeting Cheakamus Crossing minimum parking requirements) and contemplates a three-year construction timeline. The budget for this building is \$47.7Mm and is based on comparable-cost analysis using current/Lot 2 project costs, and accounting for estimated inflation. These numbers will become more certain as drawings progress and work is tendered.

*The estimated cost.* The project is currently moving toward Development Permit drawing, meaning details are being developed beyond preliminary building models. As such, there is growing certainty in costs, but at this time the costs proposed should be considered well informed estimates. Using Lot 2B (also developed by WDC) as an example, estimated pre-contingency construction costs increased by +17 per cent between February and August 2023. The bulk of this inflation was experienced in two divisions: General Requirements and Management (+30 per cent) and Site Works (+76 per cent). If the same magnitude of upward revision were to affect Lot 5 estimates between re-construction budget and the in-construction budget, the total cost of the building could be expected to increase by \$6.8Mm. This \$6.8Mm would need to be funded from equity sources, since rents are determined by Council Policy K-01 and don't flex as readily as costs, reducing availability of EH funds for future projects. That said, Lot 5 design is more advanced at this stage than Lot 2a and 2b were, site servicing and clearing is complete, geotechnical work has been undertaken, and there is expected labour continuity between Lot 2 to Lot 5, so greater confidence can be assigned to the \$47.7Mm estimate.

The resolution ***That Council directs staff to return to a future meeting with an updated recommendation if the required equity contribution in support of this project change by +/-10 per cent or more before project completion, staff is directed to return to Council for updated guidance,*** is meant to guard against such a negative outcome, by providing full visibility to Council of changes to the cost estimate before they reach a troubling magnitude.

*Equity requirement.* All affordable rental housing developments, including Lot 5, require a contribution of (non-repayable) equity to bridge the difference between cost of construction and the economic value of the building at completion. Economic value is a function of net operating income expected from the building, which in turn is driven by gross rents net of operating expenses. Economic Value can also be understood as (roughly) the value of mortgage available to the property on completion. Page 11 of the Project Plan describes an estimated equity requirement for Lot 5 of \$19,234,415 under the appropriate "Comparable Rent" or RGI approach. The numbers that inform this value come from WHA and are based on best-available current information. Staff has tested the assumptions behind these numbers and while reasonably confident in them, will use a slightly higher figure of \$20.0Mm to identify the required funding sources.

There are typically three unique sources for potential equity funding for EH rental buildings. These are:

1. WHA surplus funds (generally, free cash from operations and proceeds from new borrowing);
2. The RMOW Cheakamus Crossing Affordable Employee Housing (CCA EH) Reserve; and

### 3. The RMOW EH Reserve.

CCA EH Equity contributions offer the simplest approach. These funds are already under the control of WDC, who would, at the direction of Council, apply them to the recommended expenses in the above-noted periods as an equity contribution. Where WHA is contributing equity, this money is assumed to be available in their accounts to be applied against expenses invoiced by WDC for the build, again following Council direction. EH equity contributions are slightly more complicated, as this is money in RMOW-controlled accounts that would need to be transferred first to WHA, who in turn would apply it against invoices submitted to them by WDC.

However, there are also external funding sources that we are currently pursuing in partnership with the WHA to reduce the costs of financing and/or provide actual cash equity to the project. These are:

1. BC Builds – this is a new provincial funding tool that is seeking to announce several “demonstration projects” in Q1 of 2024. While undetermined at this time, staff have worked closely with the Provincial Team leading this program to provide project details and costs and to align project construction start with funding announcements, should Lot 5 be a successful candidate for funding – possible cash and preferential financing rates.
2. Community Housing Fund – this is a \$3.3B investment fund to build 20,000 affordable rental homes by 2031/2032. WHA has submitted a response to RFP which closed on November 17, 2023. First round selections should also be notified in Q1 or 2024. There will be a second request for proposal in 2024/2025 that may have a broader target group, but this would more likely be identified for future project on Lot 3 in Cheakamus.

In the absence of approved funding, determining which of our typical equity sources should contribute, in what quantity, and when is critical to successful project planning. Ensuring a shared understanding among the participating parties of both the approach and the specific actions required of each at different points in time is another valuable piece. Given the timing of the above-mentioned funding programs, this report does not recommend a specific equity pathway. Rather, staff are recommending that Council hold on approving any equity allocations until funding announcements are complete so that the best pathway for equity funding can be confirmed. As such, staff will report back to Council in early 2024 with a recommended approach to funding the equity gap based on knowledge of all of the tools identified above.

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## POLICY CONSIDERATIONS

### Relevant Council Authority/Previous Decisions

[Administrative Report No. 22-140](#) – Whistler 2020 Development Corp – 2023 OAP Funding Contribution Agreement includes the agreement governing the RMOW’s contribution of its MRDT OAP share to WDC.

[Administrative Report No. 22-085](#) – Transfer of Cheakamus Crossing Phase Two Lots 2, 3 and 5 To Whistler 2020 Development Corp authorized the transfer of these lots in June 2022.

### 2023-2026 Strategic Plan

The 2023-2026 Strategic Plan outlines the high-level direction of the RMOW to help shape community progress during this term of Council. The Strategic Plan contains four priority areas with various associated initiatives that support them. This section identifies how this report links to the Strategic Plan.

## Strategic Priorities

Housing

*Expedite the delivery of and longer-term planning for employee housing*

Climate Action

*Mobilize municipal resources toward the implementation of the Big Moves Climate Action Plan*

Community Engagement

*Strive to connect locals to each other and to the RMOW*

Smart Tourism

*Preserve and protect Whistler's unique culture, natural assets and infrastructure*

Not Applicable

*Aligns with core municipal work that falls outside the strategic priorities but improves, maintains, updates and/or protects existing and essential community infrastructure or programs*

## Community Vision and Official Community Plan

The Official Community Plan (OCP) is the RMOW's most important guiding document that sets the community vision and long-term community direction. This section identifies how this report applies to the OCP.

The OCP contains three Goals, one Objective, and 13 different Policies that refer to Affordable or EH. This fact speaks to the paramount importance of EH initiatives, and by extension the importance of doing thorough analysis as a means to expedite delivery of new EH units.

In addition to the Goals, Objective and Policies noted above, the recommended resolution is also consistent with the OCP Vision Characteristic (Community/Quality of Life) as well as the aligned Squamish-Lillooet Regional District Growth Strategies of:

- Support a Range of Affordable Housing
- Achieve a Sustainable Economy (by housing workforce locally)
- Create Healthy and Safe Communities

The OCP recognizes a critical need for additional EH and sets a target of developing an additional 1,000 new employee beds over the five-year period from 2019 to 2023. The recommended resolution included within this report is consistent with the goals, objectives and policies included within the OCP. The development of Lot 5 will facilitate the completion of secure affordable employee housing in Whistler and is consistent with Whistler's OCP and growth management policies.

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## BUDGET CONSIDERATIONS

The RMOW consolidates results for its subsidiary corporations (WDC, WHA) as well as controlled entities (Whistler Valley Housing Society) into its financial statements. This is where the EH activities of the broader RMOW organization is most visible to external stakeholders.

In the RMOW's annual Five-Year Financial Plan Bylaw (5YFP), activities undertaken by subsidiaries are only considered where municipal funds are involved. For example, in the case of an interparty lending arrangement or a project that is funded by RMOW-controlled reserves.

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## LÍLWAT NATION & SQUAMISH NATION CONSIDERATIONS

The RMOW is committed to working with the Lílwat People, known in their language as *L'il'wat7úl* and the Squamish People, known in their language as the *Skwxwú7mesh Úxwumixw* to: create an enduring relationship; establish collaborative processes for Crown land planning; achieve mutual objectives; and enable participation in Whistler's resort economy.

There are no specific considerations to include in this report.

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## COMMUNITY ENGAGEMENT

Level of community engagement commitment for this project:

Inform     Consult     Involve     Collaborate     Empower

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## REFERENCES

Appendix A – WDC Lot 5 Project Plan

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## SUMMARY

This is the third project plan submitted for consideration by WDC for Cheakamus Crossing Phase 2. Each plan represents an opportunity to introduce refinements to the process and improvements to the communication between participating entities. This report aims to make small changes to how the project is described and how specifically the flow of funds is detailed.

The most important thing to understand about this project is that construction costs remain high, with required subsidies testing new levels. The RMOW has been hard at work to identify and activate new sources of funds to flow into EH reserves, which is fortunate because without this proactive work, this project would likely be undeliverable. \$20Mm is a significant amount of money to invest in a single project, more than the RMOW has deployed to any project in the past. But with the newly established fund flows, the amount is manageable over the stated three-year construction period. Total EH reserve balances at the end of 2026 are forecast to be only slightly below year-end 2023 amounts, and so this pace and scale of investment appears to be largely sustainable given what we currently understand about construction costs and other funding avenues like hotel tax revenues and WHA cashflow.

As is the case with forecasts and estimates, the outcomes are likely to look different than what was expected, hopefully by a small amount. Should everything go approximately to plan, there is much to look forward to with this project and the revised EH funding model that through practice and repetition is proving itself out.

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**SIGN-OFFS**

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