



RESORT MUNICIPALITY OF WHISTLER

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STAFF REPORT TO COUNCIL

PRESENTED: February 25, 2025 **REPORT:** 25-010
FROM: Planning - Projects **FILE:** 3360-20-1194
SUBJECT: CHEAKAMUS CROSSING PHASE 2 – 1600 MOUNT FEE ROAD LOT 3 PROJECT
PLAN ENDORSEMENT

RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

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

RECOMMENDATION(S)

That Council endorse the Whistler 2020 Development Corp (WDC) Cheakamus Crossing Phase 2, 1600 Mount Fee Road (Lot 3) Project Plan Rev. 1 (Project) attached as Appendix A to Administrative Report No. 25-010 and direct staff to return to a future Regular Council Meeting with an update on the financing strategy, including grant awards; and

That Council direct staff to return to a future Regular Council Meeting with an updated recommendation if Project costs increase by 10 per cent or more before Project initiation; and

That Council endorse a \$5.9M equity contribution to support the Whistler Housing Authority Ltd.'s acquisition of Lot 3, contingent on receiving an updated financing strategy at a future Regular Council Meeting that includes grant awards of at least \$7.2M to complete the required equity; and

That Council direct staff to return to a Regular Council Meeting with the proposed housing agreement bylaw that limits the use of the Lot 3 buildings to rental tenure only and sets maximum rental rates for each unit to ensure long-term affordability, and accompanying amendments to *Council Policy K-01: Employee Rental Housing*, or such other Council policy updates as required, to encompass the townhouse rental framework; and further

That Council direct staff to bring forward an amendment to the “Five-Year Financial Plan (2025 – 2029) Bylaw No. 2465, 2025” to reflect the recommended movement of reserve funds in support of the Project, once grant funding is confirmed.

PURPOSE OF REPORT

The purpose of this report is to seek Council's provisional endorsement of the Cheakamus Crossing Phase 2, Lot 3 (Lot 3) Project Plan (Project or Project Plan) submitted by the Whistler 2020 Development Corp (WDC); and to develop a shared understanding of the funding sources for this Project. This report also seeks Council's approval on items related to the rental framework, housing

agreement (HA) and recommended approach to financing the Project. The goal is to ensure that affordable Employee Housing (EH) outcomes associated with the Project are optimized and that the process for financing is understood. Council will also need to consider a future amendment to the “Five-Year Financial Plan (2025 – 2029) Bylaw No. 2465, 2025” (5YFP) that captures any flow of municipal reserve funds necessary to support the Project and to ensure compliance with the *Community Charter*.

Information Report

Administrative Report (Decision or Direction)

DISCUSSION

Background

Housing is one of four priority areas identified in Council’s [2023-2026 Strategic Plan](#) (Strategic Plan). The Strategic Plan specifically establishes a goal of completing Lots 2, 3 and 5 in Cheakamus Crossing Phase 2 (Phase 2) by 2026. The Project Plan (attached as Appendix A) is the final piece of this commitment, though it is expected that Council’s focus on housing more broadly will endure. Lot 2 (1400 and 1450 Mount Fee Road) is now complete and occupied and Lot 5 (1475 Mount Fee Road) is in progress with occupancy currently expected by Q1 of 2026. The Lot 3 Project Plan presented in this report aligns with Resort Municipality of Whistler (RMOW) affordable housing policies.

Project description

Lot 3 is an 8,477m² parcel located at 1600 Mount Fee Road on the eastern side of the road, between the future neighbourhood park to the north, and the River Run single-family/duplex development to the south (Fig. 1). It is across the street from Lot 5, which is currently being developed as two four-storey apartment buildings containing 105 restricted EH units. Lot 3 is zoned RM-CD2 (Residential Multiple – Comprehensive Development 2); the allowable use is townhouses for EH.



Fig. 1. Project Location

Planning for Lot 3 took place through Q3 and Q4 of 2024, and involved a collaborative effort between the RMOW, WDC and the Whistler Housing Authority Ltd. (WHA), the entity that is expected to become the building owner.

WDC submitted a rezoning application and development permit in late 2024 to amend the Lot 3 parcel zoning to accommodate a proposed apartment. The rezoning contemplates adding ‘apartment for EH to the allowable uses (currently limited to ‘townhouses for EH’) and proposes to increase the density (gross floor area and floor space ratio), height, site coverage and lower the minimum parking standard to one stall per apartment unit, two stalls per townhouse unit, plus visitor parking. This aligns with the parking requirement for the other buildings in the Phase 2 neighbourhood. A zoning amendment bylaw for Lot 3 is proposed to be presented to Council in March 2025.

The Project proposes one five-storey apartment building with 105 units, comprised of 14 studio units (including 10 accessible units), 75 one-bedroom units, and 16 two-bedroom units (including three accessible units); it also includes 20 three-bedroom townhome units in four two-storey buildings built over a shared one-level parkade (Fig. 2). The design prioritizes optimizing the site density and number of units, while being sensitive to the interface with the adjacent neighbourhood park and the single-family/duplex lots in River Run. Design development incorporated feedback from RMOW and WHA staff and the WDC Planning and Development Committee and reflects learnings from the previous WDC projects in Cheakamus Crossing. The Project was reviewed once by RMOW’s Advisory Design Panel (ADP) as part of the rezoning and development permit review processes; ADP suggested design revisions and requested to review the Project a second time prior to Development Permit approval.

The unit mix in the apartment building is mainly studio and one-bedroom and responds to the demand demonstrated on the WHA waitlist and the [RMOW Housing Needs Report](#) (Housing Needs Report). The 20 townhomes are an opportunity to add an alternative housing type to the WHA rental inventory. Unit design and interior specifications are proposed to be like previous WDC builds, with quality appliances and durable finishes. Each unit features in-suite storage; this will be minimal in the accessible units, so those will be provided with an additional locker in the parkade.



Fig. 2 Lot 3 Site Plan

Domestic hot water will be provided by the District Energy System, and space heating will be provided by electric baseboard. Each unit will be provided with a heat pump in the primary living area to meet

updated Building Code requirements for space conditioning. The buildings will be designed to Energy Step Code 4, as required by the Phase 2 sustainability covenant.

Construction Timeline

WDC proposes a two-and-a-half-year construction timeline, with excavation and site work starting as early as Q2 of 2025, and occupancy projected for Q1 of 2028. The site is already serviced and cleared; some grading and excavation has been completed under a previously issued Development Permit. The RMOW's approval timeline anticipates WDC's proposed construction schedule.

Analysis

Consideration of the Project Plan for approval must take a few factors into account. The building itself, what it looks like and the specific mix of housing it is designed to provide. It needs to consider how the building will be operated once complete; how its use is defined by the HA and what community benefit will result from its construction. The economics of the Project must also be considered. Not only the costs but also the equity required to deliver the units to the required affordability standard. The current operating environment is such that even after maximizing the efficiency of the design (unit space optimization), there is a meaningful gap between the development's economic value on completion and its construction costs. This figure is \$16.1M using current cost estimates. Construction costs themselves are less certain today than at any time in recent memory. Approval of the Project Plan must be informed by all these factors, and the approval itself, because of the elevated uncertainty, must also be more flexible than in many recent projects. In other words, if a significant change in the construction materials market occurs in the near term, the Project risk profile will need to be reviewed and a decision to move forward may need to be paused until greater certainty regarding impacts of inflation can be obtained.

The building. The Project Plan (attached as Appendix A) describes one five-storey apartment building, and 20 townhouses built over a shared parkade, and contemplates a 2.5-year construction timeline.



Fig. 3 Apartment entry

The estimated cost. The budget for this Project is currently estimated at \$62.4M, based on comparable-cost analysis using current, Lot 5 and Lot 2 project costs, and accounting for estimated inflation. The numbers will become more certain as building plans are refined and work is tendered. The Project is currently moving toward building permit submission, 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.

Housing agreement. Staff are seeking Council direction to work with WHA and WDC to craft a HA limiting the use of Lot 3 to rental tenure, 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* (Policy K-01), as well as the terms for HAs established within the Community Land Bank Agreement and with the provincial housing covenant. Rental rates should also be established to align with requirements of potential project funding programs (e.g. B.C. Housing or Canada Mortgage and Housing Corporation).

For the purposes of equity modelling, the Project Plan establishes a rent of \$4,798/month for each of the 20 three-bedroom townhomes, which is based on a widely used affordability metric for middle-income housing, reflecting 30 per cent of household income for families in the 75th income percentile in British Columbia, allowing for project inclusion under potential funding programs. This is a different metric than the rent geared to income (RGI) approach used in Policy K-01 but allows the pro forma to work under the proposed financing scenario. The proposed rents are still below market rates. WHA tracks advertised rents for different unit types in Whistler and between 2021 and 2024, rents for three-bedroom attached dwellings (i.e. townhomes) ranged between \$7,000 and \$7,700/month.

Staff propose to bring forward a housing agreement bylaw for Council approval in March 2025; amendments to Policy K-01 or other Council policy updates, to accommodate proposed townhouse rents would follow in Q3.

Risks and risk mitigation. The Project Plan identifies potential risks and proposes risk mitigation approaches. Standard risks for a project of this type include interest rate uncertainty, equity availability and level of demand for new housing at the time the units are made available to the WHA rental waitlist. RMOW and WHA staff are pursuing grant and financing opportunities to address equity requirements and remain optimistic that solutions will be identified. WDC and WHA are engaging with potential lenders early to secure favourable interest rates.

RMOW and WHA staff are confident that strong demand will exist for the units upon completion, and the Project design and unit mix is based on data inputs including the WHA rental waitlist and the Housing Needs Report.

WDC has confidence in the Project budget, which includes appropriate contingencies and will leverage strong relationships with sub-contractors and trades that have been developed during construction of the previous Cheakamus Crossing projects.

Supply chain and tariff threat. A unique emergent risk is the impact of looming international trade disputes and tariff threats. This risk will be mitigated by identifying and potentially creating contingency allowances for budget elements at higher risk of tariff inflation and identifying alternative supply chains where possible. WDC's general contractor delivery model facilitates close management of sub-trades and suppliers, allowing more security and confidence in decision making regarding managing fluctuating costs. The RMOW will need to lean on the expertise that exists within the WDC board and staff to flag significant changes in costs due to tariffs. The RMOW and WDC will also need to be live to

sudden or uncertain risks that may not be able to be controlled, and therefore be prepared to alter the timing of the Project, if the risks are significant and can impact Project viability.

WDC will develop and maintain a risk register to document potential risks to the Project and develop and implement mitigation measures accordingly.

The second recommendation listed on page one: *“That Council direct staff to return to a future Regular Council Meeting with an updated recommendation if Project costs increase by 10 per cent or more before Project initiation”* is meant to guard against potential future cost inflation, by providing full visibility to Council of changes to the cost estimate before they reach a troubling magnitude and to allow Council to consider decisions in light of the best information available at each decision point.

Equity requirement. All affordable rental housing developments, including Lot 3, require a contribution of (non-repayable) equity to bridge the difference between cost of construction and the economic value of the Project at completion. Economic value is a function of net operating income expected from the units, 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 Project on completion. Page 13 of the Project Plan describes an estimated equity requirement for the Lot 3 apartment building of \$16.1M under the appropriate “Apartment at K-01 +TH” approach. This equity amount assumes a 30-year amortization and 4.5 per cent interest, which are the same assumptions as were used for Lot 5. The numbers that inform this value come from WHA and are based on best-available current information, using the same assumptions for amortization from Lot 5.

There are typically four 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;
3. The RMOW EH Reserve; and
4. Grants and preferable financing from provincial and federal housing programs.

In this case, the Project Plan anticipates drawing on each of these sources to provide the equity for Lot 3:

- 1) WHA will contribute \$3M from its own accounts;
- 2) The RMOW is requested to contribute a total of \$5.9M: \$3.1M from the CCAEH Reserve and \$2.8M from the EH Reserve;
- 3) The additional required \$7.2M will come from grant funding from other levels of government.

When these grants have been secured, an updated financing strategy will be brought to Council.

Given that there are no deposits currently planned from the WDC into the CCAEH Reserve, and given that the amount of money flowing into the EH Reserve from sources like Tourism Whistler contributions and excess RMOW Municipal Regional District Tax funds appear to have fallen below \$1M per year, one can fairly assume that the RMOW’s ability to contribute to future affordable EH projects, particularly projects of this scale, is going to be limited going forward. As things stand today, it will be 2029 before the RMOW is able to contribute \$5M in equity to a new project.

Staff are recommending that Council hold on approving any equity allocations until potential grant awards are confirmed, so that the best pathway for equity funding can be confirmed. As such, staff will report back to Council with an amendment to the 5YFP that reflects the recommended movement of reserve funds in support of the Project and identification of the combination of grants and preferential financing that satisfies the funding of the equity gap.

POLICY CONSIDERATIONS

Relevant Council Authority/Previous Decisions

[June 7, 2022, Administrative Report No. 22-085](#) – Transfer of Cheakamus Crossing Phase Two Lots 2, 3 and 5 to WDC – authorized the transfer of these lots in June 2022.

[April 23, 2024, Administrative Report No 24-043](#) -- WDC – Transfer of Cheakamus Crossing Employee Affordable Housing Reserve Amendment

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 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 3 will facilitate the completion of secure affordable employee housing in Whistler and is consistent with Whistler's OCP and growth management policies.

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 are most visible to external stakeholders.

In the RMOW's annual 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. Amending the 5YFP to include consideration for the reserve transfers outlined above is an important step in the process of Project approval. This Project cannot move forward without the equity contribution, and the equity contribution can only be made following successful resolution of recommendation number five above.

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 planning on unceded territories, as currently managed by the provincial government; achieve mutual objectives and enable participation in Whistler's resort economy.

There are no specific considerations to include in this report.

COMMUNITY ENGAGEMENT

Level of community engagement commitment for this project:

Inform Consult Involve Collaborate Empower

A rezoning sign has been erected on the subject Property; rezoning notification will be issued as required by legislation.

REFERENCES

Appendix A – WDC Lot 3 Project Plan
Appendix B – WHA Letter to RMOW Equity Contribution

SUMMARY

This is the fourth 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 Lot 3 Project is described and how specifically the flow of funds is detailed.

The most important thing to understand about the 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. The equity requirement for this Project is a significant investment

and must be considered carefully. But with the newly established fund flows, the proposed equity contribution 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. Staff will return to Council with an updated financial strategy when grant commitments of at least \$7.2M have been confirmed; until that point staff are recommending that Council provisionally endorse the requested equity contribution of \$5.9M.

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 with the revised EH funding model proving itself out. However, it is necessary to be hyper-vigilant regarding potential escalating factors that are beyond RMOW/WDC control. Prior to construction start, there could be inflationary factors (particularly around material costs and supply chain) that exceed the contingency of the Project budget that moves this Project into questionable territory regarding financial viability. Staff and WDC will be diligent in monitoring these situations and ideally resolving in advance but will also report back to Council if any significant financial or timeline impacts appear that may be unavoidable.

This report recommends endorsement of the Project Plan and provisional endorsement of a \$5.9M equity contribution, contingent on staff returning with an updated financial strategy that includes grant commitments from other levels of government totalling at least \$7.2M.

SIGN-OFFS

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