WHISTLER

REPORT | ADMINISTRATIVE REPORT TO COUNCIL

PRESENTED:	April 6, 2021	**REPORT:**	21-031
FROM:	Corporate and Community Services	**FILE:**	0500-00
SUBJECT:	WHISTLER 2020 DEVELOPMENT CORPORATION PARTNERING AND CREDIT LINE AGREEMENT		

COMMENT/RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

That the recommendation of the General Manager of Corporate and Community Services be endorsed.

RECOMMENDATION

That Council direct staff to execute the Partnering and Credit Line Agreement documents substantially in the form presented in Appendix A; and further,

That Council direct staff to give notice of the Resort Municipality of Whistler's intent to enter into a Partnering and Credit Line Agreement with Whistler 2020 Development Corporation (WDC) consistent with Part 3 of the *Community Charter*.

REFERENCES

Appendix A – Partnering and Credit Line Agreement between RMOW and WDC (Partnering Agreement)

Appendix B – WDC Correspondence dated March 29, 2021 from Development Manager, Neil Godfrey

PURPOSE OF REPORT

The purpose of this Report is to seek Council's authorization for RMOW to execute a Partnering and Credit Line agreement with WDC in support of the financing associated with the development of a new employee restricted (EH) apartment complex and the associated delivery of developed lots for sale into the market. This new development is on Parcel A in Cheakamus Crossing which is part of what is collectively known as Cheakamus Crossing Phase II (CCII). The Partnering and Credit Line Agreement governs the lending relationship between RMOW and WDC.

Although the WDC is a corporate entity wholly-owned by the municipality with a specific operating mandate, it is also a "business" as defined by the *Community Charter*, so a mandatory Partnering Agreement is required prior to the transfer of any incremental funds between the organizations. The Partnering and Credit Line Agreement attached as Appendix A satisfies both requirements.

Partnering and Credit Line Agreement: Process

On December 1, 2020, the Director of Finance of the RMOW presented to Council a summary of the financial components of WDC's proposed CCII project plan. The current project plan was included, along with additional information provided by the WDC Board of Directors at RMOW's request, in Administrative Report to Council No. 20-121.

At the meeting, Council moved the following resolutions:

> "**That** Council direct staff to include the $10 million Unsecured Credit Line requested by WDC within the 2021 year of the draft RMOW 2021-2025 Five Year Financial Plan that will be considered by Council later this month," and
>
> "**That** Council direct staff to prepare Unsecured Credit Line Agreement documents, including relevant terms and conditions to outline the repayment structure and associated schedule, as well as the new credit line's relationship to the existing WDC liability," and
>
> "**That** Council direct staff to return to an upcoming regular council meeting as soon as is possible for further Council consideration of the Unsecured Credit Line Agreement."

This first resolution was addressed with the inclusion of the $10 million credit line in RMOW's 2021 Budget Guidelines (Administrative Report 20-129 - Appendix A) and the resulting Five-Year Financial plan.

This report addresses resolutions two and three above.

DISCUSSION

In support of WDC's ongoing work in the Cheakamus Crossing neighborhood to deliver 100 new units of EH housing, RMOW has been asked to prepare documents in support of a $10 million dollar extension of credit to the WDC. There are many factors to consider in contemplating such an agreement. One is the importance of employee housing to this Council and to the community. Another is the RMOW's responsibility to be a fiscal steward to the community's shared financial resources. The size and value of these projects, and the spending involved, is sufficient to meaningfully impair the municipality's core financial position if the arrangement is not well executed.

Total Project Costs & Affordability Subsidy

According to the WDC project plan, it is anticipated that the cost to develop these new resident restricted rental apartment buildings and the associated market lots will be approximately $43 million. Every EH unit, whether delivered via an RMOW subsidiary or a third-party builder, requires subsidization of some sort. In other words, EH units cost more to deliver to the community than is reflected in their sales prices or associated rents. The difference between cost and the realisable value on completion is offset using different approaches:

1. In a mixed (market/affordable housing) development, a portion of the profits from market unit sales covers the shortfall on affordable units.
2. Grants and forgivable loans are often available to not-for-profit entities that undertake affordable housing projects.
3. Employee housing reserve balances can be committed to support this work as has been done in the past.

4. Other/one-off support as was the case in the first phase of the Cheakamus Crossing development (CCI) which included VANOC (Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games in 2010) support, and with MRDT Online Accommodation Provider (OAP) revenue more recently.

In the case of this current project, CCII total estimated costs of $43 million are to be offset by anticipated realizable value for the 100 EH units of $39 million. The funding model in this case most closely resembles #1 above. The difference between those two numbers (costs and proceeds) is to be funded by market lot sales from Parcel D3 of CCII. Also funded by D3 lot sales will be previously incurred (and still outstanding) subsidy amounts for units constructed in the first phase of the Cheakamus crossing development (CCI), as well as spending incurred in pursuit of positive EH outcomes in 2018 and 2019. A final $6 million[1] in net profits from the D3 market lot sales proceeds is anticipated to move into the Cheakamus Crossing Affordable Employee Housing (CCAEH) Reserve fund at the conclusion of this project to help fund future EH projects. Note that the transfer of these net profits from the development of D3 market lots to the CCAEH Reserve is a mandatory requirement under the terms of the Community Land Bank Agreement with the Province.

> "…there shall be deposited to the credit of the Cheakamus Crossing Affordably Employee Housing Reserve Fund the Profit from Market Housing." (CLBA, s.4)

In supporting this lending arrangement between RMOW and WDC, Council understands the interconnectedness of the market lot sales and the project itself and further understands that moving one forward without the other is not a viable approach. The Partnering and Credit Line Agreement is structured such that the subsidy amounts will only fall to Whistler taxpayers if market lot sales do not meet their objectives as outlined in the Project Plan. This is an important safeguard for Whistler taxpayers.

<u>Why are other Funding approaches not available?</u>

How did it come about that the CCII project will follow path #1 above when other EH developments led by RMOW subsidiaries have taken other approaches? What's the difference this time?

Housing Reserve funds (#3 above) are the first and most appropriate source of funding for EH projects. These funds are designed for exactly this purpose. RMOW has established two different types of these reserves over time:

1. The Employee Housing Works and Services (EHWS) Reserve receives fees collected by the RMOW from new or redeveloped properties. Balances in this fund grow slowly over time, particularly as the community is increasingly built out. From 2005 through to 2018, ~$787,000 was generated for EH initiatives through the Works and Services levy, and $0 since 2018. This reserve provided meaningful support in 2016 to EH projects that were under way at that time. A small amount that had accumulated since 2016 was transferred in 2019 to WDC in support of Parcel A. Today the EHWS Reserve is effectively empty, and is expected to remain so through the duration of this project.
2. The Cheakamus Crossing Affordable Employee Housing (CCEAH) Reserve was established to receive profits from the first WDC development (CCI). In consultation with the Province, the existing reserve Bylaw is being updated for the CCII project to ensure that it aligns with the RMOW's rights and responsibilities as outlined in the CLB governing documents. This

[1] Note that the information provided in the March 29th, 2021 letter from WDC's Development Manager suggests that more recent project cost estimates may decrease the expected net profit by approximately $2.4 to 2.7 million (from $6 million to between $3.3 and $3.6 million).

Reserve has not yet received any proceeds. As such, there exist no resources in either Employee Housing Reserve Funds today to support this planned development.

It is understood that WDC will continue to work toward grant funding (#2 above), but at this time there are no secured grant awards associated with the Parcel A project. Further information is expected from BC Housing with respect to this grant in May of this year.

Regarding outside funding (#4 above), the RMOW has, since 2019, committed 100% of the municipality's share of MRDT OAP revenues to providing funding in support of the Parcel A project and this funding approach will continue through the end of 2021. Tourism Whistler also committed its share of 2019 MRDT OAP to support the Parcel A project. The total amount of MRDT OAP funding flowing to WDC from OAP sources was $1.3 million in 2019 and is anticipated to be approximately $0.8 million for the years 2020 and 2021, for potentially $2.1 million in total non-repayable funding to this project. This is certainly a meaningful amount but is not sufficient to fund the entire subsidy required of the project.

Construction Financing: Size and Timing

In addition to final outcomes of this project (i.e. total planned costs and proceeds, as outlined above) execution of the plan must also consider interim financing. In this case, proceeds from market lot sales arrive later in time than when costs are incurred. In addition to unit subsidies, consideration must also be given to funding the associated differences in the timing of the respective cash flows.

WDC will rely upon borrowing to fund the bulk of the project's associated construction costs of $43 million. The current project plan captures construction activities beginning in early 2021 and under the current project plan is anticipated to conclude at the end of 2022. Borrowing will be repaid with the proceeds from lot sales and from proceeds realised from either the sale of apartment units in the apartment buildings, or the proceeds from mortgage borrowing to be supported by future rents. Consistent with the current CCII project plan, repayment of construction-related debt is anticipated to begin in the first or second quarter of 2022 and be complete by the end of that year.

Because the timing of building construction and market lot sales are planned to overlap in 2022, the current project plan does not anticipate that the full $43 million in construction costs will need to be borrowed. Rather, the planned pace of construction and associated spending will mean that WDC must borrow approximately $20.2 million in 2021 and another $8.1 million in the first half 2022 to support its planned activities. Another $14.7 million in 2022 spending is anticipated to be funded directly with proceeds from lot sales.

Because the timing of lot sales in particular will ultimately be dependent on a number of variables outside of WDC's control (including future prevailing market conditions, and demand for that specific product), the specific timing of receipt of lot-sale proceeds in the final year of the project cannot be known with certainty. As a result, the level of debt funding required in the first and second half of 2022 could be different than the amounts described above.

The maximum potential construction debt load outlined in the project plan is $37 million. Also contemplated are scenarios in which lot sales begin as early as 2Q22, in which case interim debt would be no greater than $21 million. The existing Agreement has been structured to allow for up to $43 million in total debt with $10 million coming from the RMOW Credit Line and $33 million from third-party lenders. This has been done to afford WDC flexibility beyond what has been contemplated in the Project Plan. This structure enables WDC to complete the entire project if necessary before any proceeds from sale are received.

Third-Party Borrowing

The $10 million Credit Line will be the first funding that WDC accesses in support of CCII (not including MRDT OAP revenues discussed above), and it is expected that this will be the last amount to be repaid. The project plan contemplates that this amount will be fully drawn by 3Q21 at which point WDC will have identified other lenders, and will proceed to draw the remaining necessary borrowing from them. In order to afford WDC the flexibility to access funding from these third party lenders, RMOW has made some important concessions compared to what would be normal in this type of the agreement. RMOW is not requesting a mortgage assignment as security, for example, on the understanding that this is security that must remain available for subsequent lenders. Also, the maturity date on the Credit Line aligns with the anticipated final completion date for the project. This allows for other lenders to be fully repaid from lot sale proceeds, before the RMOW is repaid.

Existing Debt

At the end of 2019, there remained a $9.37 million shortfall related to the development of CCI and subsequent RMOW directed transactions. The RMOW agreed beginning in 2010 to advance taxpayer funds in order to cover the existing shortfall in order to support timely delivery of CCI EH inventory. These advances were made with the understanding that the money would be repaid to municipal reserves, from CLB proceeds, at the first opportunity. The WDC Board is understood to have remained committed to paying down the debt throughout this period of time.

There were a number of factors that have each contributed to the current outstanding debt balance. The first relates to work on the CCI lands. The shared understanding at the time the RMOW entered into an agreement to repay the Municipal Finance Authority loan, and thereby act as a temporary lender to the project was that the project would relatively quickly generate sufficient revenue to fully cover its costs, and that at that time the RMOW would be fully repaid. However, at the conclusion of 2017, RMOW had paid from its own funds $7.89 million of the project’s revenue-cost shortfall. Reasons for this include:

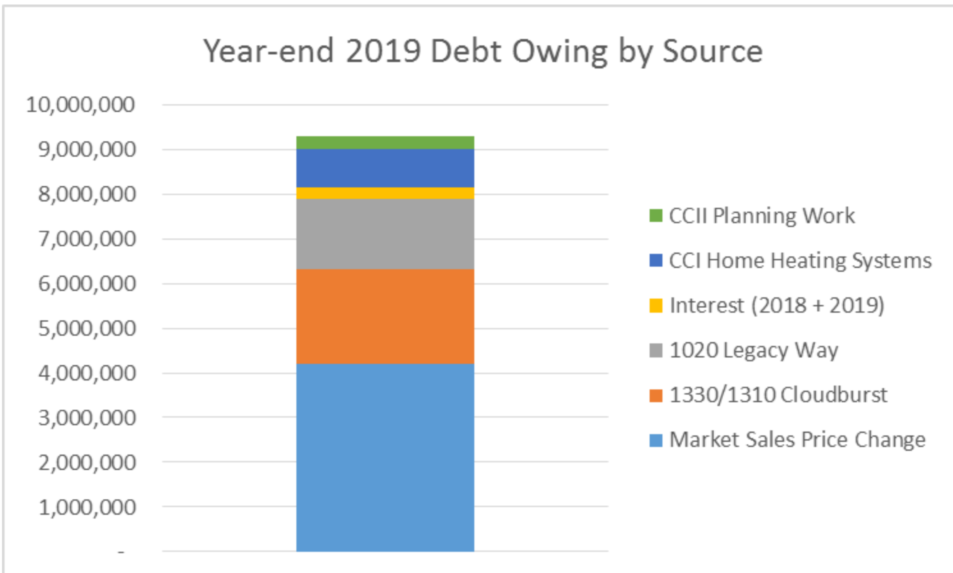
1. The Whistler real estate market softened between 2013 (at that point, the CCI project plan still anticipated that market sales would cover the full cost of that project) and 2017 (the time when associated CCI market sales were complete). Selling into a weak market meant that realised market sales values fell short of what was initially expected in the project plan. The amount of this shortfall was approximately $4.21 million.
2. Two parcels of land that were identified as “for sale” market lots in the CCI project plan (2013) were later (2017) identified as desirable as sites for additional EH projects. The value assigned to these lots (now 1020 Legacy Way and 1310/1330 Cloudburst Drive) in the project plan, and the corresponding amount of shortfall created by this decision to not sell the sites to the market was approximately $3.68 million.

Between 2017 and 2019 this amount owing continued to grow, for two additional reasons:

3. Interim interest accrual on the debt, reflecting some of the actual costs that fall to the RMOW as a result of having advanced the money. Specifically, investment instruments that normally would be generating interest income for the RMOW were liquidated and that interest revenue is no longer available to support municipal works. This amount was $0.26 million at the end of 2019. Note that charging interest ensures the RMOW remains in integrity with the understanding throughout the community that no tax payer funds are

used to subsidize the employee housing development within the Cheakamus Crossing neighbourhood.

4. Cost of additional work that work that was undertaken in 2018 and 2019 on EH initiatives on the Cheakamus Crossing and CLBA lands. This included work related to the Home Heating Systems in CCI properties ($870,000) and work related to CCII planning ($287,013). The 2019 payment of $870,000 was supported by a WDC Promissory Note as well as a Partnering Agreement between the RMOW and the WDC.



Because these amounts are due to be repaid to the RMOW from CLB revenues, and because time is of the essence in all RMOW interparty lending arrangements, the outstanding debt amounts are being included in this current Partnering and Credit Line agreement, to be repaid from CLB revenues at the earliest opportunity. Once RMOW's advanced amounts (which represent EH project costs, some from longer ago) are repaid, any additional CLB revenues will be deposited in the CCAEH Reserve. This Reserve is the ultimate recipient of net profits from all CLB lands, and is designed to fund additional EH development on CLB lands in the future consistent with the terms of the Community Land Bank Agreement.

<u>Debt forgiveness</u>

RMOW understands that WDC would prefer for some of the existing outstanding debt to be forgiven in the course of negotiating this new credit line. It is further understood that there have been past discussions around potential forgiveness of the debt between WDC and previous RMOW staff which has resulted in uncertainty in how the debt is to be managed or handled going forward. RMOW staff understand the lack of clarity these previous discussions provided to WDC on the debt, however, partial forgiveness of the loan is not recommended for several reasons as outlined below.

Any reduction in amount owing would mean that the D3 sales would generate more net profit, and that the balance in the CCAEH Reserve at the conclusion of this project would be higher. The $6 million previously discussed would become some greater number. The amount by which it would be greater would match the amount of debt forgiveness. This additional amount in the CCAEH would effectively be a direct contribution of taxpayer funds to employee housing at Cheakamus Crossing – this is counter to the current approach to employee housing initiatives.

Why is that? The CLB is clear on the definition of profits from development on CLB land: net proceeds minus net costs. There's a very clear test for costs (invoices for work) and proceeds (revenues received from sale of assets). These figures undergo audit review each year, and each the year leaders of both the WDC and the RMOW review and approve the resulting financial statements. So agreement on costs and proceeds is straight forward. It is expected that CLB works (including CCI and CCII) will have recorded a combined $6 million in net profit at the conclusion of CCII[2]. This profit must (per the CLBA) move into the CCAEH Reserve. RMOW can choose to contribute additional funds to the reserve for any reason, at any time. This is the choice at the heart of the debt forgiveness conversation: does the RMOW wish to contribute additional/taxpayer funds to the CCAEH reserve? By way of reminder, all of the money that composes the interparty debt came into the RMOW's possession through taxpayer requisition. It left the RMOW's accounts when it was used to make payments for things on behalf of WDC's EH works. The final step ought to be that the money comes back to the RMOW where it would take the form of liquid funds held on behalf of taxpayers for municipal purposes (i.e. would increase the amount in RMOW's general reserves to be used for future municipal asset replacement and project delivery).

Recall that in both 2020 and 2021 the municipality has made the choice to under-requisite, collect a smaller amount in taxes, relative to the actual cost of delivered services. This choice was made in order to temporarily and in a small way constrain costs for local property owners in their time of pandemic-related need. This decision is necessarily accompanied by an offsetting need to collect those same amounts in future years. To add to that a one-time spend on EH that could number in the millions of dollars is a decision with great consequence for the community.

Also worth noting are the steps that would need to follow this type of spending decision. Per section 183 of the Community Charter, an expenditure can only be authorized via the Financial Plan. The $10 million credit line has in fact been included in the existing Plan, but any debt forgiveness expenditure would need to be newly introduced via a Financial Plan Bylaw Amendment. Further, because this type of expenditure qualifies as assistance to business under section 25(1) of the Community Charter, a new Partnering Agreement (meaning different from the one presented today) would also need to be created, and this agreement would require that WDC provide a new service on behalf of the RMOW. This legislative process will require some amount of time to implement. This same statutory process is required any time the RMOW chooses to transfer municipal funds to the WDC. Each time a Partnering Agreement must be developed and executed, and all public notification requirements must be fulfilled.

<u>Timeliness of Debt Repayment</u>

RMOW also understands that WDC would like to consider a scenario in which the debt might not be repaid at the conclusion of this Project, but at some other point in the future. Land appreciates in value more quickly than cash, so wouldn't the community be better off to constrain land sales in the present and sell them as some future time when they have substantively increased in value? An answer to this question can also be found in the Community Charter. Section 183 speaks to the investment of municipal funds that are not required for immediate use. Section 183 would be applicable to the current amount owing under the existing debt. These funds can only be invested in eight listed types of publicly-traded fixed-income securities with the lowest possible risk profile.

---

[2] Note that the information provided in the March 29th, 2021 letter from WDC's Development Manager suggests that more recent project cost estimates may decrease the expected net profit by approximately $2.4 to 2.7 million (from $6 million to between $3.3 million and $3.6 million).

There are in fact a whole variety of investment vehicles and asset classes, land and others that are potentially higher-return but not an available option to municipalities. The RMOW does not have the flexibility to choose to invest municipal funds in land speculation. The debt, therefore, must be repaid as outlined in the Agreement. A great amount of flexibility has been considered that would fairly account for reasonable delays in construction or land sales. But leaving the debt outstanding beyond the horizon outlined in the documents is not an investment option available to municipal governments.

The letter from WDC Development Manager dated March 29, 2021 suggests a preference by the WDC for the Credit Line to be shifted to a longer term revolving line of credit such that WDC could draw from the municipal financial reserves up to $10Mm, repay some portion of it over time, and then redraw these funds again at their discretion in support of additional future potential EH projects in the CCII Upper Lands. This approach is not consistent with the CLBA. Rather, the CLBA is specifically structured such that any net proceeds from any phase of the project are held in the CCAEH Reserve. This Reserve must be structured consistent with Provincial direction as agreed to within the CLBA (see associated Council Report April 6th, 2021) and all WDC/RMOW accounting of development proceeds are bound to follow this structure. It is worth noting that the net outcome is the same. The proceeds of CLB land development are held in trust within the CCAEH Reserve specifically for the purpose of supporting the development of future EH projects on CLB lands.

<u>Summary & Important Terms</u>

In extending this borrowing, RMOW must keep foremost in mind its obligations to the community as a whole. Specifically the role of prudently safeguarding the community's financial resources. Employee housing is of course one of the most pressing matters facing Whistler today. The RMOW shares responsibility for addressing this issue with those who benefit from having a robust local workforce. Local employers for example and property developers should work actively with the RMOW toward a broad suite of EH solutions. In many cases, they are. Housing that is purpose-built by RMOW subsidiary corporations is but one of a handful of tools at Council's disposal to improve outcomes for resident employees.

CCII is an example of a development undertaken directly by an RMOW subsidiary corporation to bring new EH inventory online. This will be the fifth housing project of this type, for a total planned addition of 216 units and 466 beds, undertaken by RMOW subsidiaries since 2018. This tool can indeed be very effective, but from the perspective of RMOW fiscal responsibility, it is also the highest risk. The RMOW must take into account the effects of recent building activity on its consolidated financial position when considering the extent and nature of its involvement in Parcel A. The RMOW finds itself in a very different position today than in 2015 for example. Meaningful improvements have been made in the EH rental stock controlled by subsidiary corporations in that time. In order to achieve that, EHWS Reserves funds were put to work and are no longer available. Consolidated debt is at levels well beyond what has been the case for this community in the past. RMOW remains as committed as ever to EH initiatives but finds itself today with a narrowing range of options for direct participation in EH initiatives that meet the fiduciary responsibility test.

The attached lending document seeks to balance the importance of this project work in meeting community goals with the RMOW's responsibility to be a responsible steward of the community's shared financial resources.

The form of the current Partnering and Credit Line Agreement has resulted from a series of exchanges (and a total of seven versions of the Agreement) in which changes were proposed, discussed and a general mutual agreement to terms established. Important terms and conditions noted in the agreement are as follows. This is a non-exhaustive list of the elements of the credit line and seeks to describe and explain each item in standard terms. These descriptions do not replace the wording in the agreement itself (attached as Appendix A):

1. *Security*
   The credit line is an <u>unsecured</u> debt. A project lender will normally take a mortgage position on the property in question, which means that any non-repayment of debt would result in the transfer of the property title to the lender. In such a way the lender minimizes their risk of financial loss. The proposed structure of this credit line does not protect the $10 million in capital with this type of mortgage security. This approach ensures that the mortgage security remains free for WDC to commit to a subsequent lender. This approach also increases the RMOW risk associated with the lending significantly.

2. *Existing Debt*
   At the end of 2019, WDC owed to the RMOW $9.37 million; this debt is included in this agreement. This is being done in order to create consistency between the RMOW-WDC borrowing agreements and to ensure that the collective profits from the sale of market lands are clearly defined and consistent with the language contained in the CLB Agreement with the Province. The terms in this credit line agreement will govern all of the RMOW-WDC debt going forward.

3. *Interest Rate*
   The interest rate on the debt is set at the Municipal Finance Authority rate then prevailing for debt of similar size and duration, or zero, whichever is higher. This rate reflects most closely RMOW's actual cost of funds (meaning, the realised return on its investment portfolio), without any value assigned to the risk undertaken by the RMOW in extending this credit. This approach is taken in order to ensure that municipal ratepayers bear no direct costs in supporting this project, and to minimize costs to WDC in proceeding with the project. This rate is well below what is available to WDC from outside lenders at this time.

4. *Credit Line Advances*
   WDC will have access to the credit line within a set period of time and following proper notification (ten days for first advance, five days thereafter). Credit Line Advances are also precedent on the receipt by RMOW from WDC of regular and complete quarterly reports. This is included in order to ensure that progress on the project proceeds as expected.

5. *Encumbrances*
   Noted in the agreement is the potential for another $33 million in project-associated debt to be assumed by WDC. As noted above, the actual amount could be significantly below this threshold but in no case should it be higher. This approach allows WDC the maximum possible amount of flexibility on timing of asset sales through the duration of the project, while still holding the proposed project budget firm.

6. *Maturity Date*
   WDC commits to repaying the entire amount of debt on or before December 30, 2022. This aligns with WDC's current project plan.

7. *Repayment*
   WDC anticipates generating significant proceeds from the project, via the associated market lot sales, beginning in late 2021 or early 2022. These proceeds will go first to fund in-period construction costs (which will continue through 2022) and next to third-party lenders. Only

when other lenders are repaid in full can RMOW fairly expect to begin to receive repayments from WDC project proceeds. In all but one of the scenarios outlined in the current project plan, this repayment falls entirely in 4Q22 and so the repayment schedule reflects this expectation. Consistent with the CLBA with the Province, all net proceeds beyond the repayments noted above are to be held in the CCAEH Reserve at the municipality. This is a requirement of the agreements with the Province, and to do otherwise could constitute default of the CLBA by the municipality and WDC.

With the understanding that delays are always possible, the Agreement also includes a mechanism for two separate loan extensions. The first would grant WDC an additional six months from the original maturity date to make full repayment. A second extension is possible to extend maturity as late as December of 2025. This second extension is accompanied by an administrative fee, structured to reflect the fact that making a decision to extend repayment date incurs real costs for the municipality and ought to be undertaken only in unusual circumstances.

Section 23 of the *Community Charter* enables Council to make agreements with a public authority, including an agreement for the purpose of lending funds to the public authority. The WDC is considered a public authority and so the RMOW can lend the funds to the WDC provided that a Partnering Agreement is in place. This Partnering and Credit Line Agreement serves both of these purposes.

<u>Further Background: Project Overview, Development & Zoning</u>

WDC, a wholly owned subsidiary of RMOW, was incorporated in 2004 by the RMOW to design, finance, develop, construct, market, sell and lease housing and commercial space on certain municipal lands.

WDC is currently in the process of advancing a new development in the Cheakamus Crossing neighborhood. CCII includes two new EH apartment buildings with a total of 100 dwelling units on Parcel A; an extension of Mount Fee Road, along with associated infrastructure, streetscape, trail and public spaces; as well as the development of 17 for-sale market single family and duplex lots on Parcel D3. Further detail on the development itself can be found in Administrative Report 20-088 relating to Development Permit 1760, as approved by Council on September 15th 2020.

As noted above, in addition to the apartment buildings, WDC is planning to prepare for sale, and to bring to market in 2022, 17 serviced lots on the Parcel D3 lands. Market lot sales are allowed in specific circumstances as detailed in two key Provincial agreements: the CLB Agreement, and the Bare Trust and Agency Agreement. WDC and RMOW are working together to ensure that the conditions pertaining to this project and this property are met in a timely fashion. A Public Hearing was held on January 26th 2021 for Zoning Amendment Bylaw No. 2298, 2020 related to the parcelization of Cheakamus Crossing. This Cheakamus Crossing parcelization was later adopted by Council on the Regular Meeting of March 16th 2021. The adoption of this Bylaw represented a critical milestone to both the construction of the EH buildings and to the sale of market lots on the adjacent lands.

OTHER POLICY CONSIDERATIONS

While the Credit Line Agreement governs the proposed lending in support of this project, a number of policy considerations will also be critical to its progress and ultimate success. Zoning and Development Permit work is under way and has been described above. A Reserve Bylaw

Amendment is also in progress. This reserve will capture net proceeds from this project as is required by the CLB Agreement.

COMMUNITY ENGAGEMENT AND CONSULTATION

The concepts and approach for the next phase of Cheakamus Crossing employee housing development were shared with the community late in 2018 at an Open House, with Parcel A identified as a priority parcel followed by the lower lands. The Open House showed the scale of the housing opportunity available including preliminary designs, and was hosted prior to any decisions with regard to progressing any of the projects. WDC provided an update to the public on the Parcel A project in a delegation to Council on November 17, 2020. A Public Hearing was held on January 26, 2021 for Zoning Amendment Bylaw No. 2298, 2020 related to the parcelization of Cheakamus Crossing.

Notice of the RMOW's intent to enter this Credit Line Agreement must be posted for two consecutive weeks in the local paper consistent with Part 3 of the *Community Charter* prior to provisions of any associated Credit Line funds.

SUMMARY

This Report requests Council's direction to give notice of RMOW's intent to enter into a Partnering Agreement with WDC consistent with Part 3 of the *Community Charter* and to direct staff to execute the Partnering and Credit Line Agreement outlined in Appendix A between the RMOW and WDC in support of the financing and development of a resident restricted rental apartment complex at Parcel A in Cheakamus Crossing Phase II, and the associated market inventory that supports the associated development expenses.

Respectfully submitted,

Carlee Price
DIRECTOR OR FINANCE

For

Ted Battiston
GENERAL MANAGER, CORPORATE AND COMMUNITY SERVICES