

**RESORT MUNICIPALITY OF WHISTLER**

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STAFF REPORT TO COUNCIL

PRESENTED: April 23, 2024
FROM: Finance and Legislative Services
SUBJECT: 2024 WHISTLER 2020 DEVELOPMENT CORP – TRANSFER OF CHEAKAMUS CROSSING EMPLOYEE AFFORDABLE HOUSING RESERVE AMENDMENT AGREEMENT

REPORT: 24-043
FILE: 1660-20-2024

RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

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

RECOMMENDATION(S)

That Council direct staff to execute the draft 2024 Whistler 2020 Development Corp – Transfer of Cheakamus Crossing Employee Affordable Housing Reserve Amendment Agreement, attached as Appendix A to Administrative Report No. 24-043.

PURPOSE OF REPORT

The purpose of this report is to propose an amendment to the 2023 Whistler 2020 Development Corp (WDC) Transfer of Cheakamus Crossing Employee Affordable Housing (CCA EH) Reserve Funds Agreement (2023 CCA EH Agreement) in order to extend the purpose and timing of the previously transferred CCA EH funds to accommodate the development of the Cheakamus Crossing Phase 2 (CCP2), Lot 5 Project.

☐ Information Report

☒ Administrative Report (Decision or Direction)

DISCUSSION

Background

WDC is a wholly owned corporation of RMOW. Since its founding, WDC has been focused on the development and construction of affordable employee housing consistent with the terms and conditions of the Community Land Bank Agreement (CLB Agreement). The CLB Agreement was executed in the lead up to the 2010 Olympic and Paralympic Games (2010 Games) and it includes the terms and conditions upon which the Province agreed to provide select crown lands to serve as an affordable employee housing legacy of the 2010 Games.

The CLB Agreement is an important tool that supports the ongoing development of affordable employee housing in Whistler. Also important to the effort are tools developed after the CLB Agreement was executed, including development and construction funding practices and refinement of agreements and policies designed to ensure that newly created housing remains affordable to Whistler employees in perpetuity.

The CCAEH Reserve is one such tool. Established as required by the CLB Agreement - Community Land Bank Trust Declaration, Section 3,

“Subject to section 4, the Municipality declares to and agrees with the Province that the Profit from Market Housing that the Municipality receives from WDC or otherwise shall be held in trust and deposited to the credit of the Cheakamus Crossing Affordable Employee Housing Reserve Fund.”

This reserve provides a critical funding mechanism in support of the ongoing development of affordable employee housing in Whistler. Funding received by the CCAEH Reserve can in turn be used for:

“...acquiring land for, or designing, constructing, financing, operating, maintaining, repairing or replacing affordable employee housing on land acquired by the Municipality from the Province of British Columbia under the Community Land Bank Agreement between the Municipality and the Province dated October 21, 2005 as subsequently amended.”

In short, net profits recorded by WDC from development on the CCAEH Lands must be transferred to the CCAEH Reserve. These Reserve funds must then be allocated to support further affordable employee housing.

The WDC generated profit for the CCAEH Reserve for the first time in 2022. WDC sold a number of bare land lots in CCP2, Lot 4 into the market, and 46 units of employee housing on Lot 1A to the WHA waitlist. These activities, when combined with WDC's prior-year outcomes, resulted in a 'Distribution to Shareholder' recorded on WDC's 2022 financial statements in the amount of \$18.3 million. This was the first time since its founding that WDC recorded a surplus and by extension a distribution payable. This was also the first time the CCAEH Reserve was to receive a deposit from WDC activities.

While \$18.3 million in 'Distribution to Shareholder' was recorded at the end of 2022, this full amount was not readily available to distribute. There are several reasons for this, including the ongoing investment by WDC in other CCP2 siteworks and servicing, and to ensure additional lots would be ready for future affordable employee projects. The amount that was available to distribute (\$11 million) was captured in the 2023 CCAEH Transfer Agreement that was executed by the RMOW and WDC in June 2023 (attached as Appendix B). In this way the 2023 CCAEH Agreement set out to fulfill an important CLB Agreement term: deposit of net profits into the CCAEH Reserve.

The 2023 CCAEH Agreement also detailed a transfer out of the CCAEH Reserve back to WDC in the amount of \$9.5 million to support ongoing required working capital for the CCP2, Lot 2 development. The 2023 CCAEH Agreement captured a necessary funds transfer into the CCAEH Reserve (\$11 million, a portion of the year-end 2022 distribution payable) and a transfer out of the CCAEH Reserve (the \$9.5 million to support Lot 2 construction). As directed by Council, the difference (\$1.5 million) was transferred to the WHA as an equity contribution to the CCP2 Lot 2B project. All transactions were completed in compliance with the governing documents, and there currently remains a zero balance in the CCAEH Reserve.

Finally, the 2023 CCAEH Agreement also noted that the remaining distribution payable at December 31, 2022 would not be required to be transferred to the CCAEH Reserve prior to December 31, 2024. This was done to acknowledge that the timing of the availability of the remaining profits was not entirely known, and to ensure that the remaining distribution payable was recorded as a long-term liability on WDC's year-end financial statements.

Analysis

Given that the 2023 CCAEH Agreement has largely served its purpose, and that WDC's development activities in CCP2 have continued, an amendment to the 2023 CCAEH Agreement is now necessary. The draft 2024 CCAEH Amendment Agreement aims to:

1. Extend the purpose of the transferred CCAEH Reserve funds to include working capital for the CCP2, Lot 5 development as set out in the Lot 5 Project Plan that was endorsed by Council.
2. Detail the timing for subsequent future transfers back into the CCAEH Reserve.

Municipal staff have worked closely with WDC staff in the drafting of the proposed 2024 CCAEH Amendment Agreement to ensure that the content is appropriate to the purpose and that it serves both the ongoing operational needs of the WDC and aligns with the requirements of the CLBA and "CCAEH Reserve Fund Bylaw No. 2307, 2021". In the longer term, further agreements will be necessary to streamline the ongoing transfer into and out of the CCAEH Reserve and these will be brought forward to Council for further consideration later this year.

POLICY CONSIDERATIONS

Relevant Council Authority/Previous Decisions

[March 7, 2023: Administrative Report No. 23-025](#): Five-Year Financial Plan 2023 – 2027 Amendment Bylaw (Cheakamus Crossing Phase 2, Lot 2) No. 2396, 2023 Report. In response to this report Council moved the following related resolutions:

That Council direct staff to allocate 100 per cent of the Cheakamus Crossing Phase 2 (CC Phase 2), Parcel A (Lots 1 and 4) Project Plan net profits, once received from the Whistler 2020 Development Corp (WDC), to the Cheakamus Crossing Affordable Employee Housing Reserve (CCAEH Reserve); and

That Council direct staff to begin advancing the WDC the full value of funds available within the CCAEH Reserve starting in April, 2023, to support the construction financing costs of the CC Phase 2, Lot 2 Project Plan (Lot 2 Project Plan) works as attached as Appendix A to Administrative Report 23-025; and

That Council direct staff to develop a phased approach for the transfer of the CCAEH Reserve funds that supports the operational needs of the Lot 2 Project Plan, and that maximizes potential reserve interest earnings in support of the ongoing development of affordable housing projects in CC Phase 2; and

That Council direct staff to develop a framework with WDC, whereby the full value of the advanced CCAEH Reserve funds are returned to the CCAEH Reserve at the conclusion of the CC Phase 2, Lot 2 Project Plan (i.e. late 2024).

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 ongoing development of affordable employee housing is consistent with many Goals, Objectives and Policies within the OCP. Notably, Chapter 5 (Land Use and Development/Residential Accommodation), includes the following:

5.1.2. **Objective** House at least 75 per cent of Whistler's workforce within the resort community in livable, appropriate and affordable housing.

5.1.2.1. **Policy** Project and plan for current and future employee housing needs by undertaking ongoing monitoring of key housing need indicators, and adapting supply related policies and actions accordingly.

5.1.2.2. **Policy** Strive to add 1,000 new employee beds within the next five years.

5.1.2.4. **Policy** Pursue development of Residential Reserve lands in Cheakamus Crossing within the next five years, as one of the primary opportunities for new employee housing.

5.1.2.10. **Policy** When determining if the objective of housing 75 per cent of Whistler's workforce is being met, factor in quality, livability, appropriateness and affordability indicators such as number of people per room or dwelling, percentage of income spent on housing, life stage and family size.

5.2. **Goal** Promote diversity in housing price ranges to maintain affordability for the varied needs of different workforce groups and retirees within the community.

5.2.1. **Objective** Encourage a range of price points within employee housing to meet the needs of the diverse workforce and retiree groups.

5.2.1.1. **Policy** Acknowledge there are broad differences in the community's workforce demographics (e.g., family structure, age, income levels) and as such there are different housing needs, which will evolve over time.

5.2.1.2. **Policy** Identify, implement and update financial and regulatory tools as required to ensure employee housing remains affordable as community needs evolve.

In addition, Chapter 6 (Economic Viability) notes that: "The municipality is committed to being fiscally responsible and at the same time must continue to invest in infrastructure, amenities and services, which are integral to the authentic Whistler Mountain experience."

BUDGET CONSIDERATIONS

Subsidiary corporations operate in the public sphere but are governed separately from the RMOW and are responsible for establishing their own financial controls and policies. The financial results of subsidiary corporations and controlled entities are consolidated into the RMOW's Financial Statements each year. With that in mind, the RMOW maintains an interest in ensuring that financial matters at subsidiary corporations are conducted in such a way as to minimize any shared risk.

The RMOW is required to adopt a Five-Year Financial Plan (the Plan) each year, which captures the operating budget and revenue expectations for the stand-alone entity. While planned Employee Housing project spending does not itself appear on the Plan's schedules, because the subsidiary corporations are themselves responsible, there nevertheless exist points at which housing initiatives affect the Plan. Examples include interparty loans with subsidiary corporations or deposits to or allocations from housing reserves. Capturing these items accurately in the Plan requires a shared understanding of things like forecast project profit and intended uses of reserves. Financial transparency and accountability remain important to the RMOW and by extension its subsidiary corporations.

LÍŁWAT NATION & SQUAMISH NATION CONSIDERATIONS

The RMOW is committed to working with the Líl'wat 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.

COMMUNITY ENGAGEMENT

Level of community engagement commitment for this project:

☒ Inform ☐ Consult ☐ Involve ☐ Collaborate ☐ Empower

REFERENCES

Appendix A – DRAFT 2024 Whistler 2020 Development Corp. Transfer of Cheakamus Crossing Employee Affordable Housing Reserve Amendment Agreement

Appendix B - 2023 Whistler 2020 Development Corp. Transfer of Cheakamus Crossing Employee Affordable Housing Reserve Agreement

SUMMARY

The 2024 CCAEH Amendment Agreement, attached as Appendix A, builds on the success of the 2023 CCAEH Agreement by providing clarity for the CCP2 Lot 5 siteworks and expected transfer dates for the existing WDC distribution payable, and the CCAEH Transferred Funds outlined in the 2023 CCAEH Transfer Agreement. This report seeks Council direction to execute the draft 2024 CCAEH Amendment Agreement.

SIGN-OFFS

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Reviewed by:

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