



301-1106 Cook Street  
Victoria, BC V8V 3Z9

T 250 883 5579 F 250 995 8611  
abstractdevelopments.com

September 25, 2017

City of Victoria  
No. 1 Centennial Square  
Victoria, BC V8W 1P6

Attn: Mayor and Members of Council

Re: Affordable Housing Amenity Contribution  
Rezoning and Development Permit Application – 1201 Fort Street and 1050 Pentrelew Place

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### **Introduction**

In conjunction with the development application for the property located at 1201 Fort Street and 1050 Pentrelew Place, Abstract Developments (the "Developer") is committing to offer an affordable housing component that will be linked to 1201 Fort. In establishing this amenity offering, the following documents were considered:

1. City of Victoria Strategic Plan (2015-2018)
2. Mayor's Task Force on Housing Affordability Recommendations
3. Victoria Housing Strategy (2016-2025)

### **City of Victoria Strategic Plan (2015-2018)**

The City of Victoria Strategic Plan identifies Objective 6 as "Make Victoria More Affordable". This objective goes on to further identify a 2017/2018 outcome of:

- Increased the range of affordable housing not only for those in need of supports but also for working people, families and youth.

### **Mayor's Task Force on Housing Affordability Recommendations**

This Task Force provided recommendations to the Governance & Priorities Committee on July 16, 2015. The recommendations state a goal/target (#2) of:

*Goal & Target #2: Have a minimum of 19% of New Housing Units Built as Affordable*

It goes on to further state "Table 1 provides a summary of the number of units required to meet future affordability needs within the second and third income quartiles." Table 1 is provided below for reference:

**Table 1 – Affordable Housing Targets**

Quartile	Target Household Income	Housing Type	Units Needed		Rental/Price Range
			Total	Per Year	
2	\$18,147 - \$35,647	Low End Market Rental	1,319 to 1,382	44 to 46	\$454-\$891
3	\$35,648 - \$57,771	Near Market Rental	243 to 255	8 to 9	\$892-\$1,444
		Affordable Ownership	1,092	36 to 39	\$120,000-\$250,000
Total			2,654 to 2,729	88 to 94	

In addition, Item 3 within Appendix A identifies Inclusionary zoning as a means to increase the City of Victoria's capacity to support the development of affordable housing. The rationale states:

*"Affordable housing mandates (also called Inclusionary zoning) require that a portion of new housing units (typically 10-20%) be sold or rented below market prices, or developers contribute to an affordable housing fund... A variety of approaches to inclusionary zoning exist, each of which should be examined prior to being considered for use within the City's housing market."*

#### **Victoria Housing Strategy (2016-2025)**

The goal of the Victoria Housing Strategy is to increase the supply and diversity of non-market and market housing across the housing spectrum and throughout Victoria that meets the current and future needs of low and moderate income households. The Housing Strategy was informed largely by the Mayor's Housing Affordability Task Force (as identified above), who focused primarily on the development of housing that meets the affordability needs of households that fall within Statistics Canada's middle two income quartiles (households incomes ranging from \$18,147 to \$57,772 per annum).

The City of Victoria defines affordable housing as costing no more than 30% of gross household income. For example, if a household is earning a gross annual income of \$40,000 (falling within the 3<sup>rd</sup> quartile of Table 1 – Affordable Housing Targets), a near market rental unit would be limited to \$1,000 per month.

#### **Affordable Housing Amenity Contribution**

In consideration of the City of Victoria's commitment to affordable housing as expressed through the three documents outlined above, Abstract Developments (the "Developer") is committed to supporting these initiatives through the development application for 1201 Fort Street and 1050 Pentrelew Place (the "Proposed Development").

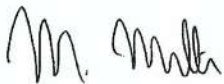
#### **Details:**

- 10% of the approved unit count, being no less than 10 units, of the Proposed Development will be built and have received an Occupancy Permit on another property within the City of Victoria (the "Affordable Units") by no later than December 31, 2020.

- The Affordable Units will be Low End to Near Market rental units, with monthly rental rates limited to no greater than 30% of Gross Household Income with qualifying incomes being within either the second or third quartiles as identified by the BC Non-Profit Housing Association through the Rental Housing Index. Of the Affordable Units, 50% of them will be rented to households with incomes in the second quartile, and 50% of them will be rented to households with incomes in the third quartile.
- Should the Affordable Units not be completed with an Occupancy Permit received by December 31, 2020, the Developer shall pay \$25,000 per Affordable Unit to the Victoria Housing Reserve Fund as cash-in-lieu of building the affordable units.
- The Developer will register this Amenity Contribution as a Covenant against title to the property located at 1201 Fort Street and 1050 Pentrelew Place.

We look forward to working with the City of Victoria to help achieve the goals and objectives of increasing the supply of affordable housing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Miller', with a stylized, cursive script.

Mike Miller  
President & Founder