

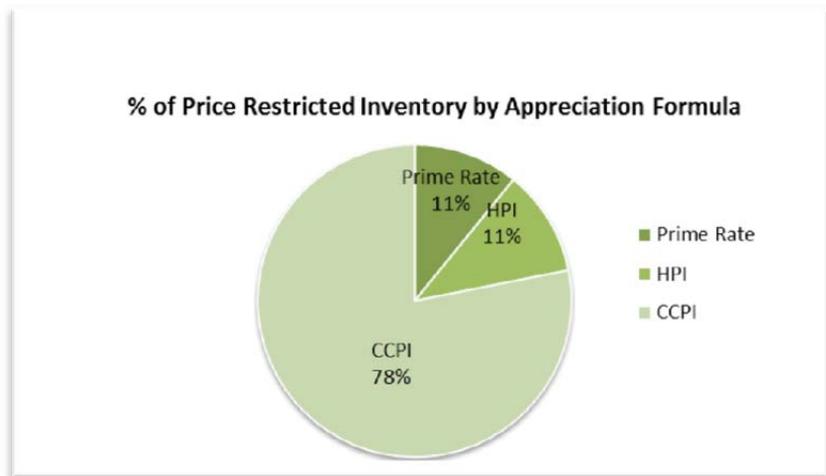
EVOLUTION OF THE RESIDENT HOUSING COVENANTS

Since the creation of the resident housing program in Whistler three different appreciation formulas and associated covenants have been used to calculate the resale value and rental rate of resident restricted units. In place since 2006, Core Consumer Price Index (CCPI) is the current appreciation formula used for calculating the resale value of resident restricted units. The covenant associated with CCPI also incorporates restrictions on the rental of resident restricted units to six months less a day out of each calendar year.

To help provide clarity on the evolution of the resident housing appreciation formulas and related covenants this document provides an overview of the history of the resale and rental restrictions by project.

Resale Restriction History

Prior to 2006, the RBC Prime Rate and the Vancouver Housing Price Index were the appreciation formulas used for calculating the resale price of resident restricted units. In 2006 when the new Core Consumer Price Index (CCPI) formula was adopted by Council, all subsequent new sales and resales in every price restricted project, at the time of resale, began using the CCPI calculation formula.



Below is a table showing which of the price restricted properties were originally tied to which appreciation formula and the percentage of units that remain tied to the older calculation formulas. As resales take place in older projects and the appreciation formulas are updated to CCPI, the percentage of units on the older appreciation formula falls. Currently, 78% of the price restricted inventory is tied to the Core Consumer Price Index.

Project	Built	Original Appreciation Formula	% of Project now on Current Covenants (CCPI)
Millar's Ridge	1997	Prime Rate Formula	47%
Gondola Six	1997	Prime Rate Formula	75%
Glacier Ridge	1998	Prime Rate Formula	36%
Spruce Grove	1998	Prime Rate Formula	31%
Cascade Lodge	1998	Prime Rate Formula	100%
19 Mile Creek	2000	Housing Price Index	51%
Nesters Square	2001	Housing Price Index	0%
Beaver Flats	2001	Housing Price Index	8%
Bear Ridge	2003	Housing Price Index	61%
The Glades	2003	Housing Price Index	100%

Nita Lake	2006	Core Consumer Price Index	100%
The Lofts	2007	Core Consumer Price Index	100%
Lakecrest	2007	Core Consumer Price Index	100%
Fitzsimmons Walk	2009	Core Consumer Price Index	100%
Cheakamus Crossing	2009	Core Consumer Price Index	100%
Rainbow	2009	Core Consumer Price Index	100%
Cedar Springs	2013	Core Consumer Price Index	100%

Resale Restriction by Type

The information below provides an overview of the different appreciation formulas and the rationale for their change over time.

Prime Rate Appreciation Formula:

The first appreciation formula was introduced in 1997 and was tied to the Royal Bank of Canada (RBC) Prime Lending Rate. This appreciation formula was originally applied to Millar's Ridge, Gondola Six, Glacier Ridge, Spruce Grove townhouses and the lots for the single family homes in Barnfield and Spruce Grove. The original rationale for using this formula was to equate or possibly exceed the likely return that a homeowner would receive if their equity was invested in a GIC or similar conservative investment vehicle. Over time it was found that this formula did not keep up with inflation.

Housing Price Index Appreciation Formula:

The second appreciation formula, adopted in 2000, was tied to the Greater Vancouver Housing Price Index (HPI). The objective in indexing our restricted housing resale prices to a broad regional market of housing was to have it appreciate with real housing prices that represented value directly associated with housing. Theoretically, this would allow households from the Lower Mainland moving to Whistler to purchase into Whistler's restricted housing, and vice versa, at a price that was comparable to what they could have afforded in the Lower Mainland. 19 Mile Creek, Bear Ridge and Beaver Flats were originally tied to this appreciation formula. The resale price of these units appreciated at an unpredicted accelerated rate and within a few years of its application there was grave concern that the price restricted units tied to the HPI formula were quickly becoming unaffordable and out of reach of some local employees.

Canadian Core Consumer Price:

The third and current appreciation index being applied to the price restricted inventory is the Core Consumer Price Index (CCPI). This index was chosen through extensive community engagement, including the Whistler 2020 Sustainability Task Force Process. The impetus for the initiation of yet another appreciation formula was the real concern that the units tied to the HPI formula had reached unaffordable levels for many local employees. It was acknowledged by the community that the provision of a home and the retention of future affordability of the resident restricted inventory were paramount to the success of Whistler's resident housing program. Through the community consultation phase, it was requested that the new formula be simple to comprehend and that the formula result in a modest but consistent appreciation year to year, reflecting annual inflation. In order to create consistency amongst the resident restricted inventory, it was decided in 2006 that every subsequent property resale would be turned over to the CCPI appreciation formula. Owners can also voluntarily choose to switch over to the 2006 covenants containing the CCPI appreciation formula if they so choose even if they're not intending to sell their unit. Currently, 76% of the price restricted inventory is now tied to the Core Consumer Price Index appreciation formula.

Rental Restrictions for Resident Restricted Units

In addition to the new appreciation formula, in 2006 the covenants were updated to include revised restrictions on the rental of resident restricted units. While previous covenants permitted owners to rent their units for an unlimited length of time the current covenants restrict the rental of resident restricted units to no longer than 6 months less a day out of each calendar year.

Currently 78% of resident restricted units have restrictions limiting the length of time their unit can be rented. However, original homeowners who purchased their unit at Millar's Ridge, Gondola Six, Glacier Ridge, Spruce Grove, 19 Mile Creek, Beaver Flats or Bear Ridge prior to 2006 can still rent their units for any duration of time.

The following table provides a breakdown of the different restrictions that have evolved as the resident housing inventory has grown over time.

Resale Appreciation Formula <i>(As discussed above)</i>	Original Owners – Prime Rate: Millar's, Glacier, Gondola Six, Spruce Grove, Cascade Lodge	Original Owners – HPI: 19 Mile, Bear Ridge, Beaver Flats, The Glades, Nesters Square	Original Owners & all Resales - CCPI: The Lofts & Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow
Original Monthly Rental Rate	Fixed \$\$ amount per rented room per month. Millar's, Gondola Six	\$1.25 per sq.ft per month. Glacier, Spruce Grove, 19 Mile, Bear Ridge, Beaver Flats, Cascade Lodge, The Glades, Nesters Square	\$1.35 per sq.ft per month. The Lofts & Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow, & all resales in older projects
Annual Rental Appreciation Formula	Prime Rate Millar's, Glacier, Gondola Six, Spruce Grove, Cascade Lodge	% change in CPI 19 Mile, Bear Ridge, Beaver Flats, The Glades, Nesters Square	% change in CCPI The Lofts & Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow, & all resales in older projects
Rental Duration	Under original covenant, unlimited length of time. Millar's, Glacier, Gondola Six, Spruce Grove, 19 Mile, Bear Ridge, Beaver Flats, Cascade Lodge, The Glades, Nesters Square	Owner must occupy unit for 6 months + 1 day out of each calendar year. The Lofts & Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow, & all resales in older projects	
Breach of Covenant Financial Penalty	\$100 per day Millar's, Glacier, Gondola Six, Spruce Grove, 19 Mile, Bear Ridge, Beaver Flats, Cascade Lodge, The Glades, Nesters Square	\$500 per day The Lofts & Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow, & all resales in older projects	

Capital Improvements	By Appraisal with consideration of Policy Millar's, Glacier, Gondola Six, Spruce Grove, 19 Mile, Cascade Lodge	Requires a Building Permit Bear Ridge, Beaver Flats, The Lofts & Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow, The Glades, Nesters Square, & all resales in older projects	
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The specific project covenants and their restrictions can be viewed on the Whistler Housing Authority website at: <http://www.whistlerhousing.ca/legal.html>