

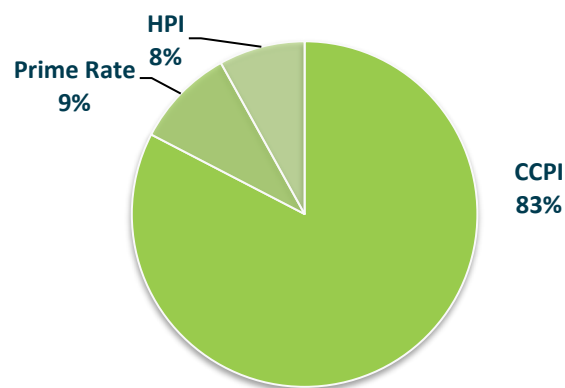
# EVOLUTION OF THE EMPLOYEE HOUSING COVENANTS

Since the creation of the Employee Housing Program (previously referenced as 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 employee restricted (previously referenced as the resident restricted) units. In place since 2006, Core Consumer Price Index (CCPI) is the current appreciation formula used for calculating the resale value of employee restricted units. The covenant associated with CCPI also incorporates restrictions on the rental of employee restricted units to six months less a day out of each calendar year.

To help provide clarity on the evolution of the employee 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 (HPI)** were the appreciation formulas used for calculating the resale price of employee 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.



**Figure 1: % of Price Restricted Inventory by Appreciation Formula**  
(as of January 2022)

Currently, 83% of the price restricted inventory is tied to the Core Consumer Price Index, not including the Single Family homes in Spruce Grove or Barnfield.

As resales take place in older projects and the appreciation formulas are updated to CCPI, the number of units on the older appreciation formula falls and the percentage of units on the updated formula increases. The table below shows which projects of the price-restricted properties were originally tied to different appreciation formulas and the percentage of units that remain tied to the older formulas through the original covenants.

Project	Year Built	Original Appreciation Formula	% of Project now on Current Covenants (CCPI)	# of Projects on Original Covenant
Millar’s Ridge	1997	Prime Rate Formula	52%	40
Gondola Six	1997	Prime Rate Formula	92%	1
Glacier Ridge	1998	Prime Rate Formula	41%	13
Spruce Grove	1998	Prime Rate Formula	38%	26
Cascade Lodge	1998	Prime Rate Formula	100%	-
19 Mile Creek	2000	Housing Price Index	67%	26
Nesters Square	2001	Housing Price Index	0%	-
Beaver Flats	2001	Housing Price Index	25%	9
Bear Ridge	2003	Housing Price Index	70%	30
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%	-
Solana	2015	Core Consumer Price Index	100%	-
All*			83%	149

\*not including Single Family homes in Spruce Grove or Barnfield

## 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 employee restricted inventory were paramount to the success of Whistler's Employee 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 employee 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, 81% of the price restricted inventory is now tied to the Core Consumer Price Index appreciation formula.

## RENTAL RESTRICTIONS FOR EMPLOYEE RESTRICTED UNITS

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

Currently 83% of employee 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 employee housing inventory has grown over time.

	<b>Prime Rate</b> Original Owners :	<b>HPI –</b> Original Owners:	<b>CCPI –</b> Original Owners & all Resales :
<b>Resale Appreciation Formula</b> <i>(As discussed above)</i>	<i>Millar’s, Glacier, Gondola Six, Spruce Grove, Cascade Lodge</i>	<i>19 Mile, Bear Ridge, Beaver Flats, The Glades, Nesters Square</i>	<i>The Lofts &amp; Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow &amp; all resales of older projects since mid-2006</i>
<b>Original Monthly Rental Rate</b>	Fixed \$ amount per rented room per month  <i>Millar’s, Gondola Six</i>	\$1.25 per sq.ft per month <i>(starting rent)</i>  <i>Glacier, Spruce Grove, 19 Mile, Bear Ridge, Beaver Flats, Cascade Lodge, The Glades, Nesters Square</i>	\$1.35 per sq.ft per month <i>(starting rent)</i>  <i>The Lofts &amp; Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow, &amp; all resales of older projects since mid-2006</i>
<b>Annual Rental Appreciation Formula</b>	Prime Rate formula  <i>Millar’s, Glacier, Gondola Six, Spruce Grove, Cascade Lodge</i>	% change in CPI  <i>19 Mile, Bear Ridge, Beaver Flats, The Glades, Nesters Square</i>	% change in CCPI  <i>The Lofts &amp; Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow. &amp; all resales of older projects since mid-2006</i>

	<b>Prime Rate - Original Owners :</b>	<b>HPI – Original Owners:</b>	<b>CCPI – Original Owners &amp; all Resales :</b>
<b>Rental Duration</b>	<p>Under original covenant, unlimited length of time.</p> <p><i>Millar’s, Glacier, Gondola Six, Spruce Grove, 19 Mile, Bear Ridge, Beaver Flats, Cascade Lodge, The Glades, Nesters Square</i></p>	<p>Owner must occupy unit for 6 months + 1 day out of each calendar year.</p> <p><i>The Lofts &amp; Nita Lake Lakecrest, Fitzsimmons, Cheakamus, Rainbow, &amp; all resales of older projects since mid-2006</i></p>	
<b>Breach of Covenant Financial Penalty</b>	<p>\$100 per day</p> <p><i>Millar’s, Glacier, Gondola Six, Spruce Grove, 19 Mile, Bear Ridge, Beaver Flats, Cascade Lodge, The Glades, Nesters Square</i></p>	<p>\$500 per day</p> <p><i>The Lofts &amp; Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow &amp; all resales of older projects since mid-2006</i></p>	
<b>Capital Improvements</b>	<p>By Appraisal with consideration of Policy</p> <p><i>Millar’s, Glacier, Gondola Six, Spruce Grove, 19 Mile, Cascade Lodge</i></p>	<p>Requires a Building Permit</p> <p><i>Bear Ridge, Beaver Flats, The Lofts &amp; Nita Lake, Lakecrest, Fitzsimmons, Cheakamus, Rainbow, Solana, The Glades, Nesters Square, &amp; all resales of older projects since mid-2006</i></p>	

The specific project covenants and their restrictions can be viewed on the Whistler Housing Authority website at: <https://whistlerhousing.ca/pages/legal>.