

TOWN OF OSOYOOS

Policy Manual



SECTION	PLANNING AND DEVELOPMENT SERVICES
TITLE	NEAR MARKET AFFORDABLE HOUSING (NMAH) PROGRAM GUIDELINES
POLICY NUMBER	PLA-017

A. GENERAL GUIDELINES

A1. Outline

The Near-Market Affordable Housing (NMAH) program will operate in designated areas of the Town of Osoyoos in accordance with the following Program Guidelines. The Program is intended to deliver lower cost affordable homes at a discount below comparable market housing to qualified applicants. Participating developers will build and help subsidize a required share of modestly-priced affordable homes in their residential projects as a condition of zoning approval. The Town will encourage developers take on such mixed housing projects by providing them with otherwise unavailable development rights and, where appropriate, negotiating selective financial incentives. To guard against affordable home recipients receiving windfall profits from a public program and to maintain the Town's affordable housing pool the unit resale conditions are outlined in C5.

A2. Needs

1. As a successful resort community, Osoyoos attracts many retirees and recreation home buyers which inflates local housing prices and, in doing so, creates affordability barriers for lower income households wishing to live and work in the community.
2. According to the affordability threshold set by the Canada Housing and Mortgage Corporation (CMHC), total shelter costs for home purchasers and renters should ideally not exceed 30% of their gross household income. However, data collected for the *Town's 2010 Affordable Housing Strategy* shows that even median-income local households will have difficulties staying within this affordability threshold. Thus, more diverse housing supply is needed to meet all demand sectors.
3. *Council's 2010 Affordable Housing Policies* place a priority on helping working and especially younger households facing housing challenges who want to remain in or relocate to Osoyoos. * See Policy PLA-001.
4. Council's housing efforts are intended to complement business and job creation to achieve sustained community growth and diversification. Also, linking jobs and homes in Osoyoos will reduce commuting demands and promote environmental sustainability.

A3. Program Applicability

The Program will apply to designated areas in the Town of Osoyoos *Official Community Plan* that are subject to "inclusionary zoning" policies. Under these policies developers are required to set-aside a share of their total residential units as a public amenity in the form of affordable housing, in return for receiving otherwise unavailable development rights. Currently the Program encompasses all properties identified for future medium-density residential use in our *Secondary OCP Area Plan for South-East Meadowlark (SEM)*. Approval of development rights on these properties are subject to their release from the *Agricultural Land Reserve (ALR)*, as well as Council approved OCP and zoning amendments for *Intensive Residential Development (IRD)* use. With the Town's consent, certain allowable IRD housing types -- specifically small

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lot single-detached and two-family housing, as well as row houses -- may also be dedicated for use as affordable housing.

A4. Program Duration

The Program will continue at Council's pleasure but will not be terminated or contracted without the Town meeting all its pre-existing written obligations.

A5. Other Program Instructions

From time to time the Town may update these guidelines and attach schedules with detailed instructions, application forms, and legal documentation.

B. DEVELOPER GUIDELINES

B1. Project Size

The Town places a strong priority on developing larger projects with ideally a least 20 housing units to achieve benefits of: (i) servicing and land use economies of scale, (ii) enhanced social viability from mixing numbers of affordable homes in with full market units and incorporating common space amenities, (iii) mixing different housing types together wherever feasible, and (iv) enabling a reasonable profit margin for Developers to cover their costs of including affordable homes. To realize these benefits, Developers may have to consolidate a number of individual properties to make up their projects.

B2. Affordable Housing Set Aside

Any Developer who is the recipient of IRD zoning approval must consent to including a set-aside of affordable homes in their project equal to 15% of their total number of approved residential units, as rounded out to the nearest whole number. If there is a subsequent change in the total number of approved residential units, the set-aside may be recalculated. In the case of phased developments, the required set-aside will be calculated on the basis of the whole project.

B3. Payment in Lieu

In rare circumstances where larger projects are impractical, the Town may approve a project with 6 or less total housing units but on condition the developer elects in advance either to set-aside one designated affordable home, or make payments-in-lieu to the Town equal to 3% of each of their market unit's final selling price within sixty (60) days of their closing date. The payments will be held in a reserve account with the purpose of expanding the Town's supply of affordable housing. Payments-in-lieu are not an alternative in any other applications under the Program.

B4. Sale to Home Recipient

Developers will sell each of their designated affordable homes to an approved recipient registered on the NMAH waiting list at a discounted price of 15% less than the selling price of comparable market homes in their project, as confirmed by an appraiser selected by and under the direction of the Town. At this time the Program does not cover affordable rental units, but Developers may include rentals in their market housing component.

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B6. House Design

All affordable homes must be identical with comparable market housing types in the same project respecting floor space, number of bedrooms, number of vehicle parking spots and parking structures, exterior building appearance, building material finishing and quality, and infrastructure services. All project housing must accord with the same applicable Town design standards. With Town concurrence, less expensive internal features may be substituted in affordable homes respecting plumbing and lighting features, flooring, counter tops and kitchen cupboards, but they must be durable, of good quality, and consistent with contemporary standards for new housing. Affordable homes must contain the same range of household appliances as market units but may be less expensive models.

B7. Financial Incentives

A Developer may apply to the Town for financial incentives to partially compensate for the difficulties of taking on a mixed affordable / market housing project and their reduced profits on the affordable units, and the Town may negotiate without obligation and in accordance with Council approved policy. Density bonuses will not be offered as an incentive because of the already high densities achievable in the IRD zone.

B8. Housing Agreement

Normally, any zoning bylaw amendment approval requiring a Developer to include affordable homes in their project will be subject to an accompanying *Housing Agreement* under *Section 483* of the *Local Government Act*. The Agreement will lay out all relative responsibilities and rights of the Town, the Developer, and NMAH home purchasers regarding all applicable matters under these Program Guidelines and will be placed on title. In the case where the Town is selling its own property with an affordable housing component, the Offer to Purchase Agreement will include provisions for an affordable set-aside and discounted sale price, to be followed by the Town entering into such a Housing Agreement with itself as the owner prior to selling any property.

C. RECIPIENT GUIDELINES

C1. Program Eligibility Priorities

The Town will manage the Program fairly in accordance with the *Human Rights Code*. Applicants registering on the Waiting List will be considered on a first come, first serve basis for assessment against the Program's following eligibility priorities:

1. Applicants must be a current resident of the Osoyoos area extending out to the region as defined by the Regional District of the Okanagan Similkameen (RDOS);
2. Applicants must be a Canadian Citizen or Permanent Resident;
3. Applicants must not own or be a party to any real estate property in Canada;
4. Must be employed in or near the Town of Osoyoos or within the area defined as the RDOS;
5. Applicant's financial institution confirms that the applicant would not qualify for a mortgage for a home with a value greater than 25% of the homes in the program.

C2. House Offer and Applicant's Right of Refusal

When a suitable affordable home becomes available, the Town will offer first right of purchase to the leading registered applicant on the Waiting List recommended for that type of home. If the selected applicant refuses the home an offer will be made to the next leading applicant. A selected applicant has two opportunities to refuse purchasing any affordable home before being moved to the bottom of the

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Waiting List, and if they refuse a third time will be removed entirely from the Waiting List.

C3. Resale Restrictions

The resale of the near market home (home) is subject to the provisions of the Housing Agreement. Each home may be maintained in the Town's Affordable Housing Pool for a fifteen (15) year term from the date of first occupancy. Within that term it can only be resold by the homeowner at a maximum fixed price equal to the original purchase price, plus an annualized rate of interest for the period in question calculated according to the BC Based Consumption Price Index (All Items). Notwithstanding the home having a 15-year term in the near market program, if a home owner has ownership of the property for a period of 5 years in that 15-year period the owner may sell the home at market value. Any Homeowner wishing to sell their home within the 5-year term must give ninety (90) days' notice to the Town. The Town of Osoyoos will have first right of refusal to purchase the home but, if not exercised will notify Waiting List registrants of its availability and if the Town does not take up the option to purchase it can be offered for sale as outlined in the Housing Agreement.

C4. House Use and Maintenance Restrictions

Every affordable home shall be purchased and maintained as the home owner's primary place of residence. No affordable home will be sublet, leased or used as a vacation rental. The home owner is required to maintain their buildings and grounds in a decent, safe and sanitary condition at their cost.

C5. Right of Appeal

Any person aggrieved by a decision of the Town may appeal in writing within 30 days to Osoyoos Town Council for a determination and may be heard at a closed Council meeting under a relevant provision of Section 90 of the *Community Charter*.

APPROVAL DATE	October 3, 2016	MEETING	REGULAR
AMENDED	May 7, 2018	MEETING	In-Camera – IC 48/18
AMENDED	October 15, 2018	MEETING	REGULAR
AMENDED	July 25, 2023	MEETING	REGULAR