

Rationale

Date: April 3,2025

3499 Henry Road -Morgan Maples Estates

1.0 Request

We are requesting council to provide us with Early Consideration for our site (Morgan Maples Estates) to become a Bare Land Strata under the exact same site layout, density and obligations as our Approved Development Permit. The request would include all the approvals required to include our site into the Urban Containment Boundary and amend the OCP. Our current Development Permit follows the lot size, lot coverage, and setbacks of the R3-S zoning but we have no intention of changing our housing type or density so we believe the best option would be a CD zoning that reflects our Development Permit.

We believe that this request allows council to provide a meaningful affordable housing solution without having to provide any municipal infrastructure, not increasing any density that is not already allowed, and financial benefiting from payments for DCC's or CACs contributions along with the potential Park Land payment contribution if council chooses.

Our request is based on the following;

2.0 Existing Condition

2.1 Current Site Situation

The site is currently being developed as a 100 unit Modular Home Park under an Approved Development Permit issued on Nov. 2,2022. The development commenced site work immediately following the approval.

The work included extending Henry Road to create a secondary access as required by the Ministry of Transportation and Infrastructure. The work also included connecting the water main from the end of Henry Road to across the Trans Canada Highway to provide increased pressure for the site and all the residents along Henry Road. Phase 1 (20 lots) was constructed in the summer of 2024.

Morgan Maples has 6 modular homes on the site with more to follow. Phase 2 (next 20 lots) is currently slated for 2025 construction.

The site will be fully built in accordance with the Approved Development Permit.

2.2 Current Planning Situation

We understand that our project is outside the Urban Containment Boundary and does not follow the current OCP (Official Community Plan) and that based on this the Planning Department cannot support this application.

We understand that the District of North Cowichan Planning Department has no choice but to recommend against our request.

We currently have the approvals to build out the 100 unit modular home park even though the site is outside the Urban Containment Boundary and the current OCP does not reflect our land use.

Our site does NOT require any District of North Cowichan Service extensions.

This is why our request has to come to council directly and have them decide based on the information provided.

2.3 Mortgage Lessons

Under the zoning conditions the site is obligated to operate as a “Pad Rental” site which means that the ownership of the land will be retained by the corporation. The pads are rented to each modular/mobile homeowner and rent increases are controlled by the Manufactured Home Park Tenancy Act.

Over the last 6 months, we have learned that financing a home in a park, such as this, is more difficult than a lot that is owned by the homeowner. The number of lenders is fewer and the ones that do lend will typically require a larger down payment and will charge higher rates. We have had this confirmed by several mortgage brokers and we have included their letters for your reference.

We have discovered that a bare land strata lot allows conventional mortgages with conventional rates. Our product and our project are intended to open as many options to as many people as possible and not have them face additional burdens. Our pricing is on the entry level of the detached family home market and every bit helps a purchaser at this stage.

We will provide an example of the financing comparison later in this Rationale

2.4 Outreach Program

After discovering the additional burden that our current zoning placed on entry level home buyers, we embarked to look at other options available to us.

The easiest and most straight forward approach was to request a zoning change to allow Bare Land Strata which would ease the financial aspect of our site for purchasers and put the ownership of the land into the hands of the individual or family through a well understood strata corporation.

We initiated our outreach program to ask people, businesses, agencies and mortgage brokers whether they would support our application. After describing our situation to each of them we have had an overwhelming outpouring of support which is evident in the letters attached to this Rationale. We have letters from local Canadian modular home builders, mortgage brokers, business owners and people attached to this application.

3.0 Reasons for the Request

3.1 Mortgage Financing

We contacted several banks and credit unions to ask how this type of product can be financed. Most credit unions will not finance this type of product as they deem it to be a “Chattel Mortgage” which means the units can be moved similar to a Recreation Vehicle. By using this definition, the lenders were not able to secure their loans to the land. In these instances, the loan would be reviewed like a Car loan with high rates and low amortization periods. Not affordable.

Any lenders that would finance on these types of units required a larger down payment (25%) and their rates were from 1 to 2 % more than a typical posted rate compared to a bare land strata lot. This is only if they qualified with the few lenders that offered this financing. Also this same group of lenders will only allow a 15 year amortization.

Interestingly, a Pad rental fee is assigned 100% against the qualifying costs of an applicant while only 50% of the strata fee would be applied for costs. This means that a \$650 pad fee charge versus half of a Strata fee charge of \$200 would require substantially more income than the cost of the bare land strata lot. This is an additional burden on affordability if the site stays as it is.

(We have researched existing strata fees on sites with similar amenities and servicing and have found that strata fees range from \$175/month to \$225/month. The eventual buildout of 100 lots will provide some cost savings due to the quantity so we have averaged to \$200/month)

The financing comparison;

Pad Rental		Strata Ownership	
\$650/ month		\$ 200/month	
House Cost \$ 350,000		\$ 525,000 (includes lot)	
25% down payment	\$ 87,500	5% down payment	\$26,250
Amortization 15 years		Amortization 25 years	
Rates 6.0%		Rates 3.99%	
Monthly Mortgage (15 years) plus Pad Rent		Monthly Mortgage (25 years) plus Strata	
\$ 3,589.59 plus \$87,500 Down Payment		\$ 2,958.76 and \$26,250 in down payment	

We have included our letters from Mortgage brokers confirming the above.

Financing Summary

1. Financing on a Manufactured Home Park with Pad rentals is less available and more expensive

2. Financing on a Bare Land strata lot can save \$ 61,250 in Down Payment and \$630.83 per month in mortgage payments

3.2 Security/ Ownership /Community

Bare Land Strata ownership provides purchasers with pride in ownership that results in better kept lots, pride in the neighbourhood and a vote on the Strata Council. Strata Ownership gives better security, better ability to sell your home, the ability to increase equity in your home and more say in the community.

This option also allows an increased choice of homes. The Bare land strata option allows more flexibility in home choice by allowing the purchaser to go to their preferred Modular home builder and work with them to create their own home. They can spend on what they want and save where they want, making their home and their yard theirs. There are several modular home builders in the community that have confirmed that they have clients that need a location. These Modular Home companies have local facilities employing local people.

Manufactured Housing are quicker to build, quicker to occupy, require less involvement from District staff and are being highly supported and encouraged by all levels of government.

Acting Prime Minister Mark Carney has stated recently that he intends to “eliminate duplicative inspections and streamline regulations for prefabricated housing, including modular;” And “We will incentivize scaling in construction to build more houses much more quickly, including supporting the Canadian prefabricated and modular housing industry and deploying new building materials and novel construction methods.”

British Columbia NDP Leader David Eby says his government would fast-track factory-built homes as part of its strategy to ease the province's housing crisis.

At an election campaign stop on Vancouver Island, Eby said pre-built homes cut waste, reduce emissions, and advances in the industry mean the homes are "beautiful and high-quality."

As it stands today, this site will be owned by a corporation. If the zoning is changed it will be owned and managed by the homeowners through the well understood rules of a strata corporation.

4.0 Benefit to the People of the District

Simply, this option provides more affordable housing for the District and Area.

The savings and the increased options of lenders means direct savings to the homeowner. Lower Down Payments and lower monthly mortgage costs.

Manufactured homes are less expensive for detached entry home level and are more environmentally friendly than conventional larger homes.

Corporation ownership has a role to play in providing housing supply, but we can change that and allow the land to be owned by the people that live there.

The project can help the District of North Cowichan meet its housing goals by providing high demand detached housing quickly and efficiently, while adhering to the goals of providing affordable smaller homes on smaller lots. There is a severe deficiency of this type of product in the area. **This property requires no additional infrastructure to be built by the District of North Cowichan.**

The expected demand for housing in North Cowichan is over 2000 homes in five years and over 7000 homes in 20 years. These are the overall numbers, but there needs to be a mix of housing types and the current demand for affordable homes is mainly with smaller homes on smaller lots. This is what this site offers.

The current OCP has stated that single-family homes are still the primary demand in North Cowichan and that demand for smaller homes on smaller lots has been growing. Our product satisfies those needs and the Objective of the OCP is to encourage a variety of housing needs (by size and type). The OCP encourages the implementation of non-traditional housing types which includes small homes.

5.0 OCP objectives

We have found the following applicable items in the current OCP that supports our application.

These are;

Affordable housing in the OCP is defined as “Housing that costs less than 30% of a household’s before-tax income and includes all forms of housing tenure: rental, ownership and co-operative ownership, as well as temporary and permanent housing. Other documents or strategies may define this differently according to context and need.” (Appendix 5). Lowering the monthly costs through better financing will objectively improve the affordability of the project.

“Assess and consider how proposals for new housing meet the needs identified in the most recent Housing Needs Assessment Report.” (pg 99).

Our development provides 100 units that can be delivered quicker using the Strata option. The needs report states that over 2000+ is required over 5 years.

“Encourage and create zoning provisions for fee-simple rowhouses.” (pg, 99).

Though we are not rowhouses our suggested conversion shares similarities with fee simple rowhouses; think of it as a suburban alternative.

“Encourage and incentivize water and energy efficient construction, including retrofits to existing housing.”(pg,99).

Modulars and small homes provide a low-waste alternative to stick-built homes, aligning with the general

OCP goals of environmental stewardship.

Progress on affordable housing will be measured in part by “A healthy and stable vacancy rate.” (pg, 103) Bill 44 mandates that stratas cannot forbid owners from renting and our homes will help in this regard.

“Investigate pre-zoning land for affordable housing and explore options for accommodating non-traditional housing options such as vehicle living, boat liveaboards, float homes and small homes.” Our project provides an affordable option to locate a small home

While our site requires an OCP amendment it also can help achieve OCP Goals

6.0 Benefits to the District of North Cowichan and surrounding Communities

6.1 Park Payment

By converting to a Bare land Strata, the District could realize a park dedication payment based on 5 % of the value of the land.

Using a very conservative value of the entire site assessment would result in over \$200,000 being paid to the District that would not have been paid if the site proceeded under our current Development Permit.

We would request that as part of this early consideration that our park dedication or payment would be phased as per our phasing plan.

6.2 CAC and /or DCC's

The conversion of this property would be subject to all the applicable bylaws outlining additional contributions to the District.

At this time, we understand that following completion of the rezoning process and under the current DCC rules, that each of our lots would require an additional payment of \$2350. Using these numbers 100 lots x \$2350 would result in an extra **\$235,000** in additional payments to the District for infrastructure. This is additional to what would have been paid under the Development Permit.

With budgets being tight and the loss of the infrastructure grant from the Federal government these additional funds will help provide housing now with no infrastructure costs.

6.3 Benefit to the Community

This change to Bare Land Strata offers more options and affordability at the entry home level. Canada, BC, and the North Cowichan Regional District are in a home affordability crisis that we all need to participate in to solve the problems. This application is an easy one. No change to anything that is already approved. Just changing the legal description.

Additional funding to the community for Park and infrastructure upgrades. This site has already contributed to the local neighbourhood by upgrading the watermain and the fire flows in the area. There

will be additional funds from higher DCC's or CAC's plus Park dedication fee (if council chooses) to the District will help more.

This application will allow land ownership to be moved to the owners of the homes.

7.0 Other considerations

7.1 Septic Field

Existing System and Zoning

This area is not able to be serviced with municipal sanitary sewer systems but is serviced with septic fields designed by Ian Ralston, who is one of the primary authors of the BC Sewerage System Standard Practice Manual under the Health Protection Branch Ministry of Health of British Columbia. This is the Manual that is used by all Septic Field practitioners throughout British Columbia.

The current system has an operating manual and a maintenance program that is registered with Island Health. It outlines the requirements that the existing corporation must follow and adhere and the timelines for each item.

Under Bare Land Strata

The septic systems and components would be transferred to the Strata Corporation which would inherit the operating manuals and maintenance requirements.

As an additional requirement, the Strata Council would also now be required to complete a Depreciation Report in accordance with the BC Strata Laws. This would require the Strata to perform a more intensive review of the septic systems and start to plan for their eventual repair or replacement. It would also outline the funds to be placed in the reserve account for this eventual repair and replacement.

The objective of Depreciation Reports is to allow a Strata to plan and finance all required maintenance and replacements that the entity owns. This ensures that the funds are available and waiting in the contingency fund of the Strata.

A well-managed strata corporation will and must set up a reserve fund for all of assets they own which ensures the long term viability of the strata and their investment.

This requirement under the Bare Land Strata scenario provides an additional level of support for the system and its effective long-term functioning.

7.2 Zoning

The intent of this application is to simply do exactly what we have approved of under the Current Development Permit. We don't want to change anything as it went through a very exhaustive review the first time. We do not want any misunderstandings to suggest that we are changing our obligations or our intents.

Our current approved Development permit adheres to the Lot sizes, setbacks and lot coverages of the R3-S zoning but we do not want to change the density or the housing type. We suggest that a CD zoning would accomplish this.

Our current approval and our plan allows 100 lots on 26 acres which is 3.8 units per acre our current zoning R5 allows 8 units per acre. We are well lower than what the current zoning allows for density.

We want to be clear, we are not changing the density or increasing the number of units or reducing our servicing level that we already have approved with our application request.

8.0 Summary

1. We are proposing the same density, housing type, layout and servicing, that has been already approved through our Development Permit and Building Permit applications.
2. Bare Land Strata is a direct benefit to purchasers in terms of ownership security, mortgage options and better financing rates.
3. The District creates another viable option to help hit the housing targets in the affordable category.
4. The District obtains additional funds through the Park funds acquisition and any funding allowed under the District's current bylaws for Community Amenity Contributions or Development Cost Charges.
5. This change will move land ownership to the owners of the homes.
6. Septic Fields – this change to Bare Land Strata brings the septic systems under the umbrella of a BC Depreciation report requirements and ensures the funding for the long-term maintenance and use of the septic system. A well-managed Strata corporation will provide extra assurance to ensure the system runs as designed and is fully maintained.
7. No Harm – The approved Development Permit already allows the full development of the site, this application just simply changes who will own the land under the homes.