

PART 2 – TERMS OF INSTRUMENT

SECTION 219 COVENANT (HOUSING AGREEMENT — SUPPORTIVE HOUSING)

THIS AGREEMENT dated for reference ♦, 2026.

BETWEEN:

PROVINCIAL RENTAL HOUSING CORPORATION

1701 – 4555 Kingsway
Burnaby, British Columbia V5H 4V8

(the “Owner”)

AND:

THE CORPORATION OF THE CITY OF VERNON

3400 - 30th Street
Vernon, British Columbia, V1T 5E6

(the “City”)

Background

- A. The Owner is the registered owner of the Lands;
- B. The Owner wishes to develop the Lands to construct a residential project to provide supportive rental housing, together with underground parking, program and office space, a commercial kitchen and amenities (collectively, the “Development”);
- C. The Council of the City has or will enact a bylaw under section 483 of the *Local Government Act* to enter into this Agreement and the section 219 covenant contemplated by this Agreement;
- D. Section 219 of the *Land Title Act* permits the registration of a covenant of a negative or positive nature in favour of the City in respect of the use of land or construction on land;
- E. Section 483 of the *Local Government Act* permits the City, by bylaw, to enter into an agreement in respect to the provision, tenure, management and operation of affordable or special needs housing; and
- F. The Owner and the City wish to enter into this Agreement to provide for supportive rental housing on the terms and conditions set out in this Agreement, which is both a covenant under Section 219 of the *Land Title Act* and a housing agreement under Section 483 of the *Local Government Act*.

Terms of Agreement

In consideration of good and valuable consideration (the receipt and sufficiency of which is acknowledged by both parties), and in consideration for the promises exchanged below, the parties covenant and agree as follows:

Part 1. DEFINITIONS AND INTERPRETATION

1. In this Agreement,
 - (a) **“BC Housing”** means British Columbia Housing Management Commission, and its successors from time to time;
 - (b) **“Building”** means a building constructed on the Lands from time to time;
 - (c) **“CPI”** means the All Items Consumer Price Index for British Columbia, published from time to time by Statistics Canada, or its successor in function;
 - (d) **“Dwelling”** means a self-contained residential dwelling in the Development, and all such residential dwelling collectively, the **“Dwellings”**;
 - (e) **“General Instrument”** means the General Instrument – Part 1 under the *Land Title Act*, as amended, and all schedules and addenda, if any, to the General Instrument – Part 1 attached to this Agreement;
 - (f) **“Greater Vernon”** means the City of Vernon, the District of Coldstream and electoral areas B and C of the Regional District of North Okanagan;
 - (g) **“HILs”** means the annual Housing Income Limits for the Greater Vernon that are determined from time to time by BC Housing, provided that in the event that BC Housing ceases to determine HILs and such determination is not replaced by a similar publication, then then the income limit shall be determined by reference to the last published HILs which shall be increased annually by an amount equal to the increase in the CPI commencing January 1 following the year that BC Housing ceased determining HILs;
 - (h) **“Income”** means the total payments received by a Resident from work, social assistance, pensions, interest, assets and other earnings;
 - (i) **“Lands”** means those lands and premises located at 3201 24 Avenue, Vernon, legally described as PID 032-407-122 Lot A District Lot 73 Osoyoos Division Yale District Plan EPP142709;
 - (j) **“Operator”** means a non-profit organization that has entered into an Operator Agreement;
 - (k) **“Operator Agreement”** means an agreement entered into or to be entered into with BC Housing that relate to the management of the Building and the support services to be provided to a Resident;
 - (l) **“Owner”** includes any person who is a registered owner of the Lands from time to

time;

- (m) “**Person**” includes an individual, corporation, body corporate, partnership, joint venture, association, trust, or unincorporated organization or any trustee, executor, administrator, or other legal representative thereof;
 - (n) “**Rent**” means the monthly amount that a Resident (as a tenant) must pay to the Owner (as a landlord) to occupy a Dwelling;
 - (o) “**Resident**” means the person or persons meeting the eligibility requirements set out in Part 2 of this Agreement;
 - (p) “**Supportive Housing Unit**” means a Dwelling occupied by a Resident whose Income does not exceed HILs, and all such Dwelling collectively, the “**Supportive Housing Units**”;
 - (q) “**Supportive Rent**” means, as the case may be, Rent that BC Housing determines to be applicable to Residents, from time to time;
 - (r) “**Tenancy Agreement**” means an agreement, lease, license or other right under which a Resident may occupy a Dwelling; and
 - (s) “**Term**” means the period commencing on the date of registration of this Agreement in the appropriate Land Title Office and ending 60 years from such registration date.
2. In this Agreement,
- (a) any reference to the singular includes a reference to the plural, and vice versa, unless the context requires otherwise;
 - (b) article and section headings have been inserted for ease of reference only and are not to be used in interpreting this Agreement;
 - (c) if a word or expression is defined in this Agreement, other parts of speech and grammatical forms of the same word or expression have corresponding meanings;
 - (d) any reference to any enactment includes any regulations, orders or directives made under the authority of that enactment;
 - (e) any reference to any enactment is a reference to that enactment as consolidated revised, amended, re-enacted or replaced, unless otherwise expressly provided;
 - (f) the provisions of Section 25 of the *Interpretation Act* with respect to the calculation of time apply;
 - (g) time is of the essence of this Agreement;
 - (h) all provisions are to be interpreted as always speaking;

- (i) any reference to a “party” is a reference to a party to this Agreement and to that party’s respective successors, assigns, trustees, administrators and receiver;
 - (j) any reference to a “day”, “month”, “quarter” or “year” is a reference to a calendar day, calendar month, calendar quarter or calendar year, as the same case may be, unless otherwise expressly provided; and
 - (k) where the word “including” is followed by a list, the contents of the list are not intended to circumscribe the generality of the expression preceding the word “including”.
3. This Agreement may be modified or amended from time to time, by bylaw duly passed by the Council of the City and signed by the parties.
 4. This Agreement, and any documents signed by the Owner contemplated by this Agreement, represents the whole agreement between the City and the Owner respecting the use and occupation of the Supportive Housing Units, and there are no warranties, representations, conditions or collateral agreements made by either party except as set out in the Agreement.
 5. If any provision of this Agreement is found to be invalid or unenforceable such provision or any part thereof will be severed from this Agreement and the resultant remainder of this Agreement will remain in full force and effect.
 6. The laws of British Columbia will apply to this Agreement and all statutes referred to in this Agreement are enactments of the Province of British Columbia. Without limiting the foregoing, in the event of any conflict between any provision of this Agreement and the *Residential Tenancy Act*, this Agreement is without effect to the extent of the conflict.

Part 2. DESIGNATION OF SUPPORTIVE HOUSING UNITS; ELIGIBILITY OF RESIDENTS

7. All Dwellings will be used only as Supportive Housing Units during the Term for Residents at Supportive Rent.
8. The Owner will determine, or will cause the Operator to determine, if a prospective Resident is eligible to occupy a Supportive Housing Unit based on the household for the prospective Resident having an Income not exceeding HILs.
9. In determining a prospective Resident’s eligibility, the Owner or Operator, as the case may be, so long as it acts honestly and in good faith, is entitled to rely on all information provided by the prospective Resident and the Owner or Operator, as the case may be, will have no liability if the prospective Resident intentionally or unintentionally provides any incorrect information.
10. Notwithstanding section 8, the following persons may occupy a Supportive Housing Unit during the Term as a Resident:
 - (a) persons designated by agreement between the City and the Owner; and

- (b) employees of the Owner or the Operator and other authorized personnel required to operate and maintain the Building.
11. Subject to section 10, the Owner will not rent, or will not permit to be rented, Supportive Housing Units during the Term to any person that does not meet the eligibility criteria in section 8.

Part 3. USE AND OCCUPANCY OF RENTAL HOUSING UNITS

12. Subject to section 10, the Owner will not, or will not permit the Operator to, lease, rent, license or permit occupancy of a Supportive Housing Unit during the Term except as follows:
- (a) to a Resident;
 - (b) at Supportive Rent;
 - (c) as a permanent residence; and
 - (d) pursuant to a Tenancy Agreement.
13. The Owner will include, or will cause the Operator to include, in the Tenancy Agreement a clause that prohibits the Tenancy Agreement from being assigned or the Supportive Housing Unit from being sublet.
14. Subject to notice requirements under the *Residential Tenancy Act*, the Owner will, or will cause the Operator to, include in the Tenancy Agreement a clause entitling the Owner or Operator, as the case may be, to terminate the Tenancy Agreement during the Term if one or more of the following occurs:
- (a) the tenant is not a Resident;
 - (b) the Supportive Housing Unit is occupied by a number of occupants that exceeds the number of individuals that the City's building inspector determines may reside in the Supportive Housing Unit given the number and size of bedrooms in the Supportive Housing Unit and in light of any relevant standards set by the City in any bylaws of the City;
 - (c) the Supportive Housing Unit is sublet; or
 - (d) the Tenancy Agreement is assigned.
15. The Owner will not itself occupy any of the Supportive Housing Units.
16. The Owner will not charge, or will ensure the Operator does not charge, rent higher than Supportive Rent for the use of a Supportive Housing Unit during the Term.
17. The Owner will ensure, or will cause the Operator to ensure, that the number of individuals who permanently reside in a Supportive Housing Unit must be equal to or less than the number of individuals the City's building inspector determines may reside in the

Supportive Housing Unit given the number and size of bedrooms in the Supportive Housing Unit and in light of any relevant standards set by the City in any bylaws of the City.

18. The Owner will, or will cause the Operator to, deliver a true copy of the Tenancy Agreement to the City upon request.

Part 4. MANAGEMENT AND OPERATION

19. The Owner will, or will cause the Operator to, furnish good and efficient management and operation of the Development and the Supportive Housing Units during the Term and will permit representatives of the City to inspect the Development and the Supportive Housing Units at any reasonable time during the Term, subject to the notice provisions in the *Residential Tenancy Act*.
20. The Owner will, or will cause the Operator to, maintain the Development and the Supportive Housing Units during the Term in a satisfactory state of repair and fit for habitation and will comply with all laws, including health and safety standards applicable to the Lands.

Part 5. CITY INQUIRIES AND INSPECTIONS

21. From time to time at the request of the City during the Term, the Owner will deliver, or will cause the Operator to deliver, to the City, a report in writing confirming that all Supportive Housing Units that are rented at the time are being rented in accordance with this Agreement, together with such other information as may be reasonably requested by the City from time to time.
22. The Owner hereby irrevocably authorizes the City to make such inquiries as the City reasonably considers necessary in order to confirm the Owner is complying with this Agreement and irrevocably authorizes and directs the recipient of the request for information from the City to provide such information to the City.

Part 6. DEFAULT AND REMEDIES

23. The Owner acknowledges and agrees that damages are not an adequate remedy for breach of the covenants contained in this Agreement and that, in the event of any such breach, the City will be entitled to apply to a Court of competent jurisdiction for an order restraining and prohibiting the continuance of any such breach.
24. All remedies of the City will be cumulative and may be exercised by the City in any order or concurrently in case of any breach and each remedy may be exercised any number of times with respect to each breach. Waiver of or delay in the City exercising any or all remedies will not prevent the later exercise of any remedy for the same breach or any similar or different breach.

Part 7. DEMOLITION OF A SUPPORTIVE HOUSING UNIT

25. The Owner will not demolish a Supportive Housing Unit during the Term unless:

- (a) the Owner has obtained the written opinion of a professional engineer or architect who is at arm's length to the Owner that it is no longer reasonable or practical to repair or replace any structural component of the Supportive Housing Unit, and the Owner has delivered to the City a copy of the engineer's or architect's report; or
- (b) the Building is damaged or destroyed, to the extent of 25% or more of their value above its foundations, as determined by a professional engineer or architect who is at arm's length to the Owner, and

a demolition permit for the Supportive Housing Unit or the Building, as the case may be, has been issued by the City (unless the Supportive Housing Unit has been destroyed by an accident, act of God, or sudden and unanticipated force) and the Supportive Housing Unit or the Building is to be demolished in accordance with that permit.

26. Following demolition of a Supportive Housing Unit or the Building during the Term, the Owner will use and occupy any replacement Supportive Housing Unit in compliance with this Housing Agreement, and this Agreement will apply to the construction of any replacement Supportive Housing Unit to the same extent and in the same manner as the original Supportive Housing Unit. Any replacement Supportive Housing Unit must be approved by the City as a Supportive Housing Unit in accordance with this Agreement.

Part 8. MISCELLANEOUS

27. The Owner acknowledges and agrees that this Agreement constitutes a covenant under Section 219 of the *Land Title Act* and a housing agreement entered into under Section 483 of the *Local Government Act*.
28. The Owner will indemnify and save harmless the City and each of its elected officials, officers, directors, and agents, and their respective heirs, executors, administrators, personal representatives, successors and assigns (collectively, the "**City Parties**"), from and against all claims, demands, actions, loss, damage, costs and liabilities (collectively, the "**Claims**"), which all or any of them will or may be liable for or suffer or incur or be put to by reason of or arising out of:
- (a) any act or omission of the Owner, or its officers, directors, agents, contractors or other persons for whom at law the Owner is responsible relating to this Agreement;
 - (b) the Owner's construction, maintenance, ownership, lease, operation, management or financing of the Lands, the Development or any Supportive Housing Unit;
 - (c) without limitation, any breach of this Agreement by the Owner; and
 - (d) the exercise by the City of any of its rights under this Agreement,

save and except those Claims arising out of the negligent acts or omissions, bad faith or willful misconduct of the City or the City Parties.

29. The Owner by this Agreement releases and forever discharges the City and each of the City Parties, from and against all Claims by reason of or arising out of or which would or could not occur but for:
- (a) any act or omission of the Owner, or its officers, directors, agents, contractors or other persons for whom at law the Owner is responsible relating to this Agreement;
 - (b) the Owner's construction, maintenance, ownership, lease, operation, management or financing of the Lands, the Development or any Supportive Housing Unit;
 - (c) any breach of this Agreement by the Owner; and
 - (d) the exercise by the City of any of its rights under this Agreement,
- save and except those Claims arising out of the negligent acts or omissions, bad faith or willful misconduct of the City or the City Parties.
30. This Agreement does not:
- (a) affect or limit the discretion, rights, duties or powers of the City under any enactment or at common law, including in relation to the use or subdivision of the Lands;
 - (b) impose on the City any legal duty or obligation, including any duty of care or contractual or other legal duty or obligation, to enforce this Agreement;
 - (c) affect or limit any enactment relating to the use or subdivision of the Lands; or
 - (d) relieve the Owner from complying with any enactment, including in relation to the use or subdivision of the Lands.
31. Notwithstanding section 30, the Lands will not be subdivided pursuant to the *Land Title Act*, the *Strata Property Act*, or by means of a leasehold subdivision, and will not be organized as "cooperative interests" or "shared interest in land" as defined in the *Real Estate Development Marketing Act*.
32. The Owner and the City agree that:
- (a) this Agreement is entered into only for the benefit of the City;
 - (b) this Agreement is not intended to protect the interests of the Owner, any Resident, or any future owner, lessee, occupier or user of the Lands, the Development or any Supportive Housing Unit; and
 - (c) the City may at any time execute a release and discharge of this Agreement, without liability to anyone for doing so, and without obtaining the consent of the Owner, provided that for greater certainty, the City agrees to execute a release and discharge of this Agreement and any notice filed pursuant to Section 483 of

the *Local Government Act* upon expiry of the Term.

33. Any notice, request or demand provided for in this Agreement will be in writing and sufficiently given if served personally upon the party for whom such notice was intended, or, if mailed by registered mail to the addresses set out above or to such other address as a party may notify the other in accordance with this section. All notices given by mail under this section will be deemed to be received three days following its posting, if posted at Vernon, British Columbia, provided that after the time of posting there will be any slowdown, strike or labour dispute which might affect the delivery of notice by mail, then such notice will only be effective if actually delivered. Either party may, at any time, give notice in writing to the other of any change of address and thereafter all notices will be mailed to the new address so given.
34. This Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, representatives, successors and assigns.
35. Each of the parties will, on demand by another party execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement.
36. This Agreement runs with the Lands and every parcel into which it is subdivided. All of the covenants and agreements contained in this Agreement are made by the Owner for itself, its personal administrators, successors and assigns, and all persons who after the date of this Agreement, acquire an interest in the Lands.
37. The Owner is only liable for breaches of this Agreement that occur while the Owner is the registered owner of the Lands.
38. The Owner will do everything necessary to ensure this Agreement is registered against the Lands in priority to all financial charges and encumbrances which may have been registered against the Lands, excepting those specifically approved in writing by the City or in favour of the City.
39. The Owner acknowledges the City must file a notice under Section 483(5) of the *Local Government Act* against the title to the Lands.
40. Nothing in this Agreement will constitute the Owner as the agent, joint venture, or partner of the City or give the Owner any authority to bind the City in any way.
41. By executing and delivering this Agreement the Owner intends to create both a contract and a deed executed and delivered under seal.

AS EVIDENCE OF THEIR AGREEMENT the parties have executed this Agreement as of the date first written above on one or more pages of the General Instrument.