



## **An introduction to leasehold property at Andmar Developments**

The following information is to provide context and answers to questions that purchasers may have about buying a property on residential First Nations Reserve Lands. Andmar Developments proudly continue to work alongside the Tzeachten First Nations band to expand our community in Chilliwack.

Andmar Development Corp entered into a 109-year prepaid land lease agreement in 2019 with the Tzeachten First Nations band. Purchasers at Andmar will in turn enter into a sublease agreement with the developer, who shall grant them the sole right to their leasehold interest ownership for the remainder of the 109-year term. The developer owns the building structure and each owner of a residential unit owns the inside of their unit for the duration of the lease, the same way an owner of a strata title property owns the inside of their unit. The development complies with all building codes and the water and sewer services are provided by the City of Chilliwack.

First Nations Leasehold ownership is common in British Columbia where there are many prominent and successful developments on First Nations Reserve Lands with bands such as Musqueam, Capilano, Tsawwassen, and Westbank in Kelowna.

There have also been many First Nations leasehold developments in the surrounding Sardis area. The developer's past projects on First Nations Reserve Lands include Englewood Village, Englewood Courtyard, Skynest and Malloway Village. Other First Nations leasehold developments in Sardis include Halcyon, Stoney Creek, Promontory Lake Estates, and more recently, Ironhorse and Base 10.

A condominium on First Nations leasehold land is a tangible asset and the title is registered at the Tzeachten First Nations Land Registry. The asset can be sold or transferred in the same way as a freehold strata title unit. Owners will receive an abstract of title from the Tzeachten First Nations Land Registry showing their leasehold interest in the lot in which they have purchased a sublease. A leasehold residential unit is fully financeable and most major lenders will offer mortgages to Andmar buyers. In addition, CMHC will provide mortgage insurance to qualified buyers.

Property taxes are paid directly to the Tzeachten Taxation Office. The taxes collected are then shared between Tzeachten and the City of Chilliwack. The Tzeachten band follows the City of Chilliwack's municipal tax rate when calculating property taxes. In the same way that freehold properties are subject to Property Purchase Tax, Tzeachten levies Property Purchase Tax for purchases of sublease interests, which is 1% on the first \$200K and 2% on the balance.



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The partnership between the Tzeachten band and the developer at Andmar has resulted in significant cost savings to the purchaser. Freehold developments are often subject to steep land price fluctuations and city planning delays. The prepaid head lease structure and the efficient system within Tzeachten's land administration has resulted in lower development costs. As a result, Andmar's selling prices are generally lower than equivalent freehold developments. Furthermore, the partnership with the Tzeachten band results in a GST exemption, which is another substantial saving to the purchaser. Statistics have shown that appreciation of property values on leasehold land will align with the freehold property market. As an example, original purchasers in Englewood Village, a leasehold development in Sardis, saw a 250 percent increase in their property value.

Purchasers of residential units at Andmar will pay a monthly homeowner's fee, similar to a monthly strata fee. This fee will cover the expenses for insurance, maintenance and other running costs of the building the same way strata fees cover these charges in a strata titled development. Once all the residential units have been sold, the owners will take over responsibility of the Homeowner's Corporation. At such time, the owners will directly control all aspects of the operation of the residential buildings through an elected council, the same way that a strata corporation controls the financial and maintenance aspects for developments constructed and sold under the Strata Property Act.

To summarize, the purchase of a leasehold interest condominium at Andmar:

- Is a tangible asset
- Is priced lower than a freehold equivalent
- Has city water and sewer services
- Is GST exempt
- Will have the same value appreciation as freehold
- Is fully financeable
- Is designed and built to Provincial and City codes
- Is managed in the same way as a strata corporation

**If you have any questions, please reach out to the Andmar team via**  
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