

20 March 2018

Method Built Homes Ltd.
The Garage
4566 Cordova Bay Road
Victoria, British Columbia
V8X 3V5

Attn: Mayor and Council
City of Victoria
1 Centennial Square
Victoria, British Columbia
V8W 1P6

Dear Ms. Mayor and Members of Council,

Re: 953 Balmoral Avenue – 11-unit purpose-built workforce apartment building

Further to my letter of 10 November 2017 and Staff's COTW Report dated 22 February 2018, please note the following:

1. This 11-unit purpose-built workforce apartment building complies with all objectively verifiable aspects of the current OCP (downtown core area plan) with the exception of two minor variances (addressed below):
 - a. a shortfall of three parking stalls per the upcoming Schedule C; and
 - b. a shortfall of a 0.6m rear landscape strip.

The OCP envisions a 2:1 FSR and up to six stories, whereas this application proposes a 1.38:1 FSR and four stories.

Despite being a purpose-built workforce apartment building, the proposal consists of a high-quality envelope made predominantly of rich charcoal brick, offset with cedar soffits and stucco accents.

Ground floor entry to units at grade and elevator access to upper level units promote accessibility over subjective design preferences.

2. Three separate CALUC meetings have been held with respect to this proposal over a span of approximately five years. This investment of time and money in a purpose-built workforce apartment building is not

insignificant. The initial design proposal mirrored the OCP threshold of 2:1 FSR and six floors and, critically, offered three 3-bedroom units on the top two floors. Letters of support for this proposal from adjoining property owners are appended to my letter of 10 November 2017.

The only discernable objections have come from a single-family residence owner to the South of the property who, as such, will not be impacted from a shadow perspective.

3. A parking variance is requested with the proposal. In accordance with the new Schedule C, a shortfall of three parking stalls is offset with the developer proposing to purchase a MODO car and registering a car share agreement with the proposal. Additionally, an oversubscription of bicycle lockers, the provision of bicycles and transit passes, and the proximity of the proposal to downtown effectively offset the shortfall. As is evident from the sister 11-unit purpose built workforce apartment building on North Park, only 3/5 parking stalls have been occupied over the first year of operations.
4. A variance with respect to the rear 0.6m landscape strip is requested with the proposal. In its place is a high-quality privacy fencing detail one would find associated with more expensive condominium or commercial developments.

The site plan only permits placement of softscape elements in extremely limited ways. With purpose-built apartments, these elements often become neglected and abused over time. As a consequence, the proposal contains high quality permeable hardscape elements, seen in commercial and condominium developments in the downtown core, which better withstand the test of time. This is a more expensive solution but has in mind the long-term attractiveness of the proposal. There are a number of larger developments throughout the downtown core that have marginal (if any) softscape elements.

The proposal covers approximately 43% of the site but much of the remaining space is required for circulation, access, parking and a drive-isle.

The proposal also includes granting a 1.22m SRW to the City of Victoria along Balmoral Road for future road improvements.

5. Staff's recommendation that the proposal site be assembled with neighbouring sites promotes oligopolistic practices; assembly may be an ideal for some who prefer a consistent/homogenous design over a city block, but the economics of this proposal are such that only larger developers will be able to undertake this type of assembly and construction;

this oligopolistic outcome should not be prioritized over the merits of this much needed workforce housing proposal.

6. The group behind this proposal has chosen to invest in this form of housing in an effort to address a social need and to add a socially responsible component to their investment portfolio. Other more lucrative options include developing stratified condominium units for sale or leaving assets invested in the stock market more generally.

Despite addressing a specific need outlined by the City of Victoria and the OCP, the proposal has been met with five years of delays occasioned by subjective as opposed to objective measures of the quality of the proposal.

7. This proposal comes with a commitment from the developer to provide an approximately \$75,000 cash amenity contribution tied specifically to the North Park neighbourhood.
8. Staff note that there are no specific sustainable measures proposed; however, this is not accurate. Current building code standards incorporate a number of sustainable features and the proximity of this proposal to the downtown core along with the proposed TDM measures equate to significant sustainability features.

We are currently developing a LEED Gold office building within a LEED Platinum development at Dockside Green. The capital investment to improve the building to a LEED Gold level are quite marginal. The vast majority of the costs associated with attaining a LEED Gold building are associated with soft costs tied to administering and marketing the LEED program. This, in turn, results in higher rents being passed onto tenants to offset this up-front capital outlay.

9. Contrasting the subjective aesthetics and sustainability features of this proposal with purpose-built condominium developments, office developments, or large institutional rental proposals that are between 30-50% more expensive to rent, is an unhelpful and misleading exercise.
10. Two properties to the east of the proposal is a four-story purpose-built apartment building. To the north is a six-story residential building. Throughout the neighbourhood, multi-family buildings are being built targeting the condominium sale market. There are vacant parking lots and industrial properties on Balmoral as well.

New developments in Victoria frequently contrast with existing buildings in the area. For example, the ERA, St. Andrews Square, Yello on Yates, the Atrium, all contrast with neighbouring buildings on Yates Street. Infill developments by definition contrast with neighbouring developments

unless you have a developer who acquires the entire block, i.e. Townline and Hudson or Dockside Green.

11. This proposal, at its core, comes down to whether we want to see workforce housing in Victoria that is relatively affordable as contrasted to larger condominium buildings or institutionally built rental buildings, which may be more attractive and have been built on large land assemblies, but are much more expensive as well.
12. Given that this proposal meets all OCP criteria, the need for a rental covenant is unnecessary; in order to stratify a building, a landowner must obtain permission from the City of Victoria. The sister building at North Park is being operated as a purpose-built workforce apartment building. If the City of Victoria has concerns with respect to the ongoing good-faith efforts of this developer with respect to these types of proposals and requires a covenant in order to approve this proposal, the developer will consider such a covenant. If a covenant is pursued, the developer requests that the City also recommend the addition of three 3-bedroom units to floors five and six of this proposal such that families may be accommodated with this proposal.
13. This proposal should proceed to council as designed with a motion to adopt alternative motion #2 or alternatively with a rental covenant that also recommends the addition of two more floors and three 3-bedroom units on those floors as previously proposed by the developer.

Yours very truly,



Rajinder S. Sahota