



13/02/2019

APPLICATION FOR 945 PEMBROKE STREET - ADDENDUM

To Mayor and Council

Our conversations with neighbours and staff began two years ago and are what formalized a supportable development FSR of 1:1 and a basis for negotiating our purchase price with the property owner. It was made clear to us then that despite the OCP suggesting a density ratio as high as 2:1, a five or six story building mid-block surrounded by smaller homes would not be supportable and most likely declined. Our formal application was submitted April 03 2018.

Historically, 945 Pembroke was two R2 zoned lots later consolidated to a single home on a large lot. The current duplex zone FSR of 0.5:1 allows 265.5m² plus an additional 100m² of basement for a total build area of 365.5m² per lot. Our less than 1:1 FSR proposal for 487m² per lot presents a small increase above what is currently allowable of 121.5m² per lot.

A proposal with 2:1 FSR would have produced a build area of 1062m² per lot. This larger area, less 365.5m² of existing allowable density would have netted a build area of 696.5m² per lot instead of the 121.5m² we are seeking. This additional 575m² per lot, regardless of how unsupportable or out of scale the buildings might appear, would have provided additional floor area for more units and be easier to justify a CAC. The ability to divide land costs in to more units is what makes a CAC less problematic at higher levels of density. Imposing a CAC on a marginal density lift creates a potentially untenable cost escalation to the builder, out of scale to any benefit to the City.

Pembroke street is the boarder of two designations, Traditional residential and Core residential. Traditional residential caps density at 1:1 FSR. Core residential caps density at 2:1 FSR and triggers a CAC when density exceeds 0.5:1. Our proposal is on the side of the street that is Core residential, but for reasons stated above, has its density capped at 1:1 FSR.

At no time prior to a meeting with Planning on January 29 2019 were contributions suggested as a potential requirement of our application. We feel it is unreasonable to be limited to Traditional residential density while being tied to the policies of Core residential. Planning recommends viewing our application as Traditional residential. Requirement of a CAC as a condition of rezoning was not factor for us to weigh and consider when formulating our application in 2017.

We face more variables with this development than any proposals we've made in the past. A potential slowdown in the real estate market as a result of recent government policies or global issues, potential increases in mortgage rates combined with applied stress test. What volume of housing will be going to market at the same time we might. Unpredictable escalations in labour and building material pricing. Costs to remove the existing improvements to the property. Unknown costs as a result of changes to the building code and municipal implementation of Step Code. The fact that homes built in the North Park area won't generate the same returns that comparable homes built in market preferred areas like Fairfield or Rockland would, yet construction costs remain the same regardless of neighbourhood.

We've provided documents to our planner of an experience we had a few years ago. The stable conditions we began a project with deteriorated midway into a difficult market to sell in. We effectively made nothing on a project requiring two years to rezone and build. Developers don't go into projects that have known hardships. Hardship becomes a reality you find yourself in when conditions you end with change from the ones you started with. I've experienced this three times in my 30 year career, how market downturns are sudden and more rapid than the rise that proceeds them.

We are well aware of the housing situation our region faces. As community minded people we involve ourselves deeply where we think we can help. Examples of this are when Fernwood NRG purchased the Cornerstone building it became a personal mission to volunteer and help them any way I could to insure success with their first affordable housing project. We helped locate property for and then build their Yukon street affordable housing project. When Woodwyn farm was first bought with intentions of having an affordable housing component, we volunteered. Recently Dean Fortin of Pacifica Housing contacted us to build an affordable housing project in the Gorge area, unfortunately the scale of build was larger than we could comfortably manage.

Our small community based projects are almost always in the North Park or Fernwood neighbourhoods not the areas most developers look to build in. The Development Tracker's roughly 130 entries have less than a dozen applications in these areas. Our homes sell for less than if built in what some might see as more desirable areas. They provide an opportunity for home ownership that might not be possible in other areas. Some of our projects have been retained as rental buildings with rents based on operating costs not market conditions. Typically this amounts to more than 30% below market value.

Our 22 year history working in the city of Victoria has been many things. Over this time frame property values have risen dramatically, but not as a linear climb. For us, depending on what window of time a particular project is completed in has seen huge variations in outcome. Right now the variation has an uncertain downward feel. An additional up front cost added to this proposal makes proceeding on it questionable. A quantity survey of this proposal is meaningless as it provides little more than a point-in-time front end opinion of building costs, not a guaranty of what real costs or market conditions might look like a year or more down the road.

Thank you again for your consideration of this proposal

Sincerely

A handwritten signature in black ink, appearing to read 'Garde Colins', with a long horizontal line extending to the right.

Garde Colins