



December 12, 2018

Leanne Taylor
City of Victoria
1 Centennial Square
Victoria, BC V8W 1P6

Re: 919 & 923 Caledonia Avenue Land Lift Analysis

G.P. Rollo & Associates (GPRA) has been retained by the City of Victoria to complete a Land Lift and Amenity Contribution Analysis for the proposed rezoning of 919 & 923 Caledonia Avenue Victoria (the Site) from the current R-2 zone to the proposed new zone by Novus Properties Inc. (the Developer).

The purpose of the analysis is to estimate the land lift and amenity contribution on the Site from an increase in density from 0.5 floor space ratio (FSR) which would allow for development of two single-family homes (identified as the 'base density' under the current Density Bonus Policy) to a proposed density of 1.31 FSR which would allow for 19 residential units: 16 in a four-storey wooden apartment building, a two-family dwelling, and one as a single family home. The Developer has proposed:

- That all 19 residential units be market rental in perpetuity
- That the existing single family dwelling at 919 Caledonia Avenue be retained, refurbished, and relocated to 923 Caledonia Avenue and converted to a two-family dwelling
- That all of the apartment building's parking be located underground.

The study's methodology is a residual land value analysis which determines the maximum value that a developer could afford to pay for the Site assuming it already had the new zoning for 1.31 FSR; and the maximum value a developer could pay for the site if developed as permitted under current zoning with prevailing market conditions. The 'land lift' is then calculated as the difference in residual land value between the current zoning and the proposed new zoning/density.

Regarding the existing zoning, GPRA assumes that the current assessed value of the land (excluding the value of improvements) is correct. This is particularly reasonable since 923 Caledonia Avenue is currently a vacant lot and its assessed value is drawn from market data. For the proposed development, GPRA uses a standard developer proforma to model the economics of typical development as proposed.



CONCLUSIONS & RECOMMENDATIONS

GPRA estimates that there is no lift from the proposed zoning if used for market rental in perpetuity under current market conditions. There is in fact a net loss in land value from providing market rentals in perpetuity, providing underground parking, and retaining and relocating the property's existing structure. As such, GPRA does not recommend the City seek any contribution from the developer if they provide a rental covenant for the 19 units.

I trust that our work will be of use in the City's determination of the Amenity Contribution they will seek as part of rezoning 919-923 Caledonia Avenue. I am available to discuss this further at your convenience.

A handwritten signature in black ink, appearing to read "Gerry Mulholland".

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