

ARAGON

Via Email and Mail

January 14, 2020 – Updated February 12, 2020

Mayor and Council
 City of Victoria
 c/o 1 Centennial Square
 Victoria, BC V8W 1P6



Re: Cook & Pendergast Street, Response to Council's Request for Affordable Housing & Clarification to the Proposed Daycare

Dear Mayor and Council,

We would like to provide you with some additional information in support of our Rezoning and Development Application.

While investigating the purchase of the land on the corner of Cook and Pendergast Street in 2017, we did extensive research into the official community plan, the City of Victoria's stated policies, and had many discussions with local neighbours, architects, and developers. At the time of purchase, the Official Community Plan envisioned a maximum height of 6 stories and a split of 2.0 and 2.5 FSR across the site, in addition to a range of other guidelines from Community Amenity Contributions (CAC) together with planning principles to allow a successful multifamily building.

At that time we recognized the significance of this site to the Cook Street Village Community, and we engaged with the neighbourhood extensively. Aragon managed eight (8) Neighbourhood and CALUC meetings over a 6 month span. We listened to the community and made substantial changes to our original plan. While we could not accommodate every comment/suggestion of the neighbours who came to speak, we listened to each of them, and very carefully addressed the common issues in creating a successful design. Cascadia Architects should be given a large amount of credit for listening and being flexible by changing the look and feel of the building to fit with the neighbourhood's comments. We made the decision at that time, well before the Fairfield Community Plan was developed, to lower the height from 6 stories to 4 stories. Also, from these meetings grew some excellent additions to the project, such as the addition of vertical panels of art which are to be designed by a Coast Salish Artist, Chris Paul. We ultimately made our application in February of 2018.

At our Committee of The Whole (COTW) meeting in November of 2018, we were asked by council to go back and assess our project's ability to include affordable housing. Since then we have met with BC Housing, and looked hard to find a way to include affordability with the current building. Ultimately in order to incorporate affordable housing, while making the project work financially we would require either funding from a 3rd party program, such as BC Housing's CHF fund, or pay for this affordable housing by changing the project to incorporate additional density. The reasons why we did not pursue these options is that both options would require a full re-design of the project. Further the "Interim Density Bonus Policy" as well as the recently adopted "Inclusionary Housing and Community Amenity Policy" both explicitly exempt projects previously submitted such as ours. We believe a full re-design would ultimately result in a building which the community will not be satisfied with. However, we do recognize the need to provide affordable housing in Victoria and thus have decided to make a contribution to the Affordable Housing Reserve fund as outlined below.

At the time of our COTW meeting last November, we offered our commercial strata unit, #2 – 280 Cook Street, in the neighboring "Cook Street Activity Center" building at a subsidized rental rate in order to allow a daycare to

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occupy this space. Unfortunately, this proposal was ultimately turned down by the Strata Council of this building. It is our opinion that the Strata Council simply did not want a daycare in their building. As a result, providing a daycare in this space is no longer possible. We were willing to offer a daycare at 50% reduced rental rate for 7 years, with an additional 25% discount on rental rate for the following 3 years (for a total of 10 years of discounts), and we estimated this market rate of rent to be \$16, triple net, per square foot. This contribution amounted to an estimated reduction in rent of \$161,356.80. As the daycare is no longer an option, and in an effort to provide a meaningful contribution towards affordable housing in Victoria, **Aragon is including the donation of the previously proposed reduction in rent (\$161,356.80) for the daycare towards Victoria's Affordable Housing Fund. This is in addition to the \$136,163.47 currently being offered as part of the project's CAC which can be used at the discretion of council.**

Our efforts with the daycare lead us to have a discussion with the City's Real Estate acquisition team, who have expressed that the CSVAC has identified a desire to expand their programming if they can acquire additional space. This space could be provided by our adjacent commercial unit. #2 – 380 Cook and would allow the City to expand CSVAC programming and/or other civic services. We recognize the contribution of the Cook Street Activity Center with improving the livelihood of the member of the Cook Street Community, and the demand for increased space and programming of that organization. **As a result, we would also like our application to include the option for the city to acquire the space at #2- 380 Cook Street, at a 25% reduction on fair market value.** Currently this unit is estimated to be valued at \$725,000, thus, **this discount would represent an additional \$181,250 in contribution as part of the application.** We understand that we will still need to work with the City's Real Estate teams to fairly and openly direct the appraisal and process the city's acquisition.

In summary, Aragon's contribution to the City of Victoria as a result of our application totals almost \$500,000 as follows:

- A) CAC Contribution - \$136,163.47**
- B) Affordable Housing Contribution in-lieu of Daycare - \$161,356.80**
- C) Discounted value of Commercial Unit to allow for Cook Street Activity Centre Expansion - \$181,250.00**

Total Contribution \$478,770.27

We sincerely believe that this project will be a positive addition to the Cook Street Village community and we are satisfied that we have met our goal to go above and beyond the City's policies which were current at the time of their application.

We hope the Mayor and Council can conclude that our application was made under the guidelines existing at that time and evaluate it under those circumstances existing at that time. We believe we have an outstanding project through extensive community consultation and support.

We respectfully seek your approval of our application.

We are available to answer your questions as required. We will follow up with a meeting request in order to provide any clarifications required.

Sincerely,



Lenny Moy
President, Aragon (Cook) Properties Ltd