

October 8, 2021

Mayor Lisa Helps & Members of Council
City of Victoria
1 Centennial Square
Victoria, BC, V8W 1P6

**Re: 903, 911, 1045 Yates Street and 1205 and 1209 Quadra Street -
Rezoning and Development Permit Application - Response to
Committee of the Whole Recommendations adopted by Council
August 5th, 2021**

Dear Mayor Helps and Council:

Thank you for Council's recommendation to move our application forward. We appreciate the diligence Council took in your July 15th Committee of the Whole deliberations.

Starlight and the Project Team have worked hard over the summer to review Council's list of conditions for approval and to investigate how the project can be adapted to meet those conditions. We recognize that the goal of Council is to move forward with the best project possible and to maximize public benefit while retaining a viable project. Starlight shares the same objectives. In the end, this project will deliver the largest new public green space downtown in decades and more than 1,500 new purpose-built rental homes in an area of the City identified for growth - at a time when rental vacancy rates are critically low.

This letter focuses specifically on Council's additional conditions added during the July 15 COTW meeting. It provides clarification requested and, in certain instances, proposes alternative solutions with rationale that addresses the spirit and intent of Council's direction. Staff's report to Council also outlined a list of technical amendments that will be made to the application prior to public hearing; those items are understood and are being implemented.

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Green Public Park & Community Space

Council resolution: That the public plaza be mostly park-like green space and that a Development Permit for the plaza be submitted now with an expiration timed with the proposed build out of phase 2.

Applicant response:

- Starlight is excited to be investing in a privately-owned and managed inclusive and accessible public park for people of all abilities. The space will be a minimum size of 1,600 m² (~17,250 ft²) and will have significantly stronger orientation toward soft landscaping elements to create a more park-like setting as requested by Council. Landscaping elements will include:
 - Trees and plantings;
 - Accessible children's play;
 - Dog run; and
 - Public art (\$350,000 budget).
- We envision this green public park being inclusive and guided by the following principles:
 1. Fair: This means ensuring equitable opportunities for all abilities and ages;
 2. Inclusive: Design with flexibility in how users can interact with the structure with a variety of levels, movements, and needs;
 3. Smart: The playground should facilitate intuitive play and fun challenges through clear, simple design that encourages longer play interactions;
 4. Independent: Creating a space that encourages users to be able to play either independently or as a group;
 5. Safe: A playground must meet required safety standards;
 6. Active: Facilitating play with equipment and design that meets a diverse set of physical needs to encourage cooperative play and socialization; and
 7. Comfortable: Incorporate complementary elements, like shade and seating, into an easy to access and simple design creating comfortable spaces.



- A preliminary concept for this reimagined space is schematically shown below:



- Prior to public hearing, we will submit plans to development permit level of detail for this space and will work with staff to determine the appropriate tools to secure the design implementation (e.g. phased development agreement and/or covenant), in advance of a development permit for Phase 3. In addition to this development permit-level detail being available for public hearing, we will revise the design guidelines in the Urban Design Manual to include the principles outlined above.

Indoor Community Space

- As an additional feature to the green public park, we are proposing an adjacent 10,000 ft² of indoor community space that could accommodate community events, performance space (e.g. black box theatre), galleries, and pop-ups promoting local artists and culture. The space would be managed by the City for its exclusive use and its invited groups and events.
- This space is located prominently on the east side of the plaza, with sightlines to both Yates St and View St. The community space will have not less than 12 metres (approx. 40 ft) of frontage on the plaza.



- The space will be fitted to commercial shell space standards (mechanical/electrical systems to space and base drywall). Starlight would lease the space to the City free of charge, with only proportionate share of operating expenses applying. The specifics of the lease arrangement will be addressed prior to public hearing.

Affordable Homes

Council resolution: That at least 15% of the units, with at least one-third in the first phase of the development, achieve the median income of affordability in the city's housing affordability strategy.

Applicant response:

- This request poses an extraordinary burden on the overall viability of the project. We have looked at design and cost changes to see what is possible to achieve.
- We propose an increase in the number of affordable homes from 23 homes to 80 homes, with half (40 homes) in the first phase of the development; all at median income affordability as per the Housing Strategy.
- This is a significant increase in the number of affordable homes and stretches the limit of what a 100% purpose-built market rental project can support while remaining economically viable and delivering other comprehensive amenities.
- The City's *Inclusionary Housing and Community Amenity Policy* recognizes that purpose-built rental housing cannot deliver the same level of amenities and affordability as a condo project, and for that reason the *Policy* specifically exempts rental projects from having to provide any affordable housing.
- This project includes complex, concrete, mixed-use buildings in downtown, geotechnically-challenging setting while also delivering comprehensive community benefits and amenities. As a result, the project cost base is significantly higher than most rental and affordable housing projects constructed today in wood frame. However, while the typical life span of a wood frame structure is assumed to be 60 years, the life span of a concrete building is



assumed to be 100 to 120 years, about twice as long. This project will therefore provide a stable base of affordable and market rental homes in Victoria now and long into the future... potentially 180,000 unit-years of secured affordable and rental housing (1,500 homes * 120 years).

- The following table provides a breakdown of the unit mix of the affordable homes:

Phase	Studio (avg. 320 ft²)	1-bedroom (avg. 440 ft²)	3-bedroom (avg. 735 ft²)	Total
1	32	4	4	40
2-3	32	4	4	40
Total	64	8	8	80

Family Homes

Council resolution: Revise the unit mix to reflect more 2-3 bedroom units for all phases.

Applicant response:

- We commit to increasing the number of family-sized homes (2 bedroom (2B) and larger).
- We have examined the first phase floor plans and anticipate being able to enlarge and convert most 2B+den homes into 3B homes. This demonstrably improves the project's ability to provide effective family housing.
- If inboard bedrooms were to be considered - that is, a bedroom that has "borrowed" interior light, a closet, and is mechanically ventilated as a bedroom, then potentially dozens more family sized homes could be created from 1B+den homes. If Council desires to further expand the opportunity for family-sized homes, the project could potentially convert 1B+den homes to create a new category of "Jr. 2B" homes that includes an inboard bedroom.



- The revised number of family-sized homes for the first phase is as follows:

# Homes	2B	2B+D	3B	Total	2B%	3B%	2+3B%
Original	82	64	18	164	28.6%	3.5%	32.2%
Revised	87	2	80	169	17.2%	15.4%	32.6%

- In addition, while development permit-level detail is not yet available for Phases 2 and 3 (the 900-block Yates St), Starlight commits to no fewer than 300 family-sized homes (defined as 2B and larger) in these two phases combined.

Adaptable Homes

Council resolution: 5% accessible units across all phases of the development.

Applicant response:

- We commit to 5% of homes being adaptable per the BC building code. Constructing adaptable homes conveniently allows for modifications of those homes, if needed, to accommodate future residents who may have accessibility needs.
- If an adaptable home needs to be modified to accommodate a resident with accessibility needs, this expense will be incurred by the rental housing operator - not the incoming resident.



Childcare

Council resolution: That at least 450 square metres be designated for childcare.

Applicant response:

- We commit to this in the first phase of development.

Rooftop Equipment

Council resolution: That noise mitigation be in place for all rooftop equipment

Applicant response:

- An acoustic study will be undertaken to verify performance of proposed rooftop equipment for each Development Permit phase

and we commit to implementing recommended mitigation measures.

- Urban Design Manual design guidelines will be updated to include the requirement for all current and future DPs to be accompanied by an acoustic study for rooftop equipment.

Additional Background: Affordable Housing

The work and analysis performed to determine what can be done to meet the spirit of Council's intent for additional affordable housing has not been taken lightly. To underscore the difficulty of providing additional affordable homes, the following additional background is provided:

- Economics of Rental vs. Condo: City policy recognizes the difference in valuations and economics between rental and condominium projects. The policy exempts 100% purpose-built rental projects from the requirement to provide affordable housing. This has long been supported by many real estate analyses prepared by land economics experts, including Coriolis, a highly regarded real-estate investment analysis firm that has prepared many reports to the City specifically on this topic. The financial viability of rental projects is based on modest, long-term net incomes compared to a condominium project where there is an expectation of a larger, immediate return. The differences between the two models are significant.
- Construction Costs: Concrete construction costs are historically 30% higher or more, than wood frame construction (which is the typical form of construction for affordable and rental housing). A mixed-use concrete building, with an expected high quality of design and finish, community amenities, and known Harris Green geotechnical complexities, do not come without cost. Harris Green is however the area that has been identified in City policy for highest density development to support the economic, social, and environmental sustainability objectives of living, working, and recreating in the downtown area.
- Amenities: The project includes major investments in public realm spaces not undertaken by any other project in the Harris Green neighborhood. Such public amenities include a new green public park, 10,000 ft² interior community space, public art, childcare, and corner plazas, in addition to affordable and rental housing.



- Precedent: We have reviewed other rental projects that Council has approved in the last few years and can find no other rental project mirroring the magnitude of Council's current request for affordable housing. Indeed, there are recent condominium projects approved by Council where affordable rental homes were not made a condition of approval and where the project was wood-frame and not higher-cost concrete construction. In our view it is only fair that there is a level playing field between developments - market rental projects should not be held to a higher amenity expectation than condominium projects.
- Demand and Supply: This development will produce more than 1,500 rental homes, secured by housing agreement. There continues to be a very high demand for rental housing and the lack of supply of rental homes has serious community and economic impacts. The supply of an additional 1,500 purpose-built rental homes that will be added to the rental unit inventory will have a stabilizing effect on the market.
- Density: There are numerous buildings in the Harris Green area that have densities much higher than what is proposed in this application by Starlight. Those projects do not have similar affordability rental conditions, nor like contributions to the public realm proposed in this application.



Closing

Starlight is committed to developing a quality project and to contributing to the long-term urban fabric of Victoria. Starlight and the Project Team have listened to Council's desires and have made every effort possible to meet the recommendations. We have been able to increase the number of rental homes that will meet the requested affordability criteria by 3.5 times more than what was originally proposed, and trust this offer is met with the sincerity intended. We note that when Committee of the Whole first considered the application July 15th, the staff report to Council concluded: *"The proposal is consistent with the Official Community Plan, except for the overall density and height sought; however, a rationale consistent with the goals and objectives of the OCP has been provided. The proposed uses, character and siting are all consistent with the applicable policy and design*

guidelines; therefore, staff recommend for Council's consideration that the application be advanced to Public Hearing."

The increase in affordable homes and the amenity additions we have been able to achieve, has further strengthened the benefits and rationale for the project. We thank you in advance for your favourable consideration to what has been proposed.

Sincerely,



Deane Strongitharm, RPP, MCIP
CitySpaces Consulting Ltd.

Cc Andrew Browne, Starlight Developments
Sustainable Planning and Community Development

